偉祿集團控股有限公司
REALORD GROUP HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)
(Stock code: 1196)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023

The board (the "Board") of directors (the "Directors") of Realord Group Holdings Limited (the Company, together with its subsidiaries, the "Group") is pleased to present the audited consolidated results of the Group for the year ended 31 December 2023 (the "FY2023") together with the comparative figures for the year ended 31 December 2022 (the "FY2022") as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2023

	Notes	**2023** **HK$'000**	2022 HK$'000 (Restated)
Revenue	*3*		
– Goods and services		**689,404**	1,126,123
– Rental income		**19,452**	14,924
– Interest income		**92,629**	57,763
Total revenues		**801,485**	1,198,810
Cost of sales		**(482,123)**	(911,412)
Gross profit		**319,362**	287,398
Other income	*5a*	**31,950**	33,379
Other gains, net	*5b*	**58,170**	341,862
Reversal of provision/(provision) for properties under development		**62,129**	(100,247)
Impairment loss on goodwill		**(63,204)**	–
Impairment losses, net		**(48,475)**	(47,537)
Gain on fair value changes of investment properties, net	*11*	**1,097,751**	997,731
Selling and distribution expenses		**(85,091)**	(100,870)
Administrative expenses		**(275,265)**	(315,297)
Non-operating expenses		**(10,327)**	–
Finance costs	*7*	**(766,401)**	(727,849)
Profit before income tax		**320,599**	368,570
Income tax (expenses)/credit	*8*	**(279,349)**	234,058
Profit for the year	*6*	**41,250**	602,628
Profit/(loss) for the year attributable to:			
– Owners of the Company		**76,689**	112,787
– Non-controlling interests		**(35,439)**	489,841
		41,250	602,628
Earnings per share	*10*		
Basic (HK cents)		**5.32**	7.83
Diluted (HK cents)		**5.32**	7.82

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2023

	2023	2022
	HK$'000	*HK$'000*
		(Restated)
Profit for the year	**41,250**	602,628
Other comprehensive (expenses)/income		
Items that will not be reclassified subsequently to profit or loss:		
Gains on property, plant and equipment revaluation, net	**18,566**	1,054
Income tax relating to net gains on property, plant and equipment revaluation	**(1,005)**	(785)
Actuarial gain on a defined benefit plan	**89**	276
Changes in fair value of equity instruments at fair value through other comprehensive income ("FVTOCI")	**86**	234
Changes in fair value of assets classified as held for sale	**–**	970
Actuarial (loss)/gain on long service payment obligations	**(125)**	697
Item that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation of foreign operations	**(124,016)**	(711,245)
Other comprehensive expenses for the year, net of income tax	**(106,405)**	(708,799)
Total comprehensive expenses for the year	**(65,155)**	(106,171)
Total comprehensive (expenses)/income for the year attributable to:		
– Owners of the Company	**(18,011)**	(526,232)
– Non-controlling interests	**(47,144)**	420,061
	(65,155)	(106,171)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	Notes	2023 HK$'000	2022 HK$'000 (Restated)
Non-current assets			
Property, plant and equipment		**630,883**	705,083
Prepaid lease payments		**4,289**	4,425
Investment properties	*11*	**9,542,078**	8,591,359
Goodwill		**257,733**	320,937
Other intangible assets		**41,576**	53,758
Equity instruments at FVTOCI		**4,127**	4,041
Prepayments, deposits and other receivables		**206,393**	205,922
Pension scheme assets		**23,777**	23,160
		10,710,856	9,908,685
Current assets			
Inventories		**57,428**	47,161
Properties under development		**5,555,146**	5,535,564
Trade receivables	*12*	**543,427**	570,604
Receivables arising from securities broking	*12*	**310,485**	518,400
Loan receivables	*12*	**502,003**	409,761
Prepayments, deposits and other receivables		**316,678**	343,906
Proposed development project		**2,101,934**	2,016,712
Financial assets at fair value through profit or loss ("FVTPL")		**68,528**	71,229
Amounts due from related parties		**1,592**	1,703
Tax recoverable		**6,388**	5,167
Cash held on behalf of clients		**77,354**	126,742
Restricted bank balances and deposits		**75,851**	142,143
Bank balances and cash		**153,259**	171,900
		9,770,073	9,960,992

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

As at 31 December 2023

	Notes	2023 HK$'000	2022 HK$'000 (Restated)
Current liabilities			
Trade payables	*13*	**84,961**	97,100
Payables arising from securities broking	*13*	**77,285**	129,102
Contract liabilities		**83,401**	50,936
Insurance contracts liabilities		**1,154**	1,154
Other payables and accruals		**740,752**	383,685
Bank borrowings	*14*	**454,967**	5,366,919
Other borrowings	*15*	**249,478**	238,891
Amounts due to related parties		**320,617**	453,496
Lease liabilities		**47,206**	69,466
Long service payment obligations		**59**	200
Tax payable		**5,857**	8,311
		2,065,737	6,799,260
Net current assets		**7,704,336**	3,161,732
Total assets less current liabilities		**18,415,192**	13,070,417
Equity			
Share capital	*16*	**144,071**	144,071
Reserves		**3,448,868**	3,466,879
Equity attributable to owners of the Company		**3,592,939**	3,610,950
Non-controlling interests		**1,505,124**	1,552,268
		5,098,063	5,163,218

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

As at 31 December 2023

	Notes	2023 HK$'000	2022 HK$'000 (Restated)
Non-current liabilities			
Other payables and accruals		**84**	7,120
Loan from a related company		**211,000**	–
Loans from ultimate holding company		**2,797,516**	2,394,760
Bank borrowings	*14*	**9,104,950**	4,543,885
Other borrowings	*15*	**22,590**	548
Lease liabilities		**6,243**	46,450
Long service payment obligations		**2,418**	1,637
Deferred tax liabilities		**1,172,328**	912,799
		13,317,129	7,907,199
		18,415,192	13,070,417

Notes:

1. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), the accounting principles generally accepted in Hong Kong, the applicable disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. They have been prepared on the historical cost basis except for certain properties and financial instruments that are measured at revalued amounts or fair values. The consolidated financial statements are presented in Hong Kong Dollars ("HK$") and all values are rounded to the nearest thousand except when otherwise indicated.

Going concern basis

As at 31 December 2023, the Group had net current assets of HK$7,704,336,000, in which the total current assets of HK$9,770,073,000 mainly comprised (i) properties under development and proposed development project of HK$5,555,146,000 and HK$2,101,934,000 respectively; and (ii) restricted bank balances and deposits and bank balances and cash with aggregate carrying amount of HK$229,110,000. In addition, the total current liabilities of HK$2,065,737,000, which mainly comprised bank and other borrowings of HK$704,445,000, as at 31 December 2023.

In view of the above, the Directors have reviewed the Group's cash flows projection covering a period not less than twelve months from 31 December 2023 which have taken into account the following measures:

(a) the Directors have assessed all pertinent information and made a business plan to improve its liquidity by (i) monitoring the development status of property projects to ensure the realisation of projected developments and sales forecast, (ii) implementing measures to tighten cost controls across property projects, and (iii) exploring any feasible financial arrangement; and

(b) the continuous financial supports from Dr. Lin Xiaohui ("Dr. Lin") and the ultimate holding company, which is beneficially owned by Dr. Lin.

Based on the above, in the opinion of the Directors, the Group will have sufficient working capital to fulfil its financial obligations as and when they fall due in the coming twelve months from 31 December 2023. Accordingly, the Directors are satisfied that it is appropriate to prepare these consolidated financial statements on a going concern basis.

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

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRSs AND CHANGES IN OTHER ACCOUNTING POLICIES

New and amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following new and amendments to HKFRSs, which collective term includes all applicable individual HKFRSs, HKASs and Interpretation issued by the HKICPA, for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2023 for the preparation of the consolidated financial statements:

HKFRS 17	Insurance Contracts and related amendments
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies

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

Change in accounting policy as a result of application of the HKICPA guidance on the accounting implications of the abolition of the Mandatory Provident Fund ("MPF") – Long Service Payment ("LSP") offsetting mechanism in Hong Kong

In June 2022, the Hong Kong SAR Government (the "Government") gazetted the Hong Kong Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the "Amendment Ordinance"), which will take effect on 1 May 2025 (the "Transition Date"). The Amendment Ordinance abolishes the use of the accrued benefits derived from employers' mandatory MPF contributions to offset LSP in respect of an employee's service from the Transition Date (the "Abolition"). In addition, the last month's salary immediately preceding the Transition Date is used to calculate the portion of the LSP in respect of the employment period before the Transition Date.

Prior to 1 January 2023, the Group applied practical expedient in paragraph 93(b) of HKAS 19 (the "Practical Expedient") to account for the offsetable MPF benefits as deemed employee contributions to reduce the current service costs in the period in which the related services were rendered.

In July 2023, the HKICPA published "Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong" ("the Guidance") that provides guidance for the accounting for the offsetting mechanism and the impact arising from the abolition of the MPF-LSP offsetting mechanism.

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRSs AND CHANGES IN OTHER ACCOUNTING POLICIES (Continued)

Change in accounting policy as a result of application of the HKICPA guidance on the accounting implications of the abolition of the MPF – LSP offsetting mechanism in Hong Kong (Continued)

By following the Guidance, the Group has changed its accounting policy in connection with its LSP obligations. As a result of the Abolition, these contributions are no longer considered "linked solely to the employee's service in that period" since the mandatory employer MPF contribution after the Transition Date can still be used to offset the pre-transition LSP obligation. Therefore, the Group ceased to apply the Practical Expedient and reattribute the deemed employee contributions to periods of service in the same manner as the gross LSP benefit by applying paragraph 93(a) of HKAS 19. This change in accounting policy upon the cessation in applying the Practical Expedient has resulted in a catch-up adjustment in profit or loss in June 2022 for the service cost up to that date and consequential impacts on current service cost, interest expense and remeasurement effects from changes in actuarial assumptions for the rest of 2022, with the corresponding adjustment to the carrying amount of the LSP obligations during the year ended 31 December 2022. This change in accounting policy did not have any impact on the opening balance of equity at 1 January 2022, It also did not have a material impact on the company-level statements of financial position as at 31 December 2023 and 31 December 2022.

This change in accounting policy has been applied retrospectively by restating the balances as at 31 December 2022. The following table summarises the impacts of the adoption of the Guidance on the comparatives presented in the Group's consolidated statement of profit or loss and other comprehensive income and consolidated statement of financial position.

Consolidated statement of financial position as at 31 December 2022

	Carrying amount as at 31 December 2022 (before the adoption)	**Impact of adoption of the HKICPA guidance**	**Restated carrying amount as at 31 December 2022 (after the adoption)**
	HK$'000	*HK$'000*	*HK$'000*
Long service payment obligations	–	1,837	1,837
Retained profits	1,348,262	(1,518)	1,346,744
Non-controlling interests	1,552,587	(319)	1,552,268

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRSs AND CHANGES IN OTHER ACCOUNTING POLICIES (Continued)

Change in accounting policy as a result of application of the HKICPA guidance on the accounting implications of the abolition of the MPF – LSP offsetting mechanism in Hong Kong (Continued)

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

	Original amount (before the adoption)	Impact of adoption of the HKICPA guidance	Restated amount (after the adoption)
	HK$'000	*HK$'000*	*HK$'000*
Selling and distribution expenses	(100,010)	(860)	(100,870)
Administrative expenses	(313,623)	(1,674)	(315,297)
Profit for the year	605,162	(2,534)	602,628
Actuarial gain on long service payment obligations	–	697	697
Other comprehensive expenses	(709,496)	697	(708,799)
Earnings per share			
Basic earnings per share	HK$7.98	(HK$0.15)	HK$7.83
Diluted earning per share	HK$7.96	(HK$0.14)	HK$7.82

The following table summarises the impacts of the adoption of the Guidance on the Group's consolidated statement of profit or loss and other comprehensive income and consolidated statement of financial position for the year ended 31 December 2023, if the Group had not changed its accounting policy as noted above and had continued to apply the practical expedient in paragraph 93(b) of HKAS 19:

Consolidated statement of financial position as at 31 December 2023

	Carrying amount as at 31 December 2023 (before the adoption)	Impact of adoption of the HKICPA guidance	Carrying amount as at 31 December 2023 (after the adoption)
	HK$'000	*HK$'000*	*HK$'000*
Long service payment obligations	–	2,477	2,477
Retained profits	1,425,428	(2,044)	1,423,384
Non-controlling interests	1,505,557	(433)	1,505,124

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRSs AND CHANGES IN OTHER ACCOUNTING POLICIES (Continued)

Change in accounting policy as a result of application of the HKICPA guidance on the accounting implications of the abolition of the MPF – LSP offsetting mechanism in Hong Kong (Continued)

Consolidated statement of profit or loss and other comprehensive income for year ended 31 December 2023

	Amount before the adoption *HK$'000*	Impact of adoption of the HKICPA guidance *HK$'000*	Amount after the adoption *HK$'000*
Selling and distribution expenses	(85,072)	(19)	(85,091)
Administrative expenses	(274,769)	(496)	(275,265)
Profit for the year	41,765	(515)	41,250
Actuarial loss on long service payment obligations	–	(125)	(125)
Other comprehensive expenses	(106,280)	(125)	(106,405)

Amendments to HKFRSs in issue but not yet effective

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

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

1 Effective date not yet determined.
2 Effective for annual periods beginning on or after 1 January 2024.
3 Effective for annual periods beginning on or after 1 January 2025.

The Directors anticipate that the application of the amendments to HKFRSs will have no material impact on the Group's consolidated financial statements in the foreseeable future.

3. REVENUE

The Group recognises revenue from the following major sources:

(i) Revenue from sale of motor vehicle parts is recognised at a point in time when the control of goods has been transferred to customers upon delivery;

(ii) Revenue from dismantling, processing, trading and sales of scrap materials is recognised at a point in time when the control of the specific type of scrap materials, either dismantled or not, as requested by the customers, has been transferred to them upon delivery;

(iii) Revenue from sale of hangtags, labels, shirt paper boards and plastic bags is recognised at a point in time when the customer obtains control of the distinct goods;

(iv) Revenue from sale of goods at the department stores is recognised at a point in time when the control of goods has been transferred to customers upon purchase the goods at the department stores;

(v) Revenue from rendering of financial printing, digital printing and other related services is recognised over time using the output method because the customer simultaneously receives and consumes the benefits as the Group performs;

(vi) Revenue from rendering of corporate finance advisory, asset management and other related services is recognised over time using the output method because the customer simultaneously receives and consumes the benefits as the Group performs or the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date;

(vii) Revenue from provision of citizenship application and consultancy services on citizenship by investment programme ("CBI Programme") is recognised at a point in time when the client's citizenship has been granted by the Minister as set out in Section 8 of the Grenada Citizenship by Investment Act 15 of 2013;

(viii) Revenue from commission from securities broking is recognised at a point in time upon execution of orders for purchase or sale of securities on behalf of clients;

(ix) Revenue from commission from counter and consignment sales at the department stores is recognised at a point in time and based on certain percentage of sales made by the customers in accordance with the terms of contracts;

(x) Revenue from sale of box office tickets is recognised at a point in time when the relevant film is exhibited;

(xi) Revenue from rental income is recognised on a straight-line basis over the term of the lease; and

(xii) Revenue from interest income from margin financing and money lending business is recognised on a time proportion basis using the effective interest method.

3. REVENUE (Continued)

(a) Disaggregation of revenue from contracts with customers

Type of goods and services	Property HK$'000	Financial Services HK$'000	Environmental Protection HK$'000	Motor Vehicle Parts HK$'000	Commercial Printing HK$'000	Hangtag HK$'000	Department Store HK$'000	LAC HK$'000	Cinema Operation HK$'000	Total HK$'000
Year ended 31 December 2023										
Sales of goods										
– Motor vehicle parts	-	-	-	43,054	-	-	-	-	-	43,054
– Scrap materials	-	-	357,814	-	-	-	-	-	-	357,814
– Hangtag, labels, shirt paper boards and plastic bags	-	-	-	-	-	23	-	-	-	23
– Department store goods	-	-	-	-	-	-	106,666	-	-	106,666
	-	-	357,814	43,054	-	23	106,666	-	-	507,557
Rendering of services										
– Printing services	-	-	-	-	54,672	-	-	-	-	54,672
– Financial services	-	27,825	-	-	-	-	-	-	-	27,825
– Citizenship application and consultancy services	-	-	-	-	-	-	-	34,811	-	34,811
– Commission from securities broking	-	22,090	-	-	-	-	-	-	-	22,090
– Commission income from counter and consignment sales	-	-	-	-	-	-	38,729	-	-	38,729
– Box office tickets	-	-	-	-	-	-	-	-	3,720	3,720
Revenue from contracts with customers	-	49,915	357,814	43,054	54,672	23	145,395	34,811	3,720	689,404
Revenue from gross rental income	19,254	-	-	-	-	-	198	-	-	19,452
Revenue from interest income from margin financing	-	36,722	-	-	-	-	-	-	-	36,722
Revenue from interest income from money lending business	-	55,907	-	-	-	-	-	-	-	55,907
Total	19,254	142,544	357,814	43,054	54,672	23	145,593	34,811	3,720	801,485
Geographical markets										
Mainland China	18,917	-	17,474	5,069	981	-	-	388	3,720	46,549
Hong Kong	337	142,544	90,647	37,985	53,691	23	145,395	1,975	-	472,597
Japan	-	-	249,693	-	-	-	-	-	-	249,693
Grenada	-	-	-	-	-	-	-	32,448	-	32,448
Other countries	-	-	-	-	-	-	198	-	-	198
Total	19,254	142,544	357,814	43,054	54,672	23	145,593	34,811	3,720	801,485
Timing of revenue recognition										
A point in time	-	22,090	357,814	43,054	-	23	145,395	34,811	3,720	606,907
Over time	-	27,825	-	-	54,672	-	-	-	-	82,497
	-	49,915	357,814	43,054	54,672	23	145,395	34,811	3,720	689,404
Revenue out of the scope of HKFRS 15										
Rental income	19,254	-	-	-	-	-	198	-	-	19,452
Interest income	-	92,629	-	-	-	-	-	-	-	92,629
Total	19,254	142,544	357,814	43,054	54,672	23	145,593	34,811	3,720	801,485

3. REVENUE (Continued)

(a) Disaggregation of revenue from contracts with customers (Continued)

Type of goods and services	Property *HK$'000*	Financial Services *HK$'000*	Environmental Protection *HK$'000*	Motor Vehicle Parts *HK$'000*	Commercial Printing *HK$'000*	Hangtag *HK$'000*	Department Store *HK$'000*	LAC *HK$'000*	Cinema Operation *HK$'000*	Total *HK$'000*
Year ended 31 December 2022										
Sales of goods										
– Motor vehicle parts	–	–	–	140,952	–	–	–	–	–	140,952
– Scrap materials	–	–	704,978	–	–	–	–	–	–	704,978
– Hangtag, labels, shirt paper boards and plastic bags	–	–	–	–	–	145	–	–	–	145
– Department store goods	–	–	–	–	–	–	108,484	–	–	108,484
	–	–	704,978	140,952	–	145	108,484	–	–	954,559
Rendering of services										
– Printing services	–	–	–	–	59,122	–	–	–	–	59,122
– Financial services	–	30,146	–	–	–	–	–	–	–	30,146
– Citizenship application and consultancy services	–	–	–	–	–	–	–	5,936	–	5,936
– Commission from securities broking	–	37,888	–	–	–	–	–	–	–	37,888
– Commission income from counter and consignment sales	–	–	–	–	–	–	37,405	–	–	37,405
– Box office tickets	–	–	–	–	–	–	–	–	1,067	1,067
Revenue from contracts with customers	–	68,034	704,978	140,952	59,122	145	145,889	5,936	1,067	1,126,123
Revenue from gross rental income	14,503	–	–	–	–	–	421	–	–	14,924
Revenue from interest income from margin financing	–	31,349	–	–	–	–	–	–	–	31,349
Revenue from interest income from money lending business	–	26,414	–	–	–	–	–	–	–	26,414
Total	14,503	125,797	704,978	140,952	59,122	145	146,310	5,936	1,067	1,198,810
Geographical markets										
Mainland China	14,194	–	450,292	13,761	–	–	–	–	1,067	479,314
Hong Kong	309	125,797	79,968	127,191	59,122	145	146,114	5,936	–	544,582
Japan	–	–	173,349	–	–	–	–	–	–	173,349
Other countries	–	–	1,369	–	–	–	196	–	–	1,565
Total	14,503	125,797	704,978	140,952	59,122	145	146,310	5,936	1,067	1,198,810
Timing of revenue recognition										
A point in time	–	37,888	704,978	140,952	–	145	145,889	5,936	1,067	1,036,855
Over time	–	30,146	–	–	59,122	–	–	–	–	89,268
	–	68,034	704,978	140,952	59,122	145	145,889	5,936	1,067	1,126,123
Revenue out of the scope of HKFRS 15										
Rental income	14,503	–	–	–	–	–	421	–	–	14,924
Interest income	–	57,763	–	–	–	–	–	–	–	57,763
Total	14,503	125,797	704,978	140,952	59,122	145	146,310	5,936	1,067	1,198,810

4. SEGMENT INFORMATION

Information reported to the executive directors of the Company, being the chief operating decision maker ("CODM"), for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided.

The Group is organised into business units based on their products and services and has nine (2022: nine) operating segments as follows:

(i) property investment, development and commercial operation ("Property Segment");

(ii) provision of corporate finance advisory, asset management, securities brokerage services, money lending and margin financing ("Financial Services Segment");

(iii) environmental protection industry, mainly dismantling, processing, trading and sales of scrap materials ("Environmental Protection Segment" or "EP Segment");

(iv) distribution and sale of motor vehicle parts ("Motor Vehicle Parts Segment" or "MVP Segment");

(v) provision of financial printing, digital printing and other related services ("Commercial Printing Segment");

(vi) operation of department stores offering a wide range of consumer products, comprises of sale of goods, income from counter and consignment sale and the revenue from other sources, including rental income from sublease of properties and the provision of general and life insurances ("Department Store Segment");

(vii) provision of citizenship application and consultancy services on citizenship by investment programme and development of project in Grenada which integrates a collection of international school campuses, apartments for student, commercial complex, hotel resorts, residential villas and other ancillary facilities ("Latin America and Caribbean Segment" or "LAC Segment");

(viii) sales of hangtag, labels, shirt paper boards and plastic bags principally to manufacturers of consumer products ("Hangtag Segment"); and

(ix) operation of a cinema located in the PRC with the exhibition of the film ("Cinema Operation Segment").

During the year ended 31 December 2022, the Group commenced the business of cinema operation and it is considered as a new operating segment by the CODM.

During the years ended 31 December 2023 and 2022, Hangtag Segment and Cinema Operation Segment were being reported as "Others" as none of these segments met the quantitative thresholds for the reporting segments in both current and prior years.

4. SEGMENT INFORMATION (Continued)

(a) Segment revenues and results

The following is an analysis of the Group's revenue and results by reportable segments:

	Property	Financial Services	Environmental Protection	Motor Vehicle Parts	Commercial Printing	Department Store	LAC	Others	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Year ended 31 December 2023									
Segment revenue									
– Sales to external customers	19,254	142,544	357,814	43,054	54,672	145,593	34,811	3,743	801,485
– Inter-segment sales	2,520	2,772	–	–	1,032	648	–	–	6,972
	21,774	145,316	357,814	43,054	55,704	146,241	34,811	3,743	808,457
Elimination of inter-segment sales									(6,972)
Revenue									801,485
Segment results	782,546	75,732	(29,852)	(10,310)	(4,141)	(91,061)	(8,790)	74	714,198
Bank interest income									2,834
Dividend income									2,410
Unrealised fair value loss on financial assets at FVTPL									(2,716)
Realised loss on disposal of financial assets at FVTPL									(94)
Net foreign exchange gain									59,445
Revaluation surplus on property, plant and equipment									499
Corporate expenses									(41,578)
Finance costs									(414,399)
Profit before income tax									320,599

4. **SEGMENT INFORMATION (Continued)**

(a) **Segment revenues and results (Continued)**

	Property *HK$'000*	Financial Services *HK$'000*	Environmental Protection *HK$'000*	Motor Vehicle Parts *HK$'000*	Commercial Printing *HK$'000*	Department Store *HK$'000*	LAC *HK$'000*	Others *HK$'000*	Total *HK$'000*
Year ended 31 December 2022									
Segment revenue									
– Sales to external customers	14,503	125,797	704,978	140,952	59,122	146,310	5,936	1,212	1,198,810
– Inter-segment sales	2,520	6,954	–	–	944	285	–	–	10,703
	17,023	132,751	704,978	140,952	60,066	146,595	5,936	1,212	1,209,513
Elimination of inter-segment sales									(10,703)
Revenue									1,198,810
Segment results (Restated)	(1,379,530)	21,315	(6,501)	5,682	(3,192)	(35,331)	1,799,839	(374)	401,908
Bank interest income									1,395
Dividend income									2,887
Unrealised fair value loss on financial assets at FVTPL									(8,721)
Realised loss on disposal of financial assets at FVTPL									(24)
Net foreign exchange gain									358,098
Revaluation deficit on property, plant and equipment									(8,145)
Corporate expenses									(47,829)
Finance costs									(330,999)
Profit before income tax (Restated)									368,570

Inter-segment sales are charged at prevailing market rates.

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment results represents the profit earned by/(loss from) each segment without allocation of bank interest income, dividend income, unrealised fair value loss on financial assets at FVTPL, realised loss on disposal of financial assets at FVTPL, net foreign exchange gain, revaluation surplus/(deficit) on property, plant and equipment, corporate expenses and certain finance costs. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

4. SEGMENT INFORMATION (Continued)

(b) Segment assets and liabilities

	Property	Financial Services	Environmental Protection	Motor Vehicle Parts	Commercial Printing	Department Store	LAC	Others	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
As at 31 December 2023									
Segment assets	**15,533,879**	**1,099,626**	**446,857**	**153,088**	**14,527**	**664,766**	**2,297,270**	**5,129**	**20,215,142**
Corporate and unallocated assets									**265,787**
Total assets									**20,480,929**
Segment liabilities	**8,021,137**	**200,598**	**99,172**	**9,928**	**20,875**	**184,007**	**143,265**	**262**	**8,679,244**
Corporate and unallocated liabilities									**6,703,622**
Total liabilities									**15,382,866**

	Property	Financial Services	Environmental Protection	Motor Vehicle Parts	Commercial Printing	Department Store	LAC	Others	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
As at 31 December 2022									
Segment assets	14,501,390	1,318,369	499,646	155,999	25,552	791,937	2,243,238	5,365	19,541,496
Corporate and unallocated assets									328,181
Total assets									19,869,677
Segment liabilities (Restated)	7,775,088	522,733	124,198	5,675	28,641	248,497	71,548	156	8,776,536
Corporate and unallocated liabilities									5,929,923
Total liabilities (Restated)									14,706,459

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

(i) all assets are allocated to operating segments other than equity instruments at FVTOCI, amounts due from related parties, financial assets at FVTPL, tax recoverable, bank balances and cash and other unallocated head office and corporate assets as these assets are managed on a group basis.

(ii) all liabilities are allocated to operating segments other than certain other payables and accruals, certain bank borrowings, amounts due to related parties, tax payable, deferred tax liabilities, certain other borrowings, loan from a related company, loans from ultimate holding company and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

5a. OTHER INCOME

	2023	2022
	HK$'000	*HK$'000*
Bank interest income	**2,834**	1,395
Dividend income	**2,410**	2,887
Imputed interest income on gift receivable from Win Dynamic Limited ("Win Dynamic")	**17,623**	16,113
Interest income on credit-impaired loan receivables	**7,003**	6,083
Government grants (note)	**257**	4,795
Others	**1,823**	2,106
	31,950	33,379

Note: During the year ended 31 December 2022, the Group received funding support amounting to HK$3,399,000 from the Employment Support Scheme under the Anti-epidemic Fund, set up by the Hong Kong Government. The purpose of the funding is to provide financial support to enterprises to retain their employees who would otherwise be made redundant. Under the terms of the grants, the Group was required not to make redundancies during the subsidy period and to spend all the funding on paying wages to the employees.

5b. OTHER GAINS, NET

	2023	2022
	HK$'000	*HK$'000*
Gain/(Loss) on disposal of property, plant and equipment	**870**	(710)
Gain on lease modification and termination	**110**	–
Unrealised fair value loss on financial assets at FVTPL	**(2,716)**	(8,721)
Realised loss on disposal of financial assets at FVTPL	**(94)**	(24)
Net foreign exchange gain	**59,445**	358,098
Revaluation surplus/(deficit) on property, plant and equipment	**499**	(8,145)
Recovery of receivables arising from securities broking previously written-off	**56**	1,364
	58,170	341,862

6. PROFIT FOR THE YEAR

The Group's profit for the year is arrived at after charging/(crediting):

	2023	2022
	HK$'000	*HK$'000*
		(Restated)
Employee benefits expense (including directors' emoluments)		
– Wages and salaries	**139,155**	158,011
– Discretionary bonuses	**11,090**	9,778
– Retirement benefits (note (a))	**6,674**	10,946
	156,919	178,735
Auditor's remuneration	**5,650**	5,600
Depreciation of:		
– Owned assets	**34,633**	34,945
– Right-of-use assets	**66,573**	78,283
– Prepaid lease payments	**119**	125
Amortisation of other intangible assets	**12,182**	10,972
Direct operating expenses (including repair and maintenance):		
– Arising from leased investment properties	**9,291**	5,516
– Arising from vacant investment properties	**1,870**	1,959
Cost of inventories recognised as expenses	**445,896**	879,817
Impairment loss on goodwill (note (b))	**63,204**	–
Short-term lease payments	**18,985**	20,073
Covid-19-related rent concessions	**–**	(720)

Notes:

(a) As at 31 December 2023 and 2022, the Group had no forfeited contributions available to reduce its contributions to the pension schemes in future years.

The amount of the retirement benefits included the net pension scheme cost of HK$528,000 (2022: HK$217,000) and expenses arising from LSP obligations of HK$722,000 (2022: HK$2,764,000) during the year ended 31 December 2023.

(b) During the year ended 31 December 2023, the Group has recorded an impairment loss of HK$63,204,000 (2022: Nil) on goodwill of Department Store Segment.

7. FINANCE COSTS

	2023	2022
	HK$'000	*HK$'000*
Interest on bank borrowings and overdrafts	**520,259**	572,676
Interest on other borrowings	**21,890**	5,085
Interest on loans from ultimate holding company	**199,211**	131,432
Interest on amounts due to related parties	**2,860**	3,391
Interest on loan from a related company	**18,454**	6,746
Finance charges on lease liabilities	**3,727**	7,681
Imputed interest on deferred consideration	**–**	838
	766,401	727,849

8. INCOME TAX EXPENSES/(CREDIT)

	2023	2022
	HK$'000	*HK$'000*
Current tax		
Hong Kong		
– Provision for the year	**4,468**	6,799
– (Over)/Under-provision in prior years	**(128)**	2,402
Japan		
– Provision for the year	**–**	568
– Over-provision in prior years	**–**	(1,027)
Others		
– Provision for the year	**14**	23
	4,354	8,765
Deferred tax		
– Charge/(Credit) for the year	**274,995**	(242,823)
Income tax expenses/(credit)	**279,349**	(234,058)

Hong Kong

Hong Kong Profits Tax has been provided at the rate of 16.5% (2022: 16.5%) on the estimated assessable profits arising in Hong Kong during the year ended 31 December 2023.

The PRC

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% (2022: 25%) for the year ended 31 December 2023. For the years ended 31 December 2023 and 2022, the Group did not generate any estimated assessable profits in PRC.

8. INCOME TAX EXPENSES/(CREDIT) (Continued)

Japan

Pursuant to the rules and regulations of Japan, the subsidiary incorporated in Japan is subject mainly to corporate tax, inhabitant tax and enterprise tax, and the effective statutory tax rate for these taxes is 34.6% (2022: 33.5%) for the year ended 31 December 2023. For the year ended 31 December 2023, the Group did not generate any estimated assessable profits in Japan.

Grenada

The subsidiaries of the Group incorporated in Grenada are subject to Corporation Tax in the Grenada ("Corporation Tax"). Corporation tax is calculated at 28% (2022: 28%) of the estimated assessable profits for the year ended 31 December 2023. For the years ended 31 December 2023 and 2022, the Group did not generate any estimated assessable profits in Grenada.

9. DIVIDEND

No dividend was paid or proposed to ordinary shareholders of the Company during the years ended 31 December 2023 and 2022, nor has any dividend been proposed since the end of the reporting period.

10. EARNINGS PER SHARE

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

	2023	2022
	HK$'000	*HK$'000*
		(Restated)
Earnings		
Earnings for the purposes of basic and diluted earnings per share calculation (profit attributable to owners of the Company)	**76,689**	112,787

	Number of shares	
	2023	2022
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share calculation	**1,440,709,880**	1,440,397,551
Effect of dilutive potential ordinary shares:		
– Share options	**1,154,796**	2,305,171
Weighted average number of ordinary shares for the purpose of diluted earnings per share calculation	**1,441,864,676**	1,442,702,722

11. INVESTMENT PROPERTIES

	2023	2022
	HK$'000	*HK$'000*
As at 1 January	**8,591,359**	10,628,833
Additions	**92**	22,142
Disposals	**(2,480)**	(23,090)
Transfer to properties under development	**–**	(2,207,400)
Transfer to property, plant and equipment	**–**	(26,205)
Gain on fair value changes recognised in profit or loss, net	**1,097,751**	997,731
Exchange realignment	**(144,644)**	(800,652)
As at 31 December	**9,542,078**	8,591,359

12. TRADE RECEIVABLES/RECEIVABLES ARISING FROM SECURITIES BROKING/LOAN RECEIVABLES

The following is an ageing analysis of trade receivables, net of allowance for credit losses, presented based on the invoice dates/date of rendering of services:

	2023	2022
	HK$'000	*HK$'000*
Current to 30 days	**76,488**	121,459
31 to 60 days	**21,603**	33,946
61 to 90 days	**18,883**	36,893
91 to 365 days	**69,305**	279,807
Over 1 year	**357,148**	98,499
	543,427	570,604
Receivables arising from securities broking conducted in the ordinary course of business:		
– Clearing house	**1,829**	42,784
– Cash clients accounts receivable	**9,305**	19,711
– Loans to margin clients	**300,329**	457,211
Less: allowance for credit losses	**(978)**	(1,306)
	310,485	518,400
Receivables arising from money lending conducted in the ordinary course of business:		
– Loan receivables	**554,092**	458,927
Less: allowance for credit losses	**(52,089)**	(49,166)
	502,003	409,761
	1,355,915	1,498,765

13. TRADE PAYABLES/PAYABLES ARISING FROM SECURITIES BROKING

The following is an ageing analysis of trade payables based on invoice dates:

	2023	2022
	HK$'000	*HK$'000*
Current to 30 days	**49,498**	77,281
31 to 60 days	**17,045**	3,992
61 to 90 days	**2,698**	1,003
Over 90 days	**15,720**	14,824
	84,961	97,100
Payables arising from securities broking conducted in the ordinary course of business:		
– Cash and margin clients accounts payable	**77,285**	129,102
	162,246	226,202

14. BANK BORROWINGS

	2023	2022
	HK$'000	*HK$'000*
Bank borrowings		
– Secured	**9,530,077**	9,910,804
– Unsecured	**29,840**	–
	9,559,917	9,910,804

14. BANK BORROWINGS (Continued)

The contractual maturity dates of the bank borrowings are as follows:

	2023	2022
	HK$'000	*HK$'000*
Carrying amount of bank borrowings are repayable (note (d)):		
– Within one year	**141,353**	4,846,640
– More than one year but not more than two years	**7,443,948**	2,749,012
– More than two years but not more than five years	**524,774**	557,469
– Over five years	**1,136,228**	1,237,404
	9,246,303	9,390,525
Carrying amount of bank borrowings that contains a repayment on demand clause and shown under current liabilities:		
– Within one year	**313,614**	520,279
	9,559,917	9,910,804
Less: amounts due within one year shown under current liabilities	**(454,967)**	(5,366,919)
Amounts shown under non-current liabilities	**9,104,950**	4,543,885

Notes:

(a) As at 31 December 2023, the Group's bank borrowings of HK$313,614,000 (2022: HK$520,279,000) bear interest rates ranged from 1.50% to 2.60% (2022: 1.50% to 2.60%) over Hong Kong Interbank Offered Rate ("HIBOR") per annum.

(b) As at 31 December 2023, the Group's bank borrowing of HK$217,707,000 (2022: HK$223,045,000) bears interest rate of 2.85% (2022: 2.85%) below Prime Rate per annum.

(c) As at 31 December 2023, the Group's bank borrowings of HK$9,028,596,000 (2022: HK$9,167,480,000) bear interest rates from 4.15% to 6.55% (2022: 4.46% to 6.85%) per annum.

(d) The amounts due are based on scheduled repayment dates set out in the loan agreements.

(e) The Group's available banking facilities amounted to HK$10,716,198,000 (2022: HK$10,958,908,000), of which HK$9,559,917,000 (2022: HK$9,910,804,000) had been utilised as at 31 December 2023.

14. BANK BORROWINGS (Continued)

(f) Certain bank borrowings of the Group were guaranteed by the Company up to HK$8,753,017,000 (2022: HK$9,106,954,000) and the subsidiaries of the Group up to HK$8,618,844,000 (2022: HK$8,756,918,000).

(g) Certain bank borrowings of the Group were secured by certain of the Group's investment properties, leasehold land and buildings, properties under development and proposed development project with a carrying amount of HK$9,468,378,000 (2022: HK$8,511,979,000), HK$535,418,000 (2022: HK$556,738,000), HK$3,331,175,000 (2022: HK$3,328,164,000) and HK$2,101,934,000 (2022: HK$2,016,712,000) respectively as at 31 December 2023.

(h) Certain bank borrowings of the Group were secured by securities collateral pledged to the Group by margin clients with market value of Nil (2022: HK$400,674,000), the Group's marketable securities with an aggregate fair value of HK$2,616,000 (2022: HK$2,181,000) and shares of certain subsidiaries.

(i) Certain bank borrowings of the Group were secured by the Group's restricted bank balances and deposits of HK$11,277,000 (2022: HK$84,276,000).

(j) Certain bank borrowings of the Group were guaranteed by the directors and controlling shareholders of the Company up to HK$9,445,764,000 (2022: HK$9,592,413,000) and the related parties of the Group up to HK$308,419,000 (2022: HK$230,526,000).

(k) The Group's bank borrowings of HK$29,840,000 (2022: Nil) were unsecured as at 31 December 2023.

(l) Except for bank borrowings of HK$9,028,596,000 (2022: HK$9,167,480,000) which are denominated in RMB, all other bank borrowings are denominated in HK$.

15. OTHER BORROWINGS

	2023	2022
	HK$'000	*HK$'000*
Borrowings from financial institutions (note (a)):		
– Secured	**56,140**	57,890
Other borrowings (note (b)):		
– Secured	**56,500**	73,000
– Unsecured	**90,882**	2,795
Notes payable (note (c)):		
– Unsecured	**68,546**	105,754
	272,068	239,439

15. OTHER BORROWINGS (Continued)

The contractual maturity dates of the other borrowings are as follows:

	2023	2022
	HK$'000	*HK$'000*
Carrying amount of other borrowings are repayable:		
– Within one year	**166,838**	108,001
– More than one year but not more than two years	**22,590**	548
	189,428	108,549
Carrying amount of other borrowings that contains a repayment on demand clause and shown under current liabilities		
– Within one year	**82,640**	130,890
	272,068	239,439
Less: amounts due within one year shown under current liabilities	**(249,478)**	(238,891)
Amounts shown under non-current liabilities	**22,590**	548

Notes:

(a) The borrowings from financial institutions bear interest rate of 2.5% over Best Lending Rate (2022: 2.5%) per annum. The borrowings contain a repayment on demand clause and were guaranteed by the Company up to HK$56,140,000 (2022: HK$57,890,000) and were secured by the Group's investment properties with a carrying amount of HK$73,700,000 (2022: HK$79,380,000) as at 31 December 2023.

(b) Included in other borrowings are:

(i) unsecured borrowings of HK$68,851,000 (2022: HK$2,795,000), which bear interest from 2% to 12% (2022: 2%) per annum and repayable on demand, except for an amount of HK$559,000 (2022: HK$548,000) which is not repayable in the next 12 months after the end of the reporting period;

(ii) unsecured borrowings of HK$22,031,000 (2022: Nil) were guaranteed by the subsidiary of the Group, which bear fixed interest rate of 6% (2022: Nil) per annum and is not repayable in the next 12 months after the end of the reporting period;

15. OTHER BORROWINGS (Continued)

Notes: (Continued)

(iii) secured borrowings of HK$26,500,000 (2022: HK$73,000,000) under repurchase agreement, which the Group is required to repurchase the pledged securities at pre-determined date and interest rates within 12 months from the end of the reporting period. Such borrowings are pledged with the securities from the margin clients with market value of HK$77,595,000 (2022: HK$149,560,000); and

(iv) secured borrowing of HK$30,000,000 (2022: Nil) which bear fixed interest rate of 12% (2022: Nil) per annum. The borrowings were secured by securities collateral pledged to the Group by margin clients with market value of HK$155,362,000 (2022: Nil) and guaranteed by the director and controlling shareholder of the Company, which is repayable in the next 12 months after the end of reporting period.

(c) The notes payable is unsecured, bears interest rate of 5.5% (2022: from 4.6% to 5.5%) per annum and repayable in the next 12 months after the end of the reporting period.

16. SHARE CAPITAL

	2023	2022
	HK$'000	*HK$'000*
Authorised:		
20,000,000,000 (2022: 20,000,000,000) ordinary shares of HK$0.10 each	**2,000,000**	2,000,000
Issued and fully paid:		
1,440,709,880 (2022: 1,440,709,880) ordinary shares of HK$0.10 each	**144,071**	144,071

A summary of movements in the Company's share capital is as follows:

	Number of ordinary shares in issue	**Share capital**
		HK$'000
As at 1 January 2022	1,439,709,880	143,971
Exercise of share options (note)	1,000,000	100
As at 31 December 2022, 1 January 2023 and 31 December 2023	**1,440,709,880**	**144,071**

16. **SHARE CAPITAL (Continued)**

Note: On 25 April 2022, the Company issued 1,000,000 ordinary shares due to the exercise of share options under the 2012 Scheme by the option holders. The new shares rank pari passu with existing shares in all respects.

17. **BUSINESS COMBINATIONS**

For the year ended 31 December 2022

On 18 February 2022, non-wholly owned subsidiaries of the Group entered into a share purchase agreement and share transfer agreement with independent third parties to acquire the entire issued share capital of Realord Century Service Company Limited (formerly known as "Hartman Education Service Limited") and its subsidiary, Hartman Culture Development (Shanghai) Co., Ltd.* (哈特曼文化發展(上海)有限公司) (collectively referred to the "Realord Century Group") and Realord Century Business Service (Shenzhen) Co., Ltd.* (偉祿世紀商務服務(深圳)有限公司) (formerly known as Hartman Immigration Consultancy Service (Shenzhen) Co., Ltd.* (哈特曼移民諮詢服務(深圳)有限公司)) (together with the Realord Century Group together as the "Hartman Education Group") at a total cash consideration of HK$1,876,000. The principal activity of the Hartman Education Group is provision of consultancy services on CBI Programme as a marketing agent. The acquisition was made as to obtain the marketing resources of the CBI Programme under the LAC Segment. The transactions were completed on 28 February 2022. Such series of acquisitions have been accounted for using the acquisition method.

The fair values of the identifiable assets and liabilities of the Hartman Education Group at the acquisition date were as follows:

	HK$'000
Plant and equipment	**231**
Other intangible assets	**14,524**
Prepayments, deposits and other receivables	**485**
Bank balances and cash	**470**
Other payables and accruals	**(11,437)**
Deferred tax liabilities	**(2,397)**
Total identifiable net assets at fair value	**1,876**

* *for identification purpose only*

17. **BUSINESS COMBINATIONS (Continued)**

For the year ended 31 December 2022 (Continued)

Goodwill arising on acquisition

	HK$'000
Consideration transferred	**1,876**
Less: fair value of net identifiable assets acquired	**(1,876)**
	–

Net cash outflows on acquisition

	HK$'000
Bank balances and cash acquired	**470**
Less: cash consideration paid	**(1,876)**
	(1,406)

Acquisition-related costs have been excluded from the consideration transferred and have been recognised as administrative expenses in the consolidated statement of profit or loss. In the opinion of the Directors, the acquisition-relation cost is insignificant to be disclosed.

18. **CAPITAL COMMITMENTS**

The Group had the following capital commitments at the end of the reporting period:

	2023	2022
	HK$'000	*HK$'000*
Contracted, but not provided for:		
– Capital injection in a joint venture engaged in securities brokerage business	**–**	392,604
– Investment properties	**249,600**	249,600
– Properties under development	**69,479**	121,271
– Leasehold improvements	**21,691**	22,765
	340,770	786,240

19. LITIGATION

Deed and purported cancellation

On 29 October 2020, Win Dynamic, the then controlling shareholder of The Sincere Company, Limited (the " Sincere") (Stock Code: 244), a non-wholly owned subsidiary of the Group, executed a deed in favour of Sincere at no consideration (the "Deed"). Pursuant to the Deed, Win Dynamic has irrevocably undertaken to Sincere to gift to Sincere the sum falling to be paid by the Company to Win Dynamic upon its acceptance of the conditional voluntary cash offer (the "Offer") relating to all the 662,525,276 shares of Sincere held by it, which was expected to amount to approximately HK$260,443,000 (after deducting Win Dynamic's ad valorem stamp duty). As disclosed in the announcement of Sincere dated 29 October 2020, Sincere at that time intended that this gift from Win Dynamic, when received, would be applied as working capital of Sincere and its subsidiaries (the "Sincere Group").

On 4 February 2021, Sincere announced that the board of directors of Sincere (the "Sincere Board") had received a letter from Win Dynamic dated 3 February 2021 stating Win Dynamic's declaration that the Deed was null and void and cancelled with immediate effect, for the reason that it was executed by Win Dynamic under undue influence and duress, given without separate legal representation or proper advice, and was an undervalue transaction pursuant to section 265D of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) (the "Purported Cancellation").

As stated in the Sincere's announcement dated 4 February 2021, the Sincere Board (with Mr. Philip KH Ma ("Mr. Phillip Ma") and Mr. Charles M W Chan (collectively the "Dissenting Directors") disagreeing) did not admit that the Deed was null or void or had been cancelled. For the interest of Sincere and its shareholders as a whole, the Sincere Board had resolved to include the review of the implication of the Purported Cancellation to the term of reference of the independent committee of the Sincere Board comprising independent non-executive directors, namely Mr. King Wing Ma, Mr. Eric K Lo, Mr. Peter Tan and Mr. Anders W L Lau (collectively the "Sincere IBC"). The Sincere IBC had thereafter sought separate legal advice in respect of the Purported Cancellation.

The Company was informed, amongst other things, that the Sincere Board (except for the Dissenting Directors) (i.e. the Sincere IBC) did not admit that the Purported Cancellation was valid or effective. In response to an email from the legal adviser of the Sincere IBC to the legal adviser of the Company requiring the proceeds received by Win Dynamic from its sale of shares of Sincere to the Company to be paid to Sincere and not Win Dynamic, the legal adviser of the Company responded, amongst other things, that the Company would conduct the Offer, including but not limited to the settlement of the cash consideration for the valid acceptances of the Offer, in accordance with the terms and conditions of the Offer and in compliance with the Code on Takeovers and Mergers.

19. LITIGATION (Continued)

Deed and purported cancellation (Continued)

On 12 May 2021, Sincere was informed by the legal adviser of the Company that the Company had issued a writ of summons (the "Writ") in the High Court of the Hong Kong Special Administrative Region (the "Court") against Win Dynamic on 10 May 2021 in relation to the Purported Cancellation (the "Action"). The Company claimed against Win Dynamic, among others, for an order of specific performance requiring Win Dynamic to forthwith pay Sincere the net proceeds in respect of Sincere's shares tendered by Win Dynamic for acceptance of the Offer, after deducting the seller's ad valorem stamp duty payable by it, amounted to approximately HK$260,435,000 (the "WD Proceeds").

The Company also applied to the Court for an interlocutory injunction against Win Dynamic (the "Injunction Application") on 11 May 2021 which was heard by the Court on 14 May 2021. Upon hearing submissions from the parties, the Court has adjourned the hearing of the Injunction Application to a date to be fixed for substantive argument, and the Court has granted an interim-interim injunction, which shall remain in force pending the substantive determination of the Injunction Application, restraining Win Dynamic from, among others, (a) removing from Hong Kong any of its assets which are within Hong Kong, whether in its own name or not, and whether solely or jointly owned, up to the value of the WD Proceeds; or (b) in any way disposing of or dealing with or diminishing the value of any of its assets, which are within Hong Kong, whether in its own name or not, and whether solely or jointly owned, and whether or not Win Dynamic assets a beneficial interest in them up to the value of the WD Proceeds.

Sincere on 16 July 2021 resolved that it was in the interest of Sincere and its shareholders to commence legal proceedings against Win Dynamic in relation to the Purported Cancellation. At the initiation of the Company, Sincere agreed to be joined as a party to the Action. By the consent of the company and Win Dynamic, on 9 November 2021, the Court ordered, amongst other things, the Company be given leave to (i) join Sincere as the 2nd plaintiff and Mr. Philip Ma as the 2nd defendant in the Action, and (ii) amend the Writ and the statement of claim in relation to the Purported Cancellation.

On 15 November 2021, the Company and Sincere amended the statement of claim against Win Dynamic and Mr. Philip Ma. Sincere claimed against Win Dynamic and Mr. Philip Ma for, among others, (i) an order of specific performance of the Deed requiring Win Dynamic to forthwith pay the Sincere the WD Proceeds, or such other sum as the Court may determine, and (ii) a declaration that the Deed is valid and binding, and Mr. Philip Ma had breached his contractual and/or fiduciary duties to Sincere.

19. LITIGATION (Continued)

Deed and purported cancellation (Continued)

Win Dynamic and Mr. Philip Ma had filed and served their Defence and Counterclaim in the Action on 18 January 2022 and 14 March 2022 respectively. Win Dynamic and Mr. Philip Ma averred, among others, that the Company and Sincere were not entitled to any remedy against them. They further counterclaimed against the Company and Sincere for, among others, a declaration that the Deed is null and void and/or unenforceable, or alternatively, that the Deed was lawfully rescinded, cancelled or revoked by Win Dynamic and is of no legal effect.

Further details are disclosed in the announcements of Sincere dated 29 October 2020 and 4 February 2021, the offer document of the Company dated 5 May 2021 (the "Offer Document") and the response document of Sincere dated 20 May 2021 (the "Response Document").

The Company and Sincere had filed and served their Reply and Defence to WD's Counterclaim on 10 May 2022, and their Reply and Defence to Mr. Philip Ma's Counterclaim on 8 June 2022 respectively. The Company and Sincere averred that the Deed is enforceable and cannot be legally revoked.

The Company and Sincere had filed and served their Re-Amended Statement of Claim on 14 November 2022. The Company and Sincere averred that Sincere is a joint promisee under the 2nd agreement together with the Company. The 2nd agreement of which the Deed is an integral part was intended to benefit Sincere and consisted of an undertaking or promise on the part of Win Dynamic to benefit Sincere, namely to vest the benefit of the WD Proceeds or an equivalent sum in Sincere, which shall be used as its working capital after the Company becomes its controlling shareholder.

Win Dynamic filed and served its Amended Defence and Counterclaim and Mr. Philip Ma filed and served his Amended Defence and Counterclaim on 9 December 2022. Win Dynamic and Mr. Philip Ma averred that the alleged 2nd Agreement (even if existed) and the Deed are null and void or unenforceable. They further averred that neither Dr. Lin, who had no authority to act on behalf of Sincere at the material time whether as alleged or at all, nor Mr. Philip Ma had agreed on behalf of Sincere that Sincere would apply the Win Dynamic Proceeds as working capital after the Company becomes the controlling shareholders of Sincere.

The Company and Sincere filed and served their Amended Reply and Defence to the Counterclaim of Win Dynamic, and their Amended Reply and Defence to the Counterclaim of Mr. Philip Ma on 9 February 2023. The Company and Sincere averred that that Dr. Lin was acting on behalf of Sincere in respect of a promise which would take effect after the Company becomes the controlling shareholder of Sincere.

Between 22 June 2023 and 4 July 2023, the parties proceeded to discovery of documents. On 18 March 2024, the parties filed and exchanged their respective witness statements.

The date of trial has not been fixed.

During the year ended 31 December 2021, Sincere sought legal advice in respect of this litigation and was advised that (i) the Deed is enforceable; and (ii) Sincere has legal and contractual rights over the WD Proceeds. Therefore, the WD Proceeds is initially recognised as "Gift receivable from Win Dynamic" under "Prepayment, deposits and other receivables" with an amount of HK$150,001,000, being the fair value of the WD Proceeds which is determined based on a credit-adjusted effective interest rate of 9.66%.

As at 31 December 2023, the carrying amount of gift receivable from Win Dynamic amounted to HK$191,939,000, net of ECL allowance of HK$1,111,000 (2022: HK$174,401,000, net of ECL allowance of HK$1,027,000). During the year ended 31 December 2023, the Group has also recognised imputed interest income on gift receivable from Win Dynamic under "Other income" of HK$17,623,000 (2022: HK$16,113,000).

20. EVENT AFTER REPORTING PERIOD

Claim from former director of Sincere

As set out in the announcement of the Group and Sincere dated 28 August 2023, Sincere has been a defendant in High Court, Hong Kong proceedings brought by Mr. Philip Ma, the former chairman, chief executive officer and director of Sincere. In those High Court proceedings, Mr. Philip Ma claimed i) unpaid remuneration due for the period from March 2020 to February 2021 from Sincere's 4 subsidiaries (the "Sincere's Subsidiaries"); ii) unpaid director's fees for the period from 1 March 2021 to 30 June 2021 due from Sincere; iii) unpaid remuneration due for the period from March 2021 to June 2021 from the Sincere's Subsidiaries; iv) unpaid wages in lieu of unused annual leave. His claim was in the sum of approximately HK$12,442,000 (which was revised from HK$12,064,000), plus interest and legal costs. Sincere has throughout the High Court proceedings instructed its legal advisers to defend Mr. Philip Ma's claims, also, it has sought a counterclaim with a total sum of approximately HK$71,600,000.

The legal action proceeded to trial. The trial took place on 5, 6, 11 December 2023 and heard by the Deputy High Court Judge Burns SC ("DHCJ Burns SC"). On 1 February 2024, DHCJ Burns SC handed down his judgment (the "Judgment"). The Court found in Mr. Philip Ma's favour for reasons including i) according to the Confirmation Letter signed between Mr. Philip Ma and Sincere (the "Confirmation Letter"), a recommendation of the Sincere's Remuneration Committee ("Sincere's RC") alone entitles Mr. Philip Ma to be paid; ii) it was an implied term and within the reasonable expectation of the parties that Mr. Philip Ma would receive director's fees after March 2021 unless it was further reviewed or revised which it was not; iii) Mr. Philip Ma was contractually entitled to be remunerated for his role vis a vis the Sincere's Subsidiaries because it was incidental to his position as director, and it was agreed by Sincere that a director of a listed company necessarily means he need to deal with the affairs of the Sincere's Subsidiaries; iv) it was an implied term of the Confirmation Letter that the director's fee is payable, it follows that the failure of Sincere's RC to meet to consider or confirm recommendations as to remuneration to be paid to Mr. Philip Ma in respect of the period from March 2021 was a breach of the implied terms of the Confirmation Letter. The Court dismissed the Sincere's counter-claim and ordered judgment in the sum of HK$12,064,272 (the "Judgment Sum") after giving credit to payments made by the Sincere to Mr. Philip Ma in July and August 2021, plus interest on Judgment Sum and legal costs against Sincere. Sincere has effected payment of the Judgment Sum on or around 2 February 2024. With regards to interest on the Judgment Sum, Mr. Philip Ma has quantified his claim at HK$2,949,435 and in response, Sincere has paid Mr. Philip Ma a sum of HK$2,135,781. The matter is to be determined by the Court. As to his claim for legal costs, Mr. Philip Ma has not yet quantified this claim.

MANAGEMENT DISCUSSION AND ANALYSIS

The principal activities of the Group during the year mainly included property investment, development and commercial operation (the "Property Segment"); financial services, included corporate finance advisory, asset management, securities brokerage services, margin financing and money lending (the "Financial Services Segment"); environmental protection industry, mainly dismantling, processing, trading and sales of scrap materials (the "EP Segment"); distribution and sales of motor vehicle parts (the "MVP Segment"); financial printing, digital printing and other related services (the "Commercial Printing Segment"); the operation of department stores and the provision of general and life insurances (the "Department Store Segment"); and provision of citizenship application and consultancy services on citizenship by investment programme and development of project in Grenada which integrates a collection of educational facilities, apartments for student, hotel and resort facilities, commercial development and shopping facilities and in a longer plan university establishement(s) and related amenities ("Latin America and Caribbean Segment" or "LAC Segment").

OVERALL FINANCIAL REVIEW

For the year ended 31 December 2023 (the "FY2023"), the Group recorded a total revenue of HK$801.5 million, representing a decrease of 33.1% as compared to HK$1,198.8 million for the year ended 31 December 2022 (the "FY2022"). The Group recorded a net profit of HK$41.3 million in FY2023, which represented a decrease of HK$561.3 million as compared to HK$602.6 million in FY2022.

Revenue and gross profit

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

	FY2023		FY2022		Increase/(decrease) in revenue	
	HK$' million	***% to total revenue***	*HK$' million*	*% to total revenue*	*HK$' million*	*% of changes*
Property Segment	**19.3**	**2.4%**	14.5	1.2%	4.8	33.1%
Financial Services Segment	**142.5**	**17.8%**	125.8	10.5%	16.7	13.3%
EP Segment	**357.8**	**44.6%**	705.0	58.8%	(347.2)	(49.2%)
MVP Segment	**43.1**	**5.4%**	141.0	11.8%	(97.9)	(69.4%)
Commercial Printing Segment	**54.7**	**6.8%**	59.1	4.9%	(4.4)	(7.4%)
Department Store Segment	**145.6**	**18.2%**	146.3	12.2%	(0.7)	(0.5%)
LAC Segment	**34.8**	**4.3%**	5.9	0.5%	28.9	489.8%
Others	**3.7**	**0.5%**	1.2	0.1%	2.5	208.3%
Total	**801.5**	**100.0%**	1,198.8	100.0%	(397.3)	(33.1%)

The Group's revenue in FY2023 was HK$801.5 million, representing a decrease of HK$397.3 million or 33.1% as compared to HK$1,198.8 million in FY2022. The changes in revenue are mainly attributable to the net effect of (i) decrease in EP Segment of HK$347.2 million; (ii) decrease in MVP Segment of HK$97.9 million; (iii) increase in Financial Services Segment of HK$16.7 million; and (iv) increase in LAC Segment of HK$28.9 million. Reasons for the changes in relevant segment revenue are set out in the section of Financial Review of each segment.

The gross profit increased by HK$32.0 million to HK$319.4 million (FY2022: HK$287.4 million) mainly due to the increase in revenue from Financial Services Segment and LAC Segment which have a relatively higher gross profit ratio than other segments.

Other income

Other income mainly represented imputed interest income on gift receivable from Win Dynamic Limited ("Win Dynamic"), interest income on credit-impaired loan receivables, government grants and bank interest income. The slight decrease in other income from HK$33.4 million in FY2022 to HK$32.0 million in FY2023 was mainly resulted from the net effect of (i) decrease in government grants by HK$4.5 million, which were related to the subsidies from the Employment Support Scheme under the Anti-epidemic Fund set up by the Hong Kong Government in FY2022, whereas no such subsidies in FY2023; (ii) increase in imputed interest income on gift receivable from Win Dynamic Limited ("Win Dynamic") by HK$1.5 million; and (iii) increase in bank interest income by HK$1.4 million.

Other gains, net

Other gains, net was HK$58.2 million in FY2023 as compared to HK$341.9 million in FY2022 which was mainly comprised the net foreign exchange gain of HK$59.4 million (FY2022: HK$358.1 million) and unrealised fair value loss on financial assets at fair value through profit or loss ("FVTPL") of HK$2.7 million (FY2022: HK$8.7 million).

Due to the depreciation of Renminbi against Hong Kong Dollar during the FY2023 and FY2022, the Group recorded a net foreign exchange gain of HK$59.4 million (FY2022: HK$358.1 million) which was resulted from the translation of liabilities denominated in Renminbi.

The Group invested in listed securities in Hong Kong, club and school debentures in Hong Kong and other investment for investment purpose and classified as financial assets at FVTPL. As at 31 December 2023, the financial assets at FVTPL amounted to HK$68.5 million (2022: HK$71.2 million). The unrealised fair value loss of the financial assets at FVTPL was mainly due to the decrease in the market value of the listed securities in Hong Kong.

Reversal of provision/Provision for properties under development

In FY2023, the Group recorded a reversal of provision for properties under development of HK$62.1 million (FY2022: provision for HK$100.2 million). As at 31 December 2023, the properties under development of Qiankeng Property was HK$3,331.2 million (2022: HK$3,328.2 million). There was a change from provision for properties under development in FY2022 to reversal of provision for properties under development in FY2023 which was primarily related to the effect of the commencement of construction work on the Qiankeng Property project in fourth quarter of 2023.

Impairment loss on goodwill

The impairment loss on goodwill on department store business of HK$63.2 million (FY2022: Nil) was mainly resulted from the slow economic recovery and increased trend of online shopping behavior in retail sector.

Impairment losses, net

In FY2023, the Group recorded net provision for impairment losses of HK$48.5 million (FY2022: HK$47.5 million) which represented the increase in expected credit losses of trade receivables of HK$45.2 million (FY2022: HK$13.1 million), receivables arising from securities broking of HK$0.3 million (FY2022: HK$1.2 million), loan receivables of HK$2.9 million (FY2022: HK$32.6 million) and other receivables of HK$0.1 million (FY2022: HK$0.6 million).

The increase in expected credit losses of trade receivables of HK$45.2 million in FY2023 was mainly due to the increase in credit risk from the long outstanding trade receivables arising from EP Segment, MVP Segment and Financial Services Segment.

Gain on fair value changes of investment properties, net

In FY 2023, the Group recorded net gain on fair value changes of investment properties of HK$1,097.8 million (FY 2022: HK$997.7 million), which was mainly attributable to the gain on revaluation of investment properties of the Group in respect of Phase I of Realord Technology Park of approximately $938.5 million. In October 2023, the Group entered into a lease arrangement of the property with a hotel operator for an internationally renowned brand name for a lease term of 10 years. The operator has commenced work to renovate and retrofit the property for hotel use. It is intended that the Group will continue to operate the hotel as owner operator after expiry of the lease.

The net gain of fair value changes of investment properties of HK$997.7 million in FY2022 was mainly due to the gain on fair value changes of investment properties in Grenada of HK$1,846.8 million, which was partially offset by the loss on fair value changes of investment properties in Hong Kong and Mainland China of HK$849.1 million.

Selling and distribution expenses

Selling and distribution expenses mainly represented (i) business development expenses, staff costs and depreciation of right-of-use assets for the retail shops of the Department Store Segment; and (ii) amortisation of other intangible assets of customer relationship arising from the acquisition of Realord Century Service Company Limited and its subsidiary, Hartman Culture Development (Shanghai) Co., Ltd.* (哈特曼文化發展(上海)有限公司) (collectively referred to the "Realord Century Group") and Realord Century Business Service (Shenzhen) Co., Ltd.* (偉祿世紀商務服務(深圳)有限公司) (together with the Realord Century Group as the "Hartman Education Group").

The decrease in selling and distribution expenses by HK$15.8 million from HK$100.9 million in FY2022 to HK$85.1 million in FY2023 was mainly resulted from decrease in depreciation of right-of-use assets of HK$11.9 million as one of the stores closed in late 2022 and due to the rent concession obtained for department store operation in Department Store Segment.

Administrative expenses

Administrative expenses mainly represented staff costs, depreciation of right-of-use assets and legal and professional fees. The decrease in administrative expenses by HK$40.0 million from HK$315.3 million in FY2022 to HK$275.3 million mainly in FY2023 mainly resulted from (i) the reduction of staff costs by HK$19.2 million from Financial Services Segment and LAC Segment; (ii) the reduction of legal and professional fees by HK$9.4 million since the one-off legal and professional fees incurred in legal procedures relating to Sincere Group reduced and the one-off tax consultancy fee incurred in FY2022 relating to Property Segment which was not incurred in FY2023; (iii) the decrease in office expenses and travelling expenses by HK$6.6 million; and (iv) the decrease in bank charges and securities trading expenses by HK$3.3 million.

* *for identification purpose only*

Non-operating expenses

Non-operating expenses of HK$10.3 million (FY2022: Nil) represented the accrued settlement demands in relation to the claim from the former director of Sincere. For details, please refer to note 20, Event After Reporting Period.

Finance costs

Finance costs mainly represented interest on bank borrowings and overdrafts, loans from ultimate holding company, other borrowings and loan from a related company. Finance costs increased by HK$38.6 million mainly due to the net effect of (i) increase in interest on loans from ultimate holding company by HK$67.8 million as a result of the increase in loans from ultimate holding company from HK$2,394.8 million as at 31 December 2022 to HK$2,797.5 million as at 31 December 2023; (ii) increase in interest on other borrowings by HK$16.8 million; (iii) increase in interest on loan from a related company by HK$11.7 million; and (iv) decrease in interest on bank borrowings and overdrafts by HK$52.4 million mainly due to the decrease in loan interest expenses incurred for the borrowings denominated in Renminbi as a result of depreciation of Renminbi against Hong Kong Dollar and reduction of interest rates in the Mainland China.

Net profit

The Group's net profit was HK$41.3 million in FY2023, representing a decrease of HK$561.3 million, as compared to the Group's net profit of HK$602.6 million in FY2022. The decrease in the net profit was resulted from the net effect of (i) decrease in net foreign exchange gain of the Group resulted from translation of the Group's liabilities denominated in Renminbi by HK$298.7 million; (ii) decrease in net gain on fair value changes of investment properties (net of deferred tax impact) by HK$375.0 million from gain (net of deferred tax credit) of HK$1,203.6 million in FY2022 to gain (net of deferred tax expenses) of HK$828.6 million in FY2023; and (iii) increase in finance costs by HK$38.6 million; and (iv) impairment loss on goodwill of HK$63.2 million (FY2022: Nil).

The aforesaid effect was partially offset by (i) increase in gross profit of HK$32.0 million; (ii) reversal of provision for properties under development (net of deferred tax expense) of HK$46.6 million (FY2022: provision for properties under development (net of deferred tax credit) of HK$75.2 million); and (iii) decrease in selling and distribution expenses by HK$15.8 million and administrative expenses by HK$40.0 million.

FINANCIAL REVIEW OF EACH SEGMENT

Property Segment

The revenue of Property Segment was mainly derived from the rental income of the Group's investment properties. The Group generated rental income of HK$19.3 million in FY2023 (FY2022: HK$14.5 million). The increase in rental income was mainly due to the increase in number of tenants of Sincere Mall.

In FY2023, Property Segment recorded a segment profit of HK$782.5 million (FY2022: segment loss of HK$1,379.5 million). The segment result was mainly resulted from the net gain on fair value changes of the investment properties of HK$1,097.8 million (FY2022: net loss on fair value changes of HK$849.1 million) and reversal of provision for properties under development of the Qiangkeng Property of HK$62.1 million (FY2022: provision for HK$100.2 million). The reasons for the changes are set out in "Gain on fair value changes of investment properties, net" and "Reversal of provision/ provision for properties under development" above.

Financial Services Segment

Financial Services Segment generated a revenue of HK$142.5 million in FY2023, which increased by HK$16.7 million or 13.3% as compared to HK$125.8 million in FY2022. The increase in segment revenue was due to the net effect of (i) increase in interest income from money lending business and margin financing business by HK$29.5 million and HK$5.4 million respectively; and (ii) decrease in commission income from securities broking of HK$15.8 million.

The segment recorded a segment profit of HK$75.7 million in FY2023, representing an increase of HK$54.4 million as compared to HK$21.3 million in FY2022. The increase was mainly resulted from (i) increase in revenue of HK$16.7 million; (ii) decrease in cost of services for the referral and financial services by HK$5.1 million; (iii) decrease in provision for expected credit losses on loan receivables by HK$29.7 million from HK$32.6 million in FY2022 to HK$2.9 million in FY2023; and (iv) decrease in staff costs of HK$8.6 million. The abovesaid effect was partially offset by the increase in provision for expected credit losses on long outstanding trade receivables of HK$5.8 million (FY2022: HK$0.6 million).

EP Segment

EP Segment's revenue decreased by HK$347.2 million from HK$705.0 million in FY2022 to HK$357.8 million in FY2023 due to stricter credit control and the significant decrease in copper demand from customers in FY2023 as the copper price from suppliers still maintained a high level after the first quarter of 2023.

EP Segment recorded a segment loss of HK$29.9 million in FY2023 as compared to HK$6.5 million in FY2022. The segment loss was mainly attributable to the decrease in gross profit resulted from decrease in revenue and increase in provision for expected credit losses from long outstanding trade receivables resulting from the delay in repayments from customers.

MVP Segment

The revenue of MVP Segment decreased by HK$97.9 million from HK$141.0 million in FY2022 to HK$43.1 million in FY2023 since the market of the Mainland China experienced a slow and uncertain recovery.

MVP Segment recorded a segment loss of HK$10.3 million in FY2023, as compared to segment profit of HK$5.7 million in FY2022. The turnaround of performance was mainly attributable to the decrease in gross profit resulted from drop in revenue and the increase in provision for expected credit losses from long outstanding trade receivables as a result of the delay in repayments from customers.

Commercial Printing Segment

The uncertain business environment kept adversely affected the capital market sentiment, and hence the demand for services was kept at a low growth rate. Under the challenging business environment, the revenue from Commercial Printing Segment decreased by HK$4.4 million to HK$54.7 million in FY2023 (FY2022: HK$59.1 million).

The segment loss of Commercial Printing Segment increased by HK$0.9 million from HK$3.2 million in FY2022 to HK$4.1 million in FY2023 was mainly resulted from subsidies received from the Employment Support Scheme under the Anti-epidemic Fund set up by the Hong Kong Government in FY2022, whereas no such subsidies in FY2023.

Department Store Segment

During FY2023, the Department Store Segment recorded a segment revenue of HK$145.6 million (FY2022: HK$146.3 million) and suffered segment loss of HK$91.1 million (FY2022: HK$35.3 million).

The increase in segment loss was mainly due to the net effect of (i) impairment loss of goodwill of HK$63.2 million (FY2022: Nil); (ii) accrued settlement demands in relation to the claim from former director of Sincere of HK$10.3 million (FY2022: Nil); (iii) improvement of gross profit margin from 55.9% to 57.4%; and (iv) decrease in depreciation of right-of-use assets of HK$11.9 million resulted from closure of one of the stores in late 2022 and the rent concession obtained for the department store operation.

LAC Segment

The revenue of LAC Segment generated from provision for citizenship application and consultancy services on citizenship by investment programme ("CBI Programme") was HK$34.8 million in FY2023 as compared to HK$5.9 million in FY2022. The increase in revenue was resulted from the client's citizenship had been granted by the Minister as set out in Section 8 of the Grenada Citizenship by Investment Act 15 of 2013.

LAC segment recorded a segment loss of HK$8.8 million in FY2023 as compared to segment profit of HK$1,799.8 million in FY2022. The turnaround of performance was mainly attributable to the net effect of (i) the revenue of HK$33.0 million generated from citizenship granted under CBI Programme in FY2023; and (ii) the gain on fair value change of investment properties in Grenada of HK$1,846.8 million primarily due to the appreciation of the project value in Grenada in FY2022, whereas no such gain in FY2023.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group generally finances its operations with internally generated cash flow, cash reserve, banking facilities, other borrowings and facility provided by the ultimate holding company. The Group is financially sound with healthy cash position. The Group's cash and bank balances as at 31 December 2023 amounted to HK$153.3 million (2022: HK$171.9 million) which were mainly denominated in HK$ and RMB (2022: HK$ and RMB).

The gearing ratio of the Group as at 31 December 2023 was 364.8% (2022: 358.6%), which is calculated based on the interest-bearing borrowings denominated in HK$ and RMB (2022: HK$ and RMB) of HK$13,105.8 million (2022: HK$12,950.0 million) and divided by the equity attributable to owners of the Company of HK$3,592.9 million (2022: HK$3,611.0 million). The interest bearing borrowings carried interest rate ranging from 3.275% to 12% per annum (2022: 3.025% to 8.625% per annum) with maturity ranging from within 1 year to 27 years (2022: within 1 year to 28 years).

The Directors consider that the Group's cash holding, liquid assets, future revenue, available banking facilities and the facility provided by the ultimate holding company will be sufficient to fulfill the present working capital requirement of the Group.

FOREIGN EXCHANGE

Most of the transactions of the Group were denominated in Hong Kong Dollars, US Dollars, Euro, Japanese Yen, Renminbi and East Caribbean Dollars. The reporting currency of the Group is Hong Kong dollars.

The Group is exposed to foreign exchange risk arising from exposure in the US Dollars, Euro, Japanese Yen, Renminbi and East Caribbean Dollars against Hong Kong Dollars. The management has continuously monitored the level of exchange rate exposure and shall adopt financial hedging instruments for hedging purpose when necessary. The Group did not use any financial instruments for hedging purpose as at 31 December 2023.

FINANCIAL GUARANTEES AND CHARGES ON ASSETS

As at 31 December 2023, corporate guarantees amounting to HK$8,753.0 million (2022: HK$9,107.0 million) were given to banks by the Company for the provision of general banking facilities granted to its subsidiaries while corporate guarantees amounting to HK$8,733.0 million (2022: HK$8,957.0 million) was given to banks in the Mainland China by the Company for the provision of general banking facilities granted to its subsidiaries in the Mainland China. Besides, the general banking facilities granted to the subsidiaries of the Company were secured by legal charges on certain investment properties, leasehold land and buildings, properties under development and proposed development project owned by the Group with a total net book value of HK$9,468.4 million (2022: HK$8,512.0 million), HK$535.4 million (2022: HK$556.7 million), HK$3,331.2 million (2022: HK$3,328.2 million) and HK$2,101.9 million (2022: HK$2,016.7 million) respectively. Meanwhile, corporate guarantees amounting to HK$9,445.8 million (2022: HK$9,592.4 million) were given to banks by the directors and controlling shareholders of the Company for the provision of general banking facilities granted to its subsidiaries. Besides, corporate guarantees amounting to HK$308.4 million (2022: HK$230.5 million) was given to banks by the related parties of the Group for the provision of general banking facilities granted to its subsidiaries while corporate guarantees amounting to HK$288.4 million (2022: HK$210.5 million) was given to banks in the Mainland China by the related parties of the Group for the provision of general banking facilities granted to its subsidiaries in the Mainland China. In addition, the general banking facilities granted to the subsidiaries of the Company were secured by the Group's marketable securities with an aggregate fair value of HK$2.6 million (2022: HK$2.2 million) and shares of certain subsidiaries (2022: securities collateral pledge to the Group by margin clients with market value of HK$400.7 million). Besides, certain bank borrowings were secured by the Group's restricted bank balances and deposits of HK$11.3 million (2022: HK$84.3 million).

For the other borrowings from financial institutions as at 31 December 2023, corporate guarantees amounting to HK$56.1 million (2022: HK$57.9 million) were given to the financial institutions by the Company for the provision of other borrowings granted to the subsidiaries. Besides, the other borrowings granted to the subsidiaries of the Company were secured by legal charges on certain investment properties with carrying amount of HK$73.7 million (2022: HK$79.4 million). In additions, certain other borrowings to the subsidiaries of the Company were under repurchase arrangement by using the securities collateral pledged to the Group by margin clients with market value of HK$77.6 million (2022: HK$149.6 million). Moreover, certain other borrowings were secured by securities collateral pledged to the Group by margin clients with market value to HK$155.4 million (2022: Nil). Besides, personal guarantees up to HK$30.0 million (2022: Nil) were given to independent third party by a director and controlling shareholder of the Company for the provision of other borrowings granted to the Company.

BUSINESS REVIEW OF EACH SEGMENT

During the year ended 31 December 2023, the global economy and business performance did not recover as the market expected after the full resumption of normal travel was implemented in February 2023 between the Mainland China and Hong Kong. The slow and uncertain recovery was resulted from the high interest rate, inflationary pressure, the uncertain of global economic growth, the unstable international geopolitics specially the impact from Russo-Ukrainian conflict and Israel-Hamas war, and the strict regulation and supervision of various industries in the Mainland China. The recovery of economies and business performance was slower than previously expected.

Set out below is the review of each segment of the Group's business.

Property Segment

The Group holds three investment property projects namely Realord Villas and Zhangkengjing Property in Longhua District, and Realord Technology Park in Guangming District in Shenzhen, the PRC. The Group also holds proposed development project and properties under development namely Laiying Garden in Nanshan District and Qiankeng Property in Longhua District respectively in Shenzhen, the PRC. There are five property projects on hand as at 31 December 2023 (2022: five).

In FY2023, there are various development progress on five property projects. Firstly, for Realord Villas, up to the date of report, the number of tenants of Sincere Mall increased to 50 including children's amusement park, education training centres, restaurants, fitness studios and billiard room. Secondly, for Realord Technology Park, the total construction scale is approximately 81,000 square meters. For Phase I, a lease agreement was signed with hotel operator with international branded hotel operating experience under a lease term starting from 2024. For Phase II, the development plan will be started once government approval is granted. Thirdly, for Qiankeng Property, the construction scale is approximately 112,000 square meters and the redevelopment works are processing since the Group obtained the construction permit from relevant government authorities in October 2023. Fourthly, for Zhangkengjing Property, the application of change of land use from industrial use to residential apartments and commercial use is still under review as at the reporting date. Fifthly, for Laiying Garden, the Group obtained the land use permit from relevant government authorities in July 2023 and the redevelopment work is expected to be commenced once permits from relevant government authorities are granted.

Financial Services Segment

In FY2023, under the shadow of high inflation and interest rate, the financial market in Hong Kong fell generally. However, Financial Services Segment is committed to providing diversified and premium services to customers in the primary and secondary markets. The interest income of margin financing and money lending has been rising, which drives Financial Services Segment has been steady growth in the sluggish market.

The Group, together with 5 other independent third parties, had also applied for approval from the China Securities Regulatory Commission ("CSRC") to establish a security company in Guangzhou Pilot Free Trade Zone. The Group, together with 5 other independent third parties, have applied for withdrawal of the application during the year.

Margin financing business

Business model

The margin financing business forms an integral part of the securities brokerage business under the Financial Services Segment. The Group provides margin loans to its brokerage clients. Funding for this business is from bank loans, other borrowings from financial institutions and internal resources of the Group. The margin financing operation of the Group is based on the loan-to-collateral ratio (the "Collateral Ratio") set by the credit department for each of the securities with reference to its liquidity, risk profile and financial strength of the underlying entities and the loan-to-collateral ratio adopted by banks. Margin clients are required to pledge deposits and/or liquid securities as collaterals to the Group in order to obtain margin facilities for securities trading.

As at 31 December 2023, approximately 70.9% (2022: 53.0%), 4.2% (2022: 34.3%) and 24.9% (2022: 12.7%) of the total loan balance to margin financing clients of HK$300.3 million (2022: HK$457.2 million) were from individual investors, corporate investors and professional investors as defined under Part 1 of Schedule 1 of Section 397 of the Securities and Futures Ordinance (Cap.571D), respectively.

Credit policy

The Group has established a credit assessment committee (the "Margin Financing CAC") presently comprising four members (including the chief financial officer of the Company, two responsible officers and a director of the securities brokerage company). The Margin Financing CAC is responsible for establishing credit policy, approving margin limit, and monitoring the credit exposure of the margin financing business.

To perform credit assessment (the "Credit Assessment") on the clients, the credit risk staff team (the "Credit Risk Team"), which currently has two staff, will conduct the following procedures:

(i) "know your client" procedures including:

    (a) checking the background of client;

    (b) if the client is a corporate client, checking the background of the shareholder(s) and the ultimate beneficial owner(s), and business operations of such corporate client, obtaining and reviewing corporate documents of the corporate client including but not limited to the constitution documents and financial statements;

(ii) assessment of the repayment ability and credit quality of client based on:

    (a) for individual client, his/her occupation, proof of income, proof of assets, proof of financial standing, historical trading pattern, and historical settlement records with the Group (if applicable); and

    (b) for corporate client, its latest available financial statements, leverage level, assets quality, external credit rating, historical trading pattern, and historical settlement records with the Group (if applicable).

Upon satisfactory on the results of the Credit Assessment, the Credit Risk Team shall recommend to the Margin Financing CAC's approval of the applicable margin limit with reference to the repayment ability and the credit quality of the client and the client's collaterals. The Margin Financing CAC shall review and make the decision to approve, reject or modify the margin limit and/or terms on the margin loan.

The Credit Risk Team is also responsible for on-going monitoring of the Collateral Ratio. The Margin Financing CAC will review the Collateral Ratio quarterly.

Key internal control measures

The Group has adopted the following key internal control measures to monitor its margin financing business:

(i) on a daily basis, a team comprising the head of customer service of the securities brokerage company and its responsible officer (who is also a member of the Credit Risk Team) for monitoring margin financing (the "Margin Monitoring Team") will generate a margin call report which shows the clients' margin status and identify if there is any shortfall in clients' collaterals;

(ii) for any insufficient collaterals identified, the Margin Monitoring Team shall make immediate margin calls for additional collateral;

(iii) in the event the clients fail to mitigate the shortfall of their collaterals, the Margin Monitoring Team shall make timely report to the responsible officers of securities brokerage company who will consider the necessary actions to take including but not limited to forced liquidation of the clients' position;

(iv) the Margin Monitoring Team shall also closely monitor any unusual movements, corporate news or trading halts/suspensions of all underlying securities related to outstanding margin financing facilities in order to mitigate the clients' credit risk and report to the responsible officers of all relevant incidents as and when arise, for the responsible officers to consider further actions; and

(v) the responsible officers of securities brokerage company shall report to the management of the Group on any material adverse incidents on margin financing operation.

Major terms of loans and concentration of loans on major clients

During the year ended 31 December 2023, the interest rate of the margin financing was charged at a range of 5% to 20.875% (2022: a range of 5% to 20.625%) subject to the credibility of the clients and quality of the securities collateral. The Group's largest margin client and the five largest margin clients accounted for approximately 14.3% (2022: 10.6%) and 52.0% (2022: 34.4%) of the total loan balance to margin clients as at 31 December 2023. As at 31 December 2023, the Group's largest margin client was an individual client (2022: a corporate client) and the Group's five largest margin clients included 3 individual clients and 2 professional investors (2022: 1 individual client, 3 corporate clients and 1 professional investor).

Recoverability and impairment assessment

The Group measures the impairment loss on the basis of lifetime expected credit losses assessment for the loan receivables from margin financing clients. The Group monitors the market conditions and adequacy of securities collateral and margin deposits of each margin account on a daily basis. Margin calls and/or forced liquidation will be made where necessary. The Group reviews the recoverable amount of each individual receivable at the end of each reporting period to ensure that adequate provision for impairment losses is made for irrecoverable amounts. As part of the Group's credit risk management, the Group estimates impairment loss on loans to margin clients individually by reference to any historical default or delay in payments, historical settlements record and current past due exposure of each client.

During the year ended 31 December 2023, the net provision for impairment losses on receivables arising from loans to margin clients of HK$0.3 million (2022: HK$1.2 million) was recognised, including the reversal of general provision for impairment loss of HK$0.4 million (FY2022: recognition of general provision for impairment loss of HK$1.2 million) and recognition of specific provision of HK$0.7 million (FY2022: Nil). The amount of specific provision of HK$0.7 million (FY2022:Nil) was written off during the year. General provision for impairment loss was provided for margin loan balances with insufficient collaterals. As at 31 December 2023, 92% (2022: 91%) of the margin loan balances were secured by sufficient collaterals.

Money lending business

Business model

The Group provides loans to clients with tailored made liquidity solutions and its clients are mainly solicited from business referrals of existing clients or business connections of the management team of the Group. Securities brokerage division also refers the brokerage clients who have financing needs to the money lending division with a view to providing one-stop financing solutions to the clients. The funding for this money lending business is mainly from internal resources of the Group. As at 31 December 2023, approximately 64.6% (2022: 61.1%) and 35.4% (2022: 38.9%) of the total loan balance to money lending clients of HK$554.1 million (2022: HK$458.9 million) were corporate and individual clients, respectively.

Credit policy

The Group has established a credit assessment committee (the "Money Lending CAC") presently comprising three members (including the chief financial officer of the Company and two directors of the money lending company). The Money Lending CAC is responsible for establishing credit policy, approving loan terms, and monitoring the credit exposure of the money lending business.

To perform the Credit Assessment on the client, the Credit Risk Team shall conduct the same procedures as that of margin financing operation including (i) "know your client" procedures; and (ii) assessment of the repayment ability and credit quality of client, details of which are set out in the paragraphs of "Credit policy" in the session headed "Margin Financing Business" above.

Upon satisfactory on the results of the Credit Assessment, a team comprising a director of the money lending company (who is also a member of the Money Lending CAC) and an officer of the money lending company (the "Money Lending Team") will propose loan terms (the "Proposed Loan Terms"), including but not limited to interest rate, tenor, collateral and guarantee, if applicable, to the Money Lending CAC based on the prevailing market condition, repayment ability and credit quality of the client and the client's financial need. The Proposed Loan Terms will be reviewed and approved by the Money Lending CAC and were determined on case-by-case basis.

The Money Lending Team is responsible for on-going monitoring of the status of the loans granted by the money lending company and assessing the credit exposure risks of its loan portfolio from time to time.

Key internal control measures

The Group has adopted the following key internal control measures to monitor its money lending business:

(i) on monthly basis, the Money Lending Team will prepare a monthly loan profile summary which will be reviewed by the Money Lending CAC to identify if there is any loan overdue;

(ii) for any loan being overdue, the Money Lending Team will immediately notify the Money Lending CAC, and provide regular updates on the progress of the collection of the outstanding balance of the loans and commence procedures to recover the outstanding balance, if applicable, in accordance with internal procedures; and

(iii) the status of the loan portfolio shall be reported to the Board by the Money Lending CAC on semi-annual basis.

Major terms of loans and concentration of loans on major clients

During the year ended 31 December 2023, the interest rate of the money lending business was charged at a range from 8.5% to 12% per annum (2022: a range of 8.5% to 36% per annum) subject to the creditability of the clients, and the loan receivables from clients were generally unsecured and repayable with a term of one year or less. The Group's largest money lending client and the five largest money lending clients accounted for approximately 19.7% (2022: 19.4%) and 52.8% (2022: 58.2%) of the total loan balance to money lending clients as at 31 December 2023. As at 31 December 2023, the Group's largest money lending client was a corporate client (2022: a corporate client) and the Group's largest 5 money lending clients included 5 corporate clients (2022: 5 corporate clients).

Recoverability and impairment assessment

Same as the margin financing business, the Group measures the impairment loss on the basis of lifetime expected credit losses assessment for the loan receivables from the money lending clients. The Group reviews the loan receivables at the end of each reporting period to ensure that adequate provision for impairment losses is made for irrecoverable amounts, if any. As part of the Group's credit risk management, the Group estimates impairment loss on loans receivables individually by reference to any historical default or delay in payments, historical settlements record and current past due exposure of each client.

During the year ended 31 December 2023, provision for impairment losses on loan receivables of HK$2.9 million (2022: HK$32.6 million) was recognised for the whole loan portfolio of the Group which represented the expected credit losses of the receivables from money lending clients. As at 31 December 2023, the loan receivables of HK$2.1 million (2022: Nil) had been overdue and specific provision on the loan receivables of HK$2.1 million (2022: Nil) has been provided.

EP Segment

EP Segment remained to be the Group's major revenue contributor which was benefited from the large scale of Realord EP Japan leased land in Osaka, Japan with approximately 19,609 square meters (4 pieces). EP Segment will concentrate on searching for new sources of metal scraps and exploring new customer especially in Japan.

MVP Segment

Due to the slow and uncertain recovery in market of the Mainland China, the demand for motor vehicle parts was adversely affected in FY2023. In addition, the continuous delay in customers' repayment, the Group imposed stricter credit control on its customers. The revenue of the MVP Segment decreased drastically. Though the Group has downsized its scale of operations in order to minimize the operating costs, the segment recorded segment losses in FY2023.

Commercial Printing Segment

Due to the slow down of financial markets in Hong Kong, there was decrease in demand of commercial printing services. Though the Group has downsized its scale of operations in order to minimize the operating costs, the segment still recorded segment losses in FY2023. In order to maintain sustainable growth in business, the Group has to further strengthen its relationship with existing customers and explore new customer bases.

Department Store Segment

During FY2023, due to the gradual recovery of economic activities in Hong Kong and the full resumption of normal travel implemented in February 2023 between the Mainland China and Hong Kong, the Department Store Segment could maintain its revenue even after one of the stores closed in late 2022. The improvement in revenue of the remaining stores covered the loss of revenue from the closed store. However, the increased trend of online behaviour of the customers limited the effect of recovery and hence hinder the performance of our department store operation.

In view of improving the segment performance, the Department Store Segment continued to (i) adopt pro-active meansures to reduce operating costs; (ii) negotiate with the landlords for rental concession; (iii) reassess the profitability of stores and the products portfolios.

To maintain a healthy inventory level, the clearance of out-of-season inventories continued to be major goal of the Department Store Segment during FY2023.

LAC Segment

The principal business of LAC Segment are provision of citizenship application and consultancy services on CBI Programme and development of the Grenada Project. The Grenada Project involves the development of a mixed property project consisting educational facilities, apartments for student, residential villas, hotel and resort facilities, commercial development and shopping facilities and in a longer plan university establishment(s) and related amenities.

The Government of Grenada granted LAC Segment the "Approval Project Status" such that LAC Segment can develop the Grenada Project on foreign investors' funding in accordance with the local laws under Section 11 of the Grenada Citizenship by Investment Act 15 of 2013 and a CBI Programme in Grenada. Through the CBI Programme, LAC Segment is authorised to raise capital from investors of the Project for funding the construction and development costs. Qualified investors of the real properties will be granted permanent Grenadian citizenship and a passport offering visa-free travel to over 153 countries including the United Kingdom, EU Schengen countries and the Mainland China. The Project marks a significant flag of our Group into the Caribbean region.

OUTLOOK AND CORPORATE STRATEGY

Property Segment

The Group will focus on the five properties projects on hand, namely, the Qiankeng Property, the Laiying Garden, the Realord Villas, the Realord Technology Park and the Zhangkengjing Property to ensure that the Group stays in a good position in this segment.

Financial Services Segment

As the Chinese and Hong Kong governments have made a series of measures to help economic recovery, the Group expected that Hong Kong's financial market and economic development will be gradually recovered. Financial Services Segment will continuously develop various investment products to meet the market's demand and provide diversified and premium services to customers in the international capital market. At the same time, Financial Services Segment is expanding the sales and business teams to support our business development. This segment is expected to achieve stable business growth in 2024.

EP Segment, Commercial Printing Segment and Department Store Segment

Looking forward, amidst the market uncertainties, the Group will continue to exercise extreme cautions in the operations of EP Segment, Commercial Printing Segment and Department Store Segment with a view to controlling operating costs, minimising the credit risk exposures and expanding the customers base of the segments by strengthening their competitive edges among their competitors. The Group will continue to monitor the business plans, the associated risks and prospects of the operations of all segments, in order to maximise the return to the shareholders.

MVP Segment

Under the promoting of international environmental protection across the globe, the electric vehicle market size has increased significantly in recent years. Governments in various countries also provide subsidies and supports to customers for changing from petrol to electric vehicle. Looking forward, the Group expects the market trend of shifting from petrol to electric vehicles will continue and the demand for petrol vehicles is expected to decrease. The Group will be extremely cost cautious on the operations of MVP Segment and closely monitor the business development of this segment.

LAC Segment

The Grenada Project presents a valuable opportunity for the Group to diversity its business and operations in the Caribbean and Latin American region and enables it to expand its scale of overseas operation. By inviting foreign investment under the CBI Programme of Grenada, the Group has embarked on the Grenada Project.

The Group is keen to leverage its experience in the Grenada Project to explore further investment opportunities around the Caribbean economic zone and Latin American region. The Group has further targeted to invest in four other Caribbean countries, namely Antigua and Barbuda, Saint Lucia, Saint Kitts and Nevis, and Dominica. These four countries, together with Grenada (altogether, the "Designated Caribbean Countries"), were ranked top five popular investment destination by CBI Programme by the magazine "Professional Wealth Management" published by "Financial Times" in 2021. Other than the Grenada Project, the Group is also in negotiation with the authorities of the Republic of Panama on a power generation project to be granted under the foreign investors investment scheme of the Republic of Panama. As seen, it is the corporate strategy of the Group to invest and/or to form joint ventures with local governments in the targeted countries to set up and develop new businesses taking advantage of raising capital from foreign investors through the CBI Programme of different countries. The Group has been identifying suitable investment projects in and develop appropriate business plans for each of the Designated Caribbean Countries and the Republic of Panama. After discussions with and obtaining support from the local governments of each of these Caribbean countries and the Republic of Panama, the Group will determine and proceed with the pertinent investment projects, with an aim to maximizing the return for the Shareholders. To this end, the Group has established a management and marketing team with offices in Beijing, Shanghai, Shenzhen and Hong Kong and engaged consultants in Vietnam, the United States of America and Dubai to implement the marketing strategies formulated for promoting the citizenship by investment programmes and investment opportunities of each of the aforesaid countries.

The Caribbean region has long been popular with the Western countries such as Europe, the United States of America and Canada, and is an ideal place for vacations. In particular, Antigua and Barbuda, and Saint Kitts and Nevis are closer to the United States of America, and both countries have direct flights to Europe, the United States of America and Canada. Before the outbreak of the epidemic, more than one million tourists visited these two countries every year, but the development of infrastructure such as hotels and tourism facilities lags behind. Tourists who travel to the Caribbean region are high-end consumer groups with relatively strong spending power. Thus, they generally demand higher qualities for hotels and tourism facilities. However, the tourism facilities have becoming obsolete, and the hotel buildings and supporting facilities have not been upgraded and renovated promptly. On the other hand, in view of the increasing awareness of global warming, these Caribbean countries, which are still mainly relying on traditional method of generating electricity, are encouraged to develop renewable energy. In view of these, the Group has identified four investment propositions to collaborate with the respective local governments to accelerate economic development of each country. These four areas include (i) the clean energy sector; (ii) the education sector; (iii) the tourism sector; and (iv) the retail sector. Environmental and economic benefits of using renewable energy include: (i) generating energy that produces no greenhouse gas emissions from fossil fuels and reduces some types of air pollution; (ii) diversifying energy supply and reducing dependence on imported fuels; and (iii) creating economic development and jobs in manufacturing and installation, etc.. Education, tourism and retail projects are organically integrated to create an ecosystem, providing employment opportunities, and boosting the local economy and people's quality of life. The Group would also be able to embrace corporate social responsibility alongside with its stakeholders. The Group is confident that it can obtain support from local governments with favorable policy and initiatives.

It is the Group's strategy to seek for professional investors to jointly invest in the projects in the Designated Caribbean Countries and the Republic of Panama. Further, the Group is identifying capable and competent business partners with significant track record to participate in the projects. Subject to the planning and the feasibility studies of the projects as well as the requisite approval by the respective local government, it is expected that the Group would kick off the projects in the Designated Caribbean Countries and the Republic of Panama in near future.

CONTINGENT LIABILITIES

The Group has no significant contingent liabilities as at 31 December 2023.

LITIGATION

Saved as disclosed in note 19 to the consolidated financial statements, the Group has no other significant litigation as at 31 December 2023.

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

No significant investments held, nor were there any material acquisitions or disposals of subsidiaries and associated companies during the year ended 31 December 2023.

EVENTS AFTER REPORTING PERIOD

Saved as disclosed in note 20 to the consolidated financial statements, no other significant event has taken place subsequent to 31 December 2023 and up to the date of this announcement.

DIVIDENDS

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

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

None of the Directors or any of their respective associates has interest in any business that competes or is likely to compete, either directly or indirectly, with the business of the Group, or has any other conflict of interest with the Group.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintain good corporate governance practices. In the opinion of the Directors, the Company has complied all code provisions in the Corporate Governance Code as set out in Appendix C1 of the Rules (the "Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") for the year ended 31 December 2023.

EMPLOYMENT AND REMUNERATION POLICIES

As at 31 December 2023, the Group had a total workforce of 463, of whom 302, 112, 33 and 16 were based in Hong Kong, the Mainland China, Japan and Grenada. Remuneration packages are generally structured by reference to market terms and individual qualifications, experience and merits. Salaries are normally reviewed on an annual basis and bonuses, if any, will be based on performance appraisals and other relevant factors. Staff benefits plans maintained by the Group include mandatory provident fund scheme, share option scheme and medical insurance.

ANNUAL GENERAL MEETING

The 2024 annual general meeting ("2024 AGM") will be held on Thursday, 6 June 2024, and the notice of the 2024 AGM will be published and despatched in the manner as required by the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") in due course.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the 2024 AGM, the register of members of the Company will be closed from Monday, 3 June 2024 to Thursday, 6 June 2024, both dates inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the 2024 AGM, unregistered holders of shares of the Company shall ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Friday, 31 May 2024.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's issued shares during the year.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding directors' securities transactions on terms set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as contained in Appendix C3 to the Listing Rules. Having made specific enquiry of all Directors, they have confirmed compliance with the required standard set out in the Model Code during the year ended 31 December 2023.

AUDIT COMMITTEE AND REVIEW OF FINAL RESULTS

The figures in respect of the Group's consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position, and the related notes thereto for the year ended 31 December 2023 as set out in this announcement have been agreed by the Company's auditors, Grant Thornton Hong Kong Limited, to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 December 2023. The work performed by the Company's auditors in this respect did not constitute an assurance engagement performed in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by Grant Thornton Hong Kong Limited on this announcement.

The Company has established the Audit Committee with written terms of reference in accordance with the Listing Rules. The Audit Committee comprises three members, namely Mr. Yu Leung Fai, Mr. Fang Jixin and Mr. Ho Chun Chung Patrick, who are all independent non-executive Directors. The Audit Committee has reviewed with the management about the accounting principles and practices adopted by the Group and discussed auditing, risk management, internal control system and financial reporting matters of the Group. The Audit Committee has also reviewed the consolidated financial statements of the Group for the year ended 31 December 2023.

PUBLICATION OF FINAL RESULTS AND ANNUAL REPORT

This final results announcement is published on the Company's website (http://www.realord.com.hk) and the Stock Exchange's website (http://www.hkexnews.hk).

The annual report containing all the information required by the Listing Rules will be despatched to the Shareholders and available on the abovementioned websites in due course.

APPRECIATION

On behalf of the Board, I would like to express its sincere gratitude to all our staff for their dedication and contribution, as well as to all our customers, suppliers, business associates and shareholders for their continuous support to the Group over the period.

By Order of the Board
Realord Group Holdings Limited
Lin Xiaohui
Chairman

Hong Kong, 25 March 2024

As at the date of this announcement, the executive Directors are Dr. Lin Xiaohui, Madam Su Jiaohua and Mr. Lin Xiaodong and the independent non-executive Directors are Mr. Yu Leung Fai, Mr. Fang Jixin and Mr. Ho Chun Chung Patrick.