信達國際控股有限公司
CINDA INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)
Stock Code: 111

2022
ANNUAL REPORT

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Contents

Corporate Information

Registered office	Clarendon House 2 Church Street Hamilton, HM 11 Bermuda
Head office and principal place of business	45th Floor, COSCO Tower 183 Queen's Road Central Hong Kong
Directors	*Executive Directors* Zhang Yi Zhang Xunyuan Lau Mun Chung *Independent Non-executive Directors* Xia Zhidong Liu Xiaofeng Zheng Minggao
Authorised representatives	Zhang Xunyuan Lau Mun Chung
Company secretary	Lau Mun Chung
Bermuda principal share registrar and transfer agent	MUFG Fund Services (Bermuda) Limited 4th floor North, Cedar House 41 Cedar Avenue Hamilton HM 12 Bermuda
Hong Kong branch share registrar and transfer office	Tricor Secretaries Limited 17/F., Far East Finance Centre 16 Harcourt Road Hong Kong
Auditor	Ernst & Young *Certified Public Accountants* *Registered Public Interest Entity Auditor* 27/F, One Taikoo Place 979 King's Road Quarry Bay, Hong Kong
Website	http://www.cinda.com.hk

Management Discussion and Analysis

MARKET CONDITIONS

The Covid-19 pandemic continued to spread worldwide in 2022, coupled with the Russia-Ukraine conflict and consecutive sanctions against Russia imposed by European and American countries, which have impacted the global supply chains, causing a sluggish recovery progress in economic activities and striking inflation. Major central banks picked up the pace of raising interest rates with a tightened market liquidity and triggered the slump on both stock and bond markets. The Federal Reserve of the United States of America (the "Fed" and "U.S.") took the initiative in raising interest rates from March onwards and accelerated the pace of rate hikes significantly thereafter, with four consecutive sharp increases of 75bps in total between June and November. Following the successive interest rate hikes, U.S. inflation eased slightly with the core Personal Consumption Expenditure (PCE) price index falling from a high level of 7.0% in June to 5.5% in November. The Fed has slowed the pace of interest rate hikes to 50bps since December and raised the federal funds rate to a range of 4.25% to 4.5%, the highest level since 2008, with a cumulative increase of 4.25% since 2022.

Based on the aggressive pace of interest rate hikes, the U.S. dollar index rose significantly in 2022, reaching a high level of 114.778 in September, a record high since June 2002, and then with the slowdown in U.S. inflation, the market expected the Fed to slow down the pace of interest rate hikes and pulled the U.S. dollar index down from the high, ending the year with a cumulative increase of 8.2%. With the Fed's aggressive interest rate hikes and increased risk of economic recession, the three major U.S. stock indices have fiercely declined for the year, with a cumulative decline ranging from 8.8% to 33.1%, while in Europe, due to the slower pace in tapering by the European Central Bank as compared to other major central banks, European stocks oscillated downwards during the year. Overall, except for the U.K. stock market, which rose slightly by 0.9% for the year, the pan-European Stoxx 600 index, and German and French stocks fell between 9.5% and 12.9%.

As to the bond market, the market was concerning about the increasing pressure on inflation of the U.S., which prompted the Fed to accelerate the pace of raising interest rate and reducing bond purchases and leading to a rapid increase in the yield of the U.S. treasury bonds in 2022, among which, the yield on U.S. 10-year treasury bond once exceeded 4%. However, as the Fed began to slow down the pace of interest rate hikes, the JPM Emerging Markets Government Bond Index rebounded by 7.8% in the fourth quarter, with a cumulative fall of 10.2% for the whole year. In addition, the Mainland property sales remained weak in 2022, market concerns over the risk of default by certain enterprises, and Chinese offshore U.S. dollar bonds were under pressure, among which, Markit iBoxx Asian Chinese U.S. Dollar Bond Index fell by 9.9% compared to the end of 2021, Markit iBoxx Asian Chinese U.S. Dollar High-yield Bond Index and Markit iBoxx Asian Chinese U.S. Dollar Real Estate Bond Index fell by 14.0% and 36.0%, respectively.

In Mainland China, the economy was deeply affected by the pandemic and the international situation in 2022. Although gross domestic product ("GDP") grew by 3.9% year-on-year in the third quarter, 3.5 percentage points more than 0.4% growth in the second quarter, the recovery was not sustained and GDP grew by 2.9% year-on-year in the fourth quarter, 1.0 percentage point slower than the third quarter. The cumulative 12-month fixed asset investment grew by 5.1% year-on-year, slowing by 0.2 percentage point compared with the first 11 months. In December, the added value of the industrial enterprises above designated size increased by 1.3% year-on-year, slowing by 0.9 percentage point compared with November, and the total retail sales of consumer goods decreased by 1.8% year-on-year, falling for three consecutive months. In addition, imports and exports remained weak in December, with exports down 9.9% and imports down 7.5% year-on-year in U.S. dollars, intensifying the downward pressure on the economy. The People's Bank of China ("PBOC") announced in November to lower the deposit reserve requirement ratio for financial institutions by 0.25 percentage point with effect from 5th December, another reduction since April 2022. However, the medium-term lending facility (MLF) rate and the loan prime rate (LPR) remained unchanged in the fourth quarter.

Management Discussion and Analysis

As to the stock market of the Mainland China, the annual turnover of A shares in 2022 was RMB224 trillion, failing to exceed the historical highest record of RMB257 trillion set in 2021, with daily average turnover of RMB925.1 billion, decreasing from RMB1,058.2 billion of 2021. SSE Composite Index ("SSE Index") fluctuated downwards in 2022, falling below the 3,000 points several times, reaching a yearly low of 2,863 points in April and another low of 2,885 points in October. The SSE Index finally closed at 3,089 points with a cumulative decline of 15.1% for the year. The continued dislocation of monetary policies between the U.S. and China triggered a significant pressure on devaluation of RMB with onshore RMB ("CNY") and offshore RMB ("CNH") having been as low as 7.3274 and 7.3749 respectively in November. The PBOC announced in early September to lower the deposit reserve requirement ratio for foreign exchange deposits by 2 percentage points to 6% and raise the foreign exchange risk reserve ratio to 20% to ease the pressure of sharp depreciation of the RMB exchange rate. As Mainland China has gradually loosened its pandemic prevention measures since November, the market outlook on the Mainland China economy turned positive, and CNY and CNH both rebounded by 3.1% in the fourth quarter, but still dropping 7.9% and 8.1% for the year, respectively.

In Hong Kong, the fifth wave of the pandemic severely hit its economy as we entered 2022. The Hong Kong government implemented the most stringent preventive measures since the pandemic which had a serious impact on Hong Kong's extensive economic activities and global supply chain. But as the vaccination rate improved, the cases of community infection declined and Hong Kong's economic activities resumed as most preventive measures were relaxed. Hong Kong's annual GDP contracted by 3.5% year-on-year in 2022. However, Hong Kong's labor market continued to improve, with the unemployment rate falling for the eighth consecutive months to 3.5% from October to December, but still higher than the pre-pandemic level, and the underemployment rate fell to 1.5%.

Hong Kong stock market trended higher and then lower throughout the year. Due to the soaring U.S. debt interest rates and the weakening RMB exchange rate, the Hang Seng Index ("HS Index") recorded a 13-year low of 14,597 points in October, while the Hang Seng China Enterprises Index ("HSCE Index") recorded a 14-year low of 4,919 points at a time and Hang Seng Technology Index ("HSTECH Index") recorded a low of 2,720 points since its inception in July 2020. However, benefiting from the Mainland China policy shift toward easing pandemic prevention measures and the expected ending of the U.S. interest rate hike cycle, Hong Kong stock market have rebounded substantially since November, with the HS Index, HSCE Index and HSTECH Index rising 14.9%, 13.4% and 19.7% respectively in the fourth quarter. Overall, the HS Index closed at 19,781 points, down 15.5% from the end of 2021, the HSCE Index closed at 6,704 points, down 18.6% from the end of 2021, and the HSTECH Index closed at 4,128 points, down 27.2% from the end of 2021. In terms of trading volume of Hong Kong stocks, the turnover of the Hong Kong stock market had also traded high before low, among which, the average daily turnover of Hong Kong stocks in March reached a high of HK$174.8 billion and gradually declined, and the average daily turnover of Hong Kong stocks for two consecutive months in August and September was less than HK$100 billion, with a cumulative decrease of 25.1% to HK$124.9 billion for the whole year.

As to the market of initial public offering ("IPO") in Hong Kong, as affected by the adverse factors such as the resurgence of the pandemic in the Mainland China, interest rate hikes by global central banks and external political instability, the global IPO markets performed tranquilly, among which, according to market data, 80 companies was listed in Hong Kong for IPO in 2022, representing a year-on-year decrease of 15.8%, with a total financing amount of HK$104.5 billion, a substantial year-on-year decrease of 68.4%.

Management Discussion and Analysis

In Chinese U.S. dollar bond amount market, the tightening of U.S. dollars liquidity and the continued weakness of market sentiment have dampened the issuance during the year. According to market statistics, the total issuance size of offshore bonds issued by Chinese enterprises in 2022 was approximate US$165.8 billion (calculated based on the interest date and excluding convertible bonds), a year-on-year decrease of 43.6%. Among them, the total issuance size of offshore bonds issued by Chinese enterprises fell below the US$10 billion for two consecutive months from September to October, which indicated that investors were still concerned about the current volatile market environment and credit issues in certain industries under the background of the rising interest rate of U.S. treasury bonds and the widening interest spread of corporate bonds. The expectation of the Fed's accelerated tightening of monetary policy and the negative impact of credit risk events occurred in the first half of the year even affected certain enterprises with good basic quality, resulting in corresponding rating downgrades, and substantial significant fluctuations in market prices volatility.

OVERALL PERFORMANCE

In 2022, the Group adhered to its operation strategy and as the only fully licensed securities company established outside the Mainland China within the system of China Cinda Asset Management Co., Ltd. ("China Cinda", together with its associates, the "China Cinda Group"), continued to serve the China Cinda Group ecosphere and provide cross-border businesses covering major markets. During the year, the Group continued to develop its three core business segments (i.e. asset management, corporate finance, and sales and trading businesses). The global financial market was affected by negative factors including high inflation, accelerated monetary tightening policy, geopolitical tensions and global trade disputes during the year, resulting in earnings from the three business segments decline sharply. In addition, the share of profits of associates was significantly decreased due to the impairment of the fair value of financial assets held by associates. The Group's overall loss after tax for the whole year was HK$22.41 million, as compared to the profit after tax of HK$57.79 million recorded last year. The total revenue for the year amounted to HK$142.03 million (2021: HK$243.77 million), representing a decrease of 42% compared to last year, of which, the operating income was HK$136.28 million (2021: HK$205.15 million), representing a decrease of 34% compared to last year. Other income amounted to HK$29.72 million (2021: HK$58.11 million), representing a decrease of 49% compared to last year. Other net loss amounted to HK$23.97 million (2021: HK$19.49 million), representing an increase of 23% compared to last year. As for expenses, the Group focused on controlling cost, with a significant decrease in staff costs down 36% year-on-year and a reduction in other operating expenses. As a result, the operating expenses (excluding commission expenses and finance costs) amounted to HK$127.51 million (2021: HK$178.56 million), representing a decrease of 28% compared to last year. Finance cost increased by 7% compared to last year, mainly due to higher market interest rates outweighed the impact of lower overall borrowing size.

The Group recorded a share of profits of associates and a joint venture amounting to HK$6.46 million (2021: HK$51.91 million), representing a decrease of 88% compared to last year, mainly due to the loss on the Group's investment in the absolute return fund. As a result, the Group's loss before tax for the year amounted to HK$11.38 million (2021: profit of HK$73.58 million). The loss after tax attributable to equity holders of the Company amounted to HK$22.41 million (2021: profit of HK$57.79 million).

Management Discussion and Analysis

ASSET MANAGEMENT

In 2022, the asset management segment of the Group continued to operate under the light-asset strategy. As the overseas asset management service center of China Cinda ecosphere connected with the international capital markets, the Group proactively developed its business revolving around the main business of China Cinda Group, concentrated its efforts to branch out to the troubled asset business, and actively explored innovative cross-border distressed asset business by strengthening marketized asset management business operations. During the year, the segment developed two special asset management projects on offloading overseas stocks and some domestic troubled asset funds. It also actively explored suitable opportunities and invested in a photovoltaic packaging film research and production company earlier this year, and recorded a fair value increase of approximately 43%. However, due to the impact of the pandemic during the year, the implementations of new projects slowed down significantly. Coupled with the withdrawal of some projects, the operating revenue of the segment was HK$74.54 million (2021: HK$87.27 million), representing a year-on-year decrease of 15%. In addition, due to the rising market interest rates and uncertainties in the capital market, the bond investment income recorded a loss after deducting the disposal loss and the decrease in fair value of assets during the year, resulting in a decrease of 32% in the profit from this segment to HK$37.05 million (2021: HK$54.19 million).

The Group had been actively working with associates and a joint venture to diversify its businesses. With the negative impact of capital markets during the year, the Group recorded a share of profits of associates and a joint venture amounting to HK$6.46 million during the year (2021: HK$51.91 million), mainly attributable to the decrease in fair value of an absolute return fund invested as compared to the beginning of the year. In addition, two associates engaged in fund management and private equity investment were affected by the poor market conditions respectively, contributing less profit as compared with last year.

CORPORATE FINANCE

In 2022, the Group's corporate finance business continued to serve clients with equity and debt issuances, but it was still deeply affected by the blockage of the border between Hong Kong and the Mainland China for nearly three years, resulting in a slow progress of cases on hand and inability to increase project reserves. In addition, following the trend of the global IPO market, the Hong Kong IPO market in 2022 saw a decline in both the total amount and volume of financing during the year, with the number of IPOs and the total amount of financing both at their lowest level since 2013, with 80 IPOs in 2022, down 15.8% year-on-year and the total amount of financing significantly dropped by 68.4% year-on-year. There was no new listing on the GEM, which had a serious impact on small and medium-sized enterprises' financing. As a result, the overall performance was not satisfactory. The equity business continued to be active during the year, including several sponsorship projects for certain small-sized enterprises' proposed IPOs in Hong Kong, several financial and compliance advisory projects. With respect to debt issuance business, the Group successfully completed five Chinese offshore U.S. dollar bond issuance projects in the year, totaling US$1.944 billion, representing a decrease of 59% year-on-year. As a result, the operating revenue of this segment was HK$13.54 million, representing a decrease of 63% from HK$36.12 million of last year, and the segment recorded a loss of HK$15.60 million (2021: HK$6.17 million), with an increase of loss of 152%.

Management Discussion and Analysis

SALES AND TRADING BUSINESS

The Hong Kong securities market was highly volatile in 2022, with the HS Index hitting a 13-year low of 14,597 points in October and the HSTECH Index hitting a record low of 2,720 points since its inception in July 2020 and the trading volume fell along with the market. The average daily turnover decreased by 25.1% year-on-year to HK$124.9 billion. As a result, the operating revenue decreased by 41% to HK$48.19 million during the year from HK$81.89 million of last year, of which the Group recorded a commission of HK$31.61 million (2021: HK$59.74 million) and interest from securities financing and other income of HK$16.58 million (2021: HK$21.94 million). In view of the unsatisfactory performance of the Hong Kong stock market, the Group remained prudent in margin loans through strict risk control, instead of expanding the scale, with no bad or doubtful debts throughout the year. Facing fierce competition from online trading platform securities firms, the Group continued to optimise its trading platforms and mobile trading applications during the year. In addition, the segment strengthened its collaboration with, Cinda Securities Co., Ltd. ("Cinda Securities", the indirect controlling shareholder of the Company) during the year on one hand, and on the other hand it actively explored institutional clients and high-net-worth clients, in order to provide China concept-focused services to counteract the low commission-based securities firms. In the end, the segment recorded a loss of HK$7.32 million (2021: profit of HK$2.99 million).

LOOKING FORWARD

Looking forward to 2023, the external environment remains complex and volatile. Although inflation in the U.S. has initially peaked and the economy has shown signs of slowing down, the Fed believes that inflation remains high, and it may be appropriate to continue to raise interest rates. The Fed's proactive anti-inflation stance is expected to continue to suppress local wages, consumer confidence and consumption growth in the U.S., which may exacerbate downward pressure on the economy. After raising the interest rate by 0.25% in February 2023, Powell, chairman of the Fed, made it clear that the interest rate increase would continue and that it was not expected to reduce interest rates within the year. The prolonged U.S. interest rate increase cycle may further dampen global investment sentiment. In addition, the continued rivalry between China and the U.S. may trigger a new round of market turbulence.

In Europe, in the face of the triple dilemma of high inflation, energy crisis and economic slowdown, the recovery of economic activities in certain highly indebted economies in the Eurozone continues to be uneven. Therefore, the European and American regions still face multiple uncertainties in 2023, and the market may even face the risk of economic recession.

In the Mainland China, the pandemic prevention policy has turned around, economic activities have entered into a recovery phase, which will release the pent-up demand in the short term. However, there are still multiple challenges in the process of economic normalization. As to the stock market in the Mainland China, the Shanghai Stock Exchange and Shenzhen Stock Exchange ranked first and second in the world in terms of IPO financing scale in 2022 respectively, driven by years of deepening reforms, encouraging the return of red-chip enterprises to the domestic market from abroad and the reform of the registration system for issuing new shares. With the continued deepening reforms of the capital market in the Mainland China, the IPOs and trading volume of A shares are expected to remain prosperous.

Management Discussion and Analysis

The downside risks faced by Hong Kong stock market continued to include rising geopolitical risks, Sino-U.S. rivalries, continued interest rate hikes in the U.S. and further tightening of U.S. dollar liquidity, which may lead to capital withdrawal from Hong Kong. In addition, the pressure on the capital chain in the real estate market in the Mainland China has not been fully relieved, which will continue to suppress investors' risk appetite. However, the outlook for Hong Kong stock market is cautiously optimistic due to the expected improvement in the profitability of Chinese and Hong Kong enterprises and the unchanged trend of Chinese stocks returning to Hong Kong for listing or secondary listing. In terms of economy, Hong Kong's exports of goods will benefit from lifting of travel restrictions between the Mainland China and Hong Kong, the resumption of economic activities between the two places, the economic recovery in the Mainland China and the relaxation of restrictions on cross-border freights. In addition, it is expected that inbound tourism will rebound after lifting of travel restrictions, supporting the recovery of service exports. Meanwhile, driven by the interconnection between the Mainland China and Hong Kong, as well as the "One Belt One Road" and "Guangdong-Hong Kong-Macao Greater Bay Area" initiatives, Hong Kong's offshore RMB business will benefit in the long run. At the same time, the continued deepening integration of the Mainland China and Hong Kong stock and bond markets is conducive to steadily promoting the opening up of Mainland China's financial markets, and on the other hand, it is also conducive to consolidating the position of Hong Kong as an international financial center.

The Group will continue to strengthen the business integration with Cinda Securities, which was listed on the Main Board of the Shanghai Stock Exchange on 1st February 2023. In the future, the Group will step up its efforts to jointly plan to provide domestic and foreign integrated financial services, and play the role as an overseas business platform of Cinda Securities. We will focus on the investment banking businesses including overseas issuance of U.S. dollar bonds by domestic institutions, IPO of domestic companies in Hong Kong and overseas major assets restructuring of domestic institutions, the cross-border brokerage business for the full circulation of H shares, the creation of cross-border asset management products, and the establishment of a mechanism in which research departments of the two institutions to share their research resources to expand the cross-border integrated investment banking services.

Meanwhile, the Group will continue to focus on the main business of China Cinda Group and serve as the only fully licensed outside border securities company of the China Cinda ecosphere. The Group will continue to promote the development of the three core business segments. On one hand, we will further boost the development of our synergistic businesses, continue to optimize the internal management and enhance our asset capacity, while continue to maintain sound and compliant operation. On the other hand, we will deepen the cooperation with Cinda Securities and China Cinda ecosphere in a bid to achieve win-win results.

Management Discussion and Analysis

In respect of the sales and trading business, we will strive to increase our business volume and market share, strengthen the collaboration and interaction with Cinda Securities; take initiative to expand to domestic and overseas institutional, corporate and high net worth clients in a prudent and risk-averse manner; the Group's securities company has been granted the license to carry out Type 4 (advising on securities) regulated activity by the Securities and Futures Commission ("SFC") in July 2022, we will therefore develop towards the direction of wealth management and diversify our products to cover securities, futures, bonds, fixed income and asset management so as to meet the client's need in asset allocation. In terms of the asset management business, we will further identify the opportunities in the capital markets and investment opportunities in related sectors for supporting China Cinda ecosphere in handling troubled assets by emphatically setting up asset management products with different characteristics such as the troubled asset fund, merger and acquisition fund and special opportunity fund. We will continue to deepen our market-oriented transformation and actively explore equity-based assets management business in specific sectors, while continuing to consolidate and improve our market-oriented bond assets management product line. As for the corporate finance business, we will maintain the parallel development of equity and debt businesses. For the equity-related business, we will proactively provide sponsor and underwriting services and expand the acquisition and merger financial advisor business. As for the debt-related business, the Group will explore demands for bond issuance of domestic and Hong Kong clients of China Cinda Group and provide tailor-made issuance plans and services and catch issuing windows to serve the clients, so as to achieve the "equity-debt" integration. In addition, the Group believes that after the improvement of the external economy and the post-pandemic recovery of Hong Kong, the local market sentiment will remain positive. The Group will strengthen the synergy and expand its market-oriented businesses through various initiatives by virtue of the solid foundations the Group has established. The Group's financial position remains sound and is well positioned to respond to the current difficult business environment. The Group would endeavor to capitalise on various market opportunities to strengthen the full-year results of the Group and bring satisfactory long term returns to our shareholders in the coming year.

FINANCIAL RESOURCES

The Group maintained sound financial strength during the year, and all subsidiaries licensed by the SFC had liquid capital in excess of regulatory requirements. As at 31st December 2022, the Group had term loan facility of HK$550 million from banks, of which a total of HK$332 million had been utilised. In addition, as at 31st December 2022, the Group had revolving loans and overdrafts facilities of HK$1,538 million from banks, of which a total of HK$47 million were utilised. In addition, as at 31st December 2022, the Group had an outstanding bond principal amount of HK$10 million. The Group did not issue any bonds during the year.

FLUCTUATION IN FOREIGN EXCHANGE RATES

A majority of assets and liabilities of the Group are denominated in Hong Kong dollars and U.S. dollars to which Hong Kong dollars is pegged with. Some assets are denominated in RMB, mainly because the Group has two wholly-owned subsidiaries incorporated and operated in the Mainland China which account for all their assets and income in RMB. During the year, the rise in the exchange rate of U.S. dollars against RMB was due to the acceleration of climbing in the U.S. dollars index during the period. Given the current favourable statistics on export and foreign direct investment in the Mainland China, the Group considered that the decline in exchange rate of RMB would be temporary and hedging was not cost-effective, there is no hedging against fluctuation in the exchange rate of RMB.

REMUNERATION AND HUMAN RESOURCES

The Group has always valued the nurturing of capable personnel and has taken various measures to recruit and retain personnel of high calibre, which ensures sufficient support for steady operations amidst business development. The remuneration of the employees provided by the Group consists of basic salary and discretionary bonus. To encourage employees to deliver better performance and strengthen risk management and control, the Group has set up an incentive mechanism, according to which, performance and work targets for the year are set for each business department and middle and back-end supporting department at the beginning of each year and regular staff assessments are carried out so as to provide a basis for bonus. Besides, the Group also gives due weight to staff trainings and provides the employees with educational allowances and leave, such as leave for professional examinations. The Group also implemented a "New Employee Mentorship Programme" and organized professional training courses and lectures for the staff and account executives from time to time in furtherance of their comprehension of the updated knowledge pertinent to their work, certain of which were conducted through electronic video means. The Group has established a staff remuneration committee comprising the top management to conduct regular reviews over the remuneration policy of the Group and determine the remuneration package of each staff member, thereby ensuring that such pay and benefits are market-based.

Biographical Details of Directors and Senior Management

EXECUTIVE DIRECTORS

Ms. Zhu Ruimin, aged 52, was appointed as an executive Director, the Chairman and the chairman of the nomination committee of the Company ("Nomination Committee") on 26th April 2021. She was appointed as a director of Cinda Securities (H.K.) Holdings Limited, the direct controlling shareholder of the Company and a wholly-owned subsidiary of Cinda Securities Co., Ltd. ("Cinda Securities", the shares of which are listed on the Shanghai Stock Exchange (stock code: 601059)), on 5th September 2022. She is currently a director and the general manager of Cinda Securities, and the chairman of First State Cinda Fund Management Co., Ltd..

Ms. Zhu received a doctoral degree in business administration in January 2009 from the Remin University of China. She has substantial experience in both the securities industry and financial industry, and held management positions in various securities companies and financial institutions. Prior to joining Cinda Securities in July 2019, Ms. Zhu served as chief financial officer of China Galaxy Securities Co., Ltd. (the H shares of which are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (stock code: 6881) and the A shares of which are listed on the Shanghai Stock Exchange (stock code: 601881)) from April 2012 to April 2019.

Ms. Zhu Ruimin has resigned as an executive Director, the Chairman and a member and the chairman of the Nomination Committee on 13th March 2023.

Mr. Zhang Yi, aged 44, has been re-designated from a non-executive Director to an executive Director and appointed as the chief executive officer ("Chief Executive Officer") of the Company on 26th April 2021. He has been re-designated from the position of the Chief Executive Officer to the Chairman and he has also been appointed as a member and the chairman of the Nomination Committee on 13th March 2023. He is currently the chief financial officer of Cinda Securities, a director of Xin Feng Investment Management Co., Limited* and Cinda Futures Co., Limited* (both are wholly-owned subsidiaries of Cinda Securities). He was appointed as a director of Cinda Securities (H.K.) Holdings Limited on 5th September 2022. He is also a director of certain subsidiaries of the Company.

Mr. Zhang Yi graduated from Tsinghua University with a bachelor degree in international accounting management in July 2001. He is a Chartered Financial Analyst and a Financial Risk Manager. Mr. Zhang Yi worked as a vice president of risk management department and executive director of firm office/operation support department etc. of China International Capital Corporation Limited (the shares of which are listed on the Stock Exchange (stock code: 3908)) from July 2001 to September 2016; a deputy general manager (chief risk officer) of Sinodata Co., Ltd. (the shares of which are listed on the Shenzhen Stock Exchange (stock code: 002657)) from January 2017 to October 2018; the chairman of Shanghai Baichuan Jinzhi Intelligent Technology Co., Ltd.* from October 2018 to June 2019; general manager of finance planning department of Cinda Securities from September 2019 to March 2023 and an executive director and general manager of Cinda Innovation Investment Co., Ltd., a wholly-owned subsidiary of Cinda Securities from August 2022 to February 2023 respectively.

* *English names of the entities are transliteration of their Chinese names for reference only and shall not be regarded as their formal names.*

Biographical Details of Directors and Senior Management

Mr. Zhang Xunyuan, aged 41, was appointed as an executive Director, the Chief Executive Officer and a director of certain subsidiaries of the Company on 13th March 2023. Mr. Zhang is currently the general manager of division IV of the investment banking of Cinda Securities.

Mr. Zhang Xunyuan graduated from Beijing Institute of Technology with a bachelor's degree in Engineering in June 2004, he received his master's degree in Economics from Southwestern University of Finance and Economics, China in March 2009, and received his doctorate degree in Economics from the same university in June 2013 respectively. Mr. Zhang Xunyuan has extensive practical experience in investment banking. Mr. Zhang Xunyuan was the general manager of the bond financing headquarter of Zhongshan Securities Co., Ltd* from June 2014 to September 2014; the general manager of the bond financing headquarter, the head of the innovative financing department and the assistant to the president and the general manager of the bond financing department of Guangzhou Securities Company Limited* from February 2015 to December 2019. Mr. Zhang Xunyuan joined Cinda Securities since December 2019 and he was the general manager of the securities brokerage division of Cinda Securities, and he was also a director of Guangzhou GZHS Market Research Company Limited* (formerly known as Guangzhou GZHS Securities Investment Consulting Limited* and Guangzhou GZHS Securities Research Institute Limited*) since August 2015.

Mr. Lau Mun Chung, aged 58, was appointed as an executive Director on 3rd March 2007 and is currently the Deputy Chief Executive Officer of the Company. He is a director and/or a secretary of certain subsidiaries of the Company and the Company Secretary of the Company. Mr. Lau is also a director of Cinda Agriculture Investment Limited (an indirect wholly-owned subsidiary of China Cinda Asset Management Co., Ltd. ("China Cinda", the shares of which are listed on the Stock Exchange (stock code: 1359)) and a director of a company invested/interested by the Group. Mr. Lau is in charge of the accounting and finance, information technology, company secretarial, settlement and sales and trading functions of the Group.

Mr. Lau graduated from the University of Hong Kong with a Bachelor Degree in Social Science in 1986 and received his Master Degree in Laws (Corporate and Financial Law) in the same university in 2013. He is a fellow member of the Association of Chartered Certified Accountants, an associate member of the Hong Kong Institute of Certified Public Accountants, an associate of The Hong Kong Chartered Governance Institute (formerly known as The Hong Kong Institute of Chartered Secretaries) and The Chartered Governance Institute (formerly known as The Institute of Chartered Secretaries and Administrators) in the United Kingdom.

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Biographical Details of Directors and Senior Management

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Xia Zhidong, aged 68, was appointed as an independent non-executive Director on 28th July 2016. He is the chairman of the remuneration committee ("Remuneration Committee") and a member of the Nomination Committee, he has also been re-designated as the chairman of the audit committee of the Company ("Audit Committee") on 1st December 2022. He worked as senior management or director of various well-known financial institutions and accounting firms including China Construction Bank, Ernst & Young, Tin Wah CPA Limited and Grant Thornton. He has been the external director of Qingling Motors (Group) Company Limited since 2014, the independent director of CITIC-Prudential Fund Management Co., Ltd. (formerly known as 信誠基金管理有限公司) since 2005, the chairman of Grant Thornton (Beijing) Engineering Cost Consulting Co., Ltd.* since 2004, and an independent director of Wangfujing Group Co., Ltd.*, the shares of which are listed on the Shanghai Stock Exchange (stock code: 600859), since 23rd December 2019. Mr. Xia worked as deputy director of accounting research department of Research Institute for Fiscal Science which is now known as Chinese Academy of Fiscal Sciences from 1985 to 1988. Mr. Xia ceased to be an independent director of China Jingu International Trust Co., Ltd. on 22nd October 2021. He graduated from Tianjin University of Finance and Economics with a Bachelor degree of Finance in 1982 and completed his master degree of Finance from Research Institute for Fiscal Science in 1985. He has been a qualified accountant and senior qualified accountant in the PRC since 1995.

Mr. Liu Xiaofeng, aged 60, was appointed as an independent non-executive Director on 28th July 2016. He is a member of the Audit Committee and the Nomination Committee, he has also been appointed as a member of the Remuneration Committee on 1st December 2022. Mr. Liu has 29 years of experience in corporate finance and had worked with various international financial institutions since 1993, including NM Rothschild & Sons, NM Rothschild & Sons (Hong Kong) Limited, JP Morgan Chase, DBS Asia Capital Limited and China Resources Capital Holdings Company Limited. He is currently an independent non-executive director of the following companies listed on the Stock Exchange: (i) Kunlun Energy Company Limited (stock code: 135); (ii) Sunfonda Group Holdings Limited (stock code: 1771); (iii) AAG Energy Holdings Limited (stock code: 2686); and (iv) Logory Logistics Technology Co., Ltd. (stock code: 2482). Mr. Liu was an independent director of UBS Securities Co. Limited from June 2016 to June 2022 and an independent non-executive director of Honghua Group Limited, the shares of which are listed on the Stock Exchange (stock code: 196) from 18th January 2008 to 19th November 2021. Mr. Liu obtained a Master's degree and a Ph.D. from the Faculty of Economics, University of Cambridge in 1988 and 1994 respectively, a Master of Science degree in Development Studies from the University of Bath, England, in 1987, and a Bachelor of Economics degree from Southwestern University of Finance and Economics, China in 1983.

Mr. Zheng Minggao, aged 50, was appointed as an independent non-executive Director, a member of the Audit Committee and Remuneration Committee on 1st December 2022. He has over 20 years of experience in corporate finance and management. Mr. Zheng had worked as operation manager, head of audit and assistant chief executive officer, etc., in LG Electronics (China) Co., Ltd,* Sinochem Group Co., Ltd.* and Peking University Founder Group Co., Ltd.* respectively. Mr. Zheng was appointed as the chairman of the board of Beijing Qichen Holdings Group Limited since 24th June 2022. He successively served as the chief financial officer, chief executive officer and a director of China Hi-tech Group Co., Ltd., the shares of which are listed on the Shanghai Stock Exchange (stock code: 600730), from October 2012 to July 2016. Mr. Zheng obtained a doctoral degree in Industrial Economics granted by Beijing Jiaotong University in 2010 and a post-doctoral certificate in Applied Economics granted by Renmin University of China in 2012. He is a Certified Internal Auditor, and possesses senior management qualification certificate in securities industry and insurance industry.

* *English names of the entities are transliteration of their Chinese names for reference only and shall not be regarded as their formal names.*

Biographical Details of Directors and Senior Management

SENIOR MANAGEMENT

Ms. Zhou Lu, aged 43, is currently the Deputy Chief Executive Officer of the Company. She is responsible for overseeing the asset management department, cross border business department and research department of the Group. She is a director of certain subsidiaries of the Company, and a director and/or a secretary of High Grade (HK) Investment Management Limited, Cinda Agriculture Investment Limited and Cinda International HGB Investment (UK) Limited (all are subsidiaries of China Cinda), a director of Cinda Plunkett International Holdings Limited since 30th December 2020, Cinda International Investment Holdings Limited since 26th January 2021 and Sino-Rock Investment Management Company Limited since 25th April 2021 (all are associated companies of the Company) respectively. She is also a director of certain companies invested/interested by the Group. Prior to joining the Group, Ms. Zhou worked in a subsidiary of China Cinda as an investment manager. She has 18 years of experience in investment and asset management industry. Ms. Zhou received her Bachelor Degree in Law from the Central University of Finance and Economics in 2001, and a Master Degree in Commerce from the University of New South Wales in 2003.

Mr. Liu Jialin, aged 60, is the managing director of the Group's asset management department responsible for overseeing the operation of various funds. He is also a shareholder and a director of Cinda Plunkett International Holdings Limited, an associated company of the Company and an independent non-executive director of the following companies listed on the Stock Exchange: (i) Far East Horizon Limited (stock code: 3360); and (ii) Changyou Alliance Group Limited (formerly known as Fortunet e-Commence Group Limited) (stock code: 1039). He was an independent non-executive director of China Merchants Securities Co., Ltd., the shares of which are listed on the Stock Exchange (stock code: 6099). Prior to joining the Group in February 2011, Mr. Liu worked for Morgan Stanley group of companies and once served as a member of the Global Management Committee and Asia Executive Committee as well as a managing director in the fixed income division in Hong Kong between 1992 to 2007. Mr. Liu has 34 years of experience in finance and securities industry. Mr. Liu obtained a bachelor's degree in science from Peking University and master of science in Physics from Massachusetts Institute of Technology.

Corporate Governance Report

CORPORATE GOVERNANCE PRACTICE

The Company is committed to achieving and maintaining high standards of corporate governance and has established policies and procedures for compliance with the principles and code provisions set out in the Corporate Governance ("CG") Code ("CG Code") under Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Stock Exchange" and "Listing Rules", respectively).

Throughout the financial year 2022, the Company has applied and complied with the code provisions set out in the CG Code, with exception sets out as below:

– Pursuant to provision C.5.1 of the CG Code, the board should meet regularly and board meetings should be held at least four times a year at approximately quarterly intervals. For the year ended 31st December 2022, two regular meetings of the board of directors (the "Directors") of the Company (the "Board") were held in the first quarter and the third quarter, instead of four as required by code provision C.5.1 of the CG Code. The Board considers that the two regular meetings were sufficient to deal with matters of the Company. In addition, apart from the Board meetings, consent of Directors on issues was also sought through circulating written resolutions.

  All Directors were present in all Board meetings held during the financial year at the relevant time.

The Board continues to monitor and review the Group's corporate governance practices to ensure compliance. The key corporate governance principles and practices of the Company are summarized as follows:

BOARD OF DIRECTORS

The Board assumed overall responsibility for leading and supervising the Group. The Board laid down the direction of business for the Group and decided on important issues. The implementation of policies laid down by the Board rests with the Executive Management Committee ("EMC"), which at material time comprised certain executive Directors ("ED(s)") and member(s) from the senior management.

Composition

As at the date (i.e. 31st December 2022) of this CG report, the Board comprises three EDs and three independent non-executive Directors ("INED(s)") and is in compliance with the minimum number of INEDs as required under Rule 3.10(1), the appropriate professional accounting or related financial management expertise as required by Rule 3.10(2) and the proportion of INEDs in the Board as required by Rule 3.10A of the Listing Rules.

Corporate Governance Report

During the year and up to the date (i.e. 31st December 2022) of this CG report, the Board comprises the following members:

EDs	
Ms. Zhu Ruimin	*(Chairman)*
Mr. Zhang Yi	*(Chief Executive Officer)*
Mr. Lau Mun Chung	*(Deputy Chief Executive Officer)*
NED	
Mr. Chow Kwok Wai	*(resigned on 1st December 2022)*
INEDs	
Mr. Hung Muk Ming	*(resigned on 1st December 2022)*
Mr. Xia Zhidong	
Mr. Liu Xiaofeng	
Mr. Zheng Minggao	*(appointed on 1st December 2022)*

The Board possesses, with regard to individual Directors and collectively, appropriate experience, competence and personal qualities, including professionalism and integrity, willingness to devote adequate time to discharge its responsibilities adequately and effectively. In addition, the Board collectively has adequate knowledge and expertise relevant to each of the core business activities that the Group pursues and the associated risks in order to ensure effective governance and oversight.

Members of the Board, who come from different backgrounds, have a diverse range of financial and professional expertise. The biographical particulars of all Directors are disclosed in the section headed "Biographical Details of Directors and Senior Management". None of the Directors has any financial, business, family or other material/relevant relationship with one another. The list of Directors identifying their role and function is also available on the websites of the Company and the Stock Exchange from time to time.

Chairman and Chief Executive Officer

Ms. Zhu Ruimin, the then Chairman, is primarily responsible for leading the Board and ensuring that good corporate governance practices and procedures are established, whereas Mr. Zhang Yi, the then Chief Executive Officer, is responsible for the overall operation of the Group. The role of the Chairman is separate from that of the Chief Executive Officer for achieving a clear division of separate responsibility and a balance of power and authority which in turn avoid concentration of power in any one individual. Directors are encouraged to make a full and active contribution to the Board's affairs and participate actively in all Board and committee meetings.

NED and INEDS

The non-executive Director ("NED") and the INEDs, as equal Board members, provide the Group with diversified expertise and experience. Their views and participation in Board and committee meetings bring independent judgement and advice on issues relating to the Group's strategies, policies, performance, accountability, key appointments, conflicts of interest and management process, to ensure that the interests of all shareholders are taken into account. A culture of openness and debate is promoted in order to facilitate the effective contribution of the NED and the INEDs and ensure constructive relations between EDs and NEDs (including the INEDs).

For the year ended 31st December 2022, the Company had one NED (who has resigned on 1st December 2022) and four INEDs. One of the INEDs has resigned on 1st December 2022. Three INEDs were appointed for a term of two years and one INED was appointed for a term of three years, all are subject to rotation in accordance with the provisions in the bye-laws of the Company ("Bye-laws"). The Company had received from each of the INEDs an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules and considers that all of them are independent. As at the date of this annual report, the Company has no INED who has served for more than nine years.

The INEDs are identified as such in all corporate communications containing their names.

Board Meetings

The Board meets regularly and at other time when necessary. The Chairman is responsible for ensuring that all Directors are properly briefed on matters to be discussed at Board meetings. All Directors have access to relevant and timely information and are given an opportunity to include matters in the agenda for all Board meetings. They can seek independent professional advice at the Company's expense when the situation requires. They also have access to the advice and services of the Company Secretary, who is responsible for providing Directors with Board papers and related materials, and ensuring that Board procedures are followed. Where queries are raised by Directors, steps would be taken to respond as promptly and fully as possible. Minutes of Board meetings are kept by the Company Secretary which record in sufficient detail the matters considered and decisions reached.

Corporate Governance Report

The attendance of the Directors at the Board meetings and general meetings held during the financial year 2022 is set out below:

Name of Directors	Number of Board meetings attended/held	Number of general meetings attended/held
EDs		
Ms. Zhu Ruimin	4/4	2/2
Mr. Zhang Yi	4/4	2/2
Mr. Lau Mun Chung	4/4	2/2
NED		
Mr. Chow Kwok Wai (resigned on 1st December 2022)	4/4	1/2
INEDs		
Mr. Hung Muk Ming (resigned on 1st December 2022)	4/4	2/2
Mr. Xia Zhidong	4/4	2/2
Mr. Liu Xiaofeng	4/4	2/2
Mr. Zheng Minggao (appointed on 1st December 2022)	0/0	0/0

For a matter to be considered by the Board which has a conflict of interest with the substantial shareholder or a Director and has been determined by the Board as material, the matter would be dealt with by a physical Board meeting. In other cases, where Directors are unable to meet together, matters are resolved by written resolutions in the manner prescribed by the Bye-laws. Full meeting materials are circulated and commented through electronic mail.

Notice of at least 14 days is given of a regular Board meeting to give all Directors an opportunity to attend. For all other Board meetings, reasonable notice will be given. Minutes of the Board meetings are prepared and circulated to all Directors in reasonable time, kept by a designated secretary and open for inspection at any reasonable time on reasonable notice by any Director.

During the year, the Chairman, Ms. Zhu Ruimin (who has resigned on 13th March 2023) held a meeting with the INEDs without the presence of other Directors.

Management reports are sent to all Directors to keep the Directors apprised of the latest development and financial position of the Group and to enable them to make informed decisions. The Board and each Director also have separate and independent access to the senior management whenever necessary.

Rotation and Re-election of Directors

The Bye-laws provide that every Director shall retire by rotation at least once every three years. Directors appointed by the Board during the year shall hold office until the next following annual general meeting ("AGM"), and they shall retire and be eligible for re-election by the shareholders of the Company.

For those INEDs who have been serving on the Board for more than nine years and seeking re-election in an annual general meeting, particular consideration will also be given in assessing their independence. Reasons will also be given in the circular in relation to that annual general meeting to explain why the Board believes those INEDs are still independent and should be re-elected, including the factors considered, the process and the discussion of the Board in arriving at such determination.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules as its code of conduct for Directors' dealing in its shares. All Directors confirmed that they had complied with the required standards at all times throughout the financial year 2022.

REMUNERATION COMMITTEE

As at the date (i.e. 31st December 2022) of this CG report, the remuneration committee of the Company ("Remuneration Committee") comprises three INEDs, and the members are Mr. Xia Zhidong, Mr. Liu Xiaofeng and Mr. Zheng Minggao. The Remuneration Committee is chaired by Mr. Xia Zhidong.

A written terms of reference was adopted by the Remuneration Committee at its inception, and is available on the websites of the Company and the Stock Exchange and is updated when necessary. The Remuneration Committee is responsible for devising the remuneration policy for the Company and making recommendations to the Board for consideration. The Remuneration Committee is also responsible for reviewing the terms of service contracts or letter of appointment and recommending the remuneration/remuneration packages of all Directors to the Board for approval. The Remuneration Committee has access to independent professional advice at the Company's expense if necessary. Full minutes and related materials of the meetings are kept by a designated secretary.

The Remuneration Committee held one meeting in the financial year 2022 to discuss the remuneration and bonus proposal etc. of two EDs and remuneration package of an INED. The following is the attendance record of the meetings held by the Remuneration Committee during the year:

Name of committee members	Number of meetings attended/held	Attendance rate
Mr. Xia Zhidong *(chairman)*	1/1	100%
Mr. Hung Muk Ming (resigned on 1st December 2022)	1/1	100%
Mr. Chow Kwok Wai (resigned on 1st December 2022)	1/1	100%
Mr. Liu Xiaofeng (appointed as member on 1st December 2022)	0/0	–
Mr. Zheng Minggao (appointed on 1st December 2022)	0/0	–

In case members are unable to attend meeting(s), issues are resolved through written resolutions in the manner prescribed under the Bye-laws. Full materials are circulated and commented mainly through electronic mail.

Directors' Remuneration Policy

Certain EDs are entitled to a director's fee as recommended by the Remuneration Committee; and determined and approved by the Board, of which two EDs, namely Mr. Zhang Yi and Mr. Lau Mun Chung, have entered into service contracts with the Company. The director's service contracts provide the relevant Directors with a fixed monthly salary, housing allowance (where applicable) determined in accordance with their qualification, experience and the prevailing market conditions together with an annual management bonus decided with reference to the Group's financial performance, the individual's performance during the year and the market conditions. Ms. Zhu Ruimin did not receive any director's fee and/or remuneration for her appointment as an ED. NEDs (including INEDs) are entitled to a director's fee decided by the Board. The Board confirms that no Directors or their associates (as defined in the Listing Rules) are involved in determining their own remuneration. Details of remuneration payable to the Board members and the key management personnel have been disclosed in the notes to the financial statements in this annual report.

NOMINATION COMMITTEE

As at the date (i.e. 31st December 2022) of this CG report, the nomination committee of the Company ("Nomination Committee") comprises three members, including two INEDs, Mr. Xia Zhidong and Mr. Liu Xiaofeng, and Ms. Zhu Ruimin. The Nomination Committee is chaired by Ms. Zhu Ruimin.

A written terms of reference was adopted by the Nomination Committee at its inception, and is available on the websites of the Company and the Stock Exchange and is updated when necessary. The Nomination Committee can seek independent professional advice at the Company's expense if necessary. The main duties of the Nomination Committee are as follows:

1. review the structure, size and composition of the Board at least annually, ensure compliance with the Company's Board Diversity Policy and make recommendations to the Board regarding any proposed changes;

2. identify suitable individuals qualified to become Board members, ensure compliance with the Company's Nomination Policy and make recommendations to the Board on suitable candidates to be nominated for directorships;

3. assess the independence of INEDs on their appointment or when their independence is called into question; and

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

The Nomination Committee held two meetings in the financial year 2022 to discuss the change of Directors and review of Board structure etc. Full minutes and related materials of the meetings are kept by a designated secretary. The following is the attendance record of the meetings held by the Nomination Committee during the year:

Name of committee members	Number of meetings attended/held	Attendance rate
Ms. Zhu Ruimin *(chairman)*	2/2	100%
Mr. Xia Zhidong	2/2	100%
Mr. Liu Xiaofeng	2/2	100%

Nomination Policy

The Board has adopted the Nomination Policy. The selection process of Directors will be transparent and fair. The Nomination Committee will select from a broad range of candidates and as far as feasible including those who are outside the Board's circle of contacts and in accordance with the Company's Board Diversity Policy. The Nomination Committee will consider the potential contributions a candidate can bring to the Board in terms of qualifications, skills, experience, independence and gender diversity. It will also consider succession planning to ensure the long-term success of the Company.

DIVERSITY

Board Diversity Policy

Board diversity has become a critical factor in business resiliency, sustainability and long-term financial performance. The positive results of diversity are so well established that investors are demanding that corporates achieve greater diversity to enhance risk management and achieve a sustainable and balanced development.

The Board has adopted the Board Diversity Policy which sets out the approach to achieve Board diversity. The Board reviews the implementation and effectiveness of the policy on an annual basis. The Board recognizes and embraces the benefits of having a diverse Board. A truly diverse Board will be achieved through several factors, including but not limited to differences in gender, age, cultural and educational background, ethnicity, professional experience, skills and knowledge. The Nomination Committee will continue to primarily responsible for identifying suitable qualified candidates to become Board members and to ensure that the Board has an appropriate balance and diversity with giving adequate consideration to the Board Diversity Policy.

Board appointments are based on merit and candidates are considered against objective criteria, having due regard for the benefits of diversity on the Board, in addition to the aforementioned diversity factors, consideration will be given to length of service, independence that the candidate can bring to the Board in all aspects, commitment in respect of sufficient time and attention to the Company's business, and the conditions required by the stock exchange on which its shares are listed and by the regulatory authorities of the places of its listing, etc., in order to ensure the diversity of the Board has a balanced composition and create positive contribution to the Board.

The Company remains committed to meritocracy in the boardroom, which requires a diverse and inclusive culture where Directors believe that their views are heard and their concerns are attended to and they serve in an environment where bias and discrimination on any matter are not tolerated.

As at the date (i.e. 31st December 2022) of this CG report, the Board consisted of both male and female Directors, the Board is of the opinion that board diversity (including gender diversity) has been achieved. The Board will continue to maintain board diversity and ensure the effectiveness of the Board Diversity Policy.

Workplace Diversity

Diversity is well supported in our corporate culture. Our employment practice complies with applicable laws and regulations and does not discriminate on the grounds of gender, race, ethnicity, disability, age, religious belief, sexual orientation or family status. The gender ratio in the workforce remains balanced for the year end 31st December 2022, which is close to 1:1.1. The Company has adopted a written human resources policy to govern the recruitment and diversity of workforce. Opportunities for employment, training and career development are equally opened to all eligible employees without discrimination. The Company will continue the mechanism to maintain the gender diversity in workforce. Further details of gender ratio has been disclosed in the Environmental, Social and Governance Report.

Employees' Remuneration Policy

The Company established objective performance indicators as part of the employees' performance appraisal. Proposals relating to promotion and salary adjustment of employees are discussed and approved by the Employee Remuneration Committee of the Company, which consists of two EDs and two senior executives, including the head of human resources & administration department.

TRAINING FOR DIRECTORS

The Company will provide a comprehensive, formal and tailored induction to each newly appointed Director on his/her first appointment in order to enable him/her to have appropriate understanding of the business and operations of the Company and ensure that he/she is fully aware of his/her responsibilities and obligations under the Listing Rules and relevant regulatory requirements.

All Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. Directors are continually updated on developments in the statutory and regulatory regime and the business environment to facilitate the discharge of their responsibilities for maintaining an effective Board. The Company has provided technical updates to the Directors, including amendments on the Listing Rules and the news release and guidelines published by the Stock Exchange. According to the records provided by the Directors and maintained by the Company, the training received by the Directors for the year ended 31st December 2022 is summarized as follows:

	Directors' duty and corporate governance	Legal and regulatory updates	Business updates
EDs			
Ms. Zhu Ruimin	Yes	Yes	Yes
Mr. Zhang Yi	Yes	Yes	Yes
Mr. Lau Mun Chung	Yes	Yes	Yes
NED			
Mr. Chow Kwok Wai (resigned on 1st December 2022)	Yes	Yes	Yes
INEDs			
Mr. Hung Muk Ming (resigned on 1st December 2022)	Yes	Yes	Yes
Mr. Xia Zhidong	Yes	Yes	Yes
Mr. Liu Xiaofeng	Yes	Yes	Yes
Mr. Zheng Minggao (appointed on 1st December 2022)	Yes	Yes	Yes

INSURANCE COVER FOR DIRECTORS

The Company has arranged appropriate insurance cover in respect of legal action against its Directors to comply with the requirement of the CG Code.

AUDITOR'S REMUNERATION

Ernst & Young ("EY") has been acting as the external independent auditor of the Company since June 2015. The financial statements of the Company for the year have been audited by EY.

During the year, the fees paid/payable to EY are set out below:

Category of services	**Fees paid/payable** *HK$*
Audit service	1,162,000
Non-audit services	1,013,000
Total	2,175,000

AUDIT COMMITTEE

As at the date (i.e. 31st December 2022) of this CG report, the audit committee of the Company ("Audit Committee") comprises three INEDs. The Audit Committee is chaired by Mr. Xia Zhidong who possesses appropriate professional qualifications and experience in accounting and financial management. The other two members are Mr. Liu Xiaofeng and Mr. Zheng Minggao.

A written terms of reference was adopted by the Audit Committee at its inception, and is available on the websites of the Company and the Stock Exchange and is updated when necessary. The major roles and functions of the Audit Committee include:

1. evaluating the effectiveness of the Group's internal control and risk management system;

2. reviewing the financial reporting process;

3. reviewing the interim and annual financial statements before submission to the Board for consideration;

4. endorsing the annual audit plans proposed by the auditor;

5. reviewing and approving continuing connected transactions; and

6. monitoring the independence, appointment and remuneration of the auditor.

The Audit Committee held two meetings in the financial year 2022. Representative from the EDs, the heads of legal, compliance and internal audit department ("LCIA") and risk management department ("RM") of the Company are answerable in the Audit Committee meetings. Full minutes and related materials of the meetings are kept by a designated secretary. During the year, two private sessions between the auditor and the Audit Committee members were held immediately after the Audit Committee meetings in February and August 2022 respectively. The following is the attendance record of the meetings held by the Audit Committee during the year:

Name of committee members	Number of meetings attended/held	Attendance rate
Mr. Xia Zhidong *(chairman)* (re-designated as chairman of the committee on 1st December 2022)	2/2	100%
Mr. Hung Muk Ming (resigned on 1st December 2022)	2/2	100%
Mr. Liu Xiaofeng	2/2	100%
Mr. Zheng Minggao (appointed on 1st December 2022)	0/0	–

A summary of the work performed by the Audit Committee during the financial year 2022 was listed below:

1. reviewed and approved the reappointment, the remuneration and the terms of engagement of the external auditor;

2. reviewed and monitored the external auditor's independence and objectivity and the effectiveness of the audit process;

3. reviewed and commented on each of the interim and annual financial statements of the Group and the independent auditor's report before submission to the Board;

4. reviewed the Group's financial control, internal control and risk management systems;

5. reviewed the results of the audit on continuing connected transactions;

6. reviewed the findings and the recommendations of the Group's internal auditor on the Group's operations and the regulatory review carried out by the regulators; and

7. monitored the financial reporting process of the Group.

The work and findings of the Audit Committee have been reported to the Board. During the year, no issue brought to the attention of the Board was of sufficient importance to require disclosure in this annual report.

Corporate Governance Report

ACCOUNTABILITY FOR THE FINANCIAL STATEMENTS

The Directors acknowledged their responsibilities for the preparation of financial statements for the Company which gives a true and fair view of the state of affairs of the Company as at 31st December 2022, and its profit or loss and the cash flows for the year. The financial statements are prepared on the assumption of going concern and are in accordance with the statutory requirements and applicable accounting and financial reporting standards. The Directors also ensure that the publication of the financial statements of the Group is done in a timely manner.

The statements of the Directors and the independent auditor of the Company regarding their respective responsibilities on the financial statements of the Company are set out in the Independent Auditor's Report on pages 63 to 69 of this annual report.

INTERNAL CONTROL AND RISK MANAGEMENT

The Group strives to maintain a sound and effective internal control and risk management system to safeguard the assets of the Group and its clients. The Board acknowledges its responsibilities for the risk management and internal control systems and reviews their effectiveness regularly. To achieve this end, a proper segregation of duties and responsibilities is in place. Procedures have been designed against unauthorized use or disposal, for maintaining proper accounting records, ensuring the reliability and usefulness of financial information for internal business use or for publication, and monitoring the compliance with applicable laws, rules and regulations. They are designed to minimize rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable but not absolute assurance against material misstatements or losses.

The Board has assessed the effectiveness of the internal control and risk management system of the Group with the assistance of the Audit Committee during the year. The LCIA and the RM assessed the internal control and risk management procedures respectively to validate their effectiveness and report the findings to the Audit Committee annually. In addition, to ensure full compliance with related rules and regulations promulgated by the Securities and Futures Commission, the LCIA performs regular compliance and internal control testing. Exceptional results are brought to the management's attention. Disciplinary actions are in place to deal with identified non-compliance cases.

The Board is responsible for overseeing the risk appetite of the Company including determining the Company's acceptable level of risk, and review from time to time the adequacy of resources, staff qualifications and experience, training programmes and budget of the Group's accounting, internal audit, risk management, financial reporting functions, as well as environmental, social and governance performance and reporting. The Board considers the internal control and risk management system of the Company effective and adequate, and the code provisions on risk management and internal control are complied with. The Group acknowledges that the strengthening of the internal control and risk management system is an ongoing process and will continue to monitor, design and implement appropriate measures to meet the changing business and regulatory environment.

The Group advocates the importance of ethical conduct and encourages whistleblowing, and such reports are strictly confidential and in anonymity. The Group's code of conduct stipulates that all its staff and account executives must promptly report possible improprieties such as conflict of interest, corruption and bribery or violation of any laws, rules and regulations. Incidents and allegations or suspicions of misconduct will be assessed and investigated by the senior management or the LCIA, and report to the Audit Committee if necessary. In addition, the Group always values high standards of ethics and integrity, staff and account executives are required to adhere to and be strictly regulated and governed by the code of conduct concerning anti-corruption. To enhance and build up awareness of anti-corruption, the Group continuously conducts various trainings for the Board, senior management, staff and account executives.

The Company has implemented a number of Group-wide governance policies, which are subject to review from time to time, to ensure best practices across the organization. During the year, the Company has in place Prevention of Bribery and Prevention of Corruption Policy, and Whistleblowing Policy to support the Company's commitment to adhere to high standard of business, professional and ethical conduct.

Dissemination of Inside Information

The Group discloses inside information to the public as soon as reasonably practicable in accordance with the requirements under the Listing Rules and the Securities and Futures Ordinance (Cap. 571 of the law of Hong Kong). Before full disclosure of the inside information to the public, the Group will ensure that the information is kept strictly confidential. The Group also strives to present information in a clear and balanced way, which requires equal disclosure of both positive and negative facts, and to ensure that information contained in all corporate communications is not false or misleading as to a material fact, or false or misleading through the omission of a material fact.

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for performing the corporate governance duties as set out below:

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

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

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

4. to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and

5. to review the Company's compliance with the CG Code and disclosure in the CG report.

Corporate Governance Report

OTHER CORPORATE GOVERNANCE PRACTICE

There are three major management committees established by the Group, each charged with specific duties of leading and controlling the daily operation and management of the Group. Chaired by the Chief Executive Officer, the EMC is responsible for setting up and implementing Group policy, exercising control over operational activities, reviewing and approving budgets, and making decisions on all major issues. Other members of the EMC include an ED and members from the senior management of the Group.

The Risk Management Committee ("RMC") of the Company is accountable to the EMC. The RMC is responsible for dealing with all risk management issues of the Group, and reviewing clients' complaints. The RMC is chaired by the head of RM.

The Investment Management Committee ("IMC") of the Company is also accountable to the EMC. The IMC is responsible for formulating investment policies including the setting of investment limits of the Group and approving investment projects proposed by business units/departments of the Group. The IMC is chaired by the Chief Executive Officer.

SHAREHOLDERS ENGAGEMENT

The Company strives to maintain effective and on-going communication with its shareholders and is committed to ensuring that the Group complies with disclosure obligations under the Listing Rules and other applicable laws and regulations, and that all shareholders and potential investors have an equal opportunity to receive and obtain externally available information issued by the Company. The Board has the overall responsibility to ensure that the Company maintains an ongoing dialogue with the shareholders, and to provide them with information necessary to evaluate the performance of the Company. The Board adopted the Shareholders Communication Policy in March 2012 which is available on the website of the Company and is updated when necessary. Information regularly provided to the shareholders includes annual and interim reports, circulars and announcements in accordance with the Listing Rules. The Board reviews the Shareholders Communication Policy annually and considered it effective. All general meetings were successfully held in the financial year 2022.

The Company welcomes and encourages shareholders' active participation in annual general meetings or other general meeting to express their views, so as to provide an effective platform for communication between the shareholders and the Board. Sufficient notice of general meetings will be given to the shareholders. The Company regards the general meeting(s) as an important event, the Chairman, other members of the Board are invited to attend the general meeting(s) in order to have communication with shareholders, answer and discuss matters in relation to the Company. The external auditor is also required to be present to answer questions about the conduct of the audit, the preparation and content of the auditor's report, the accounting policies and auditor's independence. A separate resolution will be proposed for each substantially separate issue at a general meeting. The Chairman of every general meeting will provide an explanation of the detailed procedures for conducting a poll.

For both institutional and retail investors, the Company's website, www.cinda.com.hk, provides up-to-date information about the Group. All key information such as announcements, annual and interim reports can be downloaded from this website.

SHAREHOLDERS' RIGHTS

(1) Procedures for shareholders to convene a special general meeting ("SGM") and putting forward proposals at shareholders' meetings

The Board shall, on the requisition in writing of the shareholders of not less than one-tenth of the paid-up capital of the Company upon which all calls or other sums then due have been paid, forthwith proceed to convene a SGM.

The written requisition must state the resolution, accompanied by a statement of not more than one thousand words with respect to the matter referred to in any proposed resolution or the business to be dealt with at the shareholders' meeting. It must also be signed by all of the shareholders concerned and be deposited at the Company's office in Hong Kong at 45th Floor, COSCO Tower, 183 Queen's Road Central, Hong Kong, for the attention of the Company Secretary.

If within twenty-one days of such deposit the Board fails to proceed to convene the SGM, the requisitionists or any of them representing more than one half of the total voting rights of all of them, may themselves convene a SGM, but any meeting so convened shall not be held after three months from the date of the original deposit.

The shareholders concerned must deposit a sum of money reasonably sufficient to meet the Company's expenses in serving the notice of the resolution and circulating the statement submitted by the shareholders concerned under applicable laws and rules.

As regards shareholders proposing a person for election as a director, please refer to the procedures as set out in the "Procedure for shareholders to propose a person for election as a director" on the website of the Company at www.cinda.com.hk.

(2) Shareholders' enquiries

Shareholders should direct their questions about their shareholdings to the Company's Hong Kong branch share registrar and transfer office, Tricor Secretaries Limited, at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong. Shareholders and the investment community may at any time make a request for the Company's information to the extent that such information is publicly available. Shareholders may also make enquiries to the Board by writing and provide sufficient contact details to the Company Secretary at the Company's office in Hong Kong at 45th Floor, COSCO Tower, 183 Queen's Road Central, Hong Kong.

Dividend Policy

The Board adopted the Dividend Policy in December 2018, pursuant to which the Board may propose to declare and distribute dividends to the shareholders after taking into consideration of, inter alia, the following factors:

1. general economic conditions;
2. the Group's financial results;
3. the Group's capital requirement for business strategies and future development needs;
4. taxation considerations;
5. possible effects on the Group's liquidity;
6. shareholders' expectations; and
7. other factors which the Board may consider appropriate.

Declaration of the dividend by the Company is also subject to any restrictions under the Laws of Bermuda, the Bye-laws and any applicable laws, rules and regulations. The Company in general meeting may from time to time declare dividends in any currency to be paid to the shareholders but no dividend shall be declared in excess of the amount recommended by the Board. The Board may from time to time pay to the shareholders such interim dividends as appeared to the Board to be justified by the profit of the Group.

CONSTITUTIONAL DOCUMENTS

The Company adopted a revised set of Bye-laws ("New Bye-laws") during the year ended 31st December 2022. The adoption of the Bye-laws was approved as a special resolution by shareholders of the Company at the SGM held on 29th July 2022. The New Bye-laws is available on both the websites of the Company and the Stock Exchange. Details of the major changes brought about by the adoption of New Bye-laws are set out in the circular of the Company dated 6th July 2022.

COMPANY SECRETARY

The Company Secretary is an employee of the Company, responsible for advising the Board on governance matters and facilitating induction and professional development of Directors. The Company Secretary reports to the Chairman and the Chief Executive Officer. All Directors have access to the advice and services of the Company Secretary to ensure that Board procedures, all applicable laws, rules and regulations are followed. The approval for the selection, appointment or dismissal of the Company Secretary rests with the Board at a physical Board meeting.

Mr. Lau Mun Chung was appointed as the Company Secretary of the Company since 25th May 2000. The biographical details of Mr. Lau are disclosed in the section headed "Biographical Details of Directors and Senior Management" of this annual report. During the financial year 2022, Mr. Lau had received no less than 15 hours of relevant professional training.

CORPORATE SOCIAL RESPONSIBILITY

The Group is committed to actively contributing to the community and fostering a caring culture. To achieve this end, the Group constantly organises various social services activities and encourages staff members to participate in voluntary work, and was awarded the "2022 Hong Kong Volunteer Award-Corporate (Volunteer Hours) Top Ten Highest Hours Award Certificate" by the Agency For Volunteer Service. The Company has been awarded the Caring Company Logo for 17 consecutive years since 2006 in recognition of its contribution to community service continuously. Furthermore, the Company was awarded the Hong Kong Awards for Environmental Excellence under the sector of Servicing and Trading (Merit) for 14 consecutive years since 2008. As a corporate citizen, the Group will continue to uphold its corporate social responsibility.

The Environmental, Social and Governance Report is set out on pages 32 to 50 of this annual report.

Environmental, Social and Governance Report

ABOUT THIS REPORT

To comply with the requirements set forth in Appendix 27 Environmental, Social and Governance ("ESG") Reporting Guide ("ESG Reporting Guide") to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Stock Exchange" and "Listing Rules", respectively), Cinda International Holdings Limited (the "Company", and together with its subsidiaries, the "Group" or "We") must publish an ESG report ("ESG Report") on an annual basis and regarding the same period covered in its annual reports. An ESG report may be presented as information in the Group's annual report or in a separate report. Regardless of the format adopted, the ESG report must be published on the Stock Exchange's and the Company's website.

The Group hereby presents this ESG Report for the year ended 31st December 2022 ("Reporting Period"). The ESG Report is organized into two ESG subject areas: environmental aspect and social aspect. The Group is in compliance with the mandatory disclosure requirements and "comply or explain" provisions set out in the ESG Reporting Guide, and followed the reporting principles in the preparation of the ESG Report.

STATEMENT FROM THE BOARD

Governance Structure

The board of directors of the Company (the "Board") believes that a comprehensive corporate governance and well-developed operation practices are the foundation of the Group's sustainable and long-term development. To ensure appropriate and effective ESG policies are in place, the Board acts a leading role and takes full responsibility for the oversight of ESG matters including evaluating and determining material ESG-related issues and risks.

The Board attaches great importance to ESG and has overall responsibility for its strategy and reporting to ensure the completeness of the ESG Report. The Board strives to create long-term value to stakeholders while taking account of ESG and related risks. The Board aims to put ESG considerations into business decision making process. Effective implementation of ESG policies relies on the collaboration of different departments. The Board intends to communicate with the management on an ongoing basis in order to review, evaluate, prioritize and manage material ESG-related issues and risks in operation that may have impact on the Group, so as to ensure the current policies follow laws and regulations as well as to meet business needs and stakeholders' expectations.

The Group cherishes every feedback from key stakeholder groups, which comprise its customers, employees, shareholders, investors and the community (the "Stakeholders"), that is conducive to the continuous improvement of the Group and creates valued contribution to our business decisions that meets the Stakeholders' needs and expectation. The Group provides a range of channels such as meetings, interviews, reporting, surveys, and feedback channel on intranet and/or Company's website to collect the views on ESG from the Stakeholders in order to review ESG-related goals and targets.

Environmental, Social and Governance Report

Reporting Principles

Materiality: The ESG report covers the material ESG factors that are related to different Stakeholders. The Board and the management are mainly responsible for identification of key ESG factors on the basis of the feedback from the Stakeholders.

Quantitative: To provide a comprehensive comparison of the performance in emissions and energy consumption of the Group between 2021 and 2022, summary tables of performance are shown in relevant sections. Information on the standards, methodologies, assumptions and/or calculation tools, and source of conversion factors used for the reporting of emissions and energy consumption are referred to the guideline set out in Reporting Guidance on Environmental KPIs published by the Stock Exchange.

Consistency: Methodologies and key performance indicators are used and calculated in a consistent approach. If there are any changes in consistency that may affect a meaningful comparison details would be disclosed.

Balance: The Group reports its ESG performance in an unbiased manner, avoiding selections, omissions, or presentation formats that may inappropriately influence a decision or judgment by the report reader.

Reporting Boundary

The ESG Report covers the main business scope of the Group, excluding associated companies and joint venture. Disclosures relating to material ESG issues identified have been included in this ESG Report pursuant to the ESG Reporting Guide. There is no significant change in reporting boundary from the 2021 annual report.

Environmental, Social and Governance Report

A. ENVIRONMENTAL

A1. Emissions

Environmental protection plays an essential role for a corporation's sustainability. The Group is committed to integrating environmental protection into our business and keep reducing the environmental impact from its operations, and to promote awareness of environmental protection of its Stakeholders in which the Group's operations are located.

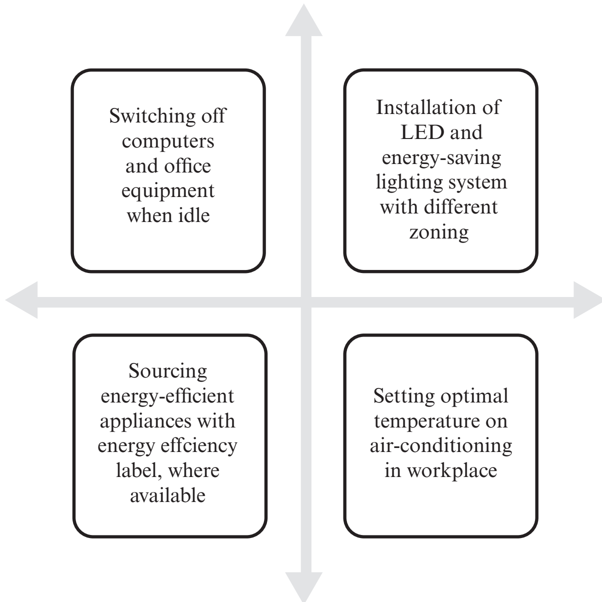
The Group is principally engaged in the provision of asset management, corporate finance advisory services, securities brokering, commodities and futures brokering. We do not have significant air emission nor do we generate hazardous waste, so the main contributors to the Group's carbon footprint are (1) indirect greenhouse gas ("GHG") emission from electricity consumption (which is mainly attributed to the use of lighting system, air-conditioning and office equipment), (2) direct GHG emission from petrol consumption of the two Company's motor vehicles, (3) indirect GHG emission from business travel by flight and (4) paper consumption in business operation. As such, the Group keeps minimizing the environmental impacts by reducing GHG emission from its operations with the following means:

(a) Control of GHG emission from minimizing air travel and electricity consumption

During the Reporting Period, the Group actively encouraged its employees to adopt electronic means of communication such as video or telephone conferencing. Video conference equipment is available in conference rooms upon request. Employees were also encouraged to use mobile applications such as WeChat, VooV and Zoom to conduct virtual meetings. As a result of the above effective measures and continuous COVID-19 pandemic impact, GHG emission from air travel has been further reduced compared to 2021.

In view of the gradual relaxation of the precautionary measures of COVID-19 pandemic and immigration control, the frequency of business air travel may increase in 2023. The Group will continue to further reduce the frequency of business air travel by encouraging the employees to use alternative communication means, and has set a target for the year 2023 that indirect GHG emission from business travel by flight will remain at a relatively low-level as in 2022.

Electricity consumption is the major generator of the Group's GHG emission. We have adopted the following measures to reduce and control the electricity consumption so as to reduce the GHG emission level of the Group:



(b) Control of paper consumption

The business operation of the Group consumes significant amount of papers and the Group has adopted a series of initiatives to reduce the level of paper consumption:

Paperless office by developing our own internal administration system such as leave management, payment management and trip management to reduce the use of paper	Promotion of electronic statements among our clients	A new mobile application has been launched in October 2021, enabling online account opening, online trading, and review of transaction records by clients	Paperless board meeting
Selection of insurance companies which provide paperless claiming procedures	Encouraging use of electronic means of communication such as email and intranet	Using duplex printing and reusing single-side printed papers	Organizing events and activities to enhance employees' motivation to minimize the use of electricity and paper in office

(c) **Emission summary:**

i) ***GHG emission***

Indicators	2021	**2022**
Scope 1: Direct GHG emissions (tonnes)		
– motor vehicles	4.08	**1.56**
Scope 2: Energy indirect GHG emissions (tonnes)		
– electricity consumption	262.51	**238.65**
Scope 3: Other indirect GHG emissions (tonnes)		
– paper consumption	18.74	**12.93**
Scope 3: Other indirect GHG emissions (tonnes)		
– business air travel	14.05	**7.69**
Total	299.38	**260.83**

The total GHG emissions have been significantly decreased by 12.9% compared with 2021. The reduction target for 2022 has been achieved. Under the continuous influence of the COVID-19 pandemic during the Reporting Period, entry restrictions were imposed in different cities and countries, and the Group actively encouraged the use of alternative communication means to replace physical meetings. As a result, GHG emissions related to business air travel and motor vehicles have been further reduced. Meanwhile, paper and electricity consumption have also recorded a decline, with a significant reduction of 9% in electricity consumption, indicating that the emission reduction measures taken by the Group are effective. The Group will continue to strengthen the above measures. The frequency of business air travel is expected to increase in 2023 following the relaxation of the precautionary measures of the COVID-19 pandemic and immigration control. The Group expects the total GHG emissions in the year 2023 will be similar to that in the Reporting Period, or will probably be decreased by around 1% to 3%, as far as reasonably practicable.

ii) ***The key air pollutants from the Group's operation mainly consist of nitrogen oxides, sulphur oxides and respirable suspended particulars, which mainly generated by the two motor vehicles.***

Air pollutants emission

Indicators (g)	2021	**2022**
Nitrogen Oxides (NOx)	734.60	**374.84**
Sulphur Oxides (SOx)	22.15	**8.46**
Respirable Suspended Particulars (RSP)	54.09	**27.60**

(d) Control of production of hazardous and non-hazardous wastes:

In view of the nature of the Group's operations, we did not generate any hazardous wastes. The Group upholds the principle of waste management. All of our waste management practices comply with relevant laws and regulations. The Group arranges independent third-party collector to collect all scrapped electronic equipment for proper treatment.

During the Reporting Period, the Group generated non-hazardous wastes, the majority of which was paper, with a weight of 2,694.39kg. Compared with 2021, the total paper consumption has been reduced by 31%. As the COVID-19 pandemic situation in Hong Kong was relatively severe in 2022, the Group arranged work from home for staff on a rotational basis during the relevant time, thereby daily office paper consumption was reduced. In addition, the Group continues to control paper consumption and strives to implement paperless office, the control measures are effective. The Group will continue to strengthen the control measures and aims to set the reduction target on paper consumption around 1% to 3%, as far as reasonably practicable.

We strive to reduce, reuse and recycle throughout our operations to minimize the disposal of wastes to landfill. Different facilities have been provided to employees in office to facilitate source separation and waste recycling. The Group has adopted policy to evaluate and balance the number of electronic devices replacement for the need of employees and the device performance, aiming to minimize the production of solid and electronic wastes by boosting the device performance instead of periodic replacement of new devices. In addition, in order to reduce the generation of computer wastes, the Group implemented a computer recycling program as part of our environmental protection initiative. The recycling rate of electronic wastes was double compared with 2021. The policy achieved a remarkable result in recycling of electronic wastes. The Group will continue this policy.

A2. Use of Resources

(a) The Group continues with initiatives to conserve resources for environmental and operating efficiency purposes. Fuel (unleaded petrol) consumption and electricity consumption are respectively the main source of direct and indirect energy consumption. To pursue our environmental commitment, an environmental policy and a purchasing policy are in place. We have implemented various initiatives throughout our operations such as deploying energy-efficient devices which carry Energy Label issued by the Electrical and Mechanical Services Department of Hong Kong, minimizing the use of paper, reducing water consumption and encouraging the employees to use public transportation. Through actively monitoring and managing the use of resources, we aim to reduce our carbon footprints as well as our operating cost.

The results achieved by such improvements are reflected in the energy consumption summary below.

Energy consumption summary:

Indicators	2021	**2022**	**Intensity 2022 (Per employee)**
Direct energy consumption (unleaded petrol) (KWh)	1,506.50	**575.19**	**5.48**
Indirect energy consumption (electricity) (KWh)	326,249.00	**306,168.00**	**2,915.88**
Total energy consumption (KWh)	337,755.50	**306,743.19**	**2,921.36**

The reduction in energy consumption between 2021 and 2022 is mainly due to a great decline in the frequency of use of the Company's motor vehicles, resulting in a reduction in petrol consumption. In response to the decline in demand for the Company's motor vehicles, the Group sold a motor vehicle in June 2022 in order to make better use of resources. The reduction target for 2022 has been achieved indicating that the energy consumption controls implemented by the Group are effective. We strive to follow the controls in energy usage and aim to further cut down energy consumption by 1% to 3% in 2023 as far as reasonably practicable.

(b) The Group is committed to conserving clean water. In order to strengthen employee's water-saving awareness, reminders and labels are placed in such water consumption areas as pantries and lavatories. As the Group is operating in several leased office premises of which the respective building management is responsible for both water consumption and discharge, and thus data in relation to volume of water consumed and discharged would not be provided for any occupants. The management fee of each of the leased premises paid to the respective building management company includes charges for water supply and discharge.

(c) The Group provides various financial services, given the nature of its business, the Group does not involve packaging materials.

A3. The Environment and Natural Resources

During the Reporting Period, the Group continued to make its best endeavor to protect the environment in business activities and workplace. Environmental protection is a continuous process, including management of energy and water consumption, and waste production. As a good corporate citizen, we acknowledge the responsibility of minimizing the negative environmental impact on our business operations and investments, in order to achieve a sustainable development for generating long-term values to our Stakeholders and the community as a whole.

The Group aims to save natural resources by enhancing the awareness among employees, promoting resources-saving habit and reviewing the efficiency of our business operations from time to time. We regularly assess the environmental risks of our business, and adopt preventive measures as necessary to reduce the risks and ensure the compliance of relevant laws and regulations. In 2022, there were no non-compliance cases reported in relation to air and GHG emission, discharge into water and land, and generation of waste within the Group.

A4. Climate Change

Climate change and global warming are driven by GHG emissions which are becoming the major environmental concerns in the world. As a good corporate citizen, the Group strives to put forward environmental conservation and encourages its employees to practice low carbon lifestyle in order to reduce GHG emissions and contribute to carbon neutrality. In an effort to reduce carbon footprint and emissions, the Group actively adopted relevant environmental policy and office environmental measures as mentioned in the ESG Report. Meanwhile, the Group participated in various environmental conservation events including "Earth Hour" and "Green Low Carbon Day" and organized different types of "green" activities in workplace so as to encourage its employees to take part in environmental conservation activities. The Group monitors the energy consumption intensity across its operations from time to time to identify opportunities for increasing efficiency and reducing GHG emissions.

B. SOCIAL

B1. Employment

We believe that employees are our valuable assets and the foundation of the Group's sustainable development. We strive to attract and retain talents and reconcile economical imperatives with staff well-beings, aiming at reinforcing satisfaction, loyalty and commitment of human capital.

We have developed a written human resources policy and an employee handbook to govern the compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare of our employees, in accordance with the relevant laws and regulations.

Compensation and dismissal

The Group enters into employment contracts with employees and stipulates the terms and conditions of employment, including remuneration package, probation period and termination.

The level of remuneration of our employees is reviewed annually on a performance basis with reference to the market standard.

Recruitment

Recruitment is based on job requirements, relevant qualifications, skills, experience and abilities.

Workplace management

Holidays and leaves

Apart from statutory holidays, all employees are entitled to paid annual leaves depending on their ranks and years of services, as well as other leaves such as examination leave, birthday leave and special leave, which all eligible employees are entitled to.

Equal opportunity and anti-discrimination

Opportunities for employment, training and career development are equally opened to all eligible employees without discrimination against their gender, pregnancy, marital status, disability, family status, race and religion, etc.

Diversity

The Company respects cultural and individual diversity. The Board Diversity Policy sets out the principal and guidelines to achieve diversity of the Board.

Benefits and welfare

A wide range of benefits including comprehensive medical (including dental and annual body check-up) and life insurance, tuition aid and mandatory provident fund are provided to employees. The medical insurance even covers family members of the employees. Social and recreational activities are organized regularly for the employees in achieving work-life balance, certain of which were conducted through virtual means.

As at 31st December 2022, the Group had a total number of 105 employees, of which 55 were male and 50 were female, all were full-time employees, and 93 were based in Hong Kong office and 12 were based in our offices in Mainland China. As regards disability, the Company did not record the health status of the employees, hence no employee was recorded as disabled.

Details of total workforce are as follows:

Total Workforce – by Age Group

	Age Group			
	30 or below	31 to 40	41 to 50	51 or above
Hong Kong office	14	33	32	14
Mainland offices	3	8	1	0

Total Workforce – by Gender

	Male	Female
Hong Kong office	51	42
Mainland offices	4	8

Total Workforce – by Employment Category

	Employment Category				
	Chief Level Executives	Senior Management	Middle Management	General Staff	Part Time
Hong Kong office	2	5	16	70	0
Mainland offices	0	0	1	11	0

New Employees – by Age Group

	Age Group			
	30 or below	31 to 40	41 to 50	51 or above
Hong Kong office	4	8	3	0
Mainland offices	0	2	0	0

New Employees－by Gender

	Male	Female
Hong Kong office	9	6
Mainland offices	2	0

Annual Turnover Rate – by Gender

	Male	Female
Hong Kong office	11(21.6%)	15(35.7%)
Mainland offices	0	0

Annual Turnover Rate – by Age Group

	Age Group			
	30 or below	31 to 40	41 to 50	51 or above
Hong Kong office	4(28.6%)	14(42.4%)	3(9.4%)	5(35.7%)
Mainland offices	0	0	0	0

There were no non-compliance cases reported in relation to employment laws and regulations during the Reporting Period and there were no labour strikes or other material labour disputes of our employees that affected our operations. We maintain good relationship with our employees.

B2. Health and Safety

We are committed to providing and maintaining a safe, healthy and hygienic workplace for all employees, and all other persons likely to be affected by our operations and activities. The safeguard for employees' health and safety is one of the essential elements of the Group, we provide medical insurance and annual body check-up to employees to improve health level.

Health and safety standards are given prime consideration in our operations, and regulatory compliance is strictly upheld. Employees at every level are committed to, and accountable for, the delivery of the safety initiatives contained in the employee handbook of the Group, with a view to maintaining a dynamic and injury-free culture. Appropriate measures are taken to continuously improve the safety and health aspects in the workplace.

In light of the continuous COVID-19 pandemic in 2022, the Group continued to minimize the risk of the spread of the COVID-19 by implementing various preventive measures. The Group continuously reviewed and monitored the contingency plan to ensure that precautionary and up-to-date measures were in place. To safeguard the health of our employees, the Group proactively implemented disinfection measures, and provided rapid antigen test kits to employees, in order to maintain a safe and hygienic working environment. In addition, the Group set up temperature sensors in its offices to check body temperature of everyone before entering into the offices. Furthermore, the Group has registered the "LeaveHomeSafe" QR Code for visitors to use. In order to further reduce the risk of infection, the Group arranged employees in Hong Kong and Mainland offices to work from home on a rotational basis during the relevant time.

There were no non-compliance cases reported in relation to health and safety laws and regulations in the past three years including the Reporting Period. Neither work-related fatalities nor lost days due to work injury was recorded in the mentioned period.

B3. Development and Training

Over 2,900 training hours were provided during the year

We believe that employee investment is essential. The Group recognizes the importance of skills and professional knowledge of the employees to achieve good performance in their designated positions. To enhance and encourage personal growth of employees, the Group designed training programmes covering various topics stipulated in different ordinances, rules and guidelines including but not limited to, the Securities and Futures Ordinance ("SFO") (Cap. 571 of the laws of Hong Kong), the Personal Data (Privacy) Ordinance (Cap. 486 of the laws of Hong Kong), Main Board Listing Rules and Guideline on Anti-Money Laundering and Counter-Financing of Terrorism (For Licensed Corporations) issued by the Securities and Futures Commission ("SFC").

The Group pays full attention to the continuous development and updates of relevant laws and regulations, our legal, compliance and internal audit department ("LCIA") and company secretarial department are responsible for gathering information of the relevant regulatory changes and work closely with different departments to determine the continuous professional training required for relevant employees and directors to update their knowledge and skills to maintain their professional competence. Latest applicable laws, rules and regulations are also circulated with employees and directors from time to time.

Besides, we encourage and support our employees in personal and professional training through sponsoring training programs, seminars, workshops and conferences, regular sharing sessions, peer learning and on-the-job coaching, as well as reimbursement for external training course fees. A employee mentorship programme is in place to facilitate communication and coaching between mentors and new staffs. We believe this is a mutually beneficial practice for achieving both personal and corporate goals as a whole.

During the year, the Group provided the following training programs to the employees:

Development and training

New Employee Training	Professional Training
The Group organized new employee trainings by introducing the history and corporate culture of the Group, as well as functions of respective departments, aiming at helping new staff adapt to the work environment and to settle in.	Invitation of professionals to conduct a series of lectures in relation to popular topics in the financial market, such as market misconduct, risk management, case sharing, compliance training, anti money laundering and know your client, etc.

Number of employees trained by gender and employment type during the year are as follows:

	Gender	
Number of employees and percentage:	**Male**	**Female**
Hong Kong & Mainland offices	60(50.42%)	59(49.58%)

	Employment Category			
Number of employees and percentage:	**Chief Level Executives**	**Senior Management**	**Middle Management**	**General Staff**
Hong Kong & Mainland offices	2(1.68%)	5(4.20%)	17(14.29%)	95(79.83%)

Total training hours completed by gender and employment type during the year are as follows:

	Gender	
Total number of training hours	**Male**	**Female**
Hong Kong & Mainland offices	1,716.25	1,213.25

	Employment Category			
Total number of training hours	**Chief Level Executives**	**Senior Management**	**Middle Management**	**General Staff**
Hong Kong & Mainland offices	48.50	167.50	561	2,152.50

The average training hours completed by gender and employment type during the year are as follows:

	Gender	
Average number of training hours	**Male**	**Female**
Hong Kong & Mainland offices	28.60	20.56

	Employment Category			
Average number of training hours	**Chief Level Executives**	**Senior Management**	**Middle Management**	**General Staff**
Hong Kong & Mainland offices	24.25	33.50	33	22.66

B4. Labour Standards

The Group strictly complies with the Employment Ordinance (Cap. 57 of the laws of Hong Kong) in respect of employment in Hong Kong. According to our policy, employment of child and forced labour is strictly prohibited. In addition, all such illegal means as retention of identity cards or passports, intimidation, coercion and undue pressure are strictly prohibited. It is a standard procedure in screening stage that all candidates applying to a position in the Group are required to present their identity documents for inspection and ascertaining their identities, ages and validity of employment status. No employment offer will be made to any candidate whose age is below 18. In the event that any irregularities in ages, identities and/or validities of employment status is subsequently found, employment with all such concerned candidates will be immediately terminated, and the Group will report such incident to the relevant authorities as soon as practicable.

Our policy also protects the right of free choice of employment of any person and ensure all the employment relationship is established on a voluntary basis to prevent forced labour.

The Group is dedicated to eliminating of discrimination and providing equal opportunities to all employees regardless of gender, age, nationality and disability, etc. To ensure the employees understand their rights, the Group formulated an employee handbook covering the area of working hour, compensation and welfare, promotion and termination, and paid leaves, etc. Details of the employee handbook is stated in section B1 – Employment of the ESG Report.

No non-compliance case was reported in relation to labour standard laws and regulations and no child labour was hired or subsequently found in both 2021 and 2022.

B5. Supply Chain Management

In order to manage the environmental and social risks of the supply chain, we have developed a certain policy and maintained a database of qualified suppliers to standardize the selection and management of suppliers and encourage suppliers to maintain a high standard on business ethics and conducts, with satisfactory environmental and social performance. Contract value exceeding a certain amount must be submitted to the centralized procurement management committee for review and approval in order to safeguard the interest of the Group and assess the potential risks, so as to maintain a fair and competitive procurement process. We expect our suppliers are responsible for the environment, potential suppliers will be given priority if environmental protection is committed.

Given the nature of the Group's business, the main supply chain category is the administrative services. We have engaged 29 suppliers in administrative supply and services and all of which are located in Hong Kong. During the selection and evaluation processes of vendors of administrative supplies and services, we adopt a fair basis with defined assessment criteria on background to ensure that only suppliers with no conflict of interest are qualified. To evaluate the performance of the selected suppliers as well as to minimize the environmental and social risks along the supply chain, regular assessments include but not limited to the professional qualification, services/products quality, financial status, integrity, and social responsibility will be conducted from time to time. When the evaluation result of a supplier is not satisfactory, the supplier will be removed from the approved list.

B6. Products/Services Responsibility

Responsible Investment

The Company's goal is to maximize shareholders' value in medium to long term. We believe that ESG factors have influence on financial performance of individual company, in both positive and negative ways. Hence, in the process of creating returns, ESG is integrated into not only our operations but also our investment processes for long-term value creation. As a responsible investor, we aim to incorporate ESG aspects in our analysis and investment decisions, and continue to monitor the ESG performance of our investments.

Quality of Services

As a holding company of certain licensed corporations, the Group is committed to complying with all relevant laws and regulations under the regulatory regime of the financial service industry, in particular, all applicable provisions of the SFO and its supplementary rules and regulations as well as the codes and guidelines issued by SFC. The Group complies with the relevant rules, codes and guidelines applicable to the Group.

Client is fundamental to sustainable development of the Group. We have built a trustworthy relationship with our clients by providing high-quality and dedicated services in professional manner. We value every opinion from our clients, and has set up various communication channels including hotline, facsimile and email for clients to give feedback or lodge complaints (if any). We also set up internal procedure to ensure every feedback of the customers will be responded in a timely and impartial manner. The Group strives and continues to meet clients' satisfaction.

We have received high recognition of our service from clients. The Group has not received any major complaints about our services during the Reporting Period.

Protection of Intellectual Property Rights

The Group respects and attaches great importance to intellectual property rights. In order to prevent infringement and enhance copyright protection, a copyright ordinance compliance policy is in place covering the area of installation of computer software, making copies of copyright works or publication and use of internet information, etc.

Protection of Clients' Data

The Group emphasizes the importance of protecting our clients' personal data against unauthorized access, use or loss and we adhere to the Personal Data (Privacy) Ordinance (Cap. 486 of the laws of Hong Kong) ("Personal Data (Privacy) Ordinance") when collecting, processing and using clients' personal data. To safeguard clients' privacy, the Group takes practicable steps to ensure that the clients' data are securely stored and the use of data is limited to or related to the original collection purpose. All documents and electronic materials of the Group are not allowed to circulate with external parties unless authorization is given. The Group respects privacy rights of its Stakeholders with utmost importance. All personal data collected, processed, used, disclosed and retained are subject to the Personal Data Privacy Policy which is prepared by reference to Personal Data (Privacy) Ordinance. Personal Information Collection Statement will be provided to all candidates pertaining to employment, which sets out the purposes of personal data collection, disclosure, retention and storage.

Since the Group is engaged in financial service business, no tangible products sold or shipped subject to recall for safety and health reasons. Given the nature of its business, neither quality assurance process nor recall procedures are applicable to the Group. There were no non-compliance cases reported in relation to our data privacy and no material complaints received regarding our services that would have significant impact during the Reporting Period.

B7. Anti-corruption

The Group believes that honesty, integrity and fair play are its important assets in business and operation. We aim to maintain the highest standards of openness, uprightness and accountability and all our employees are expected to observe the highest standards of ethical, personal and professional conduct. We do not tolerate corruption, bribery, extortion, money-laundering and other fraudulent activities in connection with any of our business operations.

Employees are strictly regulated and governed by Prevention of Bribery and Prevention of Corruption Policy that specified activities such as soliciting or accepting advantages, offering or accepting entertainment or services, and misuse of official position and company information are restricted to avoid conflict of interest. In addition to Prevention of Bribery and Prevention of Corruption Policy, the Group has also implemented Whistleblowing Policy. Employees are encouraged to directly access the top management or LCIA whenever irregularities or fraudulent activities are suspected, all information received will be kept strictly confidential. Ongoing review of the effectiveness of the internal control systems is conducted on a regular basis in preventing the occurrence of corruption activities.

To further strengthen the governance and increase the awareness of anti-corruption, the Group provided comprehensive training to employees at all levels. A total of 454 training hours on anti-corruption was recorded in the Reporting Period.

During the Reporting Period, the Group did not receive any report or have any legal case regarding corruption or bribery issues raised against the Group or its employees.

Practice and Policy on Anti-Money Laundering

The Group fully supports the international community drive against serious crime, drug trafficking and terrorism and is committed to assisting the authorities to identify money laundering and terrorist financing transactions. The Group's Anti-Money Laundering ("AML") and Counter-Financing of Terrorism ("CFT") Manual has clearly specified that all employees are obliged to comply with all applicable AML/CFT laws and regulations. In order to safeguard from the use of the Group's services for money laundering and terrorist financing purpose, AML and CFT Manual includes the procedures in conducting customer due diligence and ongoing monitoring on a risk-based approach, suspicious activity reporting and record keeping. AML and CFT Manual is reviewed regularly and updated according to relevant legal and regulatory changes. Internal control review is also carried out regularly to ensure that the AML/CFT procedures are adhered to. There are also compulsory trainings on AML/CFT for all employees to assist them in understanding, implementing and complying with the AML/CFT procedures.

The Group is in compliance with relevant laws and regulations on bribery, extortion, fraud and money laundering. There were no non-compliance cases reported in relation to the above that would have significant impact during the Reporting Period.

B8. Community Investment

As a good corporate citizen, our goal is to build a better society and create long-term value to all Stakeholders by contributing to the community. We promote social contributions amongst the members of the Group to the local communities in which we operate. We place great emphasis on cultivating social responsibility awareness among our employees and have established a volunteer team to promote and encourage employees to better serve our community at work and during leisure time. Our focus area of contribution includes environmental protection, social welfare and health, and charitable donation. The Group actively participates in voluntary activities while promoting environmental protection. During the Reporting Period, the total hours of voluntary work in the community service participated by the Group reached 375 hours, and 57 volunteers were involved.

We actively contribute to the community, and try to maximize our social investments in order to create a more favorable and sustainable environment for our community and our business. The following awards were obtained by the Group.

- 2022 Hong Kong Volunteer Award-Corporate (Volunteer Hours) Top Ten Highest Hours Award Certificate in 2022
- Caring Company Logo for 17 consecutive years since 2006
- Hong Kong Awards for Environmental Excellence under the sector of Servicing and Trading (Certificate of Merit) for 14 consecutive years since 2008 and the 10th Anniversary Special Award in 2018
- HSBC Living Business Green Achievement Award for four consecutive years (Certificate of Merit for 2014, 2016 and 2017, Certificate of Excellence for 2015)
- HSBC Living Business Caring for People Award (Certificate of Merit) for 2015 to 2017
- HSBC Living Business Community Engagement Award (Certificate of Merit) for 2016 and 2017
- HSBC Living Business ESG Awards (Certificate of Merit) for 2018 and 2021
- HSBC Living Business Awards (Long Term Participation) for 2018

Report of the Directors

The board (the "Board") of directors (the "Director(s)") of Cinda International Holdings Limited (the "Company") is pleased to present this annual report together with the audited consolidated financial statements of the Company and its subsidiaries (collectively, the "Group") for the year ended 31st December 2022.

PRINCIPAL ACTIVITIES AND SEGMENTAL ANALYSIS OF OPERATION

The Company is an investment holding company. Principal activities of its subsidiaries are set out in Note 1 to the consolidated financial statements. There were no significant changes in the nature of the Group's principal activities during the year. An analysis of the Group's performance for the year by business segments is set out in Note 5 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year are set out in the consolidated statement of profit or loss on page 70 of this annual report.

No interim dividend has been declared for the year (2021: nil). The Board does not recommend the payment of a final dividend for the year ended 31st December 2022 (2021: HK$0.02 per share).

BUSINESS REVIEW

The business review of the Group for the year ended 31st December 2022 is set out in the sections headed "Management Discussion and Analysis" and "Corporate Governance Report" respectively of this annual report.

PRINCIPAL RISKS AND UNCERTAINTIES

Save as disclosed in this annual report, the Company is not aware of any principal risks and uncertainties facing the Company.

SHARE CAPITAL

Details of movements in the Company's share capital during the year are set out in Note 22 to the consolidated financial statements.

BONDS ISSUED

On 21st August 2013, the Company resolved to issue 5-year unsecured, non-guaranteed, fixed interest corporate bonds up to a maximum aggregate principal amount of HK$200,000,000 to independent third parties at an interest rate between 3% and 5%, determined by market conditions from time to time. The bonds will mature on the fifth anniversary from the date of issue and the net proceeds from the issuance will be utilised for the development and as working capital of the Group.

As at 31st December 2022, bonds with aggregate principal amount of HK$10,000,000 were outstanding. During the year, the Group did not issue any bonds. Details of the bonds issued by the Company are set out in Note 26 to the consolidated financial statements.

Report of the Directors

RESERVES

Movements in the reserves of the Group and of the Company during the year are set out in the consolidated statement of changes in equity on page 74 of this annual report and in Note 23 to the consolidated financial statements.

Distributable reserves of the Company as at 31st December 2022 calculated under the Companies Act 1981 of Bermuda (as amended) amounted to HK$79,468,000 (2021: HK$201,629,000). Details are set out in Note 23 to the consolidated financial statements.

DONATIONS

During the year, the Group did not make any charitable donations (2021: nil).

FIVE YEAR FINANCIAL SUMMARY

A summary of the results and the assets and liabilities of the Group for the last five years is set out on page 168 of this annual report.

DIRECTORS

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

EDs

Ms. Zhu Ruimin	*(Chairman) (resigned on 13th March 2023)*
Mr. Zhang Yi	*(Chairman) (re-designated from Chief Executive Officer to Chairman on 13th March 2023)*
Mr. Zhang Xunyuan	*(Chief Executive Officer) (appointed as ED and Chief Executive Officer on 13th March 2023)*
Mr. Lau Mun Chung	*(Deputy Chief Executive Officer)*

NED

Mr. Chow Kwok Wai	*(resigned on 1st December 2022)*

INEDS

Mr. Hung Muk Ming	*(resigned on 1st December 2022)*
Mr. Xia Zhidong	
Mr. Liu Xiaofeng	
Mr. Zheng Minggao	*(appointed on 1st December 2022)*

The biographical details of the Directors are disclosed in the section headed "Biographical Details of Directors and Senior Management" of this annual report.

Report of the Directors

In accordance with Bye-law 84 of the Company, Mr. Xia Zhidong and Mr. Liu Xiaofeng shall retire at the forthcoming annual general meeting of the Company ("AGM") and they, being eligible, offer themselves for re-election.

Pursuant to Bye-law 83(2) of the Company, any Director appointed by the Board shall hold office until the next following annual general meeting of the Company after his or her appointment and shall retire and be eligible for re-election at that meeting. Mr. Zheng Minggao has been appointed as an independent non-executive Director with effect from 1st December 2022 and Mr. Zhang Xunyuan has been appointed as an executive Director with effect from 13th March 2023. In accordance with Bye-law 83(2), Mr. Zheng Minggao and Mr. Zhang Xunyuan will retire from their office at the AGM and they, being eligible, will offer themselves for re-election.

CHANGES IN THE INFORMATION OF DIRECTORS

Pursuant to Rule 13.51(2) and Rule 13.51B(1) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Stock Exchange" and "Listing Rules", respectively), the changes of information of Directors during the year and up to the date of this report are set out below:

- Ms. Zhu Ruimin was appointed as a director of Cinda Securities (H.K.) Holdings Limited ("Cinda Securities (H.K.)") on 5th September 2022.

  Ms. Zhu Ruimin has resigned as an executive Director, the Chairman of the Board and a member and the chairman of the Nomination Committee of the Company on 13th March 2022.

- Mr. Zhang Yi was appointed as (i) the chief financial officer of Cinda Securities Co., Ltd. ("Cinda Securities") with effect from 18th April 2022; (ii) an executive director and general manager of Cinda Innovation Investment Co., Ltd. from August 2022 to February 2023; and (iii) a director of Cinda Securities (H.K.) with effect from 5th September 2022.

  Mr. Zhang Yi has been re-designated from the position of the Chief Executive Officer to the Chairman of the Board and he has also been appointed as a member and the chairman of the Nomination Committee of the Company with effect from 13th March 2023.

- Mr. Xia Zhidong was re-designated as the chairman of the Audit Committee of the Company on 1st December 2022.

- Mr. Liu Xiaofeng resigned as an independent director of UBS Securities Co. Limited in June 2022. He acted as an independent non-executive director of Logory Logistics Technology Co., Ltd., the shares of which are listed on the Stock Exchange on 9th March 2023 (stock code: 2482) since October 2021.

  Mr. Liu Xiaofeng was appointed as a member of the Remuneration Committee of the Company on 1st December 2022.

Report of the Directors

DIRECTORS' SERVICE CONTRACT

None of the Directors proposed for re-election has entered into any service contract which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

DIRECTORS' INTERESTS IN TRANSACTION, ARRANGEMENT OR CONTRACT

Save as disclosed in this annual report, no transaction, arrangement or contract of significance to which the Company, or any of its holding companies, subsidiaries or fellow subsidiaries was a party, or in which a Director or an entity connected with a Director had a material interest, either directly or indirectly, subsisted at the end of the year or at any time during the year.

COMPETING INTEREST

During the year, none of the Directors was interested in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

PERMITTED INDEMNITY PROVISION

The Bye-laws provides that the Directors shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which they shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty in their offices, provided that this indemnity shall not extend to any matter in respect of any fraud or dishonesty which may attach to any Directors.

During the year, a Directors liability insurance is in force to protect the Directors against potential costs and liabilities arising from claims brought against the Directors.

EQUITY-LINKED AGREEMENTS

Saved as otherwise disclosed in this annual report, no equity-linked agreements were entered into by the Group during the year.

TAX RELIEF

The Company is not aware of any relief on taxation available to the shareholders by reason of their holdings of the shares. If the shareholders are unsure about the taxation implications of purchasing, holding, disposing of, dealing in, or exercising of any rights in relation to the shares, they are advised to consult their professional advisers.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

For the year ended 31st December 2022, the Group's operations are mainly carried out by the subsidiaries of the Company in Hong Kong and the Mainland China. The Group has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Group.

CONTINUING CONNECTED TRANSACTIONS

On 2nd November 2021, the Company entered into a master agreement (the "2021 Master Agreement") with China Cinda Asset Management Co., Ltd. ("China Cinda", together with its associates, the "China Cinda Group"), pursuant to which the Group has agreed to provide (i) brokering services for securities, futures and options trading; placing, underwriting and sub-underwriting services for securities ("Category I Services") in return for commissions/service fees ("Category I Transactions"); (ii) corporate finance advisory services ("Category II Services") in return for service fees ("Category II Transactions"); and (iii) asset management services ("Category III Services") in return for service fees ("Category III Transactions") to the China Cinda Group.

The 2021 Master Agreement shall have a term of 3 years commencing from 1st January 2022 and ending on 31st December 2024. The annual caps in respect of each category of transactions contemplated under the 2021 Master Agreement are as follows:

	For the year ending 31st December		
	2022	**2023**	**2024**
	HK$	*HK$*	*HK$*
Category I Transactions	35,000,000	53,000,000	70,000,000
Category II Transactions	12,000,000	12,000,000	15,000,000
Category III Transactions	90,000,000	120,000,000	150,000,000

Since members of the China Cinda Group are connected persons of the Company, the transactions contemplated under the 2021 Master Agreement constitute continuing connected transactions of the Company under Rule 14A.31 of the Listing Rules. The entering into of the 2021 Master Agreement was subject to and the Company has complied with the reporting, annual review, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The terms of the 2021 Master Agreement (including the annual caps) were determined after arm's length negotiations between the parties thereto and will be no less favourable to the Group than terms offered to independent third parties. The Directors, including the INEDs, are of the view that the 2021 Master Agreement was entered into in the ordinary and usual course of business of the Group, on normal commercial terms and the terms of which are fair and reasonable and in the interests of the Company and its shareholders as a whole.

Ms. Zhu Ruimin, the then Chairman and executive Director, is a director of Cinda Securities (the indirect controlling shareholder of the Company and a subsidiary of China Cinda), and Mr. Zhang Yi, the current Chairman and executive Director (who was the then Chief Executive Officer), also holds management position in Cinda Securities, and therefore were considered having interest in the 2021 Master Agreement and had therefore abstained from voting on the Board resolutions approving the 2021 Master Agreement and the transactions contemplated thereunder. The 2021 Master Agreement was approved by the independent shareholders of the Company at the special general meeting held on 17th December 2021 with China Cinda Group abstained from voting at the meeting on the relevant resolution.

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other than Audits or Reviews of Historical Financial Information and Related Conforming Amendments" and with reference to Practice Note 740 (Revised) "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The Directors have received a letter from the auditor containing their findings and conclusions in respect of the continuing connected transactions disclosed by the Group in accordance with Rule 14A.56 of the Listing Rules.

RELATED PARTY TRANSACTIONS

During the year, the Group entered into certain transactions with "related parties" as defined under the applicable accounting standards. Details of these related party transactions are disclosed in Note 35 to the consolidated financial statements.

SPECIFIC PERFORMANCE OBLIGATIONS ON CONTROLLING SHAREHOLDER

Facility Agreement 1

On 7th July 2016, the Company as borrower entered into a facility agreement with a licensed bank in Hong Kong in relation to a HK$300,000,000 (or its equivalent in US dollars or RMB) revolving term loan facility. On 28th May 2021, a supplementary facility agreement to the facility agreement (the facility agreement together with the supplementary facility agreement, collectively the "Facility Agreement 1") was entered into between the parties. Pursuant to Facility Agreement 1, it shall be an event of default if (i) China Cinda ceases to directly or indirectly own at least 50% of the issued share capital of the Company (if no written consent has been obtained from the bank); or (ii) the Ministry of Finance of the People's Republic of China (the "PRC") ceases to (directly or indirectly) retain at least 50% of the issued share capital of China Cinda. If an event of default under Facility Agreement 1 occurs, all the obligations of the Company to the bank shall become immediately due and payable on the bank's demand. The loan facility is subject to an annual review by the bank.

As at 31st December 2022, loan amount outstanding under Facility Agreement 1 was nil.

Facility Agreement 2

On 25th October 2017, the Company as borrower entered into a facility agreement with a licensed bank in Hong Kong in relation to a HK$300,000,000 (or its equivalent in US dollars) revolving loan facility. On 27th April 2018, a supplemental facility agreement to the facility agreement (the facility agreement together with the supplemental facility agreement, collectively the "Facility Agreement 2") was entered into between the parties pursuant to which certain specific performance obligation was imposed on the controlling shareholder of the Company. The loan facility is subject to an annual review by the bank.

Pursuant to the Facility Agreement 2, it shall be an event of default if any undertakings including the following, among others, is or proves to have been untrue or inaccurate in any material respect when made or repeated:

➢ The Company shall remain more than 50% beneficially owned by China Cinda; and

➢ The Company shall ensure that Ministry of Finance of the PRC shall hold more than 50% shareholding of China Cinda.

If an event of default under the Facility Agreement 2 occurs, the bank may demand repayment in full all outstanding advances together with the interest accrued thereon and all other sums payable by the Company under the Facility Agreement 2.

As at 31st December 2022, loan amount outstanding under Facility Agreement 2 was nil.

Facility Agreement 3

On 27th June 2018, the Company as borrower entered into a facility agreement with a licensed bank in Hong Kong in relation to a HK$150,000,000 (or its equivalent in US dollars or RMB) revolving loan facility (the "Facility Agreement 3"). As one of the conditions of the loan facility, China Cinda shall directly or indirectly own at least 50% of the issued share capital of the Company. Upon the breach of any of the conditions, the loan facility is repayable in full on demand by the bank. The loan facility is subject to an annual review by the bank.

As at 31st December 2022, US$6,000,000 (equivalent to HK$46,800,000) has been drawn under Facility Agreement 3.

Facility Agreement 4

On 7th September 2018, Cinda International Securities Limited ("CISL", a wholly-owned subsidiary of the Company) as borrower and the Company as guarantor entered into a facility agreement with a licensed bank in Hong Kong in relation to a HK$200,000,000 general banking facilities (the "Facility Agreement 4"). As one of the undertakings of the general banking facilities, China Cinda shall remain the single largest beneficiary shareholder (directly or indirectly) of the Company. Breach of any of the conditions will constitute an event of default under the Facility Agreement 4, upon which all amounts (including principal and interest) due or owing by CISL to the bank shall become immediately due and payable. The general banking facilities is subject to an annual review by the bank.

As at 31st December 2022, loan amount outstanding under Facility Agreement 4 was nil.

Facility Agreement 5

On 15th June 2020, the Company as borrower entered into a facility agreement with a licensed bank in Macau in relation to a HK$300,000,000 (or its equivalent in US dollars) loan facility (the "Facility Agreement 5"). Pursuant to the Facility Agreement 5, default will be triggered if any default events occurred, including breach of any one of the following loan undertakings, among others: (i) China Cinda shall remain more than 50% held by the Ministry of Finance of the PRC; (ii) Cinda Securities shall remain more than 50% directly or indirectly held by China Cinda; and (iii) the Company shall remain more than 50% directly or indirectly held by Cinda Securities. The bank may demand repayment in full all outstanding advances together with the interest accrued thereon and all other sums payable by the Company under the Facility Agreement 5 if default is being triggered. The maturity date of the loan facility shall be three years from the date of signing of the Facility Agreement 5, i.e., 15th June 2023.

As at 31st December 2022, US$5,500,000 (equivalent to HK$42,900,000) and HK$38,600,000 have been drawn under Facility Agreement 5.

Facility Agreement 6

On 26th June 2020, the Company as borrower entered into a loan facility letter with a licensed bank in Hong Kong regarding a HK$250,000,000 committed term loan facility (the "Facility Agreement 6"), in replacement of the facility agreement dated 18th May 2018 entered into by the Company with a syndicate of banks regarding a HK$250,000,000 term loan facility. Pursuant to the Facility Agreement 6, it shall be an event of default if (i) China Cinda does not or ceases to directly or indirectly beneficially own at least 51% of the entire issued share capital of the Company; or control the Company; or (ii) the Ministry of Finance of the PRC does not or ceases to directly or indirectly own at least 51% of the entire issued share capital of, or equity interests in, China Cinda; or control China Cinda. If an event of default under the Facility Agreement 6 occurs, the bank may cancel the Facility Agreement 6 and demand repayment in full all outstanding advances together with the interest accrued thereon and all other sums payable by the Company under the Facility Agreement 6. The final maturity date of the Facility Agreement 6 shall be the date falling three years after the acceptance date of the Facility Agreement 6 by the Company, i.e., 26th June 2023.

As at 31st December 2022, HK$250,000,000 has been drawn under Facility Agreement 6.

Facility Agreement 7

On 24th September 2020, the Company as borrower accepted a facility letter (the "Facility Agreement 7") issued by a licensed bank in Hong Kong pursuant to which a HK$120,000,000 (or US dollars equivalent) revolving loan facility would be made available by the bank to the Company subject to the terms and conditions of the Facility Agreement 7. Pursuant to the Facility Agreement 7, default will be triggered if any default events occurred, including breach of any one of the following loan undertakings, among others, (i) China Cinda shall remain more than 50% held by the Ministry of Finance of the PRC; and (ii) the Company shall remain more than 50% directly or indirectly held by China Cinda. The bank may demand repayment in full all outstanding advances together with the interest accrued thereon and all other sums payable by the Company under the Facility Agreement 7 if default is being triggered. The loan facility is subject to an annual review by the bank.

As at 31st December 2022, loan amount outstanding under Facility Agreement 7 was nil.

Facility Agreement 8

On 10th February 2022, the Company as borrower confirmed its acceptance of the facility letter ("Facility Agreement 8") issued by a licensed bank in Hong Kong. Pursuant to the Facility Agreement 8, the bank agrees to make available to the Company an US$40,000,000 (or its equivalent in Hong Kong dollars) revolving loan facility. Pursuant to the Facility Agreement 8, default will be triggered if events of default occurred, including breach of any one of the following loan undertakings, among others: (i) China Cinda shall hold beneficially not less than 50% of the shareholding interest in Cinda Securities; (ii) Cinda Securities shall hold beneficially not less than 50% of the shareholding interest in the Company; and (iii) the Ministry of Finance of the PRC shall hold beneficially not less than 50% of the shareholding interest in China Cinda. If an event of default under the Facility Agreement 8 occurs, the bank may demand immediate repayment of all outstanding amounts and require provision of immediate cash cover (in the amount notified by the bank) for any future or contingent liabilities. The loan facility is subject to an annual review by the bank

As at 31st December 2022, loan amount outstanding under Facility Agreement 8 was nil.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31st December 2022, none of the Directors or chief executives of the Company had any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571 of the laws of Hong Kong) ("SFO")) as recorded in the register of directors' interests and short positions required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31st December 2022, according to the register kept by the Company pursuant to section 336 of the SFO, and so far as was known by the Directors and the chief executives of the Company, the following are details of the persons (other than Directors or chief executives of the Company) who had, or were deemed to have, interests or short positions in the shares or underlying shares of the Company which need to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Long position

Name of substantial shareholder	Capacity	Number of shares or underlying shares held	Approximate percentage of the Company's issued share capital
Cinda Securities (H.K.)	Beneficial owner	403,960,200 *(Note)*	63.00%
Cinda Securities	Interest through a controlled corporation	403,960,200 *(Note)*	63.00%
China Cinda	Interest through a controlled corporation	403,960,200 *(Note)*	63.00%

Note: These shares were held by Cinda Securities (H.K.). Cinda Securities (H.K.) was wholly-owned by Cinda Securities which was a subsidiary of China Cinda. By virtue of the provisions of the SFO, Cinda Securities and China Cinda were deemed to be interested in all the shares in which Cinda Securities (H.K.) was interested.

Save as disclosed above, as at 31st December 2022, the Company has not been notified by any persons (other than the Directors or the chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

PRE-EMPTIVE RIGHTS

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

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

MAJOR CUSTOMERS AND SUPPLIERS

The percentages of turnover for the year attributable to the Group's major customers are as follows:

–	the largest customer	10.44%
–	the five largest customers combined	28.38%

As at 31st December 2022, the largest customer is a corporation controlled by the ultimate holding company of the Company. The subsequent four largest customers consisted of three corporations controlled by the ultimate holding company of the Company and an associate of the Company. Saved as disclosed, at no time during the year have the Directors, their close associates or any shareholder of the Company (which to the knowledge of the Directors owns more than 5% of the Company's share capital) had any interest in these major customers.

As the Group is engaged in the provision of financial services, the Directors are of the opinion that giving information on suppliers would be of limited or no value.

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

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

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that was publicly available to the Company and within the knowledge of the Directors as at the date of this report, the Company has maintained the prescribed public float under the Listing Rules.

AUDITOR

The consolidated financial statements of the Company for the year ended 31st December 2022 have been audited by Ernst & Young ("EY"). EY shall retire and, being eligible, offer themselves for re-appointment at the forthcoming AGM. A resolution for the re-appointment of EY as auditor of the Company is to be proposed at the meeting.

Report of the Directors

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Environmental, Social and Governance Report is set out on pages 32 to 50 of this annual report.

Discussions of the Group's environmental policies and performance and key relationships with its employees form part of this Report of the Directors and are contained in the Environmental, Social and Governance Report.

By order of the Board

Zhang Yi
Chairman

Hong Kong, 13th March 2023

Independent Auditor's Report

Ernst & Young
27/F, One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong

To the shareholders of Cinda International Holdings Limited
(Incorporated in the Bermuda with limited liability)

OPINION

We have audited the consolidated financial statements of Cinda International Holdings Limited (the "Company") and its subsidiaries (the "Group") set out on pages 70 to 167, which comprise the consolidated statement of financial position as at 31st December 2022, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

BASIS FOR OPINION

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

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Independent Auditor's Report

Key audit matter	How our audit addressed the key audit matter

Impairment assessment on margin loans arising from securities brokering and debt instruments classified as fair value through other comprehensive income

The Group applies an expected credit loss ("ECL") model to measure the impairment allowance for financial assets, according to HKFRS 9. Management was required to exercise significant judgement in defining and identifying the existence of a significant increase in credit risk to allocate financial assets into stages 1, 2 or 3 of the ECL model. To measure the ECL, management was required to make significant estimates and assumptions regarding future macroeconomic conditions, borrowers' creditworthiness, and other parameters used in the ECL model.

As at 31st December 2022, the impairment provision for margin loans arising from securities brokering and debt instruments classified as fair value through other comprehensive income were HK$13.2 million and HK$21.4 million, respectively. Due to the amount of the ECL and subjectivity involved, this was considered to be a key audit matter.

Relevant disclosures are included in the summary of significant accounting policies, critical accounting estimates and judgements and financial risk management of impairment of financial assets in notes 2, 4 and 34. The disclosures on financial instruments subject to the ECL model, including margin loans arising from securities brokering and debt instruments classified as fair value through other comprehensive income, and the related credit risk are included in notes 20 and 14 to the financial statements.

The procedures we performed to address the key audit matter included but were not limited to:

- Evaluating the design and testing the operating effectiveness of controls over the approval, recording and credit monitoring of financial instruments subject to ECL;
- Obtaining an understanding of the methodology of the ECL model through review of documentation and discussion with the Group's management;
- With the assistance from our internal specialist, assessing the ECL model methodology and parameters, including the consideration of forward-looking information;
- Assessing the Group's determination of significant increases in credit risk and testing the application of staging classification in the ECL model by assessing historical information such as number of overdue days, margin call history and bond rating; and
- Assessing the appropriateness of related disclosures including the disclosure of credit risk and impairment allowance against the requirements of HKFRS.

For the estimation of the ECL of margin loans arising from securities brokering, we:

- Evaluated the Group's methodology for estimation of the ECL for margin loans arising from securities brokering and checked the key model parameters to external data sources, including the price volatility of underlying stock collateral; and
- Assessed the reasonableness of the input of key parameters for the year end computation of the ECL on a sample basis, such as the ratio of the loan to collateral value, and available market information such as the price volatility of underlying stock collateral.

Key audit matter	How our audit addressed the key audit matter
	For the estimation of the ECL of debt instruments classified as fair value through other comprehensive income, we: • Assessed the ECL model design of debt instruments classified as fair value through other comprehensive income and the assumptions over key parameters such as the probability of default ("PD"), loss given default ("LGD") and exposure at default through back-testing, and comparison with externally available market data and those commonly adopted in the market; • Assessed the reasonableness of the input of key parameters for the year end computation of the ECL adopted in the model on a sample basis, such as PD, LGD and probability weightings of economic scenarios; and • Engaged an internal specialist to assess the reasonableness of the ECL provision on the stage 3 credit impaired financial investment.

Key audit matter	How our audit addressed the key audit matter

Equity accounting for investment in Sino-Rock Investment Management Company Limited

The Group owns a 27.6% interest in Sino-Rock Investment Management Company Limited ("Sino-Rock"), a company incorporated in Hong Kong with principal activities of investment management and investment holding. It is audited by a non-EY auditor (the "Sino-Rock Auditor"). The Group accounts for its interest in Sino-Rock using the equity method.

The Group's share of profit after tax from Sino-Rock for the year ended 31st December 2022 was HK$14.7 million and the Group's share of Sino-Rock's net assets was HK$277.7 million as at 31st December 2022.

As at 31st December 2022, Sino-Rock held financial assets measured at fair value of HK$669.5 million categorised as Level 3, representing 59% of Sino-Rock's total assets. With assistance from an external specialist, Sino-Rock's management applied valuation techniques to determine the fair value of the Level 3 financial instruments that are not quoted in active markets. The valuation of these Level 3 financial instruments involves significant unobservable inputs, assumptions and judgement. With different valuation techniques, inputs and assumptions applied, the valuation results can vary significantly.

Given the level of judgement and assumptions involved in the valuations, we determined this to be a key audit matter.

Refer to the summary of significant accounting policies in note 2 and the details of the Group's investment in Sino-Rock included in note 17 to the financial statements.

The procedures we performed to address the key audit matter included but were not limited to:

- Communicating with the Sino-Rock Auditor regarding the Group audit requirements and overseeing its overall risk assessment, audit strategy, and the execution of the audit through group audit instructions and conference call meetings with the Sino-Rock Auditor, and the review of audit deliverables submitted to us;

- Obtaining the financial information of Sino-Rock from management for the year to assess the significance of the financial impacts of the Level 3 financial instruments held by Sino-Rock on the consolidated financial statements of the Group in order to design our audit procedures;

- Holding meetings with Sino-Rock's management to understand the key management processes and internal controls over the fair value measurement of the Level 3 financial instruments;

- Inquiring of the Sino-Rock Auditor on the audit procedures relating to its audit of Sino-Rock, the audit procedures performed to address the fair value measurement of the Level 3 financial instruments in respect of its evaluation of the valuation techniques, inputs, assumptions and the judgements applied by management; and

- With the assistance from our internal specialist, performing an independent valuation to assess the fair value of the Level 3 financial instruments on a sample basis and assessing the reasonableness of the valuation results as concluded by Sino-Rock's management and the Sino-Rock Auditor.

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon.

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

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

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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. Our report is made solely to you, as a body, in accordance with section 90 of the Bermuda Companies Act 1981, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

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

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

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

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

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

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

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

Independent Auditor's Report

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our 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 partner on the audit resulting in this independent auditor's report is Huen Chun Man.

Ernst & Young
Certified Public Accountants
Hong Kong

13th March 2023

Consolidated Statement of Profit or Loss

For the year ended 31st December 2022

	Notes	2022 HK$'000	2021 HK$'000
Revenue	5	**136,281**	205,152
Other income	5	**29,715**	58,107
Other losses, net	5	**(23,970)**	(19,491)
		142,026	243,768
Staff costs	6	**65,536**	101,742
Commission expenses		**11,895**	24,369
Other operating expenses	7	**61,972**	76,822
Finance costs	8	**20,460**	19,159
		159,863	222,092
		(17,837)	21,676
Share of profits of associates and a joint venture, net	17	**6,457**	51,906
(LOSS)/PROFIT BEFORE TAXATION		**(11,380)**	73,582
Income tax	9	**(11,028)**	(15,788)
(LOSS)/PROFIT FOR THE YEAR		**(22,408)**	57,794
Attributable to:			
Equity holders of the Company		**(22,408)**	57,794
Basic and diluted (loss)/earnings per share attributable to equity holders of the Company	11	**HK(3.49) cents**	HK9.01 cents

The notes on pages 76 to 167 form part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

For the year ended 31st December 2022

	2022 *HK$'000*	2021 *HK$'000*
(LOSS)/PROFIT FOR THE YEAR	**(22,408)**	57,794
Other comprehensive income for the year:		
Items that may be reclassified subsequently to profit or loss		
Debt instruments at fair value through other comprehensive income:		
– Change in fair value	**(19,088)**	(14,810)
– Change in impairment allowances charged to profit or loss	**2,854**	11,460
– Reclassification adjustments on disposal	**12,661**	(11,413)
	(3,573)	(14,763)
Share of an associate's investment revaluation reserve		
– Change in fair value	**(831)**	(251)
Net movement in investment revaluation reserve	**(4,404)**	(15,014)
Share of an associate's exchange difference	**(13,615)**	3,545
Exchange differences on translation of:		
– Financial statements of a joint venture	**(328)**	335
– Financial statements of foreign operations	**(19,902)**	5,586
Net movement in exchange difference	**(33,845)**	9,466
Item that will not be reclassified subsequently to profit or loss		
Share of a joint venture's capital reserve	**(1,046)**	529
Net movement in capital reserve	**(1,046)**	529
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**(39,295)**	(5,019)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**(61,703)**	52,775
Total comprehensive income attributable to:		
Equity holders of the Company	**(61,703)**	52,775

The notes on pages 76 to 167 form part of these consolidated financial statements.

Consolidated Statement of Financial Position

As at 31st December 2022

	Notes	2022 HK$'000	2021 HK$'000
NON-CURRENT ASSETS			
Intangible assets	*12*	**1,439**	1,439
Property and equipment	*13*	**9,613**	9,487
Financial assets at fair value through profit or loss	*15*	**43,949**	15,846
Interests in associates and a joint venture	*17*	**430,745**	459,276
Other assets	*18*	**14,434**	11,626
Right-of-use assets	*16*	**47,097**	25,571
Deferred tax assets	*19(b)*	**42**	51
		547,319	523,296
CURRENT ASSETS			
Debt instruments at fair value through other comprehensive income	*14*	**110,539**	283,843
Financial assets at fair value through profit or loss	*15*	**33,641**	63,724
Trade and other receivables	*20*	**374,235**	441,540
Taxation recoverable		**767**	767
Pledged bank deposits	*21*	**12,165**	12,139
Bank balances and cash	*21*	**587,044**	781,142
		1,118,391	1,583,155
CURRENT LIABILITIES			
Trade and other payables	*24*	**205,259**	276,972
Borrowings	*25*	**447,388**	214,169
Taxation payable	*19(a)*	**4,814**	7,965
Lease liabilities	*16*	**21,491**	15,575
Bonds issued	*26*	**10,000**	10,000
		688,952	524,681
NET CURRENT ASSETS		**429,439**	1,058,474
TOTAL ASSETS LESS CURRENT LIABILITIES		**976,758**	1,581,770

Consolidated Statement of Financial Position

As at 31st December 2022

	Notes	2022 HK$'000	2021 HK$'000
CAPITAL AND RESERVES			
Share capital	22	**64,121**	64,121
Other reserves		**437,874**	477,169
Retained earnings		**446,118**	481,350
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		**948,113**	1,022,640
NON-CURRENT LIABILITIES			
Borrowings	25	**–**	548,800
Lease liabilities	16	**28,645**	10,330
		28,645	559,130
		976,758	1,581,770

Approved and authorised for issue by the Board of Directors on 13th March 2023 and signed on its behalf by:

Zhang Yi
Executive Director

Lau Mun Chung
Executive Director

The notes on pages 76 to 167 form part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31st December 2022

	Share capital *HK$'000*	Share premium* *HK$'000*	Capital reserve* *HK$'000*	Investment revaluation reserve* *HK$'000*	Exchange reserve* *HK$'000*	Retained earnings *HK$'000*	Total equity *HK$'000*
Balance at 1st January 2021	64,121	421,419	43,396	10,765	6,608	442,792	989,101
Profit for the year	–	–	–	–	–	57,794	57,794
Other comprehensive income	–	–	529	(15,014)	9,466	–	(5,019)
Total comprehensive income for the year	–	–	529	(15,014)	9,466	57,794	52,775
2020 final dividend paid	–	–	–	–	–	(19,236)	(19,236)
Balance at 31st December 2021 and 1st January 2022	**64,121**	**421,419**	**43,925**	**(4,249)**	**16,074**	**481,350**	**1,022,640**
Loss for the year	**–**	**–**	**–**	**–**	**–**	**(22,408)**	**(22,408)**
Other comprehensive income	**–**	**–**	**(1,046)**	**(4,404)**	**(33,845)**	**–**	**(39,295)**
Total comprehensive income for the year	**–**	**–**	**(1,046)**	**(4,404)**	**(33,845)**	**(22,408)**	**(61,703)**
2021 final dividend paid	**–**	**–**	**–**	**–**	**–**	**(12,824)**	**(12,824)**
Balance at 31st December 2022	**64,121**	**421,419**	**42,879**	**(8,653)**	**(17,771)**	**446,118**	**948,113**

* These reserve accounts comprise the consolidated other reserves of HK$437,874,000 (2021: HK$477,169,000) in the consolidated statement of financial position.

The notes on pages 76 to 167 form part of these consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended 31st December 2022

	Notes	2022 HK$'000	2021 HK$'000
Net cash inflow/(outflow) from operating activities	31	**4,976**	(10,790)
INVESTING ACTIVITIES			
Purchase of property and equipment	13	**(3,766)**	(5,200)
Proceeds from disposal of property and equipment		**92**	29
Interest received from debt securities		**16,414**	36,593
Purchase of financial assets at fair value through profit or loss		**(23,798)**	(62,996)
Purchase of debt instruments at fair value through other comprehensive income		**(53,463)**	(187,638)
Proceeds from disposal of debt instruments at fair value through other comprehensive income		**207,682**	473,216
Proceeds from disposal of financial assets at fair value through profit or loss		**24,579**	65
Proceeds from disposal of a joint venture	17	**14,998**	–
Dividend from an associate and a joint venture	17	**5,520**	14,034
Net cash inflow from investing activities		**188,258**	268,103
FINANCING ACTIVITIES			
Dividend paid	10	**(12,824)**	(19,236)
Principal portion of lease liabilities	16	**(22,925)**	(26,755)
Interest paid	31	**(18,053)**	(18,691)
Proceeds from bank loans	31	**536,400**	545,000
Repayment of bank loans	31	**(706,900)**	(730,000)
Proceeds from borrowings under repurchase agreements	31	**235,456**	308,837
Repayment of borrowings under repurchase agreements	31	**(380,537)**	(304,082)
Redemption of bond	31	**–**	(42,000)
Net cash outflow from financing activities		**(369,383)**	(286,927)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(176,149)**	(29,614)
Cash and cash equivalents at beginning of year		**781,142**	804,471
Effect of foreign exchange rate changes, net		**(17,949)**	6,285
CASH AND CASH EQUIVALENTS AT END OF YEAR	21	**587,044**	781,142
Analysis of balances of cash and cash equivalents:			
Bank balances – general accounts and cash in hand	21	**587,044**	781,142

The notes on pages 76 to 167 form part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

1. CORPORATE AND GROUP INFORMATION

The principal activity of the Company is investment holding.

The Company is a limited liability company incorporated in Bermuda. The address of its registered office is Clarendon House, 2 Church Street, Hamilton, HM 11, Bermuda.

The Company has its listing on The Stock Exchange of Hong Kong Limited.

Information about subsidiaries

The following is the list of subsidiaries at 31st December 2022 and 2021:

Name	Place of incorporation and operation	Principal activities	Particulars of issued share capital/ share capital held	Interest held directly		Interest held indirectly	
				2022	2021	**2022**	2021
Cinda International Capital Limited	Hong Kong	Corporate finance services	54,000,100 ordinary shares of HK$1 each and 21,000,000 non-voting deferred shares of HK$1 each	**100%**	100%	**–**	–
Cinda International Securities Limited	Hong Kong	Securities brokering and margin financing services	220,000,100 ordinary shares of HK$1 each and 50,000,000 non-voting deferred shares of HK$1 each	**100%**	100%	**–**	–
Cinda International Futures Limited	Hong Kong	Commodities and futures brokering	70,000,100 ordinary shares of HK$1 each and 10,000,000 non-voting deferred shares of HK$1 each	**100%**	100%	**–**	–
Cinda International Asset Management Limited	Hong Kong	Asset management	33,500,100 ordinary shares of HK$1 each and 2,000,000 non-voting deferred shares of HK$1 each	**100%**	100%	**–**	–
Cinda Asset Management (Cayman) Limited	Cayman Islands	Dissolved on 17th October 2022	1 ordinary share of US$1 each	**–**	100%	**–**	–
Chinacorp Nominees Limited	Hong Kong	Provision of administrative support services	100 ordinary shares of HK$1 each and 10,000 non-voting deferred shares of HK$1 each	**100%**	100%	**–**	–
Cinda Strategic (BVI) Limited	British Virgin Islands	Dissolved on 7th July 2022	50,000 ordinary shares of US$1 each	**–**	100%	**–**	–

Name	Place of incorporation and operation	Principal activities	Particulars of issued share capital/ share capital held	Interest held directly		Interest held indirectly	
				2022	2021	**2022**	2021
Cinda (BVI) Limited	British Virgin Islands	Investment holding	7 ordinary shares of US$1 each	**100%**	100%	**–**	–
Cinda International Research Limited	Hong Kong	Provision of research services	1,000,000 ordinary shares of HK$1 each	**100%**	100%	**–**	–
Cinda International Nominees Limited	Hong Kong	Deregistration in progress	100,000 ordinary shares of HK$1 each	**100%**	100%	**–**	–
Cinda International Consultant Limited	Hong Kong	Dissolved on 21st January 2022	120,000 ordinary shares of HK$1 each	**–**	100%	**–**	–
Cinda International Capital Management Limited	British Virgin Islands	Dissolved on 29th March 2022	1 ordinary share of US$1 each	**–**	100%	**–**	–
信達國際(上海)投資諮詢有限公司 *(Note)*	People's Republic of China ("PRC")	Provision of consultancy services	RMB20,000,000	**100%**	100%	**–**	–
Cinda Resources Investment Limited	Cayman Islands	Dissolved on 30th March 2022	1 ordinary share of US$1 each	**–**	–	**–**	100%
Cinda International Strategic Limited	Hong Kong	Investment	100,000 ordinary shares of HK$1 each	**100%**	100%	**–**	–
Cinda International GP Management Limited	Cayman Islands	Asset management	1 ordinary share of US$1 each	**100%**	100%	**–**	–
信達領先(深圳)股權投資基金管理有限公司 *(Note)*	PRC	Provision of consultancy services	RMB13,000,000	**100%**	–	**–**	100%
Stayreal Investments Ltd.	British Virgin Islands	Dissolved on 29th March 2022	1 ordinary share of US$1 each	**–**	100%	**–**	–

Notes: 信達國際(上海)投資諮詢有限公司 and 信達領先(深圳)股權投資基金管理有限公司 are limited liability companies and wholly-foreign-owned enterprises registered under PRC law.

These consolidated financial statements are presented in thousands of units of Hong Kong dollars (HK$'000) unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors on 13th March 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance (the "Hong Kong Companies Ordinance"). These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. A summary of the significant accounting policies adopted by the Group is set out below.

The HKICPA has issued certain new and revised HKFRSs, that are first effective or available for early adoption for the current accounting period of the Group. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

2.2 Basis of preparation

These financial statements have been prepared under the historical cost convention, except for certain financial instruments that are measured at their fair value as explained in the accounting policies set out below.

2.3 Basis of consolidation

Investments in subsidiaries

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31st December 2022. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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 described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained earnings, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

Investments in associates and a joint venture

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise 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.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investments in associates and a joint venture are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses.

Adjustments are made to bring into line any dissimilar accounting policies that may exist.

The Group's share of the post-acquisition results and other comprehensive income of associates and a joint venture is included in the consolidated statement of profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates or joint venture are eliminated to the extent of the Group's investments in the associates or joint venture, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates or joint ventures is included as part of the Group's investments in associates or joint ventures.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

When an investment in an associate or a joint venture is classified as held for sale, it is accounted for in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

2.4 Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

2.5 Foreign currency translation

(a) Functional and presentation currency

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

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was determined.

(c) **Group companies**

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

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

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

(iii) all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve. When a foreign operation is sold, such exchange differences are recognised in profit or loss as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

2.6 Property and equipment

Property and equipment are stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

Depreciation of property and equipment is calculated using the straight-line method to allocate cost or revalued amounts to their residual values over their estimated useful lives, as follows:

Leasehold improvements	Over the lease periods or 5 years if shorter
Furniture & fixtures	20%
Computer software	Over the useful life or 5 years if shorter
Office & computer equipment	20%
Motor vehicles	25%

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (see note 2.8).

2.7 Intangible assets

(a) Trading rights

Trading rights held in The Stock Exchange of Hong Kong Limited and Hong Kong Futures Exchange Limited (the "Stock Exchange trading rights" and "Futures Exchange trading right" respectively) are classified as intangible assets. Trading rights have an indefinite useful life and are carried at cost less accumulated impairment losses (see note 2.8). The trading rights have no foreseeable limit to the period over which the Group can use to generate net cash flows. As a result, the trading rights are considered by the management of the Group as having an indefinite useful life because they are expected to contribute to net cash inflows indefinitely. The trading rights will not be amortised until their useful lives are determined to be finite. Instead they will be tested for impairment annually and whenever there is an indication that they may be impaired.

The useful life of the trading rights is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is account for on a prospective basis.

(b) Club membership

Club membership is classified as intangible assets. Club membership has an indefinite useful life and is carried at cost less accumulated impairment losses (see note 2.8).

2.8 Impairment of non-financial assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those 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). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

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 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 the cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

2.9 Investments and other financial assets

(a) Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under HKFRS 15 in accordance with the policies set out in note 2.19 below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

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

(b) **Subsequent measurement**

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

The Group measures financial assets at amortised cost if both of the following conditions are met:

– The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and

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

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through other comprehensive income (debt instruments)

The Group measures the debt instruments at fair value through other comprehensive income if both of the following conditions are met:

– The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and

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

For the debt instruments at fair value through other comprehensive income, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to the statement of profit or loss.

Financial assets designated at fair value through other comprehensive income (equity investments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity investments designated at fair value through other comprehensive income when they meet the definition of equity under *HKAS 32 Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to the statement of profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity investments designated at fair value through other comprehensive income are not subject to impairment assessment.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial instruments held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through other comprehensive income, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on equity investments classified as financial assets at fair value profit or loss are also recognised as other income in the statement of profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in the statement of profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

(c) Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

– the rights to receive cash flows from the asset have expired; or

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

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

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

(d) Impairment

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

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

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

For debt instruments at fair value through other comprehensive income, the Group applies the low credit risk simplification. At each reporting date, the Group evaluates whether the debt instruments are considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the external credit ratings of the debt investments. In addition, the Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Debt instruments at fair value through other comprehensive income and financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables and contract assets which apply the simplified approach as detailed below.

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

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

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

Simplified approach

For trade receivables and contract assets that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For trade receivables and contract assets that contain a significant financing component and lease receivables, the Group chooses as its accounting policy to adopt the simplified approach in calculating ECLs with policies as described above.

2.10 Financial liabilities

(a) Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

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

The Group's financial liabilities include trade and other payables, borrowings, lease liabilities and bond issued.

(b) Subsequent measurement

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

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

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

Financial liabilities designated upon initial recognition as at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in HKFRS 9 are satisfied. Gains or losses on liabilities designated at fair value through profit or loss are recognised in the statement of profit or loss, except for the gains or losses arising from the Group's own credit risk which are presented in other comprehensive income with no subsequent reclassification to the statement of profit or loss. The net fair value gain or loss recognised in the statement of profit or loss does not include any interest charged on these financial liabilities.

Loans and borrowings

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

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

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Group measures the financial guarantee contracts at the higher of: (i) the ECL allowance determined in accordance with the policy as set out in note 2.9(d); and (ii) the amount initially recognised less, when appropriate, the cumulative amount of income recognised.

(c) Derecognition

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

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

2.11 Offsetting of financial instruments

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

2.12 Fair value measurement

The Group measures its equity investments and certain debt instruments at fair value at the end of each reporting period. 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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

2.13 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

2.14 Trade and other payables

Trade and other payables are initially recognised at fair value. Trade and other payables are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

2.15 Share capital

Ordinary shares are classified as equity.

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

Where any Group company purchases the Company's equity share capital, the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from equity attributable to the Company's equity holders until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

2.16 Income tax

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

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

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

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

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

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

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

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

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

2.17 Employee benefits

(a) Pension obligations

The Group contributes to the mandatory provident fund ("MPF Scheme"), a defined contribution plan in Hong Kong, which is available to all employees. The assets of the MPF Scheme are held separately from the Group in an independently administered fund.

The Group's contributions to the MPF Scheme are based on 5% of the monthly relevant income of each employee up to a maximum monthly relevant income of HK$30,000 since 1st June 2014 in accordance with the Mandatory Provident Fund Schemes Ordinance. The contributions are recognised as employee benefit expenses when they are due and are reduced by contributions forfeited by those employees who leave the scheme prior to vesting fully in the contributions.

(b) Equity-settled share-based transactions

The fair value of share options granted to employees and directors is recognised as an employee cost with a corresponding increase in capital reserve within equity. The fair value is measured at grant date using the Black-Scholes model, taking into account the terms and conditions upon which the options were granted. Where the grantees have to meet vesting conditions before becoming unconditionally entitled to the options, the total estimated fair value of the options is spread over the vesting period, taking into account the probability that the options will vest.

During the vesting period, the number of share options that are expected to vest is reviewed. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of options that vest (with a corresponding adjustment to the capital reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the Company's shares. The equity amount is recognised in the capital reserve.

If the Company cancels or settles a grant of equity instruments during the vesting period (other than a grant cancelled by forfeiture when the vesting conditions are not satisfied), the Company shall account for the cancellation or settlement as an acceleration of vesting, and shall therefore recognise immediately the amount that otherwise would have been recognised for services received over the remainder of the vesting period. Any payment made to the employees on the cancellation or settlement of the grant shall be accounted for as the repurchase of an equity interest, as a deduction from equity, except to the extent that the payment exceeds the fair value of the equity instruments granted, measured at the repurchase date. Any such excess shall be recognised as an expense.

2.18 Provisions, contingent liabilities and contingent assets

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Group expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

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

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

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

2.19 Revenue recognition

(a) Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

– Provision of securities and futures brokering service:

The Group earns commission and fee income from securities and futures brokering services, which the Group provides to the customers. Commission and fee income are recognised when the transactions are completed. The performance obligation is satisfied at a point in time when the customer has obtained control of the service, generally when the trades are executed. Commission and handling income on securities and futures dealing and brokering is generally due within two days after trade date.

– Provision of corporate finance service:

The Group provides services to companies listed or seeking listing in Hong Kong or other stock exchanges and other unlisted corporates, on both equity and debt financing. Recognition of sponsor fee income at a point in time or over time depends on the specific terms in the contract with the customer and the enforceability of the contract terms. In determining the timing of satisfaction of the performance obligation, the Group examines its services on a contract by contract basis and considers if it has a right to payment at an amount that reasonably compensates it for its performance completed to date at all times throughout the contract. For sponsor fee income recognised at a point in time, the fee income will only be recognised when all the relevant duties of a sponsor as stated in the contract are completed. For sponsor fee income recognised over time, the Group measures the progress using the output method and estimates the percentage of completion by key tasks performed to date. The progress towards complete satisfaction of a performance obligation is measured based on output method, which is to recognise revenue on the basis of direct measurements of the value of the goods or services transferred to the customer to date relative to the remaining goods or services promised under the contract, that best depicts the Group's performance in transferring control of goods or services.

The Group also provides other corporate finance advisory services, and the recognition of advisory fee income at a point in time or over time depends on the performance obligation of the contract. The performance obligations for certain corporate finance advisory services are fulfilled when all the relevant duties of the Group as stated in the contract are completed. Certain corporate finance advisory services' performance obligations are satisfied as services rendered if the customer simultaneously receives and consumes the benefits provided by the Group. The Group measures the progress using the output method and estimates the percentage of completion by key tasks performed to date. The progress towards complete satisfaction of a performance obligation is measured based on output method, which is to recognise revenue on the basis of direct measurements of the value of the goods or services transferred to the customer to date relative to the remaining goods or services promised under the contract, that best depicts the Group's performance in transferring control of goods or service.

– Provision of asset management service:

The performance obligation is satisfied over time as services are rendered and short-term advances are normally required before rendering the services. Management service contracts are for periods of one year or less, or are billed based on the time incurred.

– Provision of underwriting and placement service:

The performance obligation is satisfied upon the completion of the offering of the securities.

(b) Revenue from other sources

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

2.20 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their standard-alone prices. A practical expedient is available to a lessee, which the Group has adopted, not to separate non-lease components and to account for the lease and the associated non-lease components (e.g., property management services for leases of properties) as a single lease component.

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Where applicable, the cost of a right-of-use asset also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) ***Lease liabilities***

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

(c) ***Short-term leases and leases of low-value assets***

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment and laptop computers that are considered to be of low value. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis.

Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Group as a lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases that transfer substantially all the rewards and risks and rewards incidental to ownership of an underlying asset to the lessee are accounted for as finance leases. At the commencement date, the cost of the leased asset is capitalised at the present value of the minimum lease payments and related payments (including the initial direct costs), and presented as a receivable at an amount equal to the net investment in the lease.

When the Group is an intermediate lessor, a sublease is classified as a finance lease or operating lease with reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which the Group applies the on-balance sheet recognition exemption, the Group classifies the sublease as an operating lease.

2.21 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders.

2.22 Related parties

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

(i) has control or joint control of the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or the Group's parent.

or

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

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

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

2.23 Finance costs

Finance costs are charged to profit or loss by using effective interest rate method in the year in which they are incurred.

2.24 Borrowings

Borrowings, including bonds issued, are recognised initially at fair value, net of transaction costs incurred. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability, including fees and commissions paid to agents, advisors, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash 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 liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. Interest expense is recognised on an effective interest basis.

2.25 Fiduciary activities

The Group commonly acts as trustees and in other fiduciary capacities that result in the holding or placing of assets on behalf of individuals, trusts, retirement benefit plans and other institutions. These assets and income arising thereon are excluded from these financial statements, as they are not assets of the Group.

2.26 Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 3	*Reference to the Conceptual Framework*
Amendments to HKAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*
Amendments to HKAS 37	*Onerous Contracts – Cost of Fulfilling a Contract*
Annual Improvements to HKFRSs 2018–2020	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41

The nature and the impact of the revised HKFRSs that are applicable to the Group are described below:

(a) Amendments to HKFRS 3 replace a reference to the previous *Framework for the Preparation and Presentation of Financial Statements* with a reference to the *Conceptual Framework for Financial Reporting* (the "Conceptual Framework") issued in June 2018 without significantly changing its requirements. The amendments also add to HKFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of HKAS 37 or HK(IFRIC)-Int 21 if they were incurred separately rather than assumed in a business combination, an entity applying HKFRS 3 should refer to HKAS 37 or HK(IFRIC)-Int 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group has applied the amendments prospectively to business combinations that occurred on or after 1st January 2022. As there were no business combinations during the year, the amendments did not have any impact on the financial position and performance of the Group.

(b) Amendments to HKAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items as determined by HKAS 2 *Inventories*, in profit or loss. The Group has applied the amendments retrospectively to items of property, plant and equipment made available for use on or after 1st January 2021. Since there was no sale of items produced prior to the property, plant and equipment being available for use, the amendments did not have any impact on the financial position or performance of the Group.

(c) Amendments to HKAS 37 clarify that for the purpose of assessing whether a contract is onerous under HKAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The Group has applied the amendments prospectively to contracts for which it has not yet fulfilled all its obligations at 1st January 2022 and no onerous contracts were identified. Therefore, the amendments did not have any impact on the financial position or performance of the Group.

(d) Annual Improvements to *HKFRSs 2018–2020* sets out amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41. Details of the amendments that are applicable to the Group are as follows:

- HKFRS 9 *Financial Instruments*: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. The Group has applied the amendment prospectively from 1st January 2022. As there was no modification or exchange of the Group's financial liabilities during the year, the amendment did not have any impact on the financial position or performance of the Group.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4.1 Provision for expected credit losses on in-scope financial instruments under HKFRS 9

The Company uses an expected credit loss model to calculate ECLs for in-scope financial instruments under HKFRS 9. For trade receivables, with a large number of diversified customers and no similar credit rating benchmark, the provision rates are based on historical data on default cases of the Company with adjustment to reflect the current conditions and forecasts of future economic conditions, as appropriate. For other financial instruments, the provision rates are based on the estimated probability of default of companies with similar credit ratings, with adjustment to reflect the current conditions and forecasts of future economic conditions, as appropriate. The Company calibrates the model to adjust the expected credit loss experience with forward-looking information. For instance, if forecast economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults in the brokerage sector, the probability of default rates are adjusted. At each reporting date, the parameters are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among the probability of default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Company's expected credit loss experience and forecast of economic conditions may also not be representative of the actual default in the future. The information about the ECLs on the Company's in-scope financial instruments is disclosed in Notes 14 and 20 to the financial statements.

4.2 Income taxes

The Group is subject to income taxes in several jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

4.3 Deferred tax assets

Determining income tax provisions involves judgement on the future tax treatment of certain transactions. The Group carefully evaluates tax implications of transactions and tax provisions are set up accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all changes in tax legislations.

Deferred tax assets are recognised for tax losses not yet used and temporary deductible differences arising from depreciation of non-current assets. As those deferred tax assets can only be recognised to the extent that it is probable that future taxable profit will be available against which the unused tax credits can be utilised, management's judgement is required to assess the probability of future taxable profits. Management's assessment is constantly reviewed and additional deferred tax assets are recognised if it becomes probable that future taxable profits will allow the deferred tax asset to be recovered. Further details are available in note 19(b) to the financial statements.

4.4 Litigation

The Group considers each case involving litigation individually to assess the probability of any outflow of resources. If, in the opinion of the directors, an outflow of resources embodying economic benefits will be required to settle the litigation, a provision will be made to the extent of the probable outflow. In other cases, unless the possibility of an outflow of resources embodying economic benefits is remote, a contingent liability will be disclosed.

4.5 Estimation of fair values

Fair value estimates are generally subjective in nature, and are made as of a specific point in time based on the characteristics of the financial instruments and relevant market information. For unlisted investments held by the Group and the Group's associate, where direct market prices in an active market are not available, the fair value of such instruments is calculated on the basis of valuation techniques using current market parameters. These techniques involve uncertainties and are significantly affected by the assumptions used and judgements made regarding risk characteristics of various financial instruments, discount rates, estimates of future cash flows, future expected loss experiences and other factors. Changes in assumptions could significantly affect these estimates and the resulting fair values. In particular, the fair value is a theoretical value applicable at a given reporting date, and hence cannot be used as an indicator of value realisable in a future sale.

4.6 Significant influence over Cinda Plunkett International Absolute Return Fund ("CPIAR Fund")

Note 17(a) describes that CPIAR Fund is an associate of the Group. The assessment was made taking into account that (a) the Group has 14.87% (2021: 12.93%) ownership in CPIAR Fund, (b) the Group has significant influence over the investment manager of CPIAR Fund and (c) the Group is the investment advisor which holds the licence to perform regulatory activities – asset management under the SFO of CPIAR Fund which give it significant influence over CPIAR Fund.

Details of CPIAR Fund are set out in note 17(a).

4.7 Leases – Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

5. REVENUE, OTHER INCOME, OTHER LOSSES, NET AND SEGMENT INFORMATION

	2022 *HK$'000*	2021 *HK$'000*
Revenue		
Revenue from contracts with customers		
Fees and commission		
Asset management	**15,113**	18,322
Sales and trading business	**31,616**	59,740
Corporate finance	**7,988**	19,860
	54,717	97,922
Underwriting income and placing commission		
Corporate finance	**5,539**	16,250
Management fee and service fee income		
Asset management	**58,582**	68,368
	118,838	182,540
Revenue from other sources		
Interest income		
Asset management	**495**	582
Sales and trading business	**16,579**	21,944
Corporate finance	**16**	11
Others	**353**	75
	17,443	22,612
	136,281	205,152

Analysis of the disaggregated revenue from contracts with customers by major service lines is as follows:

	Asset management HK$'000	Sales and trading business HK$'000	Corporate finance HK$'000	Total HK$'000
For the year ended 31st December 2022				
Type of services				
Brokerage service	–	31,616	–	31,616
Underwriting and placing service	–	–	5,539	5,539
Corporate finance service	–	–	7,988	7,988
Asset management service	73,695	–	–	73,695
Total revenue from contracts with customers	73,695	31,616	13,527	118,838
Geographical markets				
Hong Kong	36,700	31,616	13,527	81,843
Mainland China	36,995	–	–	36,995
Total revenue from contracts with customers	73,695	31,616	13,527	118,838
Timing of revenue recognition				
Services transferred at a point in time	–	31,616	9,879	41,495
Services transferred over time	73,695	–	3,648	77,343
Total revenue from contracts with customers	73,695	31,616	13,527	118,838

	Asset management HK$'000	Sales and trading business HK$'000	Corporate finance HK$'000	Total HK$'000
For the year ended 31st December 2021				
Type of services				
Brokerage service	–	59,740	–	59,740
Underwriting and placing service	–	–	16,250	16,250
Corporate finance service	–	–	19,860	19,860
Asset management service	86,690	–	–	86,690
Total revenue from contracts with customers	86,690	59,740	36,110	182,540
Geographical markets				
Hong Kong	37,398	59,740	36,110	133,248
Mainland China	49,292	–	–	49,292
Total revenue from contracts with customers	86,690	59,740	36,110	182,540
Timing of revenue recognition				
Services transferred at a point in time	–	59,740	28,918	88,658
Services transferred over time	86,690	–	7,192	93,882
Total revenue from contracts with customers	86,690	59,740	36,110	182,540

The following table shows the amounts of revenue recognised in current reporting period that were included in the deferred revenue at the beginning of the reporting period:

	2022 ***HK$'000***	2021 *HK$'000*
Revenue recognised that was included in deferred revenue at the beginning of the reporting period:		
Corporate finance service	**3,900**	10,358

The Group applied the practical expedient for contracts either with original expected duration less than one year and did not disclose the aggregate amount of transaction price allocated to performance obligations of the brokerage, underwriting and placing, corporate finance and asset management services that are unsatisfied (or partly unsatisfied). The performance fee arising from asset management services which are constrained as at 31st December 2022 has been excluded from the transaction price and hence not disclosed.

	2022	2021
	HK$'000	*HK$'000*
Other income		
Interest income from debt securities classified as:		
Debt instruments at fair value through other comprehensive income	**13,376**	31,570
Financial assets at fair value through profit or loss	**2,108**	136
Investment income	**5,805**	6,742
Government grants *(Note)*	**5,012**	12,235
Others	**3,414**	7,424
	29,715	58,107
Other losses, net		
Net exchange (losses)/gains	**(13,468)**	5,377
Net (losses)/gains on disposal of financial assets at fair value through profit or loss	**(7,647)**	102
Net losses on disposal of debt instruments at fair value through other comprehensive income	**(12,661)**	(26,216)
Gains from changes in fair value of financial assets at fair value through profit or loss	**8,366**	1,246
Gain on disposal of a joint venture	**1,350**	–
Gain on disposal of property and equipment	**90**	–
	(23,970)	(19,491)
	142,026	243,768

Note:

The Group received government grants to support enterprises in business innovation and corporate transformation in Shanghai Province, Mainland China. There are no unfulfilled conditions or contingencies relating to these grants.

Segment information

The Group manages its businesses by divisions. Under HKFRS 8 *Operating Segments*, and in a manner consistent with the way in which information is reported internally to the Group's most senior executive management, being the chief operating decision maker, for the purposes of resource allocation and performance assessment, the Group has identified the following reportable segments. No operating segments have been aggregated to form the following reportable segments.

1. Asset management – provision of advisory services and related auxiliary services on fund management, managing private funds and providing other related proprietary investment.

2. Sales and trading business – provision of brokering services in securities, equity-linked products, unit trusts and stock options commodities and futures contracts traded in Hong Kong and selected overseas markets, underwriting, placing and margin financing services to those brokering clients.

3. Corporate finance – provision of corporate finance services including underwriting and advisory services to companies listed or seeking listing in Hong Kong or other stock exchanges and other unlisted corporates, on both equity and debt financing.

The Group's senior executive management monitors the assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include all tangible, intangible assets and current assets with the exception of interests in associates and a joint venture and other unallocated head office and corporate assets. Segment liabilities include trade creditors, accruals and borrowings attributable to the operating activities of the individual segments with the exception of unallocated head office and corporate liabilities.

The measures used for reporting segment results are earnings before finance costs and taxes ("EBIT"). Inter-segment revenue and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices. To arrive at the Group's profit for the year, the Group's reportable segment results are further adjusted for items not specifically attributed to individual segments, such as share of profits or losses of associates and a joint venture, finance costs, other head office expenses and other income.

Year ended 31st December 2022

	Asset management *HK$'000*	Sales and trading business *HK$'000*	Corporate finance *HK$'000*	Total *HK$'000*
Revenue from external customers	66,445	48,195	13,543	128,183
Revenue from an associate *(Note 1)*	8,097	–	–	8,097
Reportable segment revenue	74,542	48,195	13,543	136,280
Reportable segment results (EBIT)	37,050	(7,325)	(15,601)	14,124
Interest income from bank deposits	481	2,954	16	3,451
Interest expense	(12,762)	(5,561)	(317)	(18,640)
Depreciation of property and equipment for the year	(501)	(1,265)	(89)	(1,855)
Reportable segment assets	537,029	519,869	28,798	1,085,696
Additions to non-current segment assets during the year *(Note 2)*	354	1,472	–	1,826
Reportable segment liabilities	459,941	175,396	2,312	637,649

Year ended 31st December 2021

	Asset management *HK$'000*	Sales and trading business *HK$'000*	Corporate finance *HK$'000*	Total *HK$'000*
Revenue from external customers	74,774	81,683	36,121	192,578
Revenue from an associate *(Note 1)*	12,498	–	–	12,498
Inter-segment revenue	–	202	–	202
Reportable segment revenue	87,272	81,885	36,121	205,278
Reportable segment results (EBIT)	54,188	2,992	(6,173)	51,007
Interest income from bank deposits	579	1,211	11	1,801
Interest expense	(8,508)	(3,728)	(211)	(12,447)
Depreciation of property and equipment for the year	(421)	(989)	(123)	(1,533)
Reportable segment assets	778,023	678,042	62,578	1,518,643
Additions to non-current segment assets during the year *(Note 2)*	629	(984)	5	(350)
Reportable segment liabilities	644,639	324,220	10,655	979,514

Notes:

(1) Amount represents service fee income received by the Group from an associate. See note 35(b).

(2) Non-current segment assets consist of additions to property and equipment and other assets.

Reconciliations of reportable revenue

	2022 *HK$'000*	2021 *HK$'000*
Revenue		
Reportable segment revenue	**136,280**	205,278
Elimination of inter-segment revenue	**–**	(202)
Unallocated head office and corporate revenue	**1**	76
Consolidated revenue	**136,281**	205,152

Reconciliations of reportable results

	2022 *HK$'000*	2021 *HK$'000*
Results		
Reportable segment profits (EBIT)	**14,124**	51,007
Share of profits of associates and a joint venture, net	**6,457**	51,906
Finance costs	**(20,460)**	(19,159)
Unallocated head office and corporate expenses	**(11,501)**	(10,172)
Consolidated (loss)/profit before taxation	**(11,380)**	73,582
Income tax	**(11,028)**	(15,788)
(Loss)/profit for the year	**(22,408)**	57,794

Reconciliations of reportable assets and liabilities

	2022 *HK$'000*	2021 *HK$'000*
Assets		
Reportable segment assets	**1,085,696**	1,518,643
Elimination of inter-segment receivables	**(5,739)**	(3,546)
	1,079,957	1,515,097
Interests in associates and a joint venture	**430,745**	459,276
Deferred tax assets	**42**	51
Taxation recoverable	**767**	767
Unallocated head office and corporate assets	**154,199**	131,260
Consolidated total assets	**1,665,710**	2,106,451
Liabilities		
Reportable segment liabilities	**637,649**	979,514
Elimination of inter-segment payables	**(464)**	(17,938)
	637,185	961,576
Taxation payable	**4,814**	7,965
Unallocated head office and corporate liabilities	**75,598**	114,270
Consolidated total liabilities	**717,597**	1,083,811

Geographic information

The following table sets out information about the geographical location of (i) the Group's revenue from external customers (including its associates) and (ii) the Group's property and equipment, intangible assets, right-of-use assets, other assets and interests in associates and a joint venture ("specified non-current assets"). The geographical location of revenue from external customers is based on the location at which the services were provided. The geographical location of the specified non-current assets is based on the physical location of the assets in the case of property and equipment; and the location of the core operations in the case of other specified non-current assets.

	Revenue from external customers		**Specified non-current assets**	
	2022 ***HK$'000***	2021 *HK$'000*	**2022** ***HK$'000***	2021 *HK$'000*
Hong Kong	**98,710**	155,284	**218,058**	209,140
Mainland China	**37,571**	49,868	**285,268**	298,259
	136,281	205,152	**503,326**	507,399

1 (2021: 1) customer contributed over 10% to the total revenue of the Group.

6. STAFF COSTS

	Note	**2022** ***HK$'000***	2021 *HK$'000*
Salaries and allowances *(Note)*		**63,124**	98,865
Defined contribution plans	*27*	**2,412**	2,877
		65,536	101,742

Staff costs include directors' emoluments as set out in Note 28.

Note: Wage subsidies of HK$2,344,000 granted from the Employment Support Scheme under Anti-Epidemic Fund by the Government of Hong Kong for the use of paying wages of employees have been received during the year ended 31st December 2022. The amount had been offset against staff costs. There are no unfulfilled conditions or contingencies relating to the subsidies. There is no such subsidies during the year ended 31st December 2021.

7. OTHER OPERATING EXPENSES

	2022 *HK$'000*	2021 *HK$'000*
Advertising and promotion	**489**	1,153
Auditor's remuneration	**2,175**	2,066
Advisory fee expenses	**3,120**	6,653
Bank charges	**174**	618
Data service fee	**7,458**	8,619
Depreciation of property and equipment *(Note 13)*	**3,605**	3,073
Depreciation of right-of-use assets *(Note 16)*	**23,799**	24,164
Employee relation expense	**332**	634
Entertainment	**361**	1,529
Impairment allowances charged/(reversed) on:		
– debt instruments at fair value through other comprehensive income	**2,854**	11,460
– trade and other receivables	**(54)**	(319)
Insurance	**2,342**	2,583
Legal and professional fee	**(73)**	(1,491)
Printing and stationery fee	**723**	971
Property management and other related fee	**4,728**	4,262
Repair and maintenance fee	**2,573**	2,553
Service fee	**1,022**	1,165
Staff recruitment fee	**369**	429
Telecommunication fee	**2,402**	2,463
Others	**3,573**	4,237
	61,972	76,822

8. FINANCE COSTS

	2022 HK$'000	2021 HK$'000
Interest on borrowings	**18,278**	16,384
Interest on bonds issued	**351**	1,358
Interest on lease liabilities *(Note 16)*	**1,831**	1,417
	20,460	19,159

9. INCOME TAX

Hong Kong Profits Tax has been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong for the current and prior years.

Under the Enterprise Income Tax Law of the People's Republic of China ("PRC"), the Corporate Income Tax Rate for domestic entities in the PRC is 25% for the current and prior years.

The amount of taxation charged/(credited) to the consolidated statement of profit or loss is as follows:

	2022 HK$'000	2021 HK$'000
Current taxation – Hong Kong:		
– Charge for current year	**35**	–
– (Over)/under-provision in prior year	**(1,821)**	43
Current taxation – PRC:		
– Charge for current year	**12,805**	15,692
	11,019	15,735
Deferred taxation:		
– Hong Kong	**9**	53
	11,028	15,788

A reconciliation between tax expense and accounting profit/(loss) at applicable domestic tax rates in each individual jurisdiction where the Company and its subsidiaries operate is as follows:

	2022 *HK$'000*	2021 *HK$'000*
(Loss)/profit before taxation	**(11,380)**	73,582
Statutory tax on (loss)/profit before taxation, calculated at a taxation rate of 16.5% (2021: 16.5%)	**(1,878)**	12,141
Tax effect of share of profits of associates and a joint venture	**(1,065)**	(8,564)
Tax effect of income not subject to taxation purposes	**(3,991)**	(10,661)
Tax effect of expenses not deductible for taxation purposes	**8,161**	9,770
Utilisation of previously unrecognised tax losses and other temporary differences	**(1,280)**	(250)
Tax losses for which no deferred income tax assets were recognised	**9,542**	6,845
Effect of witholding tax at 5% on the distributable profits of the Group's PRC subsidiaries	**–**	1,742
Effect of higher tax rate enacted by PRC tax authority	**3,360**	4,722
(Over)/under-provision in prior year	**(1,821)**	43
Income tax expense	**11,028**	15,788

10. DIVIDENDS

The Board does not recommend the payment of the final dividend for the year ended 31st December 2022.

The Board paid a final dividend of HK2 cents per ordinary share for the year ended 31st December 2021 on 13th June 2022.

Dividend paid to equity holders of the Company attributable to the previous financial year:

	2022 *HK$'000*	2021 *HK$'000*
2021 Final dividend declared paid: HK2 cents (2020: HK3 cents) per ordinary share	**12,824**	19,236

11. (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

The calculation of basic (loss)/earnings per share is based on the (loss)/profit for the year attributable to equity holders of the Company of HK$(22,408,000) (2021: HK$57,794,000) and the number of 641,205,600 ordinary shares (2021: 641,205,600 ordinary shares) in issue during the year. The calculation is as follows:

(i) (Loss)/earnings attributable to equity holders of the Company

	2022 ***HK$'000***	2021 *HK$'000*
(Loss)/earnings for the year attributable to equity holders of the Company	**(22,408)**	57,794

(ii) Number of ordinary shares

	2022	2021
Issued ordinary shares at 1st January and at 31st December	**641,205,600**	641,205,600

(b) Diluted (loss)/earnings per share

No diluted (loss)/earnings per share were presented for both years because there were no potential dilutive ordinary shares during both the current and prior years.

12. INTANGIBLE ASSETS

	Stock Exchange trading rights ***HK$'000***	**Futures Exchange trading rights** ***HK$'000***	**Club membership** ***HK$'000***	**Total** ***HK$'000***
Cost and carrying amount				
At 1st January 2021, 31st December 2021, 1st January 2022 and 31st December 2022	913	406	120	1,439

13. PROPERTY AND EQUIPMENT

	Leasehold improvements *HK$'000*	Furniture & fixtures *HK$'000*	Office & computer equipment and computer software *HK$'000*	Motor vehicles *HK$'000*	Total *HK$'000*
Cost:					
At 1st January 2021	6,480	2,990	29,561	1,338	40,369
Additions	834	131	4,235	–	5,200
Disposals	(430)	(89)	(246)	–	(765)
Exchange difference	(10)	(6)	(21)	–	(37)
At 31st December 2021 and 1st January 2022	6,874	3,026	33,529	1,338	44,767
Additions	14	–	3,753	–	3,767
Disposals	–	(19)	(2,538)	(439)	(2,996)
Exchange difference	(40)	(11)	(8)	–	(59)
At 31st December 2022	**6,848**	**2,996**	**34,736**	**899**	**45,479**
Accumulated depreciation:					
At 1st January 2021	6,393	2,447	22,738	1,338	32,916
Charge for the year	145	262	2,667	–	3,074
Disposals	(463)	(83)	(199)	–	(745)
Exchange difference	10	5	20	–	35
At 31st December 2021 and 1st January 2022	6,085	2,631	25,226	1,338	35,280
Charge for the year	193	248	3,164	–	3,605
Disposals	–	(19)	(2,536)	(439)	(2,994)
Exchange difference	(18)	15	(22)	–	(25)
At 31st December 2022	**6,260**	**2,875**	**25,832**	**899**	**35,866**
Net book value:					
At 31st December 2022	**588**	**121**	**8,904**	**–**	**9,613**
At 31st December 2021	789	395	8,303	–	9,487

14. DEBT INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2022	2021
	HK$'000	*HK$'000*
Listed debt investments:		
– debt securities with fixed interest	**110,539**	283,843

As at 31st December 2022 and 31st December 2021, an analysis of the ending balance of the carrying amount in debt instruments at fair value through other comprehensive income ("FVOCI") subject to impairment allowances is as follows:

	Stage 1	**Stage 2**	**Stage 3**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
Fair value as at 31st December 2022	**109,107**	**–**	**1,432**	**110,539**
Fair value as at 31st December 2021	267,999	–	15,844	283,843

The expected credit losses ("ECLs") for debt instruments measured at FVOCI do not reduce the carrying amount of these financial assets in the statement of financial position, which remain at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortised cost is recognised in other comprehensive income as an accumulated impairment allowance, with a corresponding charge to profit or loss.

During the year, an impairment charge of HK$2,854,000 (2021: HK$11,460,000) was recognised in profit or loss. As at 31st December 2022, an impairment allowance of HK$21,418,000 (2021: HK$18,564,000) was provided.

An analysis of the maturity profile of listed debt securities of the Group analysed by the remaining tenor from the end of the reporting period to the contractual maturity date is as follows:

	Within 1 year	**Between 1 and 2 years**	**Between 2 and 5 years**	**Overdue**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
31st December 2022	**83,208**	**25,899**	**–**	**1,432**	**110,539**
31st December 2021	117,051	90,990	75,802	–	283,843

Listed debt securities of HK$68,846,000 (2021: HK$280,703,000) were collateralised against the borrowings under repurchase agreements (Note 25).

15. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2022 *HK$'000*	2021 *HK$'000*
Non-current:		
Unlisted private equity funds	**43,949**	15,846
Current:		
Listed debt securities fund	**14,763**	23,676
Listed debt securities *(Notes (a) and (b))*	**14,804**	40,047
Unlisted equity securities	**1**	1
Unlisted private equity funds	**4,073**	–
	33,641	63,724
	77,590	79,570

Notes:

(a) As at 31st December 2022, the debt securities with fair value of HK$14,804,000 (2021: HK$40,047,000) were listed perpetual bonds.

(b) As at 31st December 2022, certain listed perpetual bonds with fair value of HK$14,796,000 (2021: HK$31,248,000) were collateralised against the borrowings under repurchase agreements (Note 25).

16. LEASES

The Group as a lessee

The Group has lease contracts for various items of land and buildings used in its operations. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group. There are several lease contracts that include extension and termination options and variable lease payments, which are further discussed below.

Right-of-use assets and lease liabilities

The carrying amounts of the Group's right-of-use assets and lease liabilities and the movements during the year are as follows:

	Right-of-use assets Land and buildings *HK$'000*	**Lease liabilities** *HK$'000*
As at 1st January 2021	44,129	45,637
Addition	5,606	5,606
Depreciation expenses *(Note 7)*	(24,164)	–
Interest expense *(Note 8)*	–	1,417
Payments	–	(26,755)
As at 31st December 2021 and 1st January 2022	25,571	25,905
Addition	45,325	45,325
Depreciation expenses *(Note 7)*	(23,799)	–
Interest expense *(Note 8)*	–	1,831
Payments	–	(22,925)
As at 31st December 2022	**47,097**	**50,136**

	2022 *HK$'000*	2021 *HK$'000*
Lease liabilities analysed into:		
Current portion	**21,491**	15,575
Non-current portion	**28,645**	10,330
As at 31st December	**50,136**	25,905

The maturity analysis of lease liabilities is disclosed in Note 34.1(c) to the financial statements.

17. INTERESTS IN ASSOCIATES AND A JOINT VENTURE

	2022 HK$'000	2021 HK$'000
Interests in associates *(Note (a))*	**430,745**	444,317
Interest in a joint venture *(Note (b))*	**–**	14,959
	430,745	459,276

(a) Interests in associates

	2022 HK$'000	2021 HK$'000
Share of net assets at 1st January	**444,317**	407,910
Share of profits for the year, net	**6,394**	47,147
Share of other comprehensive income for the year	**(14,446)**	3,294
Dividend income from an associate	**(5,520)**	(14,034)
	(13,572)	36,407
Share of net assets at 31st December	**430,745**	444,317

The Group's interests in its principal associates, all of which are unlisted, are as follows:

Name	Particulars of issued shares held	Place of incorporation	Effective equity interest to the Group 2022	2021	Principal activities
Sino-Rock Investment Management Company Limited ("Sino-Rock") *(Note 1)*	18,000,000 ordinary shares of HK$1 each	Hong Kong	**27.59%**	27.59%	Investment holding and provision of capital management and consultancy services
Cinda Plunkett International Holdings Limited ("CPHL")	4,000,000 ordinary shares of HK$1 each	Cayman Islands	**40%**	40%	Fund management
Cinda Plunkett International Absolute Return Fund ("CPIAR Fund") *(Note 2)*	100,000 units of US$100 each	Cayman Islands	**14.87%**	12.93%	Investment fund
Cinda International Investment Holdings Limited ("CIIH")	2,820,000 Class – A shares	British Virgin Islands	**47%**	47%	Investment holding

Notes:

1. As at 31st December 2022, the Group held 18,000,000 ordinary shares (2021: 18,000,000 ordinary shares), representing 27.59% (2021: 27.59%) equity interests in Sino-Rock, a private company incorporated in Hong Kong which is considered as an associate of the Group, and principally engaged in investment holding and provision of capital management and consultancy services. The Group recognised Sino-Rock as a significant investment for the years ended 31st December 2022 and 2021. The Group's share of net assets in Sino-Rock was HK$277,758,000 at 31st December 2022 (2021: HK$282,144,000), which accounted for approximately 17% (2021: 13.38%) of the total assets of the Group. The aggregate cost of investment in Sino-Rock was HK$107,014,000 (2021: HK$107,014,000). The Group treats Sino-Rock as a long-term investment and a business partner in its asset management business.

2. It is considered that the Group had significant influence over CPIAR Fund through the Group's significant influence over the investment manager of CPIAR Fund which has wide discretion over the relevant activities of CPIAR Fund. Note 4.6 provides more details about the management judgement.

Summarised consolidated financial information of associates

Summarised consolidated financial information in respect of the Group's material associates is set out below.

The associates have a reporting date of 31st December and are accounted for using the equity method in these consolidated financial statements prepared in accordance with HKFRSs.

Sino-Rock

	2022 ***HK$'000***	2021 *HK$'000*
Current assets		
– Bank balances and cash	**241,993**	328,006
– Other current assets	**60,808**	63,891
	302,801	391,897
Non-current assets		
– Financial assets at fair value through profit or loss		
– Level 1 and 2	**36,321**	96,750
– Level 3	**669,503**	542,563
– Other non-current assets	**134,122**	134,144
	839,946	773,457
Current liabilities	**(56,889)**	(75,918)
Non-current liabilities	**(67,700)**	(58,994)
Net assets	**1,018,158**	1,030,442
Revenue	**91,839**	100,302
Other income, other gains and losses, net	**52,267**	95,532
Profit for the year	**57,126**	95,337
Other comprehensive income for the year	**(49,330)**	12,852
Total comprehensive income for the year	**7,796**	108,189
Group's effective interest on profit for the year	**14,750**	26,313
Group's effective interest on other comprehensive income for the year	**(13,615)**	3,547
Dividend from the associate	**(5,520)**	(14,034)

A reconciliation of the above summarised financial information to the carrying amount of the interest in the associate recognised in the consolidated financial statements is as follows:

	2022 HK$'000	2021 HK$'000
Net assets of Sino-Rock	**1,018,158**	1,030,442
Total equity attributed to owners of the Company	**1,006,368**	1,022,262
Proportion of the Group's ownership interest in Sino-Rock	**27.6%**	27.6%
Carrying amount of the Group's interest in Sino-Rock	**277,758**	282,144

CPHL

	2022 HK$'000	2021 HK$'000
Current assets		
– Bank balances and cash	**3,202**	56,633
– Financial assets at fair value through profit or loss	**228,742**	143,429
– Trade and other receivables	**73,794**	82,142
	305,738	282,204
Current liabilities	**(113,040)**	(118,351)
Net assets	**192,698**	163,853
Revenue, other gains and losses, net	**87,226**	100,875
Profit and total comprehensive income for the year	**28,846**	50,996
Group's effective interest on profit and total comprehensive income for the year	**11,538**	20,398
Net assets of CPHL	**192,698**	163,853
Proportion of the Group's ownership interest in CPHL	**40%**	40%
Carrying amount of the Group's interest in CPHL	**77,079**	65,541

CPIAR Fund

	2022	2021
	HK$'000	*HK$'000*
Current assets		
– Financial assets at fair value through profit or loss	**523,330**	716,040
– Bank balances and cash	**5,182**	32,851
– Other current assets	**1,383**	1,611
	529,895	750,502
Current liabilities	**(22,241)**	(16,522)
Net assets	**507,654**	733,980
Revenue, other gains and losses, net	**(132,100)**	20,080
(Loss)/profit and total comprehensive income for the year	**(139,252)**	10,711
Group's share of (loss)/profit and total comprehensive income for the year	**(19,422)**	484
Net assets of CPIAR Fund	**507,654**	733,980
Proportion of the Group's ownership interest in CPIAR Fund	**14.87%**	12.93%
Carrying amount of the Group's interest in CPIAR Fund	**75,481**	94,903

CIIH

The Group recognised a loss of HK$471,000 (2021: HK$48,000) from the interest in CIIH for the year ended 31st December 2022.

(b) Interest in a joint venture

	2022 HK$'000	2021 HK$'000
Share of net assets at 1st January	**14,959**	9,336
Share of profit for the year	**63**	4,759
Share of other comprehensive income for the year	**(1,046)**	529
Translation difference	**(328)**	335
Gain on disposal	**1,350**	–
Less: Proceeds from disposal	**(14,998)**	–
	(14,959)	5,623
Share of net assets at 31st December	**–**	14,959

Details of the Group's interest in an unlisted joint venture are as follows:

Name	Particulars of share capital held	Country of establishment	Effective equity interest to the Group 31st December 2022	Effective equity interest to the Group 31st December 2021	Principal activity
建信國貿(廈門)私募基金管理有限公司 *(Note)*	RMB7,000,000 of registered capital	PRC	–	35%	Private equity investment and fund management

Note: 建信國貿(廈門)私募基金管理有限公司 is a limited liability company (equity joint venture enterprise) registered under PRC law. The joint venture has been disposed during the year ended 31st December 2022.

Summarised financial information of a joint venture

Summarised financial information in respect of the Group's material joint venture is set out below. The joint venture has a reporting date of 31st December and is accounted for using the equity method in these consolidated financial statements.

	2021 *HK$'000*
Non-current assets	51,969
Current assets	25,084
Non-current liabilities	(3,631)
Current liabilities	(30,682)
Net assets	42,740
Revenue	24,675
Profit for the year	13,597
Other comprehensive income for the year	1,511
Total comprehensive income for the year	15,108
Group's effective interest on profit for the year	4,759
Group's effective interest on total comprehensive income for the year	5,288

18. OTHER ASSETS

	2022 *HK$'000*	2021 *HK$'000*
Stock Exchange stamp duty deposit	**500**	500
Stock Exchange Fidelity Fund deposit	**100**	100
Stock Exchange Compensation Fund deposit	**100**	100
Guarantee Fund deposits with the Hong Kong Securities Clearing Company Limited	**5,065**	4,649
Clearing link deposits with Hong Kong Securities Clearing Company Limited	**253**	329
Statutory deposits and deposits with the Hong Kong Futures Exchange Limited ("HKFE")	**1,500**	1,500
Reserve fund deposit with the SEHK Options Clearing House Limited ("SEOCH")	**1,839**	1,704
Rental deposits	**4,948**	2,597
Others	**129**	147
	14,434	11,626

19. INCOME TAX IN THE STATEMENT OF FINANCIAL POSITION

(a) Current taxation payable

	2022	2021
	HK$'000	*HK$'000*
Provision for		
Hong Kong Profits Tax	**36**	1,833
PRC Corporate Income Tax	**4,778**	6,132
	4,814	7,965

(b) Deferred income tax

The movements in deferred tax (assets)/liabilities during the year are as follows:

	Accelerated tax depreciation	**Tax losses**	**Impairment allowances**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
At 1st January 2021	6,298	(6,298)	(104)	(104)
Charged to consolidated statement of profit or loss	(2,052)	2,052	53	53
At 31st December 2021 and 1st January 2022	4,246	(4,246)	(51)	(51)
Charged to consolidated statement of profit or loss	(1,273)	1,273	9	9
At 31st December 2022	**2,973**	**(2,973)**	**(42)**	**(42)**

The Group has unrecognised tax losses and temporary differences arising from depreciation of property and equipment in excess of related depreciation allowances as at 31st December 2022 of HK$269,824,000 (2021: HK$273,750,000) and HK$6,797,000 (2021: HK$6,602,000), respectively. These tax losses have no expiry dates.

Other than the above, no other deferred tax asset is recognised as the management of the Group considers that it is not probable that future assessable profits will be available to utilise the recognised deferred tax assets.

At 31st December 2022, the deferred tax liabilities of HK$20,177,000 in relation to the temporary differences relating to the undistributed profits of subsidiaries, have not been recognised in respect of the tax that would be payable on the distribution of these retained earnings, as the Company controls the dividend policy of these subsidiaries and it has been determined that it is probable that these profits will not be distributed in the foreseeable future.

20. TRADE AND OTHER RECEIVABLES

	2022 HK$'000	2021 HK$'000
Trade receivables from clients arising from		
– corporate finance *(note (a))*	**2,300**	15,031
– securities brokering *(note (b))*	**123,237**	141,392
Margin and other trade-related deposits with brokers and financial institutions arising from *(note (c))*		
– commodities and futures brokering	**43,114**	46,404
– securities brokering	**1,583**	1,019
Margin loans arising from securities brokering *(note (d))*	**142,268**	181,572
Trade receivables from clearing houses arising from securities brokering *(note (e))*	**670**	19,439
Less: impairment allowances for trade receivables arising from		
– corporate finance *(notes (a) and (f))*	**–**	(3,373)
– securities brokering *(notes (d) and (f))*	**(13,184)**	(13,238)
Total trade receivables *(note (g))*	**299,988**	388,246
Deposits	**2,920**	6,074
Other receivables *(note (h))*	**71,327**	47,220
Total trade and other receivables	**374,235**	441,540

The carrying amounts of trade and other receivables approximate to their fair values. All of the trade and other receivables, other than margin loans arising from securities brokering, are expected to be recovered or realised within one year.

Notes:

(a) For trade receivables related to corporate finance, no additional impairment allowance was provided for the year (2021: nil). As at 31st December 2022, impairment allowances of HK$3,373,000 were written off (2021: nil). The settlement terms of trade receivables from corporate finance clients are usually 30 days from the date of invoice. The relevant ageing analysis based on the date of invoice at the reporting date was as follows:

	2022 HK$'000	2021 HK$'000
Current	–	2,948
30–60 days	–	2,451
Over 60 days	**2,300**	9,632
	2,300	15,031
Less: impairment allowances	–	(3,373)
	2,300	11,658

(b) Trade receivables from clients arising from securities brokering, the amounts represent outstanding unsettled trades due from clients as at the year end. It normally takes two to three days to settle after the trade date of those transactions. As at 31st December 2022, it included overdue balances of HK$11,903,000 (2021: HK$17,423,000). These overdue balances are either subsequently settled after the reporting date or fully collateralised by listed securities. The Directors of the Company did not consider that there was a significant change in credit quality of the balance. No impairment allowance was provided.

(c) The settlement terms of margin and other deposits from brokers and financial institutions are at specific agreed terms. Clients trading in commodities and futures contracts and obtaining securities margin financing from the Group are required to observe the Group's margin policies. For commodities and futures contracts, initial margins are required before trading and thereafter clients are required to keep the equity position at a prescribed maintenance margin level. The effective interest rate for margins and other trade-related deposits is 0.01% (2021: 0.01%) per annum.

In addition, margin and trade-related deposits are deposited with high-credit-quality financial institutions. No impairment allowance has been provided as the related allowances were considered to be immaterial and there was no credit default history.

(d) Margin clients of the securities brokering business are repayable on demand and are required to pledge their shares to the Group for credit facilities for securities trading. The effective interest rates ranged from 8% to 13% (2021: 8% to 13%) per annum.

The amount of credit facilities granted to margin clients is determined by the discounted value of shares acceptable by the Group after making reference to industry practice. As at 31st December 2022, the fair value of shares accepted as collateral amounted to HK$1,128,797,000 (2021: HK$1,439,080,000) and the fair value of the majority of clients' listed securities exceeds the carrying amount of those individual loans to margin clients.

Credits are extended to brokerage clients on a case-by-case basis in accordance with the financial status of clients such as their financial conditions, trading records, business profile and the collateral available to the Group.

Special approvals from the Group were granted to those clients whose fair values of collaterals were less than the carrying amount of their individual loans by considering their historical repayment records, credit quality of those margin clients and other factors affecting the market prices of collateral. Credit risks from those margin clients were considered to be minimal.

The Group is allowed to use clients' securities up to the amount of 140% of the loans to margin clients as collateral of the Group's bank facilities (with client's consent). However, no securities held as collateral have been repledged to secure the Group's bank facilities for the years ended 31st December 2022 and 2021.

As at 31st December 2022, the Group had concentration of credit risk of 64% (2021: 53%) of the trade receivables from margin loans due from the five largest margin clients.

During the year, impairment allowances of HK$54,000 (2021: HK$319,000) were reversed. As at 31st December 2022, impairment allowances of HK$13,184,000 (2021: HK$13,238,000) for the receivables from margin clients was provided. No ageing analysis is disclosed as in the opinion of the Directors, the ageing analysis does not give additional value in view of the nature of revolving margin loans.

(e) The settlement terms of trade receivables from clearing houses are usually one to two days after the trade date.

Furthermore, the Group maintains designated accounts with the SEOCH and HKFE Clearing Corporation Limited ("HKFECC") as a result of its normal business transactions. At 31st December 2022, the designated accounts with the SEOCH and HKFECC not otherwise dealt with in these accounts amounted to HK$5,850,000 (2021: HK$7,970,000) and HK$5,890,000 (2021: HK$11,096,000) respectively.

(f) The movements in the impairment allowances for trade and other receivables during the year are as follows:

	Movement *HK$'000*
At 1st January 2021	17,012
Reversal of impairment allowances	(319)
Written off of impairment allowances	(82)
At 31st December 2021 and 1st January 2022	16,611
Reversal of impairment allowances	(54)
Written off of impairment allowances	(3,373)
At 31st December 2022	**13,184**

As at 31st December 2022 and 31st December 2021, an analysis of the gross amount of trade and other receivables is as follows:

	Stage 1 *HK$'000*	Stage 2 *HK$'000*	Stage 3 *HK$'000*	Simplified approach *HK$'000*	Total *HK$'000*
2022					
Gross amount as at 31st December 2022					
Trade receivables from clients	**123,237**	**–**	**–**	**2,300**	**125,537**
Margin and other trade-related deposits with brokers and financial institutions	**44,697**	**–**	**–**	**–**	**44,697**
Margin loans arising from securities brokering	**129,239**	**100**	**12,929**	**–**	**142,268**
Trade receivables from clearing houses arising from securities brokering	**670**	**–**	**–**	**–**	**670**
Deposits	**2,920**	**–**	**–**	**–**	**2,920**
Other receivables	**71,327**	**–**	**–**	**–**	**71,327**
	372,090	**100**	**12,929**	**2,300**	**387,419**

Expected credit losses as at 31st December 2022	Stage 1 *HK$'000*	Stage 2 *HK$'000*	Stage 3 *HK$'000*	Simplified approach *HK$'000*	Total *HK$'000*
As at 1st January 2022	**309**	**–**	**12,929**	**3,373**	**16,611**
Change due to financial instrument recognised as at 1st January:					
– Repayment and derecognition	**–**	**–**	**–**	**(3,373)**	**(3,373)**
– Remeasurement of ECL	**(54)**	**–**	**–**	**–**	**(54)**
As 31st December 2022	**255**	**–**	**12,929**	**–**	**13,184**

	Stage 1 *HK$'000*	Stage 2 *HK$'000*	Stage 3 *HK$'000*	Simplified approach *HK$'000*	Total *HK$'000*
Trade receivables from clients	**–**	**–**	**–**	**–**	**–**
Margin and other trade-related deposits with brokers and financial institutions	**–**	**–**	**–**	**–**	**–**
Margin loans arising from securities brokering	**(255)**	**–**	**(12,929)**	**–**	**(13,184)**
Trade receivables from clearing houses arising from securities brokering	**–**	**–**	**–**	**–**	**–**
Deposits	**–**	**–**	**–**	**–**	**–**
Other receivables	**–**	**–**	**–**	**–**	**–**
	(255)	**–**	**(12,929)**	**–**	**(13,184)**

	Stage 1 HK$'000	Stage 2 HK$'000	Stage 3 HK$'000	Simplified approach HK$'000	Total HK$'000
2021					
Gross amount as at 31st December 2021					
Trade receivables from clients	141,392	–	–	15,031	156,423
Margin and other trade-related deposits with brokers and financial institutions	47,423	–	–	–	47,423
Margin loans arising from securities brokering	168,544	99	12,929	–	181,572
Trade receivables from clearing houses arising from securities brokering	19,439	–	–	–	19,439
Deposits	6,074	–	–	–	6,074
Other receivables	47,220	–		–	47,220
	430,092	99	12,929	15,031	458,151

Expected credit losses as at 31st December 2021	Stage 1 HK$'000	Stage 2 HK$'000	Stage 3 HK$'000	Simplified approach HK$'000	Total HK$'000
As at 1st January 2021	627	1	13,011	3,373	17,012
Change due to financial instrument Recognised as at 1st January:					
– Repayment and derecognition	–	(1)	(82)	–	(83)
– Remeasurement of ECL	(318)	–	–	–	(318)
As 31st December 2021	309	–	12,929	3,373	16,611

	Stage 1 ***HK$'000***	**Stage 2** ***HK$'000***	**Stage 3** ***HK$'000***	**Simplified approach** ***HK$'000***	**Total** ***HK$'000***
Trade receivables from clients	–	–	–	(3,373)	(3,373)
Margin and other trade-related deposits with brokers and financial institutions	–	–	–	–	–
Margin loans arising from securities brokering	(309)	–	(12,929)	–	(13,238)
Trade receivables from clearing houses arising from securities brokering	–	–	–	–	–
Deposits	–	–	–	–	–
Other receivables	–	–	–	–	–
	(309)	–	(12,929)	(3,373)	(16,611)
Expected credit losses rate as at 31st December 2022					
Trade receivables from clients	**–**	**–**	**–**	**–**	**–**
Margin loans arising from securities brokering	**0.20%**	**0.20%**	**100.00%**	**–**	**9.27%**
Other receivables	**–**	**–**	**–**	**–**	**–**
Expected credit losses rate as at 31st December 2021					
Trade receivables from clients	–	–	–	22.44%	2.16%
Margin loans arising from securities brokering	0.18%	0.18%	100.00%	–	7.29%
Other receivables	–	–	–	–	–

No impairment allowance has been provided for the remaining trade and other receivables as the related allowances were considered immaterial and there was no credit default history.

(g) Other than the trade receivables from margin loans, the Group does not have any other significant concentration of credit risk with respect to trade receivables, as the Group has a large number of customers, which are widely dispersed.

(h) In 2022, the Group have other receivables from its fellow subsidiaries and ultimate holding company, amounted to HK$23,419,000 (2021: HK$20,002,000).

21. PLEDGED BANK DEPOSITS/BANK BALANCES AND CASH

	2022 *HK$'000*	2021 *HK$'000*
Cash in hand	**21**	21
Bank balances		
– pledged deposits	**12,165**	12,139
– general accounts	**587,023**	781,121
	599,188	793,260
	599,209	793,281
By maturity:		
Bank balances		
– current and savings accounts	**587,023**	781,121
– fixed deposits (maturing within three months)	**12,165**	12,139
	599,188	793,260

As at 31st December 2022, bank deposits amounting to HK$12,165,000 (2021: HK$12,139,000), which included a principal of HK$12,000,000 (2021: HK$12,000,000) plus accrued interest, have been pledged to banks as security for the provision of securities brokering facilities for a total amount of HK$200 million (2021: HK$200 million).

Certain subsidiaries of the Group maintained segregated trust accounts with authorised institutions as a result of their respective business activities. As at 31st December 2022, segregated trust accounts not dealt with in these consolidated financial statements amounted to HK$674,159,000 (2021: HK$758,510,000).

As at 31st December 2022, the bank balances and deposits bore interest at rates from 0.01% to 0.5% (2021: 0.01% to 0.5%) per annum.

Cash and cash equivalents

	2022 *HK$'000*	2021 *HK$'000*
Analysis of balances of cash and cash equivalents		
Cash in hand and at banks (excluding pledged bank deposits)	**587,044**	781,142
Cash and cash equivalents at the end of the year	**587,044**	781,142

22. SHARE CAPITAL

	2022		2021	
	No. of shares	**Amount** *HK$'000*	No. of shares	Amount *HK$'000*
Authorised share capital				
Ordinary shares	**1,000,000,000**	**100,000**	1,000,000,000	100,000
Issued and fully paid				
Ordinary shares				
At 1st January and 31st December	**641,205,600**	**64,121**	641,205,600	64,121

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

Capital management

The Group's primary objectives for managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost. In addition, subsidiaries of the Group licensed by the SFC are obliged to meet the regulatory liquid capital requirements under the Securities and Futures (Financial Resources) Rules ("SF(FR)R") at all times.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions. For the licensed subsidiaries, the Group ensures that each of them maintains a liquid capital level adequate to support the activities level with sufficient buffer to accommodate the increase in liquidity requirements arising from potential increases in business activities. SF(FR)R returns are filed to the SFC by the licensed subsidiaries on a monthly or semi-annually basis as required. During the current and prior years, all the licensed subsidiaries complied with the liquid capital requirements under the SF(FR)R.

The Group defined gearing ratio as net debt-to-adjusted capital ratio. The Group monitors its capital structure on the basis of a net debt-to-adjusted capital ratio. For this purpose, the Group defines net debt as total debt (which includes interest-bearing borrowings and bonds issued, trade and other payables and lease liabilities) plus unaccrued proposed dividends, less cash and cash equivalents. Adjusted capital comprises all components of equity, less unaccrued proposed dividends.

Further, the Group strived to maintain highly liquid assets to prepare for any unexpected sudden changes in the market. As at the end of the reporting period, the current ratio was 162% (2021: 302%).

The net debt-to-adjusted capital ratios at 31st December 2022 and 2021 are as follows:

	Notes	2022 HK$'000	2021 HK$'000
Current liabilities:			
Trade and other payables	24	**205,259**	276,972
Borrowings	25	**447,388**	214,169
Lease liabilities	16	**21,491**	15,575
Bonds issued	26	**10,000**	10,000
		684,138	516,716
Non-current liabilities:			
Borrowings	25	**–**	548,800
Lease liabilities	16	**28,645**	10,330
		28,645	559,130
Total debt		**712,783**	1,075,846
Add: Proposed dividends	10	**–**	12,824
Less: Bank balances and cash	21	**(599,209)**	(793,281)
Net debt		**113,574**	295,389
Total equity		**948,113**	1,022,640
Less: Proposed dividends	10	**–**	(12,824)
Adjusted capital		**948,113**	1,009,816
Adjusted net debt-to-capital ratio		**11.98%**	29.25%

23. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2022 **HK$'000**	2021 HK$'000
NON-CURRENT ASSETS		
Intangible assets	**120**	120
Investments in subsidiaries	**547,956**	522,836
Investments in associates	**207,078**	207,078
Investment in a joint venture	**–**	8,706
	755,154	738,740
CURRENT ASSETS		
Debt instruments at fair value through other comprehensive income	**110,539**	283,843
Financial assets at fair value through profit or loss	**29,567**	63,722
Other receivables	**30,268**	15,037
Amounts due from subsidiaries	**153,697**	330,031
Bank balances	**48,326**	106,328
	372,397	798,961
CURRENT LIABILITIES		
Other payables	**15,497**	21,835
Borrowings	**447,388**	214,169
Amounts due to subsidiaries	**89,658**	55,728
Bonds issued	**10,000**	10,000
	562,543	301,732
NET CURRENT (LIABILITIES)/ASSETS	**(190,146)**	497,229
TOTAL ASSETS LESS CURRENT LIABILITIES	**565,008**	1,235,969

	2022 HK$'000	2021 HK$'000
CAPITAL AND RESERVES		
Share capital	**64,121**	64,121
Other reserves	**582,300**	585,873
(Accumulated losses)/retained earnings	**(81,413)**	37,175
TOTAL EQUITY	**565,008**	687,169
NON-CURRENT LIABILITIES		
Borrowings	–	548,800
	565,008	1,235,969

Zhang Yi
Executive Director

Lau Mun Chung
Executive Director

Reserves

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of reserves during the year are set out below:

	The Company					
	Share premium* *HK$'000*	Capital reserve* *HK$'000*	Investment revaluation reserve* *HK$'000*	Contributed surplus* *HK$'000*	Retained earnings/ (accumulated losses) *HK$'000*	Total *HK$'000*
At 1st January 2021	421,419	22,468	11,536	53,023	30,307	538,753
Profit for the year	–	–	–	–	26,104	26,104
Other comprehensive income	–	92,190	(14,763)	–	–	77,427
Dividend paid	–	–	–	–	(19,236)	(19,236)
Total comprehensive income for the year	–	92,190	(14,763)	–	6,868	84,295
At 31st December 2021 and 1st January 2022	421,419	114,658	(3,227)	53,023	37,175	623,048
Loss for the year	–	–	–	–	(105,764)	(105,764)
Other comprehensive income	–	–	(3,573)	–	–	(3,573)
Dividend paid	–	–	–	–	(12,824)	(12,824)
Total comprehensive income for the year	–	–	(3,573)	–	(118,588)	(122,161)
At 31st December 2022	**421,419**	**114,658**	**(6,800)**	**53,023**	**(81,413)**	**500,887**

Notes:

1. The capital reserve of the Group represents (i) capital contribution from the Company's shareholders, (ii) notional capital contribution from the Company's shareholders arising on acquisition of an associate, (iii) the difference between the nominal value of the shares issued by the Company in exchange for the nominal value of the deferred share capital of a subsidiary acquired in 2000 and (iv) the fair value of the actual or estimated number of unexercised share options granted to employees of the Company. All share options were cancelled in prior years.

2. The contributed surplus arose as a result of the Group's reorganisation in 2000 and represents the difference between the aggregate net asset value of subsidiaries acquired and the nominal amount of the Company's shares issued for the acquisition.

* These reserve accounts comprise the other reserves of HK$582,300,000 (2021: HK$585,873,000) in the statement of financial position of the Company.

24. TRADE AND OTHER PAYABLES

	2022 *HK$'000*	2021 *HK$'000*
Trade payables to margin clients arising from securities brokering	**1,032**	6,743
Trade payables to securities trading clients arising from securities brokering	**94,596**	128,957
Margin and other deposits payable to clients arising from commodity and futures brokering	**43,006**	46,374
Trade payables to brokers arising from securities brokering	**2,333**	7,280
Trade payables to clearing houses arising from securities brokering	**28,409**	17,729
Total trade payables	**169,376**	207,083
Accruals, provision and other payables	**35,630**	62,939
Deferred revenue	**253**	6,950
Total trade and other payables	**205,259**	276,972

The carrying amounts of trade and other payables approximate to their fair values. The majority of trade and other payables are expected to be settled within one year. The trade payables are aged within 30 days.

The settlement terms of payables to clearing houses and securities trading clients from the ordinary course of business of brokering in securities range from two to three days after the trade date of those transactions. Margin and other deposits received from clients for their trading of commodities and futures contracts, which exceeded the margin maintenance requirement, were repayable on demand.

25. BORROWINGS

	2022 HK$'000	2021 HK$'000
NON-CURRENT		
Bank loans *(note (a))*	–	548,800
CURRENT		
Bank loans *(note (a))*	378,300	–
Borrowings under repurchase agreements *(note (b))*	69,088	214,169
	447,388	214,169
	447,388	762,969

Notes:

(a) At 31st December 2022 and 2021, the bank loans were repayable and carried interest with reference to the HIBOR/LIBOR as follows:

	2022 HK$'000	2021 HK$'000
Within a period not exceeding one year	378,300	–
Within a period of more than one year but not exceeding two years	–	548,800
Within a period of more than two years but not exceeding five years	–	–
Within a period of more than five years	–	–
	378,300	548,800

As at 31st December 2022, the Group had total banking facilities of HK$2,088,000,000 (2021: HK$1,954,000,000).

Among these banking facilities, HK$200,000,000 (2021: HK$200,000,000) of it was secured by pledged deposits with a principal of HK$12,000,000 (2021: HK$12,000,000).

Further, HK$1,932,000,000 (2021: HK$1,620,000,000) was under specific performance obligation on the directly or indirectly Company's controlling shareholder, for which the current controlling shareholder shall hold over 50% (or 51% in one of the facilities) of the entire issued share capital of the Company.

As at 31st December 2022, HK$378,300,000 (2021: HK$548,800,000) was drawn from the banking facilities under the specific performance obligation. Among these banking facilities, US$11,500,000 (equivalent to HK$89,700,000) (2021: US$24,000,000 (equivalent to HK$187,200,000)) was drawn in US dollars.

As at 31st December 2022 and 2021, the Group has not utilised any of the banking facilities secured by the pledged deposits.

The effective interest rate of the bank loans is also equal to the contracted interest rate.

(b) The Group has entered into several repurchase agreements with financial institutions in which the Group sold a portfolio of debt securities it held to the financial institutions in exchange for a cash consideration of US$8,857,000 (equivalent to HK$69,088,000) (2021: US$27,458,000 (equivalent to HK$214,169,000)). There are no maturity dates stated in the agreements and the interest is calculated with reference to the LIBOR. The Group is required to repurchase the debt securities at the original cash consideration plus interest at variable rates calculated with reference to the LIBOR upon the termination of the agreements. As at 31st December 2022, the borrowings under repurchase agreements were collateralised by the Group's debt securities with a fair value of HK$83,642,000 (2021: HK$293,147,000).

26. BONDS ISSUED

Bonds issued represented a number of fixed rate coupon bonds at an interest rate of 2.5% (2021: 4%) per annum, payable semi-annually and with a principal amount in aggregate of HK$10,000,000 (2021: HK$10,000,000). The exposure and the contractual maturity dates of the bonds are as follows:

	2022 ***HK$'000***	2021 *HK$'000*
Within a period not exceeding one year	**10,000**	10,000

The bonds are unsecured, non-guaranteed and issued to independent third parties without any early redemption options. The carrying amounts of the bonds issued approximate to their fair values.

27. DEFINED CONTRIBUTION PLANS

The aggregate employer's contributions, net of forfeited contributions, which have been dealt with in the consolidated statement of profit or loss for the year are shown as follows:

	2022 ***HK$'000***	2021 *HK$'000*
Employer's contributions charged to the consolidated statement of profit or loss	**2,412**	2,877

28. DIRECTORS' EMOLUMENTS

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Listing Rules, 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is shown below.

The remuneration of the directors for the year ended 31st December 2022 is set out below:

Name of Director	Fee *HK$'000*	Basic salaries *HK$'000*	Housing allowances and benefits in kind *HK$'000*	Discretionary bonuses *HK$'000*	Employer's contribution to pension scheme *HK$'000*	Total *HK$'000*
Executive Directors						
Zhu Ruimin	–	–	–	–	–	–
Zhang Yi	–	750	480	–	339	1,569
Lau Mun Chung	240	2,326	–	–	18	2,584
Non-executive Director						
Chow Kwok Wai[1]	220	–	–	–	–	220
Independent Non-executive Directors						
Hung Muk Ming[2]	220	–	–	–	–	220
Xia Zhidong	240	–	–	–	–	240
Liu Xiaofeng	240	–	–	–	–	240
Zheng Minggao[3]	20	–	–	–	–	20
	1,180	3,076	480	–	357	5,093

Note:

1. Chow Kwok Wai resigned as a non-executive Director effective from 1st December 2022.

2. Hung Muk Ming resigned as an independent non-executive Director effective from 1st December 2022.

3. Zheng Minggao was appointed as an independent non-executive Director effective from 1st December 2022.

4. The evaluation of the performance of the Executive Directors has not yet been finalised. The discretionary bonuses payable are not finalised and the final amount will be disclosed in due course. The discretionary bonuses of certain executive directors are payable by instalments.

The remuneration of the directors for the year ended 31st December 2021 is set out below:

Name of Director	Fee *HK$'000*	Basic salaries *HK$'000*	Housing allowances and benefits in kind *HK$'000* (restated)	Discretionary bonuses *HK$'000* (restated)	Employer's contribution to pension scheme *HK$'000*	Total *HK$'000* (restated)
Executive Directors						
Zhu Ruimin[1]	–	–	–	–	–	–
Yu Fan[1]	97	883	1,018	–	199	2,197
Gong Zhijian[1]	97	845	1,116	–	141	2,199
Zhang Yi[2]	–	375	240	927	79	1,621
Lau Mun Chung	240	2,317	–	969	18	3,544
Non-executive Directors						
Chow Kwok Wai	240	–	–	–	–	240
Independent Non-executive Directors						
Hung Muk Ming	240	–	–	–	–	240
Xia Zhidong	240	–	–	–	–	240
Liu Xiaofeng	240	–	–	–	–	240
	1,394	4,420	2,374	1,896	437	10,521

Note:

1. Yu Fan and Gong Zhijian resigned as executive Directors effective from 26th April 2021, and Zhu Ruimin was appointed as an executive Director effective from 26th April 2021.

2. Zhang Yi has been re-designated from a non-executive Director to an executive Director on 26th April 2021.

3. The evaluation of the performance of the Executive Directors for the year ended 31st December 2021 was finalised in 2022 and the amount was restated accordingly. The discretionary bonuses of certain executive directors are payable by installments.

29. KEY MANAGEMENT PERSONNEL'S EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS

(a) Key management personnel's emoluments

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group directly or indirectly, including Executive Directors and Executive Officers, Non-Executive Directors and Independent Non-Executive Directors.

The remuneration of key management personnel during the year is as follows:

	Group	
	2022 ***HK$'000***	2021 *HK$'000* (restated)
Basic salaries, discretionary bonuses, housing allowances and benefits in kind	**13,202**	21,726
Defined contribution plans	**451**	522
	13,653	22,248

The remuneration of Executive Directors is reviewed by the Remuneration Committee and/or the Board having regard to the performance of individuals and market trends.

The number of the key management personnel whose emoluments fell within the following bands is as follows:

	Number of individuals	
	2022	2021 (restated)
Emolument bands		
HK$Nil–HK$1,000,000	**7**	5
HK$1,000,001–HK$1,500,000	**3**	2
HK$1,500,001–HK$2,000,000	**1**	1
HK$2,000,001–HK$2,500,000	**2**	3
HK$2,500,001–HK$3,000,000	**1**	–
HK$3,000,001–HK$3,500,000	**–**	2
HK$3,500,001–HK$4,000,000	**–**	1
	14	14

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year included one (2021: three) director, whose emoluments are reflected in note 28. The emoluments payable to the remaining four (2021: two) individuals during the year are as follows:

	2022 *HK$'000*	2021 *HK$'000*
Basic salaries, discretionary bonuses, housing allowances and benefits in kind	**8,242**	6,481
Defined contribution plans	**72**	36
	8,314	6,517

The emoluments of the remaining four (2021: Two) individuals fell within the following bands:

	Number of individuals	
	2022	2021
Emolument bands		
HK$Nil–HK$1,000,000	**–**	–
HK$1,000,001–HK$1,500,000	**–**	–
HK$1,500,001–HK$2,000,000	**2**	–
HK$2,000,001–HK$2,500,000	**2**	–
HK$2,500,001–HK$3,000,000	**–**	–
HK$3,000,001–HK$3,500,000	**–**	2
	4	2

30. EQUITY-SETTLED SHARE-BASED TRANSACTIONS

All share options were cancelled in prior years.

During the years ended 31st December 2022 and 2021, no share options were granted nor outstanding.

31. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

A reconciliation of (loss)/profit before taxation to net cash inflow/(outflow) from operating activities is as follows:

	2022 *HK$'000*	2021 *HK$'000*
(Loss)/profit before taxation	**(11,380)**	73,582
Adjustments for:		
Depreciation of property and equipment	**3,605**	3,074
(Gain)/loss on disposal of property and equipment	**(90)**	9
Depreciation of right-of-use assets	**23,799**	24,164
Gains from changes in fair value of financial assets at fair value through profit or loss	**(8,366)**	(1,246)
Net losses/(gains) on disposal of financial assets at fair value through profit or loss	**7,647**	(102)
Net losses on disposal of debt instruments at fair value through other comprehensive income	**12,661**	26,216
Interest expenses (other than interest on lease liabilities)	**18,629**	17,742
Interest expenses on lease liabilities	**1,831**	1,417
Interest income from debt securities	**(15,484)**	(31,570)
Share of profits of associates and a joint venture, net	**(6,457)**	(51,906)
Gain on disposal of a joint venture	**(1,350)**	–
Impairment allowances provided	**2,800**	11,141
Increase in pledged deposits	**(26)**	(2)
Operating profit before working capital changes	**27,819**	72,519
(Increase)/decrease in other assets	**(2,808)**	6,184
Decrease in trade and other receivables	**66,429**	163,070
Decrease in trade and other payables	**(72,289)**	(239,775)
Cash inflow from operations	**19,151**	1,998
Hong Kong profits tax paid	**(762)**	(530)
Overseas profits tax paid	**(13,413)**	(12,258)
Net cash inflow/(outflow) from operating activities	**4,976**	(10,790)

Change in liabilities arising from financing activities

	Borrowings *HK$'000*	Bonds issued *HK$'000*	Interest payable *HK$'000*	Lease liabilities *HK$'000*
At 1st January 2022	**762,969**	**10,000**	**762**	**25,905**
Changes from financing cash flows				
Proceeds from bank loans	**536,400**	**–**	**–**	**–**
Repayment of bank loans	**(706,900)**	**–**	**–**	**–**
Proceeds from borrowings under repurchase agreements	**235,456**	**–**	**–**	**–**
Payment of borrowings under repurchase agreements	**(380,537)**	**–**	**–**	**–**
Principal portion of lease liabilities	**–**	**–**	**–**	**(22,925)**
Interest paid	**–**	**–**	**(18,053)**	**–**
Non-cash changes				
New leases	**–**	**–**	**–**	**45,325**
Interest expense	**–**	**–**	**18,629**	**1,831**
At 31st December 2022	**447,388**	**10,000**	**1,338**	**50,136**

	Borrowings *HK$'000*	Bonds issued *HK$'000*	Interest payable *HK$'000*	Lease liabilities *HK$'000*
At 1st January 2021	943,214	52,000	1,711	45,637
Changes from financing cash flows				
Proceeds from bank loans	545,000	–	–	–
Repayment of bank loans	(730,000)	–	–	–
Proceeds from borrowings under repurchase agreements	308,837	–	–	–
Payment of borrowings under repurchase agreements	(304,082)	–	–	–
Redemption of bond	–	(42,000)	–	–
Principal portion of lease liabilities	–	–	–	(26,755)
Interest paid	–	–	(18,691)	–
Non-cash changes				
New lease	–	–	–	5,606
Interest expense	–	–	17,742	1,417
At 31st December 2021	762,969	10,000	762	25,905

32. CONTINGENT LIABILITIES

32.1 Outstanding litigation cases

A company named Hantec Investment Limited (the "Plaintiff"), which is unrelated to the Group, filed a writ to the Company on 28th July 2000, seeking for injunction to restrain the Company from using the Plaintiff's alleged trade name and damages. The Plaintiff has not taken further action after the Company filed a defence.

Under the share sale agreement dated 13th August 2008 (the "Agreement"), Hantec Holdings Investment Limited ("HHIL", formerly known as Hantec Holdings Limited) and the then chairman of the Company, Mr. Tang Yu Lap ("Mr. Tang"), have undertaken to indemnify and keep indemnified the Company on a fully indemnified basis of any loss or liability suffered by the Group as a result of or in connection with this outstanding litigation case mentioned above. Based on the merits of this case, the directors considered that it was unlikely that any material claim against the Company will crystallise and hence no provision has been made.

32.2 Financial guarantees issued

As at 31st December 2022, a subsidiary of the Company engaging in securities brokering and providing securities margin financing has secured banking facilities from certain authorised institutions for a total amount of HK$200 million (2021: HK$300 million). In addition, the Company has issued corporate guarantees for a total principal amount of HK$200 million (2021: HK$300 million) for these facilities. As at 31st December 2022, no bank loan (2021: nil) was drawn under the banking facilities.

33. CAPITAL AND INVESTMENT COMMITMENTS

(a) Capital commitments

Capital commitments in respect of property and equipment outstanding but not provided for in the consolidated financial statements are as follows:

	2022 ***HK$'000***	2021 *HK$'000*
Contracted but not provided for	**268**	2,057

(b) Investment commitments

As part of the Group's asset management business, the Group sets up structured entities (for example, investment funds) and generate fees from managing assets on behalf of third party investors. The Group may also co-invest in these structured entities in the capacity as general partners or investment managers of these structured entities. The Group did not control and did not consolidate these structured entities.

As at 31st December 2022, the carrying values of the interests held by the Group in the above unconsolidated structured entities managed by the Group amounted to HK$48,022,000 (2021: HK$15,846,000), which was recognised in financial assets at fair value through profit or loss. The maximum exposure to loss is the carrying value of the assets held. Other than the invested amounts above, the Group has no significant outstanding capital commitments to these unconsolidated structured entities. Other than the committed capital, the Group has no intention to provide financial or other support to these structured entities.

As at the date of this report, the Group has no plan for material investments or purchases of capital assets.

34. FINANCIAL RISK MANAGEMENT

34.1 Financial risk factors

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

Risk management is carried out by the Risk Management Committee (the "RMC") under policies approved by the Board of Directors. The RMC identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The RMC also recommends the overall risk management policy for the approval of the Board or the Executive Management Committee (the "EMC") of the Group, covering specific areas, such as foreign exchange risk, equity price risk, interest rate risk, credit risk, the use of derivative financial instruments and non-derivative financial instruments, and investing excess liquidity.

(a) Market risk

The exposures of the Group to market risk include foreign exchange risk, equity price risk and interest rate risk.

Foreign exchange risk

The Group is exposed to foreign exchange risk primarily arising from its financial assets and financial liabilities denominated in foreign currencies. The currencies giving rise to this risk are primarily Renminbi and the United States Dollar. The RMC reviews the exposures from time to time to cope with changes in volatility in the market.

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

	Japanese Yen *HK$'000*	**United States Dollar** *HK$'000*	**Renminbi** *HK$'000*	**Others** *HK$'000*
At 31st December 2022				
Debt instruments at fair value through other comprehensive income	**–**	**110,539**	**–**	**–**
Financial assets at fair value through profit or loss	**–**	**29,567**	**–**	**–**
Trade and other receivables and other assets	**1,248**	**80,071**	**1,855**	**620**
Cash and cash equivalents	**183**	**54,363**	**31,332**	**2,240**
Trade and other payables	**(799)**	**(2,844)**	**(257)**	**–**
Borrowings	**–**	**(158,788)**	**–**	**–**
Net exposure arising from recognised net assets	**632**	**112,908**	**32,930**	**2,860**
At 31st December 2021				
Debt instruments at fair value through other comprehensive income	–	262,295	–	–
Financial assets at fair value through profit or loss	–	40,495	–	–
Trade and other receivables and other assets	889	75,563	2,370	160
Cash and cash equivalents	188	122,608	28,268	117
Trade and other payables	–	(7,917)	(99)	–
Borrowings	–	(401,369)	–	–
Net exposure arising from recognised net assets	1,077	91,675	30,539	277

Sensitivity analysis

The following table indicates the approximate change in the Group's (loss)/profit before tax in response to possible changes in the foreign exchange rates to which the Group has significant exposure at the end of the reporting period.

	2022		2021	
	Appreciation/ depreciation of foreign currencies	**Effect on loss before tax** *HK$'000*	Appreciation/ depreciation of foreign currencies	Effect on profit before tax *HK$'000*
RMB	**+ 10%**	**(3,293)**	+ 10%	3,054
	– 10%	**3,293**	– 10%	(3,054)

The sensitivity analysis has been determined assuming that the change in foreign exchange rates had occurred at the end of the reporting period and had been applied to each of the Group entities' exposure to currency risk for monetary assets and liabilities in existence at that date, and that all other variables, in particular interest rates, remain constant. Effects of changes in foreign exchange rates on certain non-monetary financial assets are included in equity price risk.

The stated changes represent management's assessment of reasonably possible changes in foreign exchange rates over the period until the end of the next annual reporting period. In this respect, it is assumed that the pegged rate between the Hong Kong Dollar and the United States Dollar would be materially unaffected by any changes in movement in value of the United States Dollar against other currencies. Accordingly, no sensitivity analysis has been prepared.

Results of the analysis as presented in the above table represent an aggregation of the effects on each of the Group entities' (loss)/profit before tax measured in the respective functional currencies, translated into Hong Kong Dollars at the exchange rate ruling at the end of the reporting period for presentation purposes. The analysis is performed on the same basis for 2021.

Equity price risk

At 31st December 2022 and 2021, the Group was mainly exposed to equity price changes arising from unlisted private equity fund classified as financial assets at fair value through profit or loss (note 15).

At 31st December 2022, it was estimated that an increase/(decrease) of 10% in the fair value of the relevant private equity fund, with all other variables held constant, would have significantly increased/decreased the Group's (loss)/profit before tax as follows:

	Increase/ decrease	**2022 Effect on loss before taxation** *HK$'000*	2021 Effect on profit before taxation *HK$'000*
Unlisted private equity fund classified as financial assets at fair value through profit or loss	+ 10%	**(4,802)**	1,585
	– 10%	**4,802**	(1,585)

The sensitivity analysis indicates the instantaneous change in the Group's (loss)/profit before tax and equity that would arise assuming the changes in the fair value of the relevant private equity fund had occurred at the end of the reporting period and had been applied to re-measure those financial instruments held by the Group which exposed the Group to equity price risk at the reporting date. The market risk associated with the debt securities is included in interest rate risk.

Interest rate risk

Cash flow interest rate risk

The Group is exposed to cash flow interest rate risk in relation to the financial instruments subject to floating interest rates. Financial assets subject to cash flow interest rate risk mainly include margin loans arising from securities brokering and bank balances. Financial liabilities subject to floating interest rates are bank loans and borrowings under repurchase agreements. The Group currently does not have a cash flow interest rate hedging policy. However, management is closely monitoring the Group's exposure arising from margin financing and other lending activities undertaken by allowing an appropriate margin on the interest received and paid by the Group.

The cash flow interest rate risk exposure of the Group at the end of the reporting period is as follows:

	2022 Effective interest rate	**2022** *HK$'000*	2021 Effective interest rate	2021 *HK$'000*
Assets				
Bank balances	**0.01%**	**405,883**	0.01%	466,580
Margin loans	**8.625%**	**142,268**	8.125%	181,572
		548,151		648,152
Liabilities				
Bank loans	**5.764%**	**(378,300)**	1.671%	(548,800)
Borrowings under repurchase agreements	**4.091%**	**(69,088)**	0.72%	(214,169)
		100,763		(114,817)
Sensitivity analysis				
Assuming the interest rate increased/(decreased) by		**0.25%/(0.25%)**		0.25%/(0.25%)
Profit before taxation (decreased)/increased by		**(252)/722**		(287)/1,407

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to the exposure to interest rate risk for non-derivative financial instruments in existence at that date. The 25 (2021: 25) basis points increase/decrease represents management's assessment of a reasonably possible change in interest rates over the period until the end of the next annual reporting period.

Fair value interest rate risk

At 31st December 2022 and 2021, the Group is also exposed to fair value interest rate risk in relation to debt securities with fixed interest classified as debt instruments at fair value through other comprehensive income (note 14) and financial assets at fair value through profit or loss (note 15). The Group does not have a fair value interest rate hedging policy. However, management is closely monitoring the Group's exposure arising from debt securities investments by regularly performing quantitative analysis, including periodic sensitivity analysis.

A sensitivity analysis of the Group's fair value interest rate risk arising from the debt securities classified as debt instruments at fair value through other comprehensive income and financial assets at fair value through profit or loss is as follows:

Change in market interest rate	**2022** **Effect on equity** ***HK$'000***	2021 Effect on equity *HK$'000*
Increase by 25 basis points	**(1,146)**	(3,629)
Decrease by 25 basis points	**1,289**	4,057

(b) Credit risk

The Group's credit risk is primarily attributable to its debt instruments at fair value through other comprehensive income, pledged bank deposits, bank balances and cash, trade and other receivables (including margin loans arising from securities brokering) and financial assets at fair value through profit or loss. It has policies in place to ensure that credits are granted to customers with an appropriate credit history and/or collateral deposited with the Group.

For trade receivables arising from securities brokering, credits are granted to a large population of clients, and hence, there is no significant concentration risk. The margin clients' listed securities can be sold at the Group's discretion upon margin shortfall situation to fulfil any margin call.

Further quantitative data in respect of the Group's exposure to credit risk for margin loans arising from securities brokering is disclosed in note 20(d). The margin clients' listed securities can be sold at the Group's discretion upon margin shortfall situation to fulfil any margin call. For trade receivables arising from securities brokering except for margin loans, credits are granted to a large population of clients and hence there is no significant concentration risk.

For commodities and futures brokering, an initial margin will be collected before the opening of trading positions. Derivative counterparties and cash transactions are limited to high-credit-quality financial institutions and only brokers having sound credit rating will be accepted.

The open positions of the margin clients of the trading of commodities and futures contracts can be closed at the Group's discretion in margin shortfall situation to settle any margin call requirements imposed by their respective commodities and futures contracts transactions.

The Group's pledged bank deposits, bank balances and cash are deposited in respectable and large commercial banks. The credit risk of pledged bank deposits, bank balances and cash is considered to be manageable.

For debt securities in financial assets at fair value through profit or loss, the Group structures the levels of credit risk it undertakes by placing limits on the amount of advance in relation to any borrower or issuer. The fair value of the listed securities was determined by reference to the quoted price of the shares and exceeded the carrying amount of the fair value through profit or loss debt securities as at 31st December 2022 and 2021.

Debt instruments at fair value through other comprehensive income are listed debt securities with fixed interest. The Group has a policy in place of spreading the aggregate value of transactions concluded amongst approved counterparties with an appropriate credit quality. The Group's exposure and the credit ratings of its counterparties are continuously monitored.

The Group primarily invested in rated debt securities with credit ratings of at least B+ or equivalent as determined by Standard & Poor's, Moody's or Fitch. Any exception shall be approved by the management of the Group. As at 31st December 2022, over 98% (2021: over 94%) of the debt securities invested by the Company were B+ or above; 0% (2021: 4%) were B or below; and 1% (2021: 1%) were non-rated. The management of the Group reviews the portfolio of debt securities on a regular basis to ensure that there is no significant concentration risk. In this regard, the management of the Group considers that the credit risk relating to investments in debt securities is closely monitored.

The Group has maintained relationship with various financial institutions, and has policies to limit the amount of credit exposure to any financial institution. Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade and other receivables are set out in note 20.

The maximum credit exposure is the worst case scenario of exposure to the Group without taking into account any collateral held or other credit enhancements. For on-balance sheet assets, the maximum exposure to credit risk equals their carrying amount. For loan commitments and other credit related liabilities, the maximum exposure to credit risk is the full amount of the committed facilities.

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31st December 2022 and 2021.

As at 31st December 2022	**12-month ECLs Stage 1**	**Lifetime ECLs Stage 2**	**Lifetime ECLs Stage 3**	**Lifetime ECLs Simplified approach**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
Debt investment at fair value through other comprehensive income					
– B + and above	**109,107**	**–**	**–**	**–**	**109,107**
– B to N/A	**–**	**–**	**1,432**	**–**	**1,432**
Trade and other receivables					
– Normal	**372,090**	**100**	**–**	**2,300**	**374,490**
– Doubtful	**–**	**–**	**12,929**	**–**	**12,929**
Pledged deposits					
– Not yet past due	**12,165**	**–**	**–**	**–**	**12,165**
Cash and cash equivalents					
– Not yet past due	**587,044**	**–**	**–**	**–**	**587,044**
	1,080,406	**100**	**14,361**	**2,300**	**1,097,167**

As at 31st December 2021	12-month ECLs Stage 1	Lifetime ECLs Stage 2	Lifetime ECLs Stage 3	Lifetime ECLs Simplified approach	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Debt investment at fair value through other comprehensive income					
– B + and above	267,999	–	–	–	267,999
– B to N/A	–	–	15,844	–	15,844
Trade and other receivables					
– Normal	430,092	99	–	11,658	441,849
– Doubtful	–	–	12,929	3,373	16,302
Pledged deposits					
– Not yet past due	12,139	–	–	–	12,139
Cash and cash equivalents					
– Not yet past due	781,142	–	–	–	781,142
	1,491,372	99	28,773	15,031	1,535,275

The Group applies the general approach for impairment of financial assets except for impairment of trade and other receivables arising from corporate finance, which the simplified approach was applied.

The credit quality of the financial assets included in trade and other receivables is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

(c) **Liquidity risk**

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the Group employs a prudent liquidity policy.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

	Weighted average effective interest rate	Carrying amount *HK$'000*	Total contractual undiscounted cash flow *HK$'000*	Within 1 year or on demand *HK$'000*	Between 1 and 2 years *HK$'000*	Between 2 and 6 years *HK$'000*
At 31st December 2022						
Trade and other payables	**N/A**	**185,422**	**185,422**	**185,422**	**–**	**–**
Bank loans	**5.76%**	**378,300**	**387,784**	**387,784**	**–**	**–**
Borrowings under repurchase agreements	**4.09%**	**69,088**	**70,625**	**70,625**	**–**	**–**
Bonds issued	**2.5%**	**10,000**	**10,044**	**10,044**	**–**	**–**
Lease liabilities	**3.71%**	**50,136**	**52,515**	**22,945**	**19,116**	**10,454**
		692,946	**706,390**	**676,820**	**19,116**	**10,454**
At 31st December 2021						
Trade and other payables	N/A	244,828	244,828	244,828	–	–
Bank loans	1.671%	548,800	562,259	9,169	553,090	–
Borrowings under repurchase agreements	0.72%	214,169	214,481	214,481	–	–
Bonds issued	4%	10,000	10,272	10,272	–	–
Lease liabilities	3.695%	25,905	27,814	15,716	5,375	6,723
		1,043,702	1,059,654	494,466	558,465	6,723

The Company's policy is to regularly monitor its liquidity requirements including borrowings from subsidiaries, bonds issued to independent third parties, dividend payments to shareholders and accrued payments to ensure that it maintains sufficient reserves of cash to satisfy its contractual and foreseeable obligations as they fall due.

34.2 Fair value measurement of financial instruments

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

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurement is categorised (Level 1 to 3) based on the degree to which the inputs to the fair value measurements are observable. For investment funds, the categorisation will depend on the valuation techniques used by the investment funds to derive its net asset value.

Level 1 – fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 – fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial instruments	**Fair value as at 31st December 2022** ***HK$'000***	Fair value as at 31st December 2021 *HK$'000*	Fair value hierarchy	Valuation technique(s) key input(s)
(a) Financial assets at fair value through profit or loss				
Listed debt securities	**14,804**	40,047	Level 1	Quoted prices in an active market
Listed debt securities fund	**14,763**	23,676	Level 1	Quoted prices in an active market
Unlisted private equity funds *(note (i))*	**48,022**	15,846	Level 3	Adjusted Net Asset Value ("NAV") of private equity fund or cost
Unlisted equity securities	**1**	1	Level 2	Adjusted Net Asset Value ("NAV") of equity security
(b) Debt investments at fair value through other comprehensive income				
Listed debt investments	**110,539**	283,843	Level 1	Quoted prices in an active market

Note:

(i) Financial assets at fair value through profit or loss – unlisted private equity fund

The fair values of unlisted equity funds are determined with reference to its net asset value. Accordingly, no sensitivity analysis was prepared.

Reconciliation of Level 3 fair value measurements of financial instruments

	Financial assets at fair value through profit or loss *HK$'000*
At 1st January 2021	15,557
Additions	2,935
Exchange difference	354
Disposal	(3,000)
At 31st December 2021 and 1st January 2022	15,846
Additions	25,021
Changes in fair value	10,011
Exchange difference	(1,633)
Disposal	(1,223)
At 31st December 2022	48,022

Fair value measurement and valuation process

The management is responsible for determining the appropriate valuation techniques and inputs for fair value measurements. In estimating the fair value of the financial instruments, the Group uses market observable data to the extent it is available. Where Level 1 inputs are not available, the Group maximises its use of other observable market data relevant to the assets or the liabilities. For example, the Group estimates the fair value with reference to the net asset value report of the investment funds as provided by the fund manager, as there are a number of investments within these investment funds, which management considered providing the sensitivity analysis is not meaningful.

35. RELATED PARTY AND CONNECTED PARTY TRANSACTIONS

The following is a summary of significant related party and connected party (as defined in the Listing Rules) transactions which were carried out in the normal course of the Group's business:

	2022 *HK$'000*	2021 *HK$'000*
Brokering commission for securities dealing *(note (a))*	**6,206**	5,133
Service fee income *(note (b))*	**8,350**	11,231
Placing commission *(note (c))*	**541**	3,187
Fund management fee and advisory fee income *(note (d))*	**58,586**	61,082
Bank interest income *(note (e))*	**409**	252
Payment of lease liabilities *(note (f))*	**–**	(77)
Advisory fee expense *(note (g))*	**(2,800)**	(6,571)

(a) In 2022 and 2021, the Group earned commission income from its directors and fellow subsidiaries for providing securities brokerage services. Certain of the amount represented continuing connected transactions.

(b) In 2022 and 2021, the Group earned service fee income from an associate and its fellow subsidiaries for providing administrative supporting and consulting services.

(c) In 2022 and 2021, the Group earned placing commission from its fellow subsidiaries and ultimate holding company for placing securities. The total amount represented continuing connected transactions.

(d) In 2022 and 2021, the Group earned management fee income from its connected persons for providing asset management services. The total amount represented continuing connected transactions.

(e) In 2022 and 2021, the Group earned bank interest income from its fellow subsidiary.

(f) In 2021, the Group incurred rental expenses to its fellow subsidiaries for the use of office premises.

(g) In 2022 and 2021, the Group incurred an advisory fee expense to an associate for obtaining consulting services.

(h) The Group is indirectly controlled by China Cinda Asset Management Co., Ltd. ("China Cinda"), which is indirectly controlled by the PRC government through the Ministry of Finance (the "MOF"). The MOF is the major shareholder of China Cinda as at 31st December 2022 and 2021. For the current and prior years, the Group undertakes some transactions with certain entities directly or indirectly owned by the PRC government, including but not limited to, making bank deposits, receiving banking facilities, renting properties and rendering and obtaining other services. The Group is of the opinion that these transactions are in normal business terms that do not require separate disclosure.

(i) Compensation of key management personnel is disclosed in note 29(a).

36. IMMEDIATE AND ULTIMATE HOLDING COMPANY

At 31st December 2022, the directors consider the immediate parent and ultimate controlling party of the Group to be Cinda Securities (H.K.) Holdings Limited and China Cinda Asset Management Co., Ltd., respectively, which are incorporated in Hong Kong and established in the PRC, respectively.

37. EVENTS AFTER THE REPORTING PERIOD

There have been no events after the reporting period that require adjustments to the consolidated financial statements.

38. OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The Group offsets the following trade receivables and trade payables as the Group currently has a legally enforceable right to set off the balance, and intends either to settle on net basis, or to realise the balance simultaneously.

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 covers similar financial instruments that are either:

- offset in the Group's consolidated statement of financial position; or
- not offset in the Group's consolidated statement of financial position as the offsetting criteria are not met.

Under the agreement of continuous net settlement made between the Group and Hong Kong Securities Clearing Company Limited ("HKSCC"), the Group has a legally enforceable right to set off the money obligation receivable and payable with HKSCC on the same settlement date and the Group intends to settle them on a net basis. In addition, the Group has a legally enforceable right to set off the trade receivables and payables with brokerage clients that are due to be settled on the same date and the Group intends to settle these balances on a net basis.

Other balances with HKSCC and brokerage clients that are not to be settled on the same date, or can only be set off in an event of default, are presented in gross.

Financial assets and liabilities subject to offsetting, enforceable master netting arrangements and similar agreements are as follows:

	Gross amounts of recognised financial assets	Gross amounts of recognised financial liabilities offset 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 the consolidated statement of financial position: Financial instruments received as collateral *(note 3)*	Net amount
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
As at 31st December 2022					
Financial assets by counterparty					
Trade receivables from:					
– Margin clients *(note 1)*	**168,813**	**(26,544)**	**142,269**	**(129,455)**	**12,814**
– Clearing houses *(note 2)*	**105,822**	**(105,375)**	**447**	**–**	**447**
Total	**274,635**	**(131,919)**	**142,716**	**(129,455)**	**13,261**
As at 31st December 2021					
Financial assets by counterparty					
Trade receivables from:					
– Margin clients *(note 1)*	223,856	(42,284)	181,572	(164,984)	16,588
– Clearing houses *(note 2)*	160,350	(140,911)	19,439	–	19,439
Total	384,206	(183,195)	201,011	(164,984)	36,027

	Gross amounts of recognised financial liabilities	Gross amounts of recognised financial assets offset 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 the consolidated statement of financial position: Financial instruments pledged as collateral *(note 3)*	Net amount
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
As at 31st December 2022					
Financial liabilities by counterparty					
Trade payable to:					
– Margin clients *(note 1)*	**(27,576)**	**26,544**	**(1,032)**	**–**	**(1,032)**
– Clearing houses *(note 2)*	**(133,784)**	**105,375**	**(28,409)**	**–**	**(28,409)**
Total	**(161,360)**	**131,919**	**(29,441)**	**–**	**(29,441)**
As at 31st December 2021					
Financial liabilities by counterparty					
Trade payable to:					
– Margin clients *(note 1)*	(49,027)	42,284	(6,743)	–	(6,743)
– Clearing houses *(note 2)*	(158,640)	140,911	(17,729)	–	(17,729)
Total	(207,667)	183,195	(24,472)	–	(24,472)

Notes:

1. Under the agreement signed between the Group and the customers, money obligations receivable and payable with the same customer on the same date are settled on a net basis simultaneously.

2. Under the agreement of the Continuous Net Settlement made between the Group and Hong Kong Securities Clearing Company Limited ("HKSCC"), money obligations receivable and payable with HKSCC on the same settlement date are settled on a net basis.

3. Financial instruments represent the margin clients' listed securities measured at fair value determined by reference to their respective quoted prices pledged to the Group for credit facilities for securities trading.

39. ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Amendments to HKFRS 16	*Lease Liability in a Sale and Leaseback*[2]
HKFRS 17	*Insurance Contracts*[1]
Amendments to HKFRS 17	*Insurance Contracts*[1, 5]
Amendment to HKFRS 17	*Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information*[6]
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current* (the "2020 Amendments")[2, 4]
Amendments to HKAS 1	*Non-current Liabilities with Covenants* (the "2022 Amendments")[2]
Amendments to HKAS 1 and HKFRS Practice Statement 2	*Disclosure of Accounting Policies*[1]
Amendments to HKAS 8	*Definition of Accounting Estimates*[1]
Amendments to HKAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*[1]

1 Effective for annual periods beginning on or after 1st January 2023

2 Effective for annual periods beginning on or after 1st January 2024

3 No mandatory effective date yet determined but available for adoption

4 As a consequence of the 2022 Amendments, the effective date of the 2020 Amendments was deferred to annual periods beginning on or after 1st January 2024. In addition, as a consequence of the 2020 Amendments and 2022 Amendments, Hong Kong Interpretation 5 *Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause* was revised to align the corresponding wording with no change in conclusion

5 As a consequence of the amendments to HKFRS 17 issued in October 2020, HKFRS 4 was amended to extend the temporary exemption that permits insurers to apply HKAS 39 rather than HKFRS 9 for annual periods beginning before 1st January 2023

6 An entity that chooses to apply the transition option relating to the classification overlay set out in this amendment shall apply it on initial application of HKFRS 17

Further information about those HKFRSs that are expected to be applicable to the Group is described below.

Amendments to HKFRS 10 and HKAS 28 (2011) address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to HKFRS 10 and HKAS 28 (2011) was removed by the HKICPA in January 2016 and a new mandatory effective date will be determined after the completion of a broader review of accounting for associates and joint ventures. However, the amendments are available for adoption now.

Amendments to HKFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. The amendments are effective for annual periods beginning on or after 1st January 2024 and shall be applied retrospectively to sale and leaseback transactions entered into after the date of initial application of HKFRS 16 (i.e., 1st January 2019). Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKAS 1 *Classification of Liabilities as Current or Non-current* clarify the requirements for classifying liabilities as current or non-current, in particular the determination over whether an entity has a right to defer settlement of the liabilities for at least 12 months after the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability. The amendments also clarify the situations that are considered a settlement of a liability. In 2022, the HKICPA issued the 2022 Amendments to further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. In addition, the 2022 Amendments require additional disclosures by an entity that classifies liabilities arising from loan arrangements as non-current when it has a right to defer settlement of those liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period. The amendments are effective for annual periods beginning on or after 1st January 2024 and shall be applied retrospectively. Earlier application is permitted. An entity that applies the 2020 Amendments early is required to apply simultaneously the 2022 Amendments, and vice versa. The Group is currently assessing the impact of the amendments. Based on a preliminary assessment, the amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKAS 1 *Disclosure of Accounting Policies* require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to HKFRS Practice Statement 2 provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. Amendments to HKAS 1 are effective for annual periods beginning on or after 1st January 2023 and earlier application is permitted. Since the guidance provided in the amendments to HKFRS Practice Statement 2 is non-mandatory, an effective date for these amendments is not necessary. The Group is currently revisiting the accounting policy disclosures to ensure consistency with the amendments.

Amendments to HKAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments are effective for annual reporting periods beginning on or after 1st January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKAS 12 narrow the scope of the initial recognition exception so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. The amendments are effective for annual reporting periods beginning on or after 1st January 2023 and shall be applied to transactions related to leases and decommissioning obligations at the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to the opening balance of retained profits or other component of equity as appropriate at that date. In addition, the amendments shall be applied prospectively to transactions other than leases and decommissioning obligations. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Five Year Financial Summary

31st December 2022

Results			Year ended 31st December		
	2022	2021	2020	2019	2018
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
(Loss)/profit attributable to equity holders	**(22,408)**	57,794	83,671	51,559	55,174

Assets and liabilities			As at 31st December		
	2022	2021	2020	2019	2018
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Total assets	**1,665,710**	2,106,451	2,551,768	2,002,834	1,737,066
Total liabilities	**(717,597)**	(1,083,811)	(1,562,667)	(1,117,830)	(909,164)
Total equity	**948,113**	1,022,640	989,101	885,004	827,902

Notes:

1. The Company was incorporated in Bermuda on 19th April 2000 and became the holding company of the companies now comprising the Group on 10th July 2000.

2. Segregated trust accounts maintained by the Group to hold clients' monies and the corresponding amounts classified under accounts payable are treated as items not recognised in the consolidated statement of financial position.