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中達集團控股有限公司

CENTRAL WEALTH GROUP HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 139)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2022

The Board of Directors (the “**Board**”) of Central Wealth Group Holdings Limited (the “**Company**”) announces the annual results of the Company and its subsidiaries (the “**Group**”) for the year ended 31 December 2022 (the “**Year**”) together with comparative figures for the previous period as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2022

	Note	2022 HK\$'000	2021 HK\$'000
Revenue			
Financial investments and services		46,779	43,251
Brokerage and commission income		187,005	161,670
Advisory fee income		34,634	38,920
Sales of goods		9,422	–
	4	277,840	243,841
Cost of sales and services			
Brokerage and commission expenses		(112,719)	(157,624)
Cost of sales		(4,322)	–
		(117,041)	(157,624)
Gross profit		160,799	86,217

CONSOLIDATED STATEMENT OF PROFIT OR LOSS (Continued)*For the year ended 31 December 2022*

	<i>Notes</i>	2022 HK\$'000	2021 <i>HK\$'000</i>
Other income and losses, net	4	(2,706)	(5,621)
Administrative expenses		(176,202)	(157,948)
Equity-settled share option arrangements		(18,024)	(11,880)
Other operating expenses		(5,001)	(4,738)
Finance costs	5	(25,838)	(32,863)
Unrealised fair value losses on equity and fund investments at fair value through profit or loss, net		(29,607)	(107,632)
Unrealised fair value losses on debt investments at fair value through profit or loss, net		(19,796)	(1,219)
Reversal of/(provision for) credit loss allowances on other financial assets		10,717	(133,775)
Share of profits of an associate		3,006	–
		<hr/>	<hr/>
Loss before income tax	6	(102,652)	(369,459)
Income tax expense	7	(2,738)	(1,807)
		<hr/>	<hr/>
Loss for the year		(105,390)	(371,266)
		<hr/>	<hr/>
Loss for the year attributable to			
Equity shareholders of the Company		(106,759)	(371,266)
Non-controlling interests		1,369	–
		<hr/>	<hr/>
		(105,390)	(371,266)
		<hr/>	<hr/>
DIVIDENDS	8	–	–
		<hr/>	<hr/>
Loss per share attributable to owners of the Company			
Basic and Diluted	9	HK(0.67) cents	HK(2.32) cents
		<hr/>	<hr/>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2022

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Loss for the year attributable to owners of the Company	<u>(105,390)</u>	<u>(371,266)</u>
Other comprehensive income		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	<u>(4,730)</u>	<u>2,758</u>
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Equity investments at fair value through other comprehensive income:		
Changes in fair value, net of tax	<u>65,579</u>	<u>201,763</u>
Other comprehensive income for the year	<u>60,849</u>	<u>204,521</u>
Total comprehensive loss for the year	<u>(44,541)</u>	<u>(166,745)</u>
Total comprehensive loss for the year attributable to		
Equity shareholders of the Company	<u>(45,910)</u>	<u>(166,745)</u>
Non-controlling interests	<u>1,369</u>	<u>–</u>
	<u>(44,541)</u>	<u>(166,745)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	<i>Notes</i>	2022 HK\$'000	2021 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		2,628	4,198
Right-of-use assets		5,487	10,770
Intangible assets		–	500
Investment in an associate		87,006	–
Equity investments at fair value through other comprehensive income	<i>10</i>	392,073	493,258
Deferred tax assets		110	110
Loan receivables from money lending business	<i>11</i>	124,911	353,930
Finance lease receivables		1,646	3,946
Deposits and other receivables		23,705	37,032
		<hr/>	<hr/>
Total non-current assets		637,566	903,744
Current assets			
Loan receivables from money lending business	<i>11</i>	247,918	115,851
Trade receivables from securities and futures dealing business	<i>12</i>	147,696	130,116
Trade receivables from placing and asset management business	<i>13</i>	33,479	45,990
Trade receivables from sales of goods		865	–
Finance lease receivables		2,300	2,426
Inventories		1,796	–
Prepayments, deposits and other receivables		163,351	85,545
Equity and fund investments at fair value through profit or loss	<i>14</i>	35,508	95,558
Debt investments at fair value through profit or loss		29,677	173,035
Cash and bank balances		62,388	116,364
Bank balances held on behalf of clients		691,356	159,683
		<hr/>	<hr/>
Total current assets		1,416,334	924,568

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)*As at 31 December 2022*

	<i>Notes</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Current liabilities			
Trade payables	<i>15</i>	695,823	168,102
Lease liabilities		3,415	4,018
Third party interests in consolidated investment fund		–	52,662
Other payables and accruals	<i>16</i>	18,226	84,693
Other borrowings	<i>17</i>	123,075	268,109
Bank borrowings	<i>17</i>	39,500	71,664
Bank overdrafts	<i>17</i>	21,638	–
Note payable		42,422	50,000
Tax payable		1,072	56
		<hr/>	<hr/>
Total current liabilities		945,171	699,304
		<hr/>	<hr/>
Net current assets		471,163	225,264
		<hr/>	<hr/>
Total assets less current liabilities		1,108,729	1,129,008
		<hr/>	<hr/>
Non-current liability			
Lease liabilities		2,989	6,599
		<hr/>	<hr/>
Total non-current liability		2,989	6,599
		<hr/>	<hr/>
Net assets		1,105,740	1,122,409
		<hr/>	<hr/>
Equity			
Share capital	<i>18</i>	162,939	159,697
Reserves		939,364	962,712
		<hr/>	<hr/>
Equity attributable to equity shareholders of the Company		1,102,303	1,122,409
Non-controlling interests		3,437	–
		<hr/>	<hr/>
Total equity		1,105,740	1,122,409
		<hr/>	<hr/>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION OF FINANCIAL STATEMENTS AND PRINCIPAL ACCOUNTING POLICIES

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

They have been prepared under the historical cost convention, except for the equity, fund and debt investments and investment property which have been measured at fair values. These consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”), which is the functional currency of the Company, and all values are rounded to the nearest thousand except when otherwise indicated.

(a) Adoption of new and amendments to HKFRSs

In the preparation of the consolidated financial statements for the year ended 31 December 2022, the Group has applied, for the first time, the following new and revised standards issued by the HKICPA.

Amendments to HKFRS 3	<i>Reference to the Conceptual Framework</i>
Amendment to HKFRS 16	<i>Covid-19-Related Rent Concessions beyond 30 June 2021</i>
Amendments to HKAS 16	<i>Property, Plant and Equipment – Proceeds before Intended Use</i>
Amendments to HKAS 37	<i>Onerous Contracts – Cost of Fulfilling a Contract</i>
Amendments to HKFRSs	<i>Annual Improvements to HKFRSs 2018-2020</i>
Amendments to AG 5 (Revised)	<i>Merger Accounting for Common Control Combination</i>

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

(b) Basis of consolidation

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

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

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group’s voting rights and potential voting rights.

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

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

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

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

2. NEW AND AMENDMENTS TO HKFRSs IN ISSUE BUT NOT YET EFFECTIVE

New and amendments to HKFRSs in issue but not yet effective:

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

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	<i>Insurance Contracts</i> ¹
Amendments to HKFRS 10 and HKAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ²
Amendments to HKFRS 16	<i>Lease Liability in a Sale and Leaseback</i> ³
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5</i> ³
Amendments to HKAS 1 and HKFRS Practice Statement 2	<i>Disclosure of Accounting Policies</i> ¹
Amendments to HKAS 8	<i>Definition of Accounting Estimates</i> ¹
Amendments to HKAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i> ¹

¹ Effective for annual periods beginning on or after 1 January 2023.

² Effective for annual periods beginning on or after a date to be determined.

³ Effective for annual periods beginning on or 1 January 2024.

Except for the new and amendments to HKFRSs mentioned below, the directors of the Company anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

Amendments to HKAS 8 Definition of Accounting Estimates

The amendments define accounting estimates as “monetary amounts in financial statements that are subject to measurement uncertainty”. An accounting policy may require items in financial statements to be measured in a way that involves measurement uncertainty – that is, the accounting policy may require such items to be measured at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, an entity develops an accounting estimate to achieve the objective set out by the accounting policy. Developing accounting estimates involves the use of judgements or assumptions based on the latest available, reliable information.

In addition, the concept of changes in accounting estimates in HKAS 8 is retained with additional clarifications.

The application of the amendments is not expected to have significant impact on the Group’s consolidated financial statements.

3. OPERATING SEGMENT INFORMATION

The Group's operating businesses are structured and managed separately according to the nature of their operations and the products and services they provide. Each of the Group's operating segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of the other business segments. Summary of details of the operating segments are as follows:

- (a) the financial investments and services segment comprises financial investments and trading, debt, fund and equity investments and money lending business;
- (b) the brokerage and commission segment comprises provision of trading in securities and futures contracts services; and
- (c) the corporate and others segment comprises corporate income, sales of goods and expense items.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit, which is measured consistently with the Group's loss before income tax except that bank interest income, share of profits of an associate, finance costs, head office and corporate expenses are excluded from such measurement.

Segment assets exclude cash and bank balances, investment in an associate, deferred tax assets and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude note payable, bank overdrafts, bank borrowings, other borrowings, tax payable, deferred tax liabilities and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

For the year ended 31 December 2022

	Financial investments and services HK\$'000	Brokerage and commission HK\$'000	Corporate and others HK\$'000	Consolidated HK\$'000
Segment revenue:				
External	46,779	187,005	44,056	277,840
Intersegment sales	–	1,511	1,839	3,350
	<hr/> 46,779	<hr/> 188,516	<hr/> 45,895	<hr/> 281,190
Elimination	–	(1,511)	(1,839)	(3,350)
	<hr/> –	<hr/> (1,511)	<hr/> (1,839)	<hr/> (3,350)
Total	<hr/> 46,779	<hr/> 187,005	<hr/> 44,056	<hr/> 277,840
Segment results	<hr/> (25,399)	<hr/> (19,725)	<hr/> (33,790)	<hr/> (78,914)
<i>Reconciliation:</i>				
Bank interest income				62
Unallocated expenses				(968)
Finance costs				(25,838)
Share of profits of an associate				3,006
				<hr/> 3,006
Loss before income tax				(102,652)
Income tax expense				(2,738)
				<hr/> (102,652)
Loss for the year				<hr/> (105,390)
Assets and liabilities				
Segment assets	960,099	878,817	65,457	1,904,373
<i>Reconciliation:</i>				
Unallocated assets				149,527
				<hr/> 149,527
Total assets				<hr/> 2,053,900
Segment liabilities	625	705,943	13,823	720,391
<i>Reconciliation:</i>				
Unallocated liabilities				227,769
				<hr/> 227,769
Total liabilities				<hr/> 948,160

For the year ended 31 December 2021

	Financial investments and services <i>HK\$'000</i>	Brokerage and commission <i>HK\$'000</i>	Corporate and others <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Segment revenue:				
External	43,251	161,670	38,920	243,841
Intersegment sales	–	1,711	1,240	2,951
	<hr/>	<hr/>	<hr/>	<hr/>
	43,251	163,381	40,160	246,792
Elimination	–	(1,711)	(1,240)	(2,951)
	<hr/>	<hr/>	<hr/>	<hr/>
Total	<u>43,251</u>	<u>161,670</u>	<u>38,920</u>	<u>243,841</u>
Segment results	<u>(103,889)</u>	<u>(200,139)</u>	<u>(31,712)</u>	<u>(335,740)</u>
<i>Reconciliation:</i>				
Bank interest income				25
Unallocated expenses				(881)
Finance costs				<u>(32,863)</u>
Loss before income tax				(369,459)
Income tax expense				<u>(1,807)</u>
Loss for the year				<u><u>(371,266)</u></u>
Assets and liabilities				
Segment assets	1,320,415	337,488	53,857	1,711,760
<i>Reconciliation:</i>				
Unallocated assets				<u>116,552</u>
Total assets				<u><u>1,828,312</u></u>
Segment liabilities	53,143	220,898	41,922	315,963
<i>Reconciliation:</i>				
Unallocated liabilities				<u>389,940</u>
Total liabilities				<u><u>705,903</u></u>

Other segment information

For the year ended 31 December 2022

	Financial investments and services <i>HK\$'000</i>	Brokerage and commission <i>HK\$'000</i>	Corporate and others <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Depreciation on property, plant and equipment	–	389	1,193	1,582
Depreciation on right-of-use assets	–	305	4,650	4,955
Provision for credit loss allowances on loan receivables from money lending business, net	13,153	–	–	13,153
Reversal of credit loss allowances on trade receivables from securities and futures dealing business, net	–	(10,664)	–	(10,664)
Reversal of credit loss allowances on trade receivables from placing and asset management business, net	–	(15,692)	–	(15,692)
Provision for credit loss allowances on financial assets included in prepayments, deposits and other receivables, net	2,486	–	–	2,486
Written off on other receivables	–	219	–	219
Written off on intangible assets	–	500	–	500
Capital expenditure*	–	–	82	82

* *Capital expenditure consists of additions to property, plant and equipment.*

For the year ended 31 December 2021

	Financial investments and services <i>HK\$'000</i>	Brokerage and commission <i>HK\$'000</i>	Corporate and others <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Depreciation on property, plant and equipment	–	5,754	593	6,347
Depreciation on right-of-use assets	–	9,230	10,446	19,676
Provision for credit loss allowances on loan receivables from money lending business, net	22,877	–	–	22,877
Provision for credit loss allowances on trade receivables from securities and futures dealing business, net	–	89,835	–	89,835
Provision for/(reversal of) credit loss allowances on trade receivables from placing and asset management business, net	–	17,191	(796)	16,395
Provision for credit loss allowances on financial assets included in prepayments, deposits and other receivables, net	4,668	–	–	4,668
Written off on other receivables	–	242	–	242
Net loss from sub-leasing right-of-use asset	–	8,806	–	8,806
Waiver on note payable and note interest payable	–	–	(2,158)	(2,158)
Capital expenditure*	–	180	3,500	3,680

* Capital expenditure consists of additions to property, plant and equipment.

Geographical information

The following tables present derived revenue from external customers for the years ended 31 December 2022 and 2021, and certain non-current assets information as at 31 December 2022 and 2021, by geographical region.

	Hong Kong		PRC		Total	
	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Revenue from external customers	<u>265,367</u>	<u>239,776</u>	<u>12,473</u>	<u>4,065</u>	<u>277,840</u>	<u>243,841</u>
Non-current assets	<u>637,138</u>	<u>902,460</u>	<u>428</u>	<u>1,284</u>	<u>637,566</u>	<u>903,744</u>
Non-current assets*	<u>7,687</u>	<u>14,234</u>	<u>428</u>	<u>1,234</u>	<u>8,115</u>	<u>15,468</u>

* Excluded investment in an associate, equity investments at fair value through other comprehensive income, deferred tax assets, finance lease receivables, loan receivables from money lending business and deposits and other receivables.

Information about major customers and suppliers

The aggregate revenue during the year attributable to the Group's five largest customers was 28.35% (2021: 30.26%) of the Group's total revenue, of which 8.13% (2021: 8.20%) was made to the largest customer.

There was no single supplier or aggregate any five suppliers that contributed to 10% or more of the Group's total purchase during the year (2021: Nil).

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

4. REVENUE, OTHER INCOME AND LOSSES, NET

An analysis of revenue and other income and losses, net is as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<u>Revenue</u>		
<i>Revenue from contracts with customers within the scope of HKFRS 15 recognised at a point in time</i>		
Commission income from securities and futures dealing	8,543	11,150
Commission income from placing	165,331	137,861
Performance fee income	740	97
Management fee income	33,894	38,823
Sales of goods	9,422	–
<i>Revenue from other sources outside the scope of HKFRS 15</i>		
Losses on disposal of equity investments at fair value through profit or loss	(4,280)	(17,365)
Gains on disposal of debt investments at fair value through profit or loss	9,349	5,630
Gains/(losses) on disposal of fund investments at fair value through profit or loss	349	(1,158)
Dividend income from investment in listed equity securities	703	1,971
Dividend income from fund investments at fair value through profit or loss	2,485	5,223
Interest income from money lending business	31,908	37,917
Interest income from securities margin	13,131	12,659
Interest income from debt investments	6,265	11,033
	<u>277,840</u>	<u>243,841</u>

	<i>Notes</i>	2022 HK\$'000	2021 <i>HK\$'000</i>
<u>Other income and losses, net</u>			
Bank interest income		62	25
Handling fee income		320	1,109
Change in third party interests in consolidated investment fund	<i>(i)</i>	(3,744)	(3,435)
Wages subsidies of the Employment Support Scheme	<i>(ii)</i>	1,007	–
Rental income	<i>(iii)</i>	1,107	1,295
Waiver on note payable and note interest payable		–	2,158
Net loss from sub-leasing right-of use asset		–	(8,806)
Interest income from finance lease receivables		94	2
Gain on modification of lease		11	–
Loss on modification of note payable		(2,422)	–
Loss on modification of other receivable		(1,502)	–
Others		2,361	2,031
		(2,706)	(5,621)

Notes:

- (i) This amount represented the net change in net asset value of consolidated investment fund attributable to third-party shareholders, which was fully redeemed during the year.
- (ii) For the year ended 31 December 2022, government grants were received by certain subsidiaries in connection with the new phase of Employment Support Scheme launched in year 2022. There were no unfulfilled conditions or contingencies relating to these grants (2021: Nil).
- (iii) This amount represented the rental income from sub-leases the properties under operating lease arrangements with leases negotiated for less than one year.

5. FINANCE COSTS

An analysis of finance costs is as follows:

	2022 HK\$'000	2021 <i>HK\$'000</i>
Interest on bank borrowings	1,367	2,072
Interest on other borrowings – margin loans	3,458	5,483
Interest on other borrowings – unsecured	14,383	16,520
Interest on bank overdrafts	1,159	2,265
Interest on note payable	5,026	5,914
Interest on lease liabilities	426	593
Others	19	16
	25,838	32,863

6. LOSS BEFORE INCOME TAX

The Group's loss before income tax is arrived at after charging/(crediting):

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Depreciation		
Right-of-use assets	4,955	19,676
Property, plant and equipment	1,582	6,347
	<u>6,537</u>	<u>26,023</u>
Employee benefit expenses (including directors' remuneration) (<i>Note i</i>):		
Wages and salaries	130,316	83,232
Equity-settled share option arrangements, net	18,024	11,880
Retirement benefit scheme contributions	4,597	4,554
	<u>152,937</u>	<u>99,666</u>
Minimum lease payments under operating leases (<i>Note ii</i>)	4,883	631
Auditor's remuneration	2,800	1,800
Provision for credit loss allowances on loan receivables from money lending business, net	13,153	22,877
(Reversal of)/provision for credit loss allowances on trade receivable from securities and futures dealing business, net	(10,664)	89,835
(Reversal of)/provision for credit loss allowance on trade receivable from placing and asset management business, net	(15,692)	16,395
Provision for credit loss allowances on financial assets included in prepayments, deposits and other receivables, net	2,486	4,668
Written off on other receivables	219	242
Written off on intangible assets	500	–
Written off on property, plant and equipment	4	–
Foreign exchange differences, net	1,131	(539)
Share of profits of an associate (<i>Note iii</i>)	3,006	–
	<u><u>3,006</u></u>	<u><u>–</u></u>

Notes:

- (i) As at 31 December 2022, the Group had no forfeited contributions available to reduce its contributions to the retirement benefit schemes in future years (2021: Nil).
- (ii) The amount represented short-term lease payments for the years ended 31 December 2022 and 2021 under HKFRS 16.
- (iii) The gain of bargain purchase in amount of approximately HK\$2,885,000 arisen at acquisition date has been included as share of profits of an associate. Details of the acquisition are disclosed in the announcement of the Company dated 6 October 2022.

7. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2021: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. Under the two-tiered profits tax rates regime, the first HK\$2,000,000 of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2,000,000 will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

Taxes on profits assessable in the PRC in the current year have been calculated at the rates of tax prevailing in the PRC in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Current – Hong Kong		
Charge for the year	2,241	2,070
Under-provision/(over-provision) in prior years	302	(408)
	<u>2,543</u>	<u>1,662</u>
Current – the PRC		
Charge for the year	173	–
Under-provision in prior years	22	59
	<u>195</u>	<u>59</u>
Deferred	–	86
Income tax expense	<u><u>2,738</u></u>	<u><u>1,807</u></u>

8. DIVIDENDS

The directors of the Company do not recommend the payment of any final dividend for the year (2021: Nil).

9. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of the basic loss (2021: loss) per share amount is based on the loss for the year attributable to owners of the Company of approximately HK\$106,759,000 (2021: loss of HK\$371,266,000), and the weighted average number of ordinary shares in issue of 15,980,612,000 (2021: 15,969,650,000).

The calculation of the basic and diluted loss per share are based on:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Loss for the year attributable to owners of the Company, used in the basic and diluted loss per share calculations	<u>(106,759)</u>	<u>(371,266)</u>

	Number of shares	
	2022 <i>'000</i>	2021 <i>'000</i>
Weighted average number of ordinary shares in issue during the year used in the basic and diluted loss per share calculations	<u>15,980,612</u>	<u>15,969,650</u>

Shares

For the years ended 31 December 2022, the assumed conversion of potential ordinary shares in relation to the share option has an anti-dilutive effect to the basic loss per share as the exercise price of the options exceeds the average market price of ordinary shares (2021: same).

10. EQUITY INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Equity securities listed in Hong Kong, at fair value	<u>392,073</u>	<u>493,258</u>

The above equity investments were irrevocably designated at fair value through other comprehensive income as the Group considers these investments to be strategic in nature.

The fair values of the listed equity securities investments were determined based on the quoted market closing prices on the Stock Exchange.

An analysis of investment portfolio is as below:

Stock code	Name of securities	2022		2021	
		<i>HK\$'000</i>	%*	<i>HK\$'000</i>	%*
572	Future World Holdings Limited	–	N/A	1,001	1.91
1141	CMBC Capital Holdings Limited	18,234	0.74	40,863	0.72
412	Shandong Hi-Speed Holdings Group Limited (formerly known as China Shandong Hi-Speed Financial Group Limited)	<u>373,839</u>	1.09	<u>451,394</u>	2.34
		<u>392,073</u>		<u>493,258</u>	

* Percentage of shareholding in the listed securities held by the Group

During the year, the Group received the amount of approximately HK\$633,000 (2021: HK\$1,117,000) dividend from these investments and recognised in the “Revenue” in the consolidated statement of profit or loss.

During the year ended 31 December 2022, the Group sold part of its equity investments to provide for general working capital. These shares were sold at an aggregate amount of approximately HK\$167,714,000 (2021: HK\$99,048,000) and resulted in a cumulative gains of approximately HK\$44,087,000 (2021: loss of HK\$119,949,000) which was transferred from equity investment fair value reserve to accumulated losses during the year.

As at 31 December 2022, the Group’s equity investments at fair value through other comprehensive income, with carrying amount of approximately HK\$18,234,000 (2021: HK\$40,399,000), have been pledged to secure the other borrowings granted to the Group (Note 17(c)).

11. LOAN RECEIVABLES FROM MONEY LENDING BUSINESS

	2022 <i>HK\$’000</i>	2021 <i>HK\$’000</i>
Loan receivables	433,419	517,218
Less: credit loss allowances	<u>(60,590)</u>	<u>(47,437)</u>
	372,829	469,781
Less: non-current portion	<u>(124,911)</u>	<u>(353,930)</u>
Current portion	<u><u>247,918</u></u>	<u><u>115,851</u></u>

As at 31 December 2022, the gross amount of loan receivables represented loans of approximately HK\$433,419,000 (2021: HK\$517,218,000) granted by the Group to a number of independent third parties. The loans bore interest at rates ranging from 5% to 7% (2021: 5% to 7%) per annum and were repayable within three years (2021: three years) from the date of drawdown. The grants of these loans were approved and monitored by the Group’s management. The gross loan balances of approximately HK\$45,278,000 (2021: HK\$47,125,000) were past due and approximately HK\$388,141,000 (2021: HK\$470,093,000) were not past due for which there was no recent history of default.

The Group holds collateral or other credit enhancement over its loan receivables balance at market price of approximately HK\$330,988,000 (2021: HK\$440,295,000), including charge of properties located in Hong Kong and the PRC, listed securities in Hong Kong and equity interest in the unlisted PRC entities of the borrowers. The carrying amount of the loan receivables approximates their fair values. As at 31 December 2022, no collaterals are held for credit-impaired loan receivables (2021: Nil).

12. TRADE RECEIVABLES FROM SECURITIES AND FUTURES DEALING BUSINESS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade receivables arising from the securities and futures dealing business		
– Cash clients	14,872	14,267
– Margin clients	<u>394,892</u>	<u>388,581</u>
	409,764	402,848
Less: credit loss allowances	<u>(262,068)</u>	<u>(272,732)</u>
	<u><u>147,696</u></u>	<u><u>130,116</u></u>

Trade receivables from cash clients, clearing houses and brokers arising from the securities and futures dealing business are repayable on demand subsequent to the settlement date. The normal settlement terms of the said trade receivables are, in general, within 2 days after the trade date. The Group allows a credit period mutually agreed with the contracting parties for receivables from margin clients.

Except for receivables from margin clients, the Group does not hold any collateral or other credit enhancements over these balances. The Group is allowed to dispose of the securities or futures deposited by the customers with the Group to settle any overdue amount.

Trade receivables are unsecured, interest free and repayable on the settlement date of the relevant trades, except for the receivables from margin clients of approximately HK\$394,892,000 (2021: HK\$388,581,000) which bear interest at a range of 6% to 12.25% (2021: 6% to 12.25%) per annum and are secured by investments held by margin clients of approximately HK\$1,404,826,000 as at 31 December 2022 (2021: HK\$1,029,010,000). The carrying amount of the trade receivables approximates their fair values.

The Group maintains accounts with the clearing houses through which it conducts securities and futures trading transactions and settlement on a net basis.

No ageing analysis is disclosed as, in the opinion of the directors, the ageing analysis does not give additional value in view of the business nature.

13. TRADE RECEIVABLES FROM PLACING AND ASSET MANAGEMENT BUSINESS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade receivables arising from the placing and asset management business		
– Corporate clients	12,005	30,863
– Individual clients	169	241
– Investment funds	<u>22,052</u>	<u>32,789</u>
	34,226	63,893
Less: credit loss allowances	<u>(747)</u>	<u>(17,903)</u>
	<u><u>33,479</u></u>	<u><u>45,990</u></u>

Trade receivables from corporate clients, individual clients and investment funds which are past due but not credit-impaired represent receivables arising from placing and asset management business which have not yet been settled by clients after the Group's normal credit period. Except for the credit loss allowances provided, the outstanding trade receivables from corporate clients, individual clients and investment funds as at 31 December 2022 and 2021 were considered not to be credit impaired as the credit rating and reputation of the trade counterparty are sound.

14. EQUITY AND FUND INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Listed securities, mandatorily measured at fair value		
– Equity securities listed in Hong Kong	25,800	65,373
– Equity securities listed in United States	–	3,543
Unlisted fund investment, mandatorily measured at fair value		
– Investment fund in the Cayman Islands	917	872
– Investment funds in the PRC	<u>8,791</u>	<u>25,770</u>
	<u><u>35,508</u></u>	<u><u>95,558</u></u>

15. TRADE PAYABLES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade payables arising from the securities and futures dealing business		
– Clearing houses	3,351	16,842
– Cash clients	636,245	50,323
– Margin clients	55,924	100,937
Trade payables arising from sales of goods	<u>303</u>	<u>–</u>
	<u>695,823</u>	<u>168,102</u>

Trade payables arising from the securities dealing business bear interest at 0.01% (2021: 0.01%) per annum and repayable on the settlement day of the relevant trades.

Trade payables arising from the futures dealing business are non-interest bearing and repayable on the settlement day of the relevant trades.

No ageing analysis is disclosed as, in the opinion of the directors, the ageing analysis does not give additional value in the view of the business nature. The carrying amount of trade payables approximates their fair values.

16. OTHER PAYABLES AND ACCRUALS

The Group's payables and accruals are non-interest-bearing and are normally settled within three months. The carrying amount of financial liabilities included in other payables and accruals approximates their fair values.

17. INTEREST-BEARING BANK AND OTHER BORROWINGS AND BANK OVERDRAFTS

	2022			2021		
	Effective interest rate per annum (%)	Maturity	HK\$'000	Effective interest rate per annum (%)	Maturity	HK\$'000
Current						
Bank overdrafts – secured	5.25	On demand	<u>21,638</u>	5.25	On demand	<u>–</u>
Bank borrowings – secured	2.4 to 6.2	2023	<u>39,500</u>	3.0 to 4.9	2022	<u>71,664</u>
Other borrowings – unsecured	7.0	On demand	89,032	7.0	On demand	236,000
Other borrowings – secured	9.6 to 12.6	2023	<u>34,043</u>	9.0 to 12.0	2022	<u>32,109</u>
			<u>123,075</u>			<u>268,109</u>
			<u>184,213</u>			<u>339,773</u>

Notes:

- The Group's overdraft facilities amounting to HK\$230,000,000 (2021: HK\$230,000,000), of which approximately HK\$21,638,000 had been utilised as at the end of the reporting period (2021: Nil).
- Certain of the Group's bank borrowings included above are secured by listed equity and debt investments securities pledged to the Group held by certain margin clients with an aggregate amount of approximately HK\$159,565,360 (2021: HK\$143,364,295).

- (c) Certain of the Group's other borrowings are secured by listed securities held by the Group with market values as below:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Equity investments at fair value through other comprehensive income	<u>18,234</u>	<u>40,399</u>

- (d) Other borrowings – unsecured are repayable on demand to Globally Finance Limited, a subsidiary of Future World Holdings Limited of which, 65,356,000 shares of Shandong Hi-Speed Holdings Group Limited (formerly known as China Shangdong Hi-Speed Financial Group Limited) recorded under equity investments at fair value through other comprehensive income (note 10), were pledged to secure the borrowings as share charge as at 31 December 2022.
- (e) As at 31 December 2022 and 2021, bank borrowings and other borrowings are maturing within one year. The carrying amounts of these loans approximate to their fair values.
- (f) As at 31 December 2022 and 2021, secured bank borrowings bear floating rates with reference to HIBOR and Prime Rate. The carrying amounts of these loans approximate their fair values.

18. SHARE CAPITAL

Shares

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Authorised: 80,000,000,000 (2021: 80,000,000,000) ordinary shares of HK\$0.01 each	<u>800,000</u>	<u>800,000</u>
Issued and fully paid: 16,293,850,461 (2021: 15,969,650,461) ordinary shares of HK\$0.01 each	<u>162,939</u>	<u>159,697</u>

A summary of movements of the Company's issued shares capital and share premium account is as follows:

	Number of shares in issue	Issued share capital <i>HK\$'000</i>	Share premium account <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 January 2021, 31 December 2021 and 1 January 2022	15,969,650,461	159,697	4,764,124	4,923,821
Exercise of share options (<i>Note</i>)	<u>324,200,000</u>	<u>3,242</u>	<u>8,214</u>	<u>11,456</u>
At 31 December 2022	<u>16,293,850,461</u>	<u>162,939</u>	<u>4,772,338</u>	<u>4,935,277</u>

Note: During the year ended 31 December 2022, 324,200,000 share options were exercised which results in 324,200,000 shares being issued at a price of HK\$0.024 per share.

MANAGEMENT DISCUSSION AND ANALYSIS

Review of Results

The Group recorded a revenue of approximately HK\$277.8 million for the year ended 31 December 2022 (the “**Year**”), compared to a revenue of approximately HK\$243.8 million for the year ended 31 December 2021. It was mainly attributable to the commission income from provision of Debt Capital Market (“**DCM**”) services of approximately HK\$165.3 million. The net loss before tax for the Year was approximately HK\$102.7 million as compared to the net loss before tax of approximately HK\$369.5 million for the year ended 31 December 2021. The loss was mainly attributable to the recognition of unrealised fair value loss on equity, fund and debt investments at fair value through profit or loss of approximately HK\$49.4 million and (ii) equity-settled share option arrangements of approximately HK\$18.0 million.

The net loss after income tax for the Year was approximately HK\$105.4 million as compared to the net loss after income tax of approximately HK\$371.3 million for the year ended 31 December 2021. Basic loss per share attributable to owners of the Company for the Year was approximately HK0.67 cents (31 December 2021: basis loss of approximately HK2.32 cents).

Economy Review

In 2022, COVID-19 illness was less severe and less deadly compared to 2020 and 2021. Contributing factors to these positive developments are unprecedented advances in vaccine technology that allow for rapid updates to protect against new strains, growing population immunity to the virus and a more effective treatment and vaccines, oral antivirals, and home test kits.

For 2022 as a whole, Hong Kong’s economy contracted by 3.5% and the unemployment rate fell to approximately 3.5% in the fourth quarter. On a year-on-year basis, total exports of goods recorded accelerated growth in the fourth quarter due to the further revival of import demand in many major markets, especially China. However, exports of services plunged further as inbound tourism remained at standstill. Exports and imports trade were adversely affected by the weaker performance of the global economy and various external factors. Under the threat of COVID-19 and austere labor market conditions, domestic demand also decreased and private consumption expenditure stayed subdued, reflecting pessimistic local economic and consumer sentiment.

In line with real economy, the local stock market dropped significant as investor sentiment getting worse. In the first half year, the Hang Seng Index opened at 23,510 points and closed at 21,859 points at the end the first half. In the second half year, Hang Seng Index start to drop by 2,078 points to 19,781 points at the end of 2022. The Federal Reserve raised the fed funds rate during its monetary policy meetings in 2022, pushing borrowing costs to the highest level since 2007, and in line with market expectations. Hong Kong’s property market remains resilient, but uncertainty persists.

2022 was a year of ups and downs for Chinese offshore bond market. Global inflation is high. The Federal Reserve and the European Central Bank have entered the path raising interest rates. In the context of increasingly constrained issuance of US dollars and euros, China offshore Renminbi bonds have price advantages and can avoid interest rate risks. The urban investment sectors has risen against the trend and has become the backbones of the issuance, and the China offshore bond market has ushered in a new batch of urban investment companies. During the year, the local governments continue to explore offshore bond issuance. The Guangdong Provincial Government, the Hainan Provincial have issued a total of RMB12 billion in offshore bonds. This is the first time for a Chinese local government to issue the blue bonds and sustainable development bonds in the international capital market.

Business Review

Brokerage & margin financing

The business are carried on through Instant Achieve Limited (“**IAL**”), a wholly-owned subsidiary of the Group, which in turn owned 100% equity interest in Central Wealth Securities Investment Limited (“**CWSI**”) and Central Wealth Futures Limited (“**CWF**”). CWSI and CWF are incorporated in Hong Kong with limited liability and are carrying on business in type 1 (dealing in securities), type 2 (dealing in futures contracts), type 4 (advising on securities) and type 5 (advising on futures contracts) regulated activities under the Securities and Futures Ordinance.

During the Year, the commission income from securities and futures dealing was approximately HK\$8.5 million (31 December 2021: HK\$11.2 million) and the interest income from the securities margin financing was approximately HK\$13.1 million (31 December 2021: HK\$12.7 million). The Group will maintain its prudent credit policy and risk management approach with a view to achieve a sustainable business environment.

Debt capital market business

The business are carried on through IAL, which in turn owned 100% equity interest in CWSI. CWSI is incorporated in Hong Kong with limited liability and is carrying on business in type 1 (dealing in securities) and type 4 (advising on securities) regulated activities under the Securities and Futures Ordinance.

In recognition of the robust potential in the China’s US dollar bonds market, the Group have established a foothold and teamed up to participate as a major player in this growing market in 2017. The market is principally classified into, by industry four business segments, namely industrial, property development, financial and urban construction investment (“**Chengtou**”).

During the Year, the Group has so far participated in 45 debt issues with roles of joint global coordinator, joint book-runner, joint lead manager or placing agent with an aggregate issue size of approximately US\$42.3 billion as at 31 December 2022. The debts are issued through either private or public offerings with coupon rates ranging from 1.9% to 9.3% per annum. According to the information published on Bloomberg 2022, CWSI ranked as the 31st the manager in the issuance of offshore China bonds for the Year based on the issuance volume credited to each involved party. During the Year, the provision of debt capital market services has recorded a commission income from placing of approximately HK\$165.3 million. The Group will continue to strengthen our services in the coming period and broaden our service range with an aim to provide one stop service to our customers.

Asset management

The business are carried on through IAL, which in turn owned 100% equity interest in Central Wealth Asset Management Limited (“CWAM”). CWAM is incorporated in Hong Kong with limited liability and is carrying on business in type 4 (advising on securities) and type 9 (asset management) regulated activities under the Securities and Futures Ordinance.

During the Year, the Group engages in the provision of investment management services on diversified and comprehensive investment products including private funds and discretionary accounts to individual, corporate and institutional clients. Currently, our investment fund, namely the Central Wealth Investment Fund SPC (“CWIF”), mainly focus on the China’s bond market as it is the second largest bond market in the world and offers attractive yield opportunities. It is expected that the market will continue to grow and transform with the global economy. The Group believes it will become more capital market oriented and open to foreign investors. Besides, CWAM also served as an investment advisor for clients providing advice on equity fund, fixed income funds and other investment products.

About Central Wealth Investment Fund SPC

CWIF is a segregated portfolio company incorporated in Cayman Islands with limited liabilities in June 2018. CWIF has 8 segregated portfolios as at 31 December 2022. The investment objectives of CWIF are to achieve a high rate of return through capital appreciation and seek fixed income returns with a high degree of security.

Investment strategies

The investment manager seeks to achieve the investment objectives by investing in fixed income financial tools, fixed income instruments traded in the bond market, bond funds, money market funds, bond initial offerings, structured products and derivatives. The portfolios now mainly invest in offshore US dollar denominated bonds issued by Chinese institutions. The investment manager will seek to diversify the investment portfolios when opportunities arise.

Fund growth

As at 31 December 2022, the assets under management have reached approximately US\$277.1 million (31 December 2021: US\$787.1 million). The management and performance fee income is approximately HK\$34.6 million during the Year.

Financial Investments and Services

Financial investments and trading

During the Year, the Hang Seng Index starts at 23,510 points and closed at 19,781 points. The local stock market performs badly, the Group recorded unrealized losses on equity, fund and debt investments at fair value through profit or loss of approximately HK\$49.4 million and realised gains on disposal of equity, fund and debt investments at fair value through profit or loss of approximately HK\$5.4 million. The interest income from debt investments amounted to approximately HK\$6.3 million.

Money lending business

The Group's Money lending business is conducted through an indirect wholly-owned subsidiary of the Company, namely Top Billion Finance Limited ("**Top Billion**"), which is a company incorporated in Hong Kong and holds a valid Money Lender License under the Money Lenders Ordinance (Cap. 163 of the law of Hong Kong)

Top Billion is principally engaged in carrying out money lending business by providing secured and unsecured loans to its customers. Through the business and social networks of the senior management of the Company, Top Billion would identify and be referred potential customers which would corporate and individual customers with personal wealth. Top Billion would then assess the credit and risk of such potential customers based on its credit policy and procedure.

Top Billion is operated and managed by members of its senior management and under the supervision of the executive directors of the Company, who have years of experience in accounting, corporate development and/or financial management and have overseen the business operations of Top Billion.

As at 31 December 2022, the Group had 14 outstanding loans to individual customers with an aggregate principal amount of approximately HK\$421,611,400 and interest rates ranging from 5% to 7% and 3 outstanding loans to corporate customers with an aggregate principal amount of approximately HK\$70,500,000 and interest rates of 7% (collectively, the "**Outstanding Loans**"). The Company has complied with the relevant requirements set out in Chapter 14 and Chapter 14A of the Listing Rules with regard to the grant and renewal of the Outstanding Loans. The Company does not have any agreement, arrangement, understanding or undertaking (whether formal or informal and whether express or implied) with a connected person of the Company with respect to the grant of the Outstanding Loans.

Further details of the Outstanding Loans are set out below:

Borrower <i>(Note 1)</i>	Principal amount <i>(HK\$'000)</i>	Interest rate <i>(per annum)</i>	Tenure <i>(months)</i> <i>(Note 2)</i>	Security
Individual customers				
A	10,000	7%	60	Residential and commercial
	7,000	7%	60	property in Hong Kong
	5,000	7%	60	
	50,000	7%	60	
B	19,700	7%	24	Residential property in Hong Kong
C	15,000	7%	24	Residential property in PRC
D	16,000	7%	24	Listed securities in Hong Kong
E	75,000	7%	36	Commercial property in PRC
F	75,000	7%	36	Residential and commercial property in PRC
G	75,000	7%	36	Equity interests in unlisted PRC entities
H	8,000	7%	24	Listed securities in Hong Kong
I	65,000	7%	36	Residential and commercial property in Hong Kong
J	623.7	5%	12	–
K	287.7	5%	12	–
Corporate customers				
L	50,000	7%	24	–
M	12,500	7%	24	Listed securities in Hong Kong
N	8,000	7%	24	Residential property in Hong Kong
Total				
17	<u>492,111.4</u>			

Notes:

1. The borrowers are independent of the Company and its connected persons.
2. The principal and interest of the loans are repayable upon the maturity date.

The majority of the existing customers were referred by executive Directors of the Company. The executive Directors have good business and social networks and would refer potential customers to Top Billion Finance Limited (“**Top Billion**”) from time to time. However, Top Billion does not rule out walk-in customers so long as they can fulfil the due diligence and relevant credit assessment requirements.

BENCHMARKS FOR CUSTOMERS

Top Billion has the following benchmarks for its customers:

Corporate customers

- No specific requirement that the prospective borrower should be from a particular industry.
- The prospective borrower can have its principal business operation in Hong Kong, China or overseas.
- No minimum amount of revenue/profit required to be generated by the prospective borrower in the last 12 months.
- The prospective borrower should normally have an sufficient amount of assets enough to cover the loan principal when they make the loan application. The assets can be in the form of property, securities, or equity interest in an entity.
- The prospective borrower should have a minimum operation history of three years.
- No litigation or winding up records.

Individual customers

- The prospective borrower should be over the age of 18.
- No requirement on the prospective borrower's occupation or minimum monthly income.
- The prospective borrower should normally have an sufficient amount of assets enough to cover the loan principal when they make the loan application. The assets can be in the form of property, securities, or equity interest in an entity.
- No criminal or bankruptcy records.

CREDIT POLICY AND PROCEDURES

Top Billion has set up a credit committee (the “**Credit Committee**”) which comprises two executive Directors of the Company to monitor the credit policy and procedures of the money lending business.

The executive Directors who are members of the Credit Committee are responsible for overseeing the money lending business. The financial controller of the Company is responsible for working out the preliminary terms of the proposed loan and is engaged in the post-loan monitoring.

Pre-approval due diligence

Top Billion will take reasonable steps to establish the potential customer's true and full identity, financial situation and borrowing objectives. The potential customer will be required to provide further details of its personal and/or corporate background, proof of repayment capabilities, proposed loan amount and repayment method, proof of property ownership (if applicable) and bank account and/or financial portfolio statements. Preliminary verification of background information (bankruptcy check and litigation check) of the potential customers will be performed.

Assessment and loan approval

For material lending transactions which constitute 5% or more of the total assets of the Group, credit review procedures will be conducted in accordance with the standard commercial practices for the purpose of determining the ability of applicants in meeting their financial obligations. Applications must in the first place, satisfy certain credit requirements before being further processed and reviewed by the senior management of Top Billion. Applicants will be required to submit all information necessary for conducting the reviews as requested by Top Billion, which includes but is not limited to updated financial statements, assets and investment portfolios of the customer.

The Credit Committee will review the due diligence results and the loan proposal, together with the supporting documents, and then finalise the loan amount and terms. Loan applications are assessed and approved on a case-by-case basis in accordance with: (i) the background of the applicant and whether the applicant has a satisfactory record or any litigation record; (ii) whether the applicant is a professional or has goodwill in his/her respective business or social circles; (iii) whether the applicant has a good loan repayment or credit record; and (iv) whether the applicant is a repeated customer. If the outcome of the aforesaid background and financial assessment is to the satisfaction of the Credit Committee, a meeting will be arranged between the potential customer, a member of the Credit Committee and/or the financial controller. During the meeting, the financial controller will work out the preliminary terms of the proposed loan.

Apart from the provision of collateral, various other factors such as whether the borrowers are repeated customers, their credibility, the amount of the loan, the tenure of the loan, etc. will also be taken into consideration when assessing the credit risk and determining the loan terms (including interest rates). The lending rate should commensurate with the level of credit risk. The stronger the financial position that the borrower exhibits and/or the better the market conditions, the lower the applicable lending rate. Other factors such as the cost of funds, interest rate charged by competitors, the repayment history and length of business relationship will also be considered. Interest rates are determined with reference to risk factors, tenure of loan, borrowing record and interest rates offered by competitors.

Risk control

In order to safeguard the repayment of loans and minimise default risks, all of the existing customers are either business contacts or referrals from the executive Directors which have either good standings or long-term business relationships with the Group. In this way, the Group can limit its risk exposure.

Loan documentation

If a loan application has been approved, the financial controller will then issue a standard loan agreement with the terms agreed by both parties for the applicant to sign. The applicant should provide his/her identity documentation and address proof to the financial controller for him to prepare the loan agreement.

Loan disbursement

The financial controller will not disburse any funds to the customer until Top Billion is in receipt of the drawdown notice attached to the loan agreement signed by the customer. Funds are usually disbursed by crossed or personal cheques deposited to the customers' designated bank accounts as per his/her drawdown notice. Loan disbursement in cash is not allowed, which not only minimises fraud or theft but also protects the Group from being inadvertently involved in money laundering activities.

Post-loan monitoring

Interim and annual review(s) will be performed by Top Billion. Updated background and financial information of the borrower will be obtained and assessed by the Credit Committee. This helps Top Billion to promptly discover potential problems that may be detrimental to timely repayment and allows Top Billion to adjust collection strategies.

Loan renewal

When considering whether to renew a loan, the Group will take into consideration (i) the repayment or credit record of the borrower; and (ii) the borrower's up-to-date financial strength and background. If the above factors are not satisfactory and/or the Directors are of the view that the risks and benefits are not properly balanced, such loan would not be renewed upon maturity.

Early repayment

Early repayment of the loan is possible if the customer provides not less than one business day's prior written notice. On the date upon which such early repayment is to be made, the customer shall repay the outstanding loan and all other monies outstanding (including accrued interests) thereunder.

Repayment overdue monitoring

The accounts staff will check if each loan repayment is made on schedule. If any repayment is overdue for more than two days, the accounts staff will bring the issue to the attention of the financial controller, and he will make verbal reminders to the relevant customer. In the event repayment is overdue for more than seven days after the verbal reminders, the financial controller will then issue an overdue notice to the customer on record. If repayment remains overdue for more than 14 days, the financial controller may issue further reminders to the customer and/or consider other actions.

Loan collection

The Group monitors the repayment of all loans based on each of the respective repayment dates of each of the individual loans. The Group reserves the right to require the customer to repay the loan and other monies outstanding (including accrued interests) on demand at any time during the term of the loan by giving the customer not less than one business day's prior written notice. On the date upon which such repayment is to be made, the customer shall pay to the Group the outstanding loan and all other monies outstanding (including accrued interests) thereunder.

If the loan could not be collected within a reasonable time thereafter, depending on the specific circumstances of the customer, the Credit Committee will decide on instigating legal action(s) to enforce the Group's rights under the loan. Mediation may also be considered to reach an agreement with the customer on repayment. If the customer fails to perform their obligations under the mediation agreement, the Credit Committee may decide on applying to the court for mandatory enforcement.

In case where all potential means of recovery have been exhausted, the Credit Committee will determine whether to write off the problem loan as a bad loan. All loan write-offs must be approved by the Board of the Company.

As at 31 December 2022, the annual interest rate of loan ranged from 5% to 7% (31 December 2021: 5% to 7%) and the term ranged from 1 to 3 years (31 December 2021: 1 to 3 years). The total gross loan receivable amounted to approximately HK\$433.4 million (31 December 2021: HK\$517.2 million). The Group's five largest gross loan receivables amounted to approximately HK\$332.2 million or 76.6 % (31 December 2021: HK\$361.9 million or 70.0%) of the Group's total gross loan receivables. During the Year, the interest income from the money lending business was approximately HK\$31.9 million. The Group will continue to maintain its prudent credit policy and risk management approach with a view to achieve a sound financial management and sustainable business environment.

During the Year, the Group assessed and estimated credit loss allowances ("ECLs") for the loan receivables according to the requirements of Hong Kong Financial Reporting Standard ("HKFRS") 9 issued by the Hong Kong Institute of Certified Public Accountants. The Group had recognized ECLs on loan receivables from the money lending business amounting to approximately HK\$13.2 million (31 December 2021: HK\$22.9 million). The models and assumptions adopted by the management in estimating ECLs are related to the future macroeconomic conditions and borrowers' creditworthiness (e.g. The likelihood of default by customers.) Such assessment has taken regard of quantitative and qualitative historical information and also, the forward looking analysis. Related disclosures on loan from the money lending business are included in Notes 11 to the consolidated financial statement.

The Chinese medicine clinics business

In light of the pessimistic atmosphere in the global stock market and the challenging environment in the Chinese bond market, the Group has diversified its investment in the Chinese medical clinic sector in order to complement the existing businesses. On 21 February 2022, the Group acquired 51% of the equity interests in Youbeiqin (Guangdong) Medical Technology Co., Ltd.* ("**Guangdong Youbeiqin**")

Subsequent to the Group's acquisition of 51% equity interests of Guangdong Youbeiqin in February 2022, Guangdong Youbeiqin and its partners (the "**Partners**") entered into cooperation agreements to form new companies kicking off the operation of the Chinese medicine clinics in the PRC. According to the cooperation agreements, Guangdong Youbeiqin holds 51% of the equity interest of each such companies and the Partners are responsible for the operation and the provision of finance of such companies. During the Year, Guangdong Youbeiqin has not injected capital and has not appointed any directors to the clinics. Guangdong Youbeiqin is solely engaged in the trading of sales of products with the Partners for the sales income. In view of that, on the advice of the independent PRC lawyer legal opinion, supplemental confirmations are signed by the Partners to confirm that Guangdong Youbeiqin would not be entitled to the profits of the clinics and would not be liable for liabilities of them for the Year. As such, Guangdong Youbeiqin is considered not to have control nor influence over the clinics as described under HKFRS 10 'Consolidated Financial Statements' and the results of such clinics are not consolidated with the financial results of the Group for the Year in accordance with the applicable accounting standards.

The livestreaming e-commerce business

As parts of diversification strategy, the Group also started to invest and participate in the new rapid growing livestreaming e-commerce business in the PRC.

On 19 December 2022, the Company (purchaser) and 深圳中達企業諮詢有限公司 (Shenzhen Central Wealth Enterprises Consultancy Co., Ltd*), a wholly owned subsidiary of the Company entered into a sale and purchase agreement with 李旻駿 (Li Minjun*) and 羅艷芳 (Luo Yanfang*) (vendors). Pursuant to which the purchaser agreed to purchase 51% of equity interests in 杭州易侑文化傳媒有限公司 (Hangzhou Yiyou Culture Media Co., Ltd.*) (targeted company) for a total consideration of RMB145,600,000, which shall be settled by cash and/or allotment and issue of the consideration shares. The targeted company is a company established in the PRC with limited liability and is principally engaged in internet live broadcasting, KOL incubation and marketing and sales business in the PRC. The targeted company has exclusive e-commerce contract with Sister Sihuo "四火姐姐張琰琰", a reputable artiste, celebrity and live broadcaster in the PRC. The details of which were disclosed in the announcements of the Company dated 19 December 2022 and 20 December 2022.

On 28 December 2022, the Group entered into a cooperation framework agreement with 中啟傳媒科技有限公司 (Zhongqi Media Technology Co., Ltd.*) ("**Zhongqi Media Technology**"), pursuant to which the joint venture company named 中達中啟合資公司 (Central Wealth Zhongqi Joint Venture Co., Ltd*) (the "**Controlled JV**") will be established in Shenzhen City, the PRC. The Controlled JV will be owned beneficially as to 60% by the Group and as to the balance of 40% by Zhongqi Media Technology. The Controlled JV will be engaged principally in the celebrity branding, that is to help Chinese artists and Internet celebrities to develop customised clothing brands, in order to establish our position as a business benchmark in the live streaming industry and develop online and offline businesses. The controlled JV was established in January 2023.

On 2 January 2023, the Group entered into a strategic cooperation framework agreement (the “**Cooperation Framework Agreement**”) with Guangzhou Jiafan E-commerce Co., Ltd.* (廣州嘉凡電子商務有限公司) (“**Guangzhou Jiafan**”) for the joint investment in the establishment of a limited liability company (the “**Controlled Joint Venture Company**”). Guangzhou Jiafan, a company established in the PRC, is a member of the GIALEN Business Group and has the ability to rely on its parent company to carry out the research and development, production, channel sales and other work of beauty products under the joint venture company. The Controlled Joint Venture Company will be engaged principally in the celebrity branding, that is to customize beauty and skin care brands for Internet celebrities and artists, in order to establish our position as a business benchmark in the live streaming industry and develop online and offline businesses, and immediately realize brand incubation from zero to one.

Prospects

In 2023, the global economy is in a better shape at the start of the second half of 2022, thanks to a combination of mass vaccinations and the flexible fiscal policies from major economies. The government and business units have made continuous adaptation of economic activity to subdued mobility. Economic is more likely to pick up in the coming year. China and Hong Kong are expected to benefit further from reopening, strong corporate earnings and performance.

Chinese bond market is expected to continue facing rising cost of US interest, defaults especially in the stressed property sector. The Directors will continue to actively seek opportunities to expand the business scope of the Group. During the Year, the Group has diversified its business into Chinese medicine clinic business. According to the documents issued by the state since the outbreak of the COVID-19 pandemic, the current policies for the medical sector encourage the vigorous development of traditional Chinese medicine (TCM) service institutions and clinics, and their chain operations. TCM was seen to reduce the risk of mild or moderate disease progressing to severe disease, and may shorten the time for viral clearance, resolution of clinical symptoms and length of hospital stay. With a unique advantage and role in the fight against COVID-19, it is expected that TCM will gain more recognition and trust from the public in future.

The Group has also diversified its business into livestreaming e-commerce business. Local living service is the rapidest growth business in the live streaming industry after live streaming e-commerce. In the future, Shenzhen Central Wealth will base itself in Shenzhen to develop related live streaming e-commerce business especially in, building up customized clothing, beauty and skin care brands for Internet celebrities and artists.

Besides, we shall not overlook the downside risks due to the expectation of US interest hike and the threat of geopolitical tension which continue to cloud the global economic recovery. Also the Group will evaluate the economic impact of a weaker yuan as China may use it as the countermeasure to US tariffs.

In light of these macroeconomic challenges, the Group will continue to stay alert, but positive, to pursue its prudent investment strategy in developing its existing and new businesses.

Financial Review

The Group for the Year recorded a revenue of approximately HK\$277.8 million as compared to the revenue of approximately HK\$243.8 million last year. The Group's revenue principally comprised the interest income from money lending business of approximately HK\$31.9 million, commission income from placing of approximately HK\$165.3 million, commission income from securities and futures dealing of approximately HK\$8.5 million, interest income from securities margin financing of approximately HK\$13.1 million and management fee and performance fee income from asset management business of approximately HK\$34.6 million.

The Group recorded other comprehensive income of approximately HK\$60.8 million for the Year (31 December 2021: other comprehensive income of HK\$204.5 million). It was mainly attributable to an increase in fair value of approximately HK\$65.6 million on equity investments at fair value through other comprehensive income (31 December 2021: an increase in fair value of HK\$201.8 million). As at 31 December 2022, the Group's net asset value was approximately HK\$1,105.7 million (31 December 2021: HK\$1,122.4 million).

Major Customers

During the Year, the Group's largest customer and five largest customers accounted for approximately 8.13% and 28.35% respectively of the Group's total revenue. As far as the Directors are aware, none of Directors, their associates or any shareholders who owned more than 5% of the Company's share capital had any interest in the five largest customers of the Group.

Liquidity and Financial Resources

During the Year, the Group generally financed its operation with internally generated cash flow, overdrafts, bank and other borrowings and other fund-raising activities. The Group's cash and bank balances as at 31 December 2022 were approximately HK\$62.4 million (31 December 2021: HK\$116.4 million).

As at 31 December 2022, the Group had any bank overdrafts of approximately HK\$21.6 million (31 December 2021: HK\$ Nil), notes payable of HK\$42.4 million (31 December 2021: HK\$50 million), interest-bearing bank borrowings of approximately HK\$39.5 million (31 December 2021: HK\$71.7 million) and interest-bearing other borrowings of approximately HK\$123.1 million (31 December 2021: HK\$268.1 million).

As at 31 December 2022, the Group's current ratio was approximately 1.50 times (31 December 2021: 1.32 times) based on current assets of approximately HK\$1,416.3 million (31 December 2021: HK\$924.6 million) and current liabilities of approximately HK\$945.2 million (31 December 2021: HK\$699.3 million). No capital commitments outstanding at 31 December 2022 not provided for in the Group's financial statements (31 December 2021: HK\$ Nil). The Group also had no other contingent liabilities as at 31 December 2022 (31 December 2021: Nil).

Capital Structure

As at 31 December 2022, the Group's gearing ratio was approximately 20.5% (31 December 2021: 34.7%). Gearing ratio equals total borrowings divided by net asset value as at the end of the reporting period. The total borrowings of approximately HK\$226.6 million includes bank and other borrowings, bank overdraft and notes payable.

The Group's bank balance, borrowings and interest payment are mainly denominated in Hong Kong and US dollars. Most of the Group's revenue are made in Hong Kong dollars and US dollars. Therefore, the exchange risks that the Group is exposed to are insignificant.

The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position throughout the Year. The Group strives to reduce exposure to credit risk by performing ongoing credit assessments and evaluations of the financial status of its customers. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

Significant Investments

As at 31 December 2022, the Group maintained a portfolio of investments including equity investments at fair value through other comprehensive income, equity and fund investments at fair value through profit or loss and debt investments at fair value through profit or loss with total carrying amount of approximately HK\$457.3 million. The Directors consider that equity investments, debt investments and fund investments with a market value that account for more than 5% of the Group's net assets at the reporting date as significant investments. The details of the equity investments, debt investments and fund investments which accounted for more than 5% of the Group's net assets as at 31 December 2022 is set out below:

Significant Investments

Stock Code	Name of the investees	Percentage of shareholding in investments held by the Group as at 31 December 2022	Percentage of the investments to total assets of the Group as at 31 December 2022	Fair value of investments as at 31 December 2022 HK\$'000	Carrying value of investments as at 31 December 2022 HK\$'000	Fair value gains/(losses) of investments as at 31 December 2022 HK\$'000	Realised gain/(losses) for the period ended 31 December 2022 HK\$'000
Equity investments at fair value through other comprehensive income							
412	Shandong Hi-Speed Holdings Group Limited (formerly known as China Shandong Hi-Speed Financial Group Limited)	1.09%	18.20%	373,839	99,943	273,896	49,980
	Others	0.74%	0.89%	18,234	88,515	(70,281)	(578)
	Total			392,073	188,458	203,615	49,402
Equity and fund investments at fair value through profit or loss #							
	Total	N/A	1.73%	35,508	65,115	(29,607)	(1,126)
Debt investments at fair value through profit or loss *							
	Total	N/A	1.44%	29,677	49,473	(19,796)	-
	Grand total			457,258	303,046	154,212	48,276

None of the equity and fund investments account for more than 5% of the Group's net assets at the reporting date.

* None of the debt investments account for more than 5% of the Group's net assets at the reporting date.

Performance and prospects of the investees

1. Shandong Hi-Speed Holdings Group Limited (formerly known as China Shandong Hi-Speed Financial Group Limited) (“Shandong Hi-Speed”)

Shandong Hi-Speed together with its subsidiaries (the “**Shandong Hi-Speed Group**”) are principally engaged in the trading business of financial leasing, leasing assets as well as other related leasing properties, and provision of spot trading platform and marketing and consulting services related to the above businesses.

As mentioned in its interim report for the six months ended 30 June 2022, the Shandong Hi-Speed Group recorded a total revenue and other income of approximately HK\$1,245.4 million for the six months ended 30 June 2022. The Shandong Hi-Speed Group has reported a profit of approximately HK\$75.9 million attributable to owners of Shandong Hi-Speed. The basic and diluted earnings per share were both HK\$1.26 cents. As at 30 June 2022, the unaudited consolidated net asset of the Shandong Hi-Speed Group was approximately HK\$17,220.4 million. Shandong Hi-Speed Group has not declared an interim dividend for the six months ended 30 June 2022.

Shandong Hi-Speed Group actively developed in line with the China’s industrial policies, explored different high-quality investment opportunities in the countries along the “Belt and Road” Initiative and the Guangdong-Hong Kong-Macao Greater Bay Area. As disclosed in its interim report, it has reached a strategic cooperation agreement with Shandong Hi-Speed Hubei Development Co., Ltd. The two parties also made use of their respective advantages and resources to achieve mutual benefit and common development, carried out cooperation based on market-oriented operation methods.

The Company has confidence that Shandong Hi-Speed Group can further improve its asset-liability structure and the stability of profitability. The management of the Group considers the investment in Shandong Hi-Speed is for long term purpose. However, the Group would not rule out the possibility of realising the investments from time to time where to do so is to be in the best interests of the Group or where the terms on which such realisation to be particularly favorable to the Group.

As at 31 December 2022, the Group held 67,818,000 shares of Shandong Hi-Speed. Shandong Hi-Speed closed at HK\$5.72.

Material acquisitions and disposals

- (i) On 6 October 2022, Morley Way Limited (purchaser), a wholly owned subsidiary of the Company entered into the conditional sales and purchase agreement with Lin Zherui, (vendor A). Pursuant to which the vendor A agreed to sell and the purchaser agreed to acquire 25% of the total issued capital of Senworth Limited (targeted company) for a total consideration of HK\$84.0 million, of which HK\$30.0 million shall be settled in cash and the remaining balance of HK\$54 million by issuing promissory note. The targeted company holds 90% equity interests in Tianshun property, a company established in the PRC with limited liability. Tianshun property in turn holds 50% equity interests in Guangda property, a company established in the PRC with limited liability. Guangda property holds the land use rights of the property. In view of the possibility of future long-term appreciation in value of the property, the Directors believe that the investment in the sales shares would be beneficial to the Group. The details of which were disclosed in the announcement of the Company dated 6 October 2022.

Subsequent to the Group acquisition of 25% equity interests of the targeted company in October 2022, the purchaser entered into the conditional sales and purchase agreement with Chen Yihao (vendor B) on 4 November 2022. Pursuant to which the vendor B agreed to sell and the purchaser agreed to acquire 24% of the total issued capital of the targeted company for a total consideration of HK\$80.6 million, of which HK\$30.0 million shall be settled in cash and the remaining balance of HK\$50.6 million by issuing promissory note. After the completion of this transaction, the Group will hold 49% of equity interests in aggregate in the targeted company accordingly.

- (ii) On 4 November 2022, the Central Wealth infrastructure Investment Limited (vendor), a wholly owned subsidiary of the Company entered into the conditional sales and purchase agreement with each of the purchasers respectively, namely Lau Wei Suen, Jenny, Tan Qiyuan and Luo Zhenli (purchasers). Pursuant to which, the vendor agreed to sell and the purchasers agreed to acquire an aggregate of 65,356,000 ordinary shares of Shandong Hi-Speed Holdings Group Limited for a total consideration of HK\$169.3 million. The Company intends to use as to approximately HK\$89.1 million of the net proceeds towards repayment of indebtedness of the Group and as to the remaining balance of approximately HK\$79.9 million of the net proceeds towards general working capital of the Group. The details of which were disclosed in the announcements of the Company dated 4 November 2022 and 15 February 2023 and circular of the Company dated 20 January 2023.
- (iii) On 19 December 2022, the Company (purchaser) and 深圳中達企業諮詢有限公司 (Shenzhen Central Wealth Enterprises Consultancy Co., Ltd*), a wholly owned subsidiary of the Company entered into a sale and purchase agreement with 李旻駿 (Li Minjun*) and 羅艷芳 (Luo Yanfang*) (vendors). Pursuant to which the purchaser agreed to purchase 51% of equity interests in 杭州易侑文化傳媒有限公司 (Hangzhou Yiyou Culture Media Co., Ltd.*) (targeted company) for a total consideration of RMB145,600,000, which shall be settled by cash and/or allotment and issue of the consideration shares. The targeted company is a company established in the PRC with limited liability and is principally engaged in internet live broadcasting, KOL incubation and marketing and sales business in the PRC. The targeted company has exclusive e-commerce contract with Sister Sihuo “四火姐姐張琰琰”, a reputable artiste, celebrity and live broadcaster in the PRC. The details of which were disclosed in the announcements of the Company dated 19 December 2022 and 20 December 2022.

Details of Charges on Assets

As at 31 December 2022, the Group had pledged certain listed equity investments of approximately HK\$18.2 million (31 December 2021: HK\$40.4 million) to secure the other borrowings.

Employment, Training and Development

As at 31 December 2022, the Group had a total of 130 employees. The Group is committed to staff training and development and structured training programs for all employees. Remuneration packages are maintained at a competitive level and reviewed on a periodic basis. Bonuses and share options are awarded to certain employees according to individual performance and industry practice.

CORPORATE GOVERNANCE

The Board is of the view that the Company has met the code provisions set out in the Corporate Governance Code in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited throughout the Year. Detailed disclosure of the Company's corporate governance practices is included in the annual report of the Company for the Year.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the Year.

AUDIT COMMITTEE

The Audit Committee of the Company meets at least twice a year to monitor and review the integrity and effectiveness of the Company's financial reporting. The Audit Committee has met with the external auditor of the Company, Moore Stephens CPA Limited ("Moore"), to review the accounting principles and practices adopted by the Group and the annual results of the Group for the Year. The Audit Committee has also discussed auditing, financial reporting matters and risk management and internal control systems of the Company. The Audit Committee comprises the three independent non-executive directors of the Company, namely, Mr. Kwok Chi Kwong (Chairman of the Audit Committee), Ms. Li Meifeng and Mr. Wu Ming.

SCOPE OF WORK OF MOORE ON THE PRELIMINARY ANNOUNCEMENT

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto for the Year as set out in this preliminary announcement have been agreed by the Group's independent auditor, Moore, to the amounts set out in the Group's audited consolidated financial statements for the Year. The work performed by Moore in this respect did not constitute an assurance engagement 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 Moore on the preliminary announcement.

On behalf of the Board
Central Wealth Group Holdings Limited
Chen Xiaodong
Chairman

Hong Kong, 29 March 2023

As at the date of this announcement, the Board comprises six executive directors, namely, Mr. Chen Xiaodong, Mr. Li Jing, Ms. Chen Jingxian, Mr. Yu Qingrui, Ms. Song Caini and Mr. Chen Hongjin; and three independent non-executive directors, namely, Mr. Kwok Chi Kwong, Mr. Wu Ming and Ms. Li Meifeng.

* *For identification purpose only*