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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 2023

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 2023 (the “**Year**”) together with comparative figures for the previous period as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2023

	Note	2023 HK\$'000	2022 HK\$'000 (restated)
Revenue			
Financial investments and services		9,967	46,779
Brokerage and commission income		54,037	187,005
Advisory fee income		14,119	34,634
Consultancy fee income		11,460	–
Sales of goods		577	9,422
	4	90,160	277,840
Cost of sales and services			
Brokerage and commission expenses		(16,650)	(112,719)
Cost of sales		(630)	(4,322)
		(17,280)	(117,041)
Gross profit		72,880	160,799

CONSOLIDATED STATEMENT OF PROFIT OR LOSS (Continued)*For the year ended 31 December 2023*

	<i>Notes</i>	2023 HK\$'000	2022 <i>HK\$'000</i> (restated)
Other income and gains/(losses), net	4	11,084	(2,706)
Administrative expenses		(165,781)	(176,868)
Equity-settled share option arrangements		(21,600)	(18,024)
Other operating expenses		(5,712)	(5,001)
Finance costs	5	(13,495)	(25,838)
Unrealised fair value losses on equity and fund investments at fair value through profit or loss, net		(5,035)	(29,607)
Unrealised fair value losses on debt investments at fair value through profit or loss, net		(409)	(19,796)
Reversal of credit loss allowances on other financial assets		7,533	10,717
Change in fair value of investment properties		703	–
Loss on disposal of subsidiaries		(474)	–
Provision for impairment loss on goodwill		(636)	–
Provision for impairment loss on inventories		(2,962)	–
Share of (losses)/profits of an associate		(8,962)	3,006
Share of losses of a joint venture		(890)	–
Loss before income tax	6	(133,756)	(103,318)
Income tax expense	7	(95)	(2,738)
Loss for the year		(133,851)	(106,056)
Loss for the year attributable to			
Owners of the Company		(132,864)	(107,425)
Non-controlling interests		(987)	1,369
		(133,851)	(106,056)
DIVIDENDS	8	–	–
Loss per share attributable to owners of the Company			
Basic and Diluted	9	HK(0.80) cents	HK(0.67) cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2023

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i> (restated)
Loss for the year	<u>(133,851)</u>	<u>(106,056)</u>
Other comprehensive (loss)/income		
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	<u>(1,526)</u>	<u>(4,730)</u>
Other comprehensive (loss)/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>(220,162)</u>	<u>65,579</u>
Other comprehensive (loss)/income for the year	<u>(221,688)</u>	<u>60,849</u>
Total comprehensive loss for the year	<u>(355,539)</u>	<u>(45,207)</u>
Total comprehensive (loss)/income for the year attributable to		
Owners of the Company	(354,552)	(46,576)
Non-controlling interests	<u>(987)</u>	<u>1,369</u>
	<u>(355,539)</u>	<u>(45,207)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	<i>Notes</i>	2023 HK\$'000	2022 HK\$'000 (restated)
Non-current assets			
Property, plant and equipment		1,563	2,628
Investment properties	<i>10</i>	17,737	–
Right-of-use assets		2,494	5,487
Intangible assets		–	–
Goodwill		–	–
Investment in an associate	<i>11</i>	157,180	87,006
Equity investments at fair value through other comprehensive income	<i>12</i>	2,638	392,073
Deferred tax assets		34	110
Loan receivables from money lending business	<i>13</i>	30,608	124,911
Finance lease receivables		–	1,646
Prepayments, deposits and other receivables		17,323	23,705
		<hr/>	<hr/>
Total non-current assets		229,577	637,566
Current assets			
Loan receivables from money lending business	<i>13</i>	347,298	247,918
Trade receivables from securities and futures dealing business	<i>14</i>	59,728	147,696
Trade receivables from placing and asset management business	<i>15</i>	4,310	33,479
Trade receivables from sales of goods		–	865
Finance lease receivables		1,646	2,300
Inventories		4,442	1,796
Prepayments, deposits and other receivables		267,656	163,351
Equity and fund investments at fair value through profit or loss	<i>16</i>	25,681	35,508
Debt investments at fair value through profit or loss		166	29,677
Cash and bank balances		22,553	62,388
Bank balances held on behalf of clients		76,967	691,356
		<hr/>	<hr/>
Total current assets		810,447	1,416,334

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)*As at 31 December 2023*

	<i>Notes</i>	2023 HK\$'000	2022 HK\$'000 (restated)
Current liabilities			
Trade payables	17	77,573	695,823
Lease liabilities		2,989	3,415
Other payables and accruals	18	13,195	18,226
Other borrowings	19	148,425	123,075
Bank borrowings	19	–	39,500
Bank overdrafts	19	20,375	21,638
Note payable		–	42,422
Tax payable		255	1,072
		<hr/>	<hr/>
Total current liabilities		262,812	945,171
		<hr/>	<hr/>
Net current assets		547,635	471,163
		<hr/>	<hr/>
Total assets less current liabilities		777,212	1,108,729
		<hr/>	<hr/>
Non-current liabilities			
Lease liabilities		–	2,989
Defined benefit plan obligations		528	666
		<hr/>	<hr/>
Total non-current liabilities		528	3,655
		<hr/>	<hr/>
Net assets		776,684	1,105,074
		<hr/>	<hr/>
Equity			
Share capital	20	167,573	162,939
Reserves		609,083	938,698
		<hr/>	<hr/>
Equity attributable to owners of the Company		776,656	1,101,637
Non-controlling interests		28	3,437
		<hr/>	<hr/>
Total equity		776,684	1,105,074
		<hr/>	<hr/>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

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 properties 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 revised HKFRSs

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

HKFRS 17 (including the October 2022 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
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

The application of the amendments to HKFRSs 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.

(b) Changes 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 Government of the HKSAR gazetted the Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the “**Amendment Ordinance**”) which abolishes the use of the accrued benefits derived from employers’ mandatory MPF contributions to offset severance payment and LSP (the “**Abolition**”). The Abolition will officially take effect on 1 May 2025 (the “**Transition Date**”). In addition, under the Amendment Ordinance, the last month’s salary immediately preceding the Transition Date (instead of the date of termination of employment) is used to calculate the portion of LSP in respect of the employment period before the Transition Date.

In July 2023, the HKICPA published “Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong” which provides guidance for the accounting for the offsetting mechanism and the impact arising from abolition of the MPF-LSP offsetting mechanism in Hong Kong. In light of this, the Group has implemented the guidance published by the HKICPA in connection with the LSP obligation retrospectively so as to provide more reliable and more relevant information about the effects of the offsetting mechanism and the Abolition.

The Group considered the accrued benefits arising from employer MPF contributions that have been vested with the employee and which could be used to offset the employee's LSP benefits as a deemed contribution by the employee towards the LSP. Historically, the Group has been applying the practical expedient in paragraph 93(b) of HKAS 19 to account for the deemed employee contributions as a reduction of the service cost in the period in which the related service is rendered.

Based on the HKICPA's guidance, 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 contributions after the Transition Date can still be used to offset the pre-transition LSP obligation. Therefore, it would not be appropriate to view the contributions as "independent of the number of years of service" and the practical expedient in paragraph 93(b) of HKAS 19 is no longer applicable. Instead, these deemed contributions should be attributed to periods of service in the same manner as the gross LSP benefit applying paragraph 93(a) of HKAS 19. Accordingly, the Group has recognised a cumulative catch-up adjustment in profit or loss for the service cost, interest expense and remeasurement effect from changes in actuarial assumptions for the year ended 31 December 2022, with corresponding adjustment to the LSP obligation. The cumulative catch-up adjustment is calculated as the difference at the enactment date (16 June 2022) between the carrying amount of the LSP liability calculated under paragraph 93(b) of HKAS 19 before the Abolition and the carrying amount of the LSP liability calculated under paragraph 93(a) of HKAS 19 after the Abolition.

The following table summarises the impact of the adoption of the HKICPA guidance on the comparative presented in the Group's consolidated statement of profit or loss for the year ended 31 December 2022 and consolidated statement of financial position as at 31 December 2022. The adoption of the HKICPA guidance would not have impact on the cash flows for the year ended 31 December 2022.

For the year ended 31 December 2022

	As previously reported HK\$'000	The abolition of MPF-LSP offsetting mechanism HK\$'000	Total HK\$'000
<i>Consolidated statement of profit of loss for the year ended 31 December 2022</i>			
Employee benefits expenses	(152,937)	(666)	(153,603)
Loss before taxation	(102,652)	(666)	(103,318)
Income tax expense	2,738	–	2,738
Loss for the year	(105,390)	(666)	(106,056)
<i>Consolidated statement of financial position as at 31 December 2022</i>			
Total non-current assets	637,566	–	637,566
Total assets less current liabilities	1,108,729	–	1,108,729
Defined benefit plan obligations	–	(666)	(666)
Total non-current liabilities	(2,989)	(666)	(3,655)
Net assets	1,105,740	(666)	1,105,074
Reserves	939,364	(666)	938,698
Total equity	1,105,740	(666)	1,105,074

(c) Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2023. 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.

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, consultancy fee 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.

During the year ended 31 December 2022, advisory fee income has been classified and recorded in the corporate and others segment. In the opinion of the directors, to be consist in presentation according to the operating business nature, such income is being reclassified into the financial investments and services segment in 2023.

The comparative figures of segment revenue, result, assets and liabilities were re-presented to conform with current year's presentation.

For the year ended 31 December 2023

	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	24,086	54,037	12,037	90,160
Intersegment sales	–	44	–	44
	<hr/>	<hr/>	<hr/>	<hr/>
	24,086	54,081	12,037	90,204
Elimination	–	(44)	–	(44)
	<hr/>	<hr/>	<hr/>	<hr/>
Total	<u>24,086</u>	<u>54,037</u>	<u>12,037</u>	<u>90,160</u>
Segment results	<u>(613)</u>	<u>(50,983)</u>	<u>(53,400)</u>	<u>(104,996)</u>
<i>Reconciliation:</i>				
Bank interest income				97
Unallocated expenses				(5,036)
Finance costs				(13,495)
Loss on disposal of subsidiaries				(474)
Share of losses of an associate				(8,962)
Share of losses of a joint venture				(890)
				<hr/>
Loss before income tax				(133,756)
Income tax expense				(95)
				<hr/>
Loss for the year				<u>(133,851)</u>
Assets and liabilities				
Segment assets	646,190	151,753	61,875	859,818
<i>Reconciliation:</i>				
Unallocated assets				180,206
				<hr/>
Total assets				<u>1,040,024</u>
Segment liabilities	197	80,596	12,789	93,582
<i>Reconciliation:</i>				
Unallocated liabilities				169,758
				<hr/>
Total liabilities				<u>263,340</u>

For the year ended 31 December 2022

	Financial investments and services <i>HK\$'000</i> (restated)	Brokerage and commission <i>HK\$'000</i> (restated)	Corporate and others <i>HK\$'000</i> (restated)	Consolidated <i>HK\$'000</i> (restated)
Segment revenue:				
External	81,413	187,005	9,422	277,840
Intersegment sales	–	1,511	1,839	3,350
	<hr/>	<hr/>	<hr/>	<hr/>
	81,413	188,516	11,261	281,190
Elimination	–	(1,511)	(1,839)	(3,350)
	<hr/>	<hr/>	<hr/>	<hr/>
Total	<u>81,413</u>	<u>187,005</u>	<u>9,422</u>	<u>277,840</u>
Segment results	<u>(10,922)</u>	<u>(20,171)</u>	<u>(48,487)</u>	<u>(79,580)</u>
<i>Reconciliation:</i>				
Bank interest income				62
Unallocated expenses				(968)
Finance costs				(25,838)
Share of profits of an associate				3,006
				<hr/>
Loss before income tax				(103,318)
Income tax expense				(2,738)
				<hr/>
Loss for the year				<u>(106,056)</u>
Assets and liabilities				
Segment assets	981,652	878,817	43,904	1,904,373
<i>Reconciliation:</i>				
Unallocated assets				149,527
				<hr/>
Total assets				<u>2,053,900</u>
Segment liabilities	646	706,390	14,021	721,057
<i>Reconciliation:</i>				
Unallocated liabilities				227,769
				<hr/>
Total liabilities				<u>948,826</u>

Other segment information

For the year ended 31 December 2023

	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	–	292	1,311	1,603
Depreciation on right-of-use assets	–	–	2,993	2,993
Provision for credit loss allowances on loan receivables from money lending business, net	123	–	–	123
Reversal of credit loss allowances on trade receivables from securities and futures dealing business, net	–	(5,340)	–	(5,340)
Reversal of credit loss allowances on trade receivables from placing and asset management business, net	(464)	(78)	–	(542)
Reversal of credit loss allowances on financial assets included in prepayments, deposits and other receivables, net	(1,774)	–	–	(1,774)
Written off on other receivables	–	3,244	–	3,244
Written off on trade receivables	117	–	–	117
Capital expenditure*	–	–	561	561

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

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.

Geographical information

The following tables present derived revenue from external customers for the years ended 31 December 2023 and 2022, and certain non-current assets information as at 31 December 2023 and 2022, by geographical region.

	Hong Kong		PRC		Total	
	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Revenue from external customers	<u>78,170</u>	<u>265,367</u>	<u>11,990</u>	<u>12,473</u>	<u>90,160</u>	<u>277,840</u>
Non-current assets	<u>211,293</u>	<u>637,138</u>	<u>18,284</u>	<u>428</u>	<u>229,577</u>	<u>637,566</u>
Non-current assets*	<u>3,509</u>	<u>7,687</u>	<u>18,285</u>	<u>428</u>	<u>21,794</u>	<u>8,115</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 prepayments, 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 23.25% (2022: 28.35%) of the Group's total revenue, of which 6.26% (2022: 8.13%) 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 (2022: 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 GAINS/(LOSSES), NET

An analysis of revenue and other income and gains/(losses), net is as follows:

	2023 <i>HK\$'000</i>	2022 <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	5,250	8,543
Commission income from placing	39,539	165,331
Performance fee income	–	740
Management fee income	14,119	33,894
Sales of goods	577	9,422
Consultancy fee income	11,460	–
<i>Revenue from other sources outside the scope of HKFRS 15</i>		
Gains/(losses) on disposal of equity investments at fair value through profit or loss	499	(4,280)
(Losses)/gains on disposal of debt investments at fair value through profit or loss	(18,332)	9,349
(Losses)/gains on disposal of fund investments at fair value through profit or loss	(433)	349
Dividend income from investment in listed equity securities	94	703
Dividend income from fund investments at fair value through profit or loss	–	2,485
Interest income from money lending business	27,403	31,908
Interest income from securities margin	9,248	13,131
Interest income from debt investments	736	6,265
	<u>90,160</u>	<u>277,840</u>

	<i>Notes</i>	2023 HK\$'000	2022 HK\$'000
<u>Other income and gains/(losses), net</u>			
Bank interest income		97	62
Handling fee income		1,491	320
Change in third party interests in consolidated investment fund	<i>(i)</i>	–	(3,744)
Wages subsidies of the Employment Support Scheme	<i>(ii)</i>	–	1,007
Rental income	<i>(iii)</i>	2,057	1,107
Interest income from finance lease receivables		220	94
Interest income from other receivables		6,298	–
Gain on modification of lease		–	11
Loss on modification of note payable		–	(2,422)
Loss on modification of other receivable		–	(1,502)
Loss on early repayment of promissory note		(1,474)	–
Gain on early repayment of other receivables		32	–
Gain on early repayment of note payable		987	–
Others		1,376	2,361
		<u>11,084</u>	<u>(2,706)</u>

Notes:

- (i) The 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 ended 31 December 2022.
- (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.
- (iii) This amount represented the rental income from leases of investment properties and sub-leases the properties under operating lease arrangements with leases negotiated for three to eight years.

5. FINANCE COSTS

An analysis of finance costs is as follows:

	2023 HK\$'000	2022 HK\$'000
Interest on bank borrowings	1,727	1,367
Interest on other borrowings – margin loans	1,562	3,458
Interest on other borrowings – secured/unsecured	6,580	14,383
Interest on bank overdrafts	1,185	1,159
Interest on note payable	2,141	5,026
Interest on lease liabilities	261	426
Interest on promissory note	29	–
Others	10	19
	<u>13,495</u>	<u>25,838</u>

6. LOSS BEFORE INCOME TAX

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i> (restated)
Depreciation		
Right-of-use assets	2,993	4,955
Property, plant and equipment	1,603	1,582
	<u>4,596</u>	<u>6,537</u>
Employee benefit expenses (including directors' remuneration) (<i>Note (i)</i>):		
Wages and salaries	67,820	130,316
Equity-settled share option arrangements, net	21,600	18,024
Retirement benefit scheme contributions	4,400	5,263
	<u>93,820</u>	<u>153,603</u>
Minimum lease payments under operating leases (<i>Note (ii)</i>)	9,129	4,883
Auditor's remuneration	1,680	2,800
Provision for credit loss allowances on loan receivables from money lending business, net	123	13,153
Reversal of credit loss allowances on trade receivable from securities and futures dealing business, net	(5,340)	(10,664)
Reversal of credit loss allowance on trade receivable from placing and asset management business, net	(542)	(15,692)
(Reversal of)/provision for credit loss allowances on financial assets included in prepayments, deposits and other receivables, net	(1,774)	2,486
Written off on other receivables	3,244	219
Written off on trade receivables	117	–
Written off on intangible assets	–	500
Written off on property, plant and equipment	–	4
Foreign exchange differences, net	<u>1,041</u>	<u>1,131</u>

Notes:

- (i) As at 31 December 2023, the Group had no forfeited contributions available to reduce its contributions to the retirement benefit schemes in future years (2022: Nil).
- (ii) The amount represented short-term lease payments for the years ended 31 December 2023 and 2022 under HKFRS 16.

7. INCOME TAX EXPENSE

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. 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.

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Current – Hong Kong		
Charge for the year	–	2,241
(Over-provision)/under-provision in prior years	<u>(399)</u>	<u>302</u>
	<u>(399)</u>	<u>2,543</u>
Current – the PRC		
Charge for the year	418	173
Under-provision in prior years	<u>–</u>	<u>22</u>
	<u>418</u>	<u>195</u>
Deferred tax	<u>76</u>	<u>–</u>
Income tax expense	<u><u>95</u></u>	<u><u>2,738</u></u>

8. DIVIDENDS

The directors of the Company do not recommend the payment of any final dividend for the year (2022: Nil).

9. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i> (restated)
Loss for the year attributable to owners of the Company, used in basic and diluted loss per share calculations	<u><u>(132,864)</u></u>	<u><u>(107,425)</u></u>

	Number of shares	
	2023	2022
	<i>'000</i>	<i>'000</i>
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic and diluted loss per share calculations	16,604,689	15,980,612

For the year ended 31 December 2023, the assumed conversion of potential ordinary shares in relation to the share options has an anti-dilutive effect to the basic loss per share (2022: same).

10. INVESTMENT PROPERTIES

	Investment properties <i>HK\$'000</i>
At 1 January 2022, 31 December 2022 and 1 January 2023	–
Additions	17,034
Net increase in fair value	<u>703</u>
At 31 December 2023	<u>17,737</u>

The Group leases out various shops under operating leases with rentals payable monthly. The leases typically run for an initial period of 6 to 8 years (2022: Nil).

At 31 December 2023, the Group's investment properties with a carrying value of approximately HK\$17,737,000 (2022: Nil) were pledged to secure a other borrowing granted to the Group, which was provided by a former director of a wholly owned subsidiary of the Group (Note 19). The investment properties are leased to third parties under operating leases.

11. INVESTMENT IN AN ASSOCIATE

	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Share of net assets	157,180	87,006

Particulars of the associate at the end of reporting period are as follows:

Name	Particulars of issued shares held	Place of incorporation/ operation	Percentage of ownership interest		Principal activities
			attributable to the Group		
			2023	2022	
Senworth Limited	Ordinary shares	Hong Kong	49	25	Investment holding and provision of property management services

12. EQUITY INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Equity securities listed in Hong Kong, at fair value	<u>2,638</u>	<u>392,073</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 of Hong Kong Limited (the “**Stock Exchange**”).

An analysis of investment portfolio is as below:

Stock code	Name of securities	2023		2022	
		<i>HK\$'000</i>	%*	<i>HK\$'000</i>	%*
1141	CMBC Capital Holdings Limited	2,635	0.75	18,234	0.74
412	Shandong Hi-Speed Holdings Group Limited	<u>3</u>	-^	<u>373,839</u>	1.09
		<u>2,638</u>		<u>392,073</u>	

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

^ *Percentage less than 0.01%*

During the year, the Group did not receive any dividend from these investments (2022: HK\$633,000 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 and resulted in a cumulative gains of approximately HK\$44,087,000 which was transferred from equity investment fair value reserve to accumulated losses.

During the year ended 31 December 2023, the Group sold 65,356,000 ordinary shares of Shandong Hi-Speed Holdings Group Limited to three independent third parties for a total consideration of HK\$169,272,000. Details of the transactions were disclosure in announcement of the Company dated 4 November 2022, circular of the Company dated 20 January 2023 and announcement of the Company dated 15 February 2023.

As at 31 December 2023, the Group’s equity investments at fair value through other comprehensive income, with carrying amount of approximately HK\$2,635,000 (2022: HK\$392,070,000) and custody over Charged Listed Securities (as defined in Note 19(d)) of approximately HK\$396,711,000 (2022: Nil), have been pledged to secure the other borrowings granted to the Group (Note 19(c)).

13. LOAN RECEIVABLES FROM MONEY LENDING BUSINESS

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Loan receivables	438,619	433,419
Less: credit loss allowances	<u>(60,713)</u>	<u>(60,590)</u>
	377,906	372,829
Less: non-current portion	<u>(30,608)</u>	<u>(124,911)</u>
Current portion	<u><u>347,298</u></u>	<u><u>247,918</u></u>

As at 31 December 2023, the gross amount of loan receivables represented loans of approximately HK\$438,619,000 (2022: HK\$433,419,000) granted by the Group to a number of independent third parties. The loans bore interest at rates ranging from 5% to 7% (2022: 5% to 7%) per annum and were repayable within three years (2022: 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\$267,485,000 (2022: HK\$45,278,000) were past due and approximately HK\$171,134,000 (2022: HK\$388,141,000) were not past due at the end of the reporting period for which there was no recent history of default.

The Group holds collateral or other credit enhancement over its loan receivables balance non-past due balance of HK\$171,134,000 at market price of approximately HK\$291,512,000 (2022: HK\$330,988,000), 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 2023, collaterals at market price of approximately HK\$143,722,000 are held for credit-impaired loan receivables (2022: Nil).

14. TRADE RECEIVABLES FROM SECURITIES AND FUTURES DEALING BUSINESS

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Trade receivables arising from the securities and futures dealing business		
– Cash clients	15,373	14,872
– Margin clients	<u>301,083</u>	<u>394,892</u>
	316,456	409,764
Less: credit loss allowances	<u>(256,728)</u>	<u>(262,068)</u>
	<u><u>59,728</u></u>	<u><u>147,696</u></u>

Trade receivables from cash clients 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\$301,083,000 (2022: HK\$394,892,000) which bear interest at a range of 6% to 15.6% (2022: 6% to 15.6%) per annum and are secured by investments held by margin clients of approximately HK\$101,180,000 as at 31 December 2023 (2022: HK\$1,472,346,000). 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.

15. TRADE RECEIVABLES FROM PLACING AND ASSET MANAGEMENT BUSINESS

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Trade receivables arising from the placing and asset management business		
– Corporate clients	–	12,005
– Individual clients	2	169
– Investment funds	4,513	22,052
	<u>4,515</u>	<u>34,226</u>
Less: credit loss allowances	(205)	(747)
	<u>4,310</u>	<u>33,479</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 2023 and 2022 were considered not to be credit impaired as the credit rating and reputation of the trade counterparty are sound.

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Listed securities, mandatorily measured at fair value		
– Equity securities listed in Hong Kong	25,681	25,800
Unlisted fund investment, mandatorily measured at fair value		
– Investment fund in the Cayman Islands	–	917
– Investment funds in the PRC	–	8,791
	<u>25,681</u>	<u>35,508</u>

17. TRADE PAYABLES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Trade payables arising from the securities and futures dealing business		
– Clearing houses	4,982	3,351
– Cash clients	42,058	636,245
– Margin clients	29,991	55,924
Trade payables arising from sales of goods	<u>542</u>	<u>303</u>
	<u><u>77,573</u></u>	<u><u>695,823</u></u>

Trade payables arising from the securities dealing business bear interest at 0.01% (2022: 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.

18. 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.

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

	2023			2022		
	Effective interest rate per annum (%)	Maturity	<i>HK\$'000</i>	Effective interest rate per annum (%)	Maturity	<i>HK\$'000</i>
Current						
Bank overdrafts – secured	5.9 to 6.1	On demand	<u>20,375</u>	5.25	On demand	<u>21,638</u>
Bank borrowings – secured	N/A	N/A	<u>–</u>	2.4 to 6.2	2023	<u>39,500</u>
Other borrowings – unsecured	5.8	2024	5,538	N/A	N/A	–
Other borrowings – secured	2.5 to 12.8	2024/on demand	<u>142,887</u>	7.0 to 12.6	2023/on demand	<u>123,075</u>
			<u>148,425</u>			<u>123,075</u>
Total			<u><u>168,800</u></u>			<u><u>184,213</u></u>

Notes:

- (a) The Group's overdraft facilities amounting to HK\$180,000,000 (2022: HK\$230,000,000), of which approximately HK\$20,375,000 had been utilised as at the end of the reporting period (2022: HK\$21,638,000).
- (b) As at 31 December 2022, certain of the Group's bank borrowings from Chong Hing Bank and Shanghai Commercial Bank 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. During the year ended 31 December 2023, the Group has fully settled such outstanding bank borrowings and have no outstanding balance as at 31 December 2023.
- (c) Certain of the Group's other borrowings are secured by listed securities held by or in the custody of the Group with market values as below:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Equity investments at fair value through other comprehensive income held by the Group	2,635	392,070
Charged Listed Securities in the custody of the Group	<u>396,711</u>	<u>–</u>
	<u><u>399,346</u></u>	<u><u>392,070</u></u>

- (d) Certain of the Group's other borrowings being secured (2022: secured) with carrying amount of approximately HK\$89,032,000 (2022: HK\$89,032,000) are repayable on demand to Globally Finance Limited, a subsidiary of Furtue World Holdings Limited of which, 65,356,000 shares of the Shandong Hi-Speed Holdings Group Limited (the "Charged Listed Securities") in the custody of (2022: held by) the Group, were pledged to secure the borrowings as share charge since 24 October 2022, and as at 31 December 2022 and 2023. As at 31 December 2023, the fair value of the Charged Listed Securities is approximately HK\$396,711,000 (2022: HK\$373,836,000).
- (e) As at 31 December 2023 and 2022, 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 2023 and 2022, secured bank borrowings bear floating rates with reference to HIBOR and Prime Rate. The carrying amounts of these loans approximate their fair values.

20. SHARE CAPITAL

Shares

	2023 HK\$'000	2022 HK\$'000
Authorised:		
80,000,000,000 (2022: 80,000,000,000) ordinary shares of HK\$0.01 each	<u>800,000</u>	<u>800,000</u>
Issued and fully paid:		
16,757,250,461 (2022: 16,293,850,461) ordinary shares of HK\$0.01 each	<u>167,573</u>	<u>162,939</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 HK\$'000	Share premium account HK\$'000	Total HK\$'000
At 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 and 1 January 2023	16,293,850,461	162,939	4,772,338	4,935,277
Exercise of share options (<i>Note</i>)	<u>463,400,000</u>	<u>4,634</u>	<u>6,751</u>	<u>11,385</u>
At 31 December 2023	<u>16,757,250,461</u>	<u>167,573</u>	<u>4,779,089</u>	<u>4,946,662</u>

Note: During the year ended 31 December 2023, 463,400,000 (2022: 324,200,000) share options were exercised which results in 463,400,000 (2022: 324,200,000) shares being issued at a price of HK\$0.017 (2022: HK\$0.024) per share.

21. STEP ACQUISITION FROM A JOINT VENTURE TO A SUBSIDIARY

On 28 December 2022, Shenzhen Zhongda Enterprise Consulting Co, Ltd, a wholly owned subsidiary of the Group, has entered into a cooperation framework agreement with a PRC company, 中啟傳媒科技有限公司 (Zhongqi Media Technology Co., Ltd*) (“**Zhongqi Media Technology**”).

As a result, a joint venture company, namely 達啟文化(深圳)有限公司 (Daqi Culture (Shenzhen) Co., Ltd) was set-up in the PRC on 5 January 2023 (“**Daqi Culture**”). Daqi Culture is principally engaged in retail and wholesale of clothing products via online platform in the PRC, where 60% of its equity interest held by the Group and 40% of its equity interest held by Zhongqi Media Technology. Upon incorporation of Daqi Culture, Zhongqi Media Technology has appointed a sole director to Daqi Culture to manage the operational and financial decisions and activities directly. The Group and Zhongqi Media Technology is having joint control to Daqi Culture, and the equity interests only indicates the share of profit or loss.

Based on the actual business circumstances, the directors of the Company concluded that the Group has no control over Daqi Culture as described under HKFRS 10 “Consolidated Financial Statements”.

On 9 December 2023, pursuant to the equity transfer agreement with the Zhongqi Media Technology, an independent third party to the Group, the Group agreed to acquire 40% equity interest in Daqi Culture at an aggregate cash consideration of RMB1 (equivalent to approximately HK\$1) (the “**Step Acquisition**”). Daqi Culture is principally engaged in development of customised clothing brand in live streaming industry in the PRC. After the step acquisition, Daqi Culture has become an indirectly wholly owned subsidiary of the Group.

The fair values of identifiable assets and liabilities assumed of Daqi Culture as at 20 December 2023 (the “**Step Acquisition Date**”) were as follows:

	<i>HK\$’000</i>
Property, plant and equipment	26
Inventories	6,906
Prepayments, deposits and other receivables	85
Cash and bank balances	2,330
Other payables and accruals	(57)
	<hr/>
Fair value of identifiable assets acquired and liabilities assumed at Step Acquisition Date	9,290
	<hr/>
The fair value of consideration transferred:	
Cash consideration	_*
Extra capital borne by the Group	4,326
Carrying amount of pre-existing equity interest	5,574
Exchange difference	26
	<hr/>
Total consideration	9,926
	<hr/>
Goodwill arising on the Step Acquisition	636
	<hr/> <hr/>
Net cash inflow arising on the Step Acquisition:	
Cash consideration paid	_*
Cash and cash equivalents acquired	2,330
	<hr/>
	2,330
	<hr/> <hr/>

* amount less than HK\$1,000

Revenue and net loss attributable to the Group for the period from the Step Acquisition Date to 31 December 2023 contributed by the Step Acquisition were approximately HK\$7,000 and HK\$2,967,000, respectively, which included the provision for impairment loss on inventories of approximately HK\$2,962,000 recognised in the consolidated profit or loss.

Had the Step Acquisition taken place and completed at the beginning of the year, revenue and net loss attributable to the Group would have been approximately HK\$1,841,000 and HK\$4,491,000, respectively.

22. DISPOSAL OF SUBSIDIARIES

(a) Disposal of Youbeiqin (Guangdong) Medical Technology Co., Ltd (“Guangdong Youbeiqin”)

On 25 May 2023, pursuant to the share transfer agreement, a wholly owned subsidiary of the Group agreed to sell and the purchaser, an independent third party to the Group, agreed to purchase 51% equity interest of Guangdong Youbeiqin (representing entire equity interest in Guangdong Youbeiqin held by the Group), with aggregate cash consideration of RMB1. The principal activity of Guangdong Youbeiqin is trading of traditional Chinese medicines and supplements.

The breakdown of assets/(liabilities) of Guangdong Youbeiqin as at the completion date of disposal and the consideration of the disposal are as follow:

	<i>HK\$'000</i>
Property, plant and equipment	39
Inventories	967
Prepayments, deposits and other receivables	3,780
Cash and bank balances	1,250
Trade payables	(2,141)
Other payables and accruals	(1,168)
Tax payable	(105)
	<hr/>
Net assets	2,622
Non-controlling interests	(2,422)
Exchange difference	169
	<hr/>
Net assets disposed	369
The fair value of consideration transferred:	
Cash consideration	_*
	<hr/>
Loss on disposal of a subsidiary	369
	<hr/> <hr/>
Net cash outflow arising on the disposal:	
Cash consideration received	_*
Cash and cash equivalents disposed	(1,250)
	<hr/>
	(1,250)
	<hr/> <hr/>

* amount less than HK\$1,000

(b) **Disposal of 上海珈桉企業諮詢有限公司 (Shanghai Jiaeucaalyptus Enterprise Consulting Co., Ltd) (“Shanghai Jiaeucaalyptus”)**

On 15 May 2023, pursuant to the share transfer agreement, a wholly owned subsidiary of the Group agreed to sell and the purchaser, an independent third party to the Group, agreed to purchase 100% equity interest of a long time dormant subsidiary, Shanghai Jiaeucaalyptus (representing the entire equity interest in Shanghai Jiaeucaalyptus held by the Group), with a consideration of RMB1.

The breakdown of assets/(liabilities) of Shanghai Jiaeucaalyptus as at the completion date of disposal and the consideration of the disposal are as follow:

	<i>HK\$'000</i>
Cash and bank balances	<u>105</u>
Net assets	105
The fair value of consideration transferred:	
Cash consideration	<u>—*</u>
Loss on disposal of a subsidiary	<u>105</u>
Net cash outflow arising on the disposal:	
Cash consideration received	—*
Cash and cash equivalents disposed	<u>(105)</u>
	<u>(105)</u>

* amount less than HK\$1,000

MANAGEMENT DISCUSSION AND ANALYSIS

Review of Results

The Group recorded a revenue of approximately HK\$90.2 million for the year ended 31 December 2023 (the “Year”), compared to a revenue of approximately HK\$277.8 million for the year ended 31 December 2022. It was mainly attributable to the commission income from provision of Debt Capital Market (“DCM”) services of approximately HK\$39.5 million. The net loss before income tax for the Year was approximately HK\$133.8 million as compared to the net loss before income tax of approximately HK\$103.3 million for the year ended 31 December 2022. The loss was mainly attributable to the significant decrease in revenue from the provision of DCM services in the difficult operating environment of China US dollar bonds market.

The net loss after income tax for the Year was approximately HK\$133.9 million as compared to the net loss after income tax of approximately HK\$106.1 million for the year ended 31 December 2022. Basic loss per share attributable to owners of the Company for the Year was approximately HK0.80 cents (31 December 2022: basis loss of approximately HK0.67 cents).

Economy Review

For the Year, led by the inbound tourism and private consumption, the Hong Kong economy continued to gradually recover. The real GDP for the Year resumed growth of 3.2%, following a contraction of 3.7% in 2022. Together with lots of government’s efforts to promote mega events and launch various activities, such as the ‘Night Vibes Hong Kong’ campaign, Hong Kong’s inbound tourism struggles to return to pre-pandemic levels and the local private consumption further increased.

In Hong Kong, though the unfavorable external environment, the labor market gradually improved alongside the recovery of the local economy. The seasonally adjusted unemployment rate stayed at 2.9% in the fourth quarter 2023. The government has implemented the Quality Migrant Admission Scheme. The government intends to strategically entice businesses in the life and health technology, artificial intelligence and data science, financial technology, advanced manufacturing and talented persons to settle in Hong Kong in order to enhance Hong Kong’s economic competitiveness.

For the Year, the value of total exports of goods decreased by 7.8% over 2022. Concurrently, the value of imports of goods decreased by 5.7%. Exports and imports trade were adversely affected by the weaker performance of the global economy and various external unfavorable factors. The difficult external environment will continue to pose pressures on Hong Kong’s exports of goods for the year to come.

Amid the credit rating down-grades, geopolitical tensions, continuing high interest rate, the local stock market dropped significant as investor sentiment getting worse. For the Year, the Hang Seng Index opened at 19,570 points and closed at 17,047 points at the end of the Year, The Federal Reserve raised the fed funds rate during its monetary policy meetings in 2023, pushing borrowing costs to the highest level since 2007. Hong Kong’s property market was falling alongside with the significant downward price adjustment under deluge of poor investment appetite and high interest rate.

Due to the high US dollar financing costs and intensified credit risks of Chinese property developer, the issuance of Chinese offshore bonds continued the downward trend for the Year. For DCM market, the China offshore bonds market was continuously supported by the refinancing needs. However, the tightening of bond issuance, continued credit turmoil of the Chinese property developers and higher offshore financing costs led to the sharp decline in the new issuance amount. A great number of property and Chengtuo issuers has decreased in the China offshore US dollars bonds market. Moreover, if there is no significant improvement in liquidity and access to refinancing channels, some property developers, private enterprises and government will face heightened default risk.

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**”). CWSI is incorporated in Hong Kong with limited liability and are carrying on business in type 1 (dealing in securities) and type 4 (advising on securities) regulated activities under the Securities and Futures Ordinance.

During the Year, the commission income from securities and futures dealing was approximately HK\$5.3 million (31 December 2022: HK\$8.5 million) and the interest income from the securities margin financing was approximately HK\$9.2 million (31 December 2022: HK\$13.1 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 (“**Chengtuo**”).

During the Year, the Group has so far participated in 31 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\$2,284.3 million as at 31 December 2023. The debts are issued through either private or public offerings with coupon rates ranging from 3.65% to 8.0% per annum. According to the information published on Bloomberg 2023, CWSI ranked as the 57th 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\$39.5 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 3 segregated portfolios as at 31 December 2023. 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 2023, the assets under management have reached approximately US\$234.3 million (31 December 2022: US\$277.1 million). The management fee income is approximately HK\$14.1 million during the Year.

Financial Investments and Services

Financial investments and trading

During the Year, the Hang Seng Index starts at 19,570 points and closed at 17,047 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\$5.4 million. The interest income from debt investments amounted to approximately HK\$0.7 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 2023, the Group had 14 outstanding loans to individual customers with an aggregate principal amount of approximately HK\$375,404,400 and interest rates ranging from 5% to 7% and 5 outstanding loans to corporate customers with an aggregate principal amount of approximately HK\$63,215,000 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	Equity interest in unlisted Hong Kong Entities
	7,000	7%	60	
	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	–
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
O	4,800	7%	12	Equity interest in unlisted Hong Kong
	400	7%	12	Entities
Total				
19	<u>497,311.4</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 2023, the annual interest rate of loan ranged from 5% to 7% (31 December 2022: 5% to 7%) and the term ranged from 1 to 3 years (31 December 2022: 1 to 3 years). The total gross loan receivable amounted to approximately HK\$438.6 million (31 December 2022: HK\$433.4 million). The Group's five largest gross loan receivables amounted to approximately HK\$332.2 million or 75.7% (31 December 2022: HK\$332.2 million or 76.6%) of the Group's total gross loan receivables. During the Year, the interest income from the money lending business was approximately HK\$27.4 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\$0.1 million (31 December 2022: HK\$13.2 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 13 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 offshore bond market, the Group has diversified its investment in the Chinese medical clinic sector in order to complement the existing businesses.

During the Year, the revenue generated from the Chinese medicine clinics business sector was including consultancy fee income of approximately HK\$11.4 million and sales of goods of approximately HK\$0.6 million.

Prospects

Looking ahead, Hong Kong's economy will face slower growth as challenges from China's economic slowdown and the elevated interest rate. Hong Kong inbound tourism and private consumption will remain the major drivers of economic growth for the year to come. The launching and extension of the individual visit scheme will bring an immediate surge in the number of Mainland visitors from mainland China. The external environment remains challenging and weigh on export and consumer confidence.

Affected by high US dollar financing cost, downturn of the property market and the weakening of repayment ability, Chinese offshore bond market issuance is expected to decrease, especially in the stressed property sector. The Group will continue to actively seek opportunities to expand the business scope of the Group. With the increase in awareness of environmental protection, the Group considers that there are prospects in new energy vehicle and artificial intelligent technology and intend to participate in these fast growing business sectors.

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. 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\$90.2 million as compared to the revenue of approximately HK\$277.8 million last year. The Group's revenue principally comprised the interest income from money lending business of approximately HK\$27.4 million, commission income from placing of approximately HK\$39.5 million, commission income from securities and futures dealing of approximately HK\$5.3 million, interest income from securities margin financing of approximately HK\$9.2 million and management fee income from asset management business of approximately HK\$14.1 million.

The Group recorded other comprehensive loss of approximately HK\$221.7 million for the Year (31 December 2022: other comprehensive income of HK\$60.8 million). It was mainly attributable to an decrease in fair value of approximately HK\$220.2 million on equity investments at fair value through other comprehensive income (31 December 2022: HK\$65.6 million). As at 31 December 2023, the Group's net asset value was approximately HK\$776.7 million (31 December 2022: HK\$1,105.1 million).

Major Customers

During the Year, the Group's largest customer and five largest customers accounted for approximately 6.26% and 23.25% 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 2023 were approximately HK\$22.6 million (31 December 2022: HK\$62.4 million).

As at 31 December 2023, the Group had any bank overdrafts of approximately HK\$20.4 million (31 December 2022: HK\$21.6 million), and interest-bearing other borrowings of approximately HK\$148.4 million (31 December 2022: HK\$123.1 million).

As at 31 December 2023, the Group's current ratio was approximately 3.08 times (31 December 2022: 1.5 times) based on current assets of approximately HK\$810.4 million (31 December 2022: HK\$1,416.3 million) and current liabilities of approximately HK\$262.8 million (31 December 2022: HK\$945.2 million). No capital commitments outstanding at 31 December 2023 not provided for in the Group's financial statements (31 December 2022: HK\$ Nil). The Group also had no other contingent liabilities as at 31 December 2023 (31 December 2022: Nil).

Capital Structure

As at 31 December 2023, the Group's gearing ratio was approximately 21.7% (31 December 2022: 20.5%). Gearing ratio equals total borrowings divided by net asset value as at the end of the reporting period. The total borrowings of approximately HK\$168.8 million includes other borrowings and bank overdraft.

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.

Material acquisitions and disposals

- (i) 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.
- (ii) 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. As the condition precedents to the agreement cannot be fulfilled on or before the long stop date of the agreement, the agreement has on 30 June 2023 expired and terminated in accordance with its terms. No consideration was paid by the Group under the agreement.
- (iii) On 29 November 2023, Morley Way Limited (purchaser), a wholly owned subsidiary of the Company entered into the sales and purchase agreement with Lee Ming Pui (the vendor). Pursuant to which the vendor agreed to sell and the purchaser agreed to acquire 25% of the total issued capital of Senworth Limited (target company) for a total consideration of HK\$80 million, of which HK\$30 million shall be settled by in cash and the remaining balance of HK\$50 million by issuing promissory note. The target company holds 90% equity interests in Tinsun property, a company established in the PRC with limited liability. Tinsun 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. Immediately before this transaction, the purchaser is interest in 49% of the issue share capital of the target company. Upon the completion, the purchaser will hold in 74% interests in aggregate of the issued share capital of the target company and the sales share will be classified a subsidiary of the company and its results will be consolidated in the Group in accordance with applicable accounting standards. The details of which were disclosed in the announcement of the company dated 29 and 30 November 2023, 29 January 2024 and 21 February 2024.

Details of Charges on Assets

As at 31 December 2023, the Group had pledged certain listed equity investments of approximately HK\$399.3 million and two properties in PRC of approximately HK\$17.7 million (31 December 2022: HK\$392.1 million) to secure the other borrowings.

Employment, Training and Development

As at 31 December 2023, the Group had a total of 56 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 C1 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 CPA Limited (formerly known as 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, 27 March 2024

As at the date of this announcement, the Board comprises the following directors:

Executive Directors

Mr. Chen Xiaodong (*Chairman*)
Mr. Li Jing (*Chief Executive Officer*)
Mr. Yu Qingrui
Ms. Song Caini
Mr. Chen Hongjin

Independent Non-executive Directors

Mr. Kwok Chi Kwong
Mr. Wu Ming
Ms. Li Meifeng

* *For identification purpose only*