

SJX TEST HK REPORT 0131002

REPORTS AND FINANCIAL STATEMENTS
For the year ended 31 December 2022

REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

<u>内容</u>	<u>页码</u>
INDEPENDENT AUDITOR'S REPORT	3 - 7
CONSOLIDATED STATEMENT OF PROFIT OR LOSS	8 - 9
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	10 - 13
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	14 - 15
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	16
CONSOLIDATED STATEMENT OF CASH FLOWS	17 - 18
NOTES TO THE FINANCIAL STATEMENTS	19 - 233

INDEPENDENT AUDITOR'S REPORT

To the members of sjx_test HK report_0131002
(incorporated in Hong Kong with limited liability)

Opinion

We have audited the consolidated financial statements of sjx_test HK report_0131002 (the "Company") and its subsidiaries (collectively referred to as "the Group") set out on pages [] to [], which comprise the consolidated statement of financial position as at 31 December 2022, and [the consolidated statement of profit or loss and] the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

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

Key Audit Matters

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

INDEPENDENT AUDITOR'S REPORT

To the members of sjx_test HK report_0131002(continued)
 (incorporated in Hong Kong with limited liability)
 Basis for Opinion - continued

Key audit matter	How our audit addressed the key audit matter
<p><i>[Title of Key Audit Matter 1]</i></p> <p><i>[Description of KAM including why the matter was considered to be one of most significance in the audit and reference to the required disclosures.</i></p> <p><i>For example:</i> <i>We identified the [title of Key Audit Matter] as a key audit matter due to [describe the factors here].</i></p>	<p><i>[Description of how the KAM was addressed in the audit that may include the following elements or some combination of them:</i></p> <p><i>Aspects of the response or approach that were most relevant to the matter or specific to the assessed risk of material misstatement;</i></p> <p><i>A brief overview of procedures performed.</i></p> <p><i>For example:</i> <i>Our procedures in relation to [describe the concern/ issue] included:</i></p> <p><i>[Description of procedure]</i> <i>[Description of procedure]</i> <i>[Description of procedure]</i></p>
<p><i>[Title of Key Audit Matter 2]</i></p> <p><i>[Description]</i></p>	<p><i>[Description]</i></p>

Other Information

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

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

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

INDEPENDENT AUDITOR'S REPORT

To the members ofsjx test HK report 0131002(continued)
(incorporated in Hong Kong with limited liability)

Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with [section 405 of the Hong Kong Companies Ordinance/ our agreed terms of engagement/ Section 90 of the Bermuda Companies Act], and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

INDEPENDENT AUDITOR'S REPORT

To the members of sjx test HK report 0131002(continued)
(incorporated in Hong Kong with limited liability)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements - continued

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion

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

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

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

The engagement partner on the audit resulting in the independent auditor's report is [Engagement Partner's name on the Practising Certificate issued by the HKICPA].

INDEPENDENT AUDITOR'S REPORT

To the members ofsjx test HK report 0131002(continued)
(incorporated in Hong Kong with limited liability)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements - continued

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
[Date]

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED DECEMBER 31, 2022

	NOTES	Year ended 31/12/2022 HK\$'000	Year ended 31/12/2021 HK\$'000
[Continuing operations]			
Revenue			
[Contracts with customers]		X	X
[Leases]		X	X
[Interest under effective interest method]		X	X
[Total revenue]		X	X
[Other income]		X	X
[Gain/(loss) from derecognition of financial assets measured at amortised cost]		[X]	[X]
[Gain/(loss) on reclassification of financial assets from amortised cost to fair value through profit or loss]		[X]	[X]
[Gain/(loss) on reclassification of financial assets from fair value through other comprehensive income to fair value through profit or loss]		[X]	[X]
Impairment losses under expected credit loss model, net of reversal		X	X
Impairment losses [recognised/reversed] on [non-financial assets]/ [property, plant and equipment, right-of-use assets, contract costs, intangible assets and goodwill (to specify)]		[X]	[X]
[Other gains and losses]		[X]	[X]
Changes in inventories of finished goods and work in progress		(X)	(X)
Raw materials and consumables used		(X)	(X)
Employee benefits expenses		(X)	(X)
Depreciation and amortisation expenses		(X)	(X)
Other expenses		(X)	(X)
Share of results of associates		X	X
Share of results of joint ventures		X	X
Finance costs		(X)	(X)
[Profit/(loss)] before tax		X	X
Income tax expense	8	(X)	(X)
[Profit/(loss)] for the year [from continuing operations]		[X]	[X]
[Discontinued operations]			
[[Profit/(loss)] for the year from discontinued operations]	10	[X]	[X]
[Profit/(loss)] for the year	11	X	X

CONSOLIDATED STATEMENT OF PROFIT OR LOSS - continued
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>NOTE</u>	<u>Year ended</u> <u>31/12/2022</u> HK\$'000	<u>Year ended</u> <u>31/12/2021</u> HK\$'000
[Profit/(loss)] for the year attributable to owners of the Company			
- from continuing operations		X	X
- from discontinued operations		<u>X</u>	<u>X</u>
[Profit/(loss)] for the year attributable to owners of the Company		<u>X</u>	<u>X</u>
[Profit/(loss)] for the year attributable to non-controlling interests			
- from continuing operations		X	X
- from discontinued operations		<u>X</u>	<u>X</u>
[Profit/(loss)] for the year attributable to non-controlling interests		<u>X</u>	<u>X</u>
		X	X
[EARNINGS/(LOSS)] PER SHARE	18		
[From continuing and discontinued operations]			
Basic (HK cents)		¢	¢
Diluted (HK cents)		¢	¢
[From continuing operations]			
Basic (HK cents)		¢	¢
Diluted (HK cents)]		¢	¢

Remark: The format outlined above aggregates expenses according to their nature, with minimal analyses of discontinued operations on the face of the consolidated statement of profit or loss.

The accompanying notes are part of the financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2022

	NOTES	Year ended 31/12/2022 HK\$'000	Year ended 31/12/2021 HK\$'000
[Continuing operations]			
Revenue			
[Contracts with customers]		X	X
[Leases]		X	X
[Interest under effective interest method]		<u>X</u>	<u>X</u>
[Total revenue]		X	X
Cost of sales		<u>(X)</u>	<u>(X)</u>
Gross profit		X	X
[Other income]		X	X
[Gain/(loss) from derecognition of financial assets measured at amortised cost]		[X]	[X]
[Gain/(loss) on reclassification of financial assets from amortised cost to fair value through profit or loss]		[X]	[X]
[Gain/(loss) on reclassification of financial assets from fair value through other comprehensive income to fair value through profit or loss]		[X]	[X]
Impairment losses under expected credit loss model, net of reversal		X	X
[Other gains and losses]		[X]	[X]
Distribution [and selling] expenses		(X)	(X)
Administrative expenses		(X)	(X)
Other expenses		(X)	(X)
Share of results of associates		X	X
Share of results of joint ventures		X	X
Finance costs		<u>(X)</u>	<u>(X)</u>
[Profit/(loss)] before tax		X	X
Income tax expense	8	<u>(X)</u>	<u>(X)</u>
[Profit/(loss)] for the year [from continuing operations]		[X]	[X]
[Discontinued operations]			
[[Profit/(loss)] for the year from discontinued operations]	10	<u>[X]</u>	<u>[X]</u>
[Profit/(loss)] for the year	11	X	X

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
- continued
FOR THE YEAR ENDED DECEMBER 31, 2022

	NOTE	Year ended 31/12/2022 HK\$'000	Year ended 31/12/2021 HK\$'000
Other comprehensive income (expense)	12		
<i>Items that will not be reclassified to profit or loss:</i>			
Exchange differences on translation from functional currency to presentation currency		X	X
[Gain/(loss)] on revaluation of properties/intangible assets		X	X
Fair value [gain/(loss)] on:			
- investments in equity instruments at fair value through other comprehensive income		X	X
- financial liabilities designated as at fair value through profit or loss attributable to changes in credit risk		X	X
- hedging instruments for cash flow hedges subject to basis adjustment		X	X
Remeasurement of defined benefit pension plans		X	X
Income tax relating to items that will not be reclassified to profit or loss		(X)	(X)
Share of other comprehensive income of associates, net of related income tax		X	X
Share of other comprehensive income of joint ventures, net of related income tax		<u>X</u>	<u>X</u>
		<u>X</u>	<u>X</u>
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		X	X
Reclassification of cumulative translation reserve upon disposal of a foreign operation		X	X
Fair value [gain/(loss)] on:			
- hedging instruments designated in cash flow hedges		X	X
- debt instruments measured at fair value through other comprehensive income		X	X
Impairment loss for debt instruments at fair value through other comprehensive income included in profit or loss		X	X
Income tax relating to items that may be reclassified subsequently to profit or loss		(X)	(X)
Share of other comprehensive income of associates, net of related income tax		X	X
Share of other comprehensive income of joint ventures, net of related income tax		<u>X</u>	<u>X</u>
		<u>X</u>	<u>X</u>
Other comprehensive [income/(expense)] for the year, net of income tax		<u>X</u>	<u>X</u>
Total comprehensive [income/(expense)] for the year		X	X

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
- continued
FOR THE YEAR ENDED DECEMBER 31, 2022

	Year ended <u>31/12/2022</u> HK\$'000	Year ended <u>31/12/2021</u> HK\$'000
[Profit/(loss)] for the year attributable to owners of the Company		
- from continuing operations	X	X
- from discontinued operations	<u>X</u>	<u>X</u>
[Profit/(loss)] for the year attributable to owners of the Company	<u>X</u>	<u>X</u>
[Profit/(loss)] for the year attributable to non-controlling interests		
- from continuing operations	X	X
- from discontinued operations	<u>X</u>	<u>X</u>
[Profit/(loss)] for the year attributable to non-controlling interests	<u>X</u>	<u>X</u>
	X	X
Total comprehensive [income/(expense)] attributable to:		
Owners of the Company	X	X
Non-controlling interests	<u>X</u>	<u>X</u>
	X	X
Total comprehensive [income/(expense)] attributable to owners of the Company:		
- from continuing operations	X	X
- from discontinued operations	<u>X</u>	<u>X</u>
	X	X

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
- continued
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>NOTE</u>	<u>Year ended</u>	<u>Year ended</u>
	18	31/12/2022	31/12/2021
[EARNINGS/(LOSS)] PER SHARE			
[From continuing and discontinued operations]			
Basic (HK cents)		¢	¢
Diluted (HK cents)		¢	¢
[From continuing operations]			
Basic (HK cents)		¢	¢
Diluted (HK cents)]		¢	¢

Remark: The format outlined above aggregates expenses according to their function, with minimal analyses of discontinued operations on the face of the consolidated statement of profit or loss and other comprehensive income. Entities classifying expenses by function should disclose additional information on the nature of expenses, including depreciation and amortisation expenses and employee benefits expenses in the notes.

The accompanying notes are part of the financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT DECEMBER 31, 2022

	NOTES	31/12/2022 HK\$'000	31/12/2021 HK\$'000	01/01/2021 HK\$'000
Non-current Assets				
Property, plant and equipment	16	100	100	100
Right-of-use assets	17	100	100	100
Investment properties	18	100	100	100
Goodwill	19	100	100	100
Other intangible assets	20	100	100	100
[Interests/investments] in associates	22	100	100	100
[Interests/investments] in joint ventures	23	100	100	100
Financial assets at fair value through profit or loss	24	100	100	100
Equity instruments at fair value through other comprehensive income	25	100	100	100
Debt instruments at fair value through other comprehensive income	26	100	100	100
Finance lease receivables	27	100	100	100
Loan receivables	28	100	100	100
Pledged/restricted bank deposits	35	100	100	100
Contract assets	31	100	100	100
Contract costs	32	100	100	100
Deferred tax assets	40	100	100	100
Amounts due from related parties	46	100	100	100
Other financial assets	43	-	-	-
		<u>1,700</u>	<u>1,700</u>	<u>1,700</u>
Current Assets				
Inventories		100	100	100
Properties for/under development/properties for sale		100	100	100
Right to returned goods asset	33	100	100	100
Finance lease receivables	27	100	100	100
Loan receivables	28	100	100	100
Trade and other receivables	29	100	100	100
Contract assets	31	100	100	100
Contract costs	32	100	100	100
Tax recoverable		100	100	100
Financial assets at fair value through profit or loss	24	100	100	100
Debt instruments at fair value through other comprehensive income	26	100	100	100
Amounts due from related parties	46	100	100	100
Other financial assets	43	100	100	100
Pledged/restricted bank deposits	35	100	100	100
Cash and cash equivalents	35	-	-	-
		<u>1,400</u>	<u>1,400</u>	<u>1,400</u>
Assets classified as held for sale	10	<u>3,500</u>	<u>3,500</u>	<u>3,500</u>
		<u>4,900</u>	<u>4,900</u>	<u>4,900</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION - continued
AT DECEMBER 31, 2022

	NOTES	31/12/2022 HK\$'000	31/12/2021 HK\$'000	01/01/2021 HK\$'000
Current Liabilities				
Trade and other payables	36	100	100	100
Tax liabilities		100	100	100
Borrowings	41	100	100	100
Other financial liabilities	43	100	100	100
Lease liabilities	44	100	100	100
Provisions	45	100	100	100
Contract liabilities	37	100	100	100
Refund liabilities	33	100	100	100
Deferred income	50	100	100	100
Liabilities for cash-settled share-based payments	48	100	100	100
Bank overdrafts	35	-	-	-
		<u>1,000</u>	<u>1,000</u>	<u>1,000</u>
Liabilities associated with assets classified as held for sale	10	<u>100</u>	<u>100</u>	<u>100</u>
		<u>1,100</u>	<u>1,100</u>	<u>1,100</u>
Net Current Assets		<u>6,000</u>	<u>6,000</u>	<u>6,000</u>
Total Assets less Current Liabilities		<u>7,700</u>	<u>7,700</u>	<u>7,700</u>
Capital and Reserves				
Share capital	38	100	100	100
Reserves		100	100	100
Amounts recognised in other comprehensive income and accumulated in equity relating to assets classified as held for sale		-	-	-
Equity attributable to owners of the Company		200	200	200
Non-controlling interest		<u>100</u>	<u>100</u>	<u>100</u>
Total Equity		<u>300</u>	<u>300</u>	<u>300</u>
Non-current Liabilities				
Deferred tax liabilities	40	100	100	100
Borrowings	41	100	100	100
Convertible loan notes	42	100	100	100
Other financial liabilities	43	100	100	100
Lease liabilities	44	100	100	100
Provisions	45	100	100	100
Contract liabilities	37	100	100	100
Refund liabilities	33	100	100	100
Deferred income	50	100	100	100
Loan from the immediate holding company	47	100	100	100
Liabilities for cash-settled share-based payments	48	100	100	100
Retirement benefit obligations	49	-	-	-
		<u>1,100</u>	<u>1,100</u>	<u>1,100</u>
		<u>1,400</u>	<u>1,400</u>	<u>1,400</u>

The accompanying notes are part of the financial statements.

The financial statements on pages [14] to [233] were approved and authorised for issue by the [board of directors] on [XX/XX/2023] [and are signed on its behalf by]:

企业负责人

主管会计工作负责人

会计机构负责人

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2022

	Share capital	Share premium	Convertible loan notes equity reserve	Atributable to owners of the Company Fair value through other comprehensive income/ reserve/ Revaluation reserve HK\$'000	Transition reserve	Share based- payments reserve	Hedging reserve	Amount recognised in other comprehensive income for assets held for sale HK\$'000	Retained profits	Subtotal	Non-controlling interests	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2021	100	100	100	100	100	100	100	100	100	900	100	1,000
[Adjustments (note 3)]												
At 1 January 2021 (restated)]	100	100	100	100	100	100	100	100	100	900	100	1,000
Profit/(loss) for the year												
Other comprehensive [income/(expense)] for the year	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive [income/(expense)] for the year	100	100	100	100	100	100	100	100	100	900	100	1,000
Transfer of cash flow hedging (gains)/ losses upon recognition of non-financial hedging items	100	100	100	100	100	100	100	100	100	900	100	1,000
Recognition of equity-settled share-based payments	100	100	100	100	100	100	100	100	100	900	100	1,000
Recognition of equity component of convertible loan notes	100	100	100	100	100	100	100	100	100	900	100	1,000
Deferred tax liability on recognition of equity components of convertible loan notes	100	100	100	100	100	100	100	100	100	900	100	1,000
Dividends paid to non-controlling interests	100	100	100	100	100	100	100	100	100	900	100	1,000
Dividends recognised as distribution (note 17)	100	100	100	100	100	100	100	100	100	900	100	1,000
Issue of shares	100	100	100	100	100	100	100	100	100	900	100	1,000
Transaction costs attributable to issue of shares	100	100	100	100	100	100	100	100	100	900	100	1,000
Effects of share options	100	100	100	100	100	100	100	100	100	900	100	1,000
Disposal of investments in equity instruments at fair value through other comprehensive income	100	100	100	100	100	100	100	100	100	900	100	1,000
Repurchase and cancellation of shares												
Transaction costs attributable to repurchase and cancellation of shares	-	-	-	-	-	-	-	-	-	-	-	-
At 31 December 2021 [(restated)]	1,10 0	1,10 0	1,10 0	1,10 0	1,10 0	1,10 0	1,10 0	1,10 0	1,10 0	9,900	1,10 0	11,00 0
[Adjustments (note 3)]	-	-	-	-	-	-	-	-	-	-	-	-
[At 1 January 2022 (restated)]	1,10 0	1,10 0	1,10 0	1,10 0	1,10 0	1,10 0	1,10 0	1,10 0	1,10 0	9,900	1,10 0	11,00 0
[Profit/(loss)] for the year	100	100	100	100	100	100	100	100	100	900	100	1,000
Other comprehensive [income/(expense)] for the year	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive [income/(expense)] for the year	100	100	100	100	100	100	100	100	100	900	100	1,000
Transfer of cash flow hedging (gains)/ losses upon recognition of non-financial hedging items	100	100	100	100	100	100	100	100	100	900	100	1,000
Recognition of equity-settled share-based payments	100	100	100	100	100	100	100	100	100	900	100	1,000
Recognition of equity component of convertible loan notes	100	100	100	100	100	100	100	100	100	900	100	1,000
Deferred tax liability on recognition of equity components of convertible loan notes	100	100	100	100	100	100	100	100	100	900	100	1,000
Dividends paid to non-controlling interests	100	100	100	100	100	100	100	100	100	900	100	1,000
Dividends recognised as distribution (note 17)	100	100	100	100	100	100	100	100	100	900	100	1,000
Issue of shares	100	100	100	100	100	100	100	100	100	900	100	1,000
Transaction costs attributable to issue of shares	100	100	100	100	100	100	100	100	100	900	100	1,000
Exercise of share options	100	100	100	100	100	100	100	100	100	900	100	1,000
Disposal of investments in equity instruments at fair value through other comprehensive income	100	100	100	100	100	100	100	100	100	900	100	1,000
Repurchase and cancellation of ordinary shares	100	100	100	100	100	100	100	100	100	900	100	1,000
Repurchase and cancellation of shares												
Transaction costs attributable to repurchase and cancellation of shares	-	-	-	-	-	-	-	-	-	-	-	-
At 31 December 2022	2,20 0	2,20 0	2,20 0	2,20 0	2,20 0	2,20 0	2,20 0	2,20 0	2,20 0	19,80 0	2,20 0	22,00 0

The accompanying notes are part of the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022

	Year ended 31/12/2022 HK\$'000	Year ended 31/12/2021 HK\$'000
OPERATING ACTIVITIES		
[Profit/loss] for the year	100	200
Adjustments for:		
Income tax	100	200
Finance costs	100	200
Interest income	(100)	(100)
Dividends from equity investments	(100)	(100)
Share of results of associates	100	100
Share of results of joint ventures		
Depreciation of property, plant and equipment	100	200
Depreciation of right-of-use assets		
Amortisation of other intangible assets	100	200
Impairment loss, net of reversal		
- goodwill		
- other intangible assets		
- property, plant and equipment	100	100
- financial assets and other items under expected credit loss model	100	200
- other (to specify)	100	200
Share-based payment expense	100	200
[Gain/loss] on fair value changes of investment properties	100	200
[Gain/loss] on disposal of property, plant and equipment	100	100
[Gain/loss] on fair value changes of financial assets at fair value through profit or loss	100	100
[(Gain)/loss] on fair value changes of derivatives	100	100
Depreciation of investment properties (if cost model is adopted)	100	100
(Gain)/loss on disposal of investments in	100	100
- a subsidiary	100	100
- an associate	100	100
- a joint venture	100	100
(Gain)/loss arising from sale and leaseback transactions	100	100
[Other non-cash items (please specify)]	100	200
Operating cash flows before movements in working capital	1,900	2,900
[Increase/decrease] in inventories	100	200
[Increase/decrease] in trade and other receivables	100	200
[Increase/decrease] in contract assets	100	200
[Increase/decrease] in contract costs	100	200
[(Increase)/decrease] in restricted deposits	100	200
[Increase/decrease] in properties for/under development/properties for sale	100	200
[Increase/decrease] in right to returned goods asset	100	200
[Increase/decrease] in [investments held for trading]	100	200
[Increase/decrease] in provisions	100	200
[Increase/decrease] in trade and other payables	100	200
[Increase/decrease] in contract liabilities	100	200
[Increase/decrease] in refund liabilities	100	200
[Other working capital items (please specify)]	100	200
Cash [generated from/(used in)] operations	3,200	5,500
Income taxes paid	(100)	(100)
Interest paid	(100)	(100)
Payments/receipts arising from net settlement of [interest rate swaps/other derivatives to specify]	100	100
Interest received	100	200
Dividend received	100	200
NET CASH [FROM/USED IN] OPERATING ACTIVITIES	3,300	5,800

CONSOLIDATED STATEMENT OF CASH FLOWS - continued
FOR THE YEAR ENDED DECEMBER 31, 2022

	NOTES	Year ended 31/12/2022 HK\$'000	Year ended 31/12/2021 HK\$'000
INVESTING ACTIVITIES			
Interest received		1,000	1,000
Dividends received from associates / joint ventures		100	100
Dividends received from equity investments		100	100
Proceeds on disposal of an interest in an associate / a joint venture		100	100
Proceeds from disposal of			
- financial assets at fair value through profit or loss		100	100
- equity instruments at fair value through other comprehensive income		100	100
- debt instruments at fair value through other comprehensive income		100	100
Proceeds on disposal of property, plant and equipment		100	100
Proceeds on disposal of investment properties		100	100
Acquisition of investment in an associate/ a joint venture		(100)	(100)
Purchases of			
- financial assets at fair value through profit or loss		(100)	(100)
- equity instruments at fair value through other comprehensive income		(100)	(100)
- debt instruments at fair value through other comprehensive income		(100)	(100)
Purchases of property, plant and equipment		(100)	(100)
Payments for right-for-use assets		(100)	(100)
Payments for rental deposits		(100)	-
Refund of rental deposits		100	100
Purchases of other intangible assets		(100)	(100)
Net cash [inflow/(outflow)] on acquisition of a subsidiary	51	(100)	(100)
Net cash [inflow/(outflow)] on disposal of a subsidiary	52	100	100
Development costs paid		(100)	(100)
Withdrawal of pledged/restricted bank deposits		100	100
Placement of pledged/restricted bank deposits		(100)	(100)
Gross cash outflow from [foreign currency forward contracts/other derivatives to specify]		100	100
Gross cash inflows from [foreign currency forward contracts/other derivatives to specify]		100	100
NET CASH [FROM/USED IN] INVESTING ACTIVITIES		1,000	1,100
FINANCING ACTIVITIES			
Dividends paid		(100)	(100)
Interest paid		(100)	(100)
Payments/receipts arising from net settlement of [interest rate swaps/other derivatives to specify]			
Acquisition of partial interest of a subsidiary		(100)	(100)
Repayments of borrowings		(100)	(100)
Repayments of bank overdrafts		(100)	(100)
Repayments of lease liabilities		(100)	(100)
Proceeds on issue of convertible loan notes		100	100
New bank loans raised		100	100
Drawdown of bank overdrafts		100	100
Proceeds from issue of shares		100	100
Transaction costs attributable to issue of shares		(100)	(100)
Payment on repurchase and cancellation of shares		(100)	(100)
Transaction costs attributable to repurchase and cancellation of shares		(100)	(100)
[Proceeds on disposal of partial interest in a subsidiary without losing control]		100	200
NET CASH [FROM/USED IN] FINANCING ACTIVITIES		(400)	(300)
NET [INCREASE/DECREASE] IN CASH AND CASH EQUIVALENTS		600	800
CASH AND CASH EQUIVALENTS AT 1 JANUARY		100	100
Effect of foreign exchange rate changes		100	200
CASH AND CASH EQUIVALENTS AT 31 DECEMBER,		800	1,100
represented by			
Bank balances and cash		200	200
Bank overdrafts		(100)	(100)
		100	100

The accompanying notes are part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

1. GENERAL INFORMATION

sjx_test HK report_0131002 (the "Company") is a public limited company incorporated in [Hong Kong] and its shares are listed on The Stock Exchange of Hong Kong Limited. [Its parent is [Group Holdings Limited (incorporated in the Cayman Islands)] and its ultimate parent is [ABC Group Holdings Limited (incorporated in Bermuda)]. [Its ultimate controlling party is Mr. [X]], who is also the Chairman and Managing Director of the Company.] The addresses of the registered office and principal place of business of the Company are disclosed [in the corporate information section to the annual report].

Alt 1 Alternative wording for a Hong Kong company which is not a subsidiary of another body corporate

The Company is a public limited company incorporated in Hong Kong and its shares are listed on The Stock Exchange of Hong Kong Limited. The addresses of the registered office and principal place of business of the Company are disclosed [in the corporate information section to the annual report].

Alt 2 Wording for an on-going Bermuda Company which is not a subsidiary of another body corporate

The Company is incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited. The addresses of the registered office and principal place of business of the Company are disclosed [in the corporate information section to the annual report].

The principal activities of the Company and its subsidiaries (the "Company") are the manufacture of electronic goods, toll road operation, property construction and leasing of electronic equipment. The Company was also engaged in the manufacture and sale of toys which was discontinued in current year (see note 13).

Alt 1 Where the presentation currency of the Company is the same as functional currency of the Company

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

Alt 2 Where the presentation currency of the Company is different from the functional currency of the Company

The consolidated financial statements are presented in [Hong Kong dollars ("HK\$")], which is different from the Company's functional currency of [Renminbi ("RMB")]. [For the convenience of the financial statements users, the consolidated financial statements are presented in HK\$, as the Company's shares are listed on The Stock Exchange of Hong Kong Limited/Please specify other reasons, if any.]

Alt Where there is change in functional currency of the Company in the current year

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

1. GENERAL INFORMATION - continued

During the current year, the functional currency of the Company was changed from Hong Kong dollars to Renminbi ("RMB") upon completion of [an acquisition of the new business of sales and distribution of electronic products/disposal of the business of sales and distribution of electronic products]. Subsequent to the [acquisition/disposal], the Company mainly holds subsidiaries whose underlying operations are primarily in the People's Republic of China (the "PRC") with RMB being the currency that mainly influences the Company's underlying transactions, events and conditions. The directors of the Company have determined that RMB better reflects the economic substance of the Company and its business activity as an investment holding company primarily holding subsidiaries with primary economic environment in the PRC. Accordingly, the functional currency of the Company was changed prospectively from the date of [acquisition/disposal].

2. [GROUP RESTRUCTURING AND BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS]

Alt Where the entity has undergone a group reorganisation

Under a group reorganisation scheme to rationalise the structure of the Group in preparation for the listing of the Company's shares on The Stock Exchange of Hong Kong Limited, the following steps were taken place:

(a) Prior to [XX/XX/XX], the business of the Group was conducted by [ABC Limited, BCD Limited and CDE Limited], which were controlled by [Mr. A] (the "controlling shareholder");

(b) On [XX/XX/XX], [DEF Limited] was incorporated in [Bermuda/the British Virgin Islands/the Cayman Islands] as an exempted company under [the Companies Act 1981 of Bermuda (as amended)/the British Virgin Islands Business Companies Act, 2004 (as amended)/the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands] and controlled by the controlling shareholder;

(c) Pursuant to a share transfer agreement dated [XX/XX/XX], [DEF Limited] acquired the entire interest in [ABC Limited, BCD Limited, CDE Limited] from the controlling shareholder by means of share exchange whereby [X] ordinary shares of [DEF Limited] were issued to the controlling shareholder at par.

(d) The Company was incorporated in [Bermuda/the British Virgin Islands/the Cayman Islands] on [XX/XX, #YYYY#] [as an exempted company] under [the Companies Act 1981 of Bermuda (as amended)/ the British Virgin Islands Business Companies Act, 2004 (as amended)/the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands]. On [XX/XX/XX], the Company acquired the entire interests of [DEF Limited] by issuing and allotting [X] ordinary shares [of HK\$[X] each] to the controlling shareholder. Thereafter, the Company has become the holding company of the Group.

The Group resulting from the above mentioned reorganisation is regarded as a continuing entity. Accordingly, the consolidated financial statements of the Group have been prepared using the principles of merger accounting [in accordance with Accounting Guideline 5 *Merger Accounting for Common Control Combinations*] as if the group structure under the group reorganisation had been in existence throughout the two years ended 31 December #YYYY# [or since their respective dates of incorporation/establishment or date of acquisition, whichever is the shorter period.]

The shares of the Company have been listed on The Stock Exchange of Hong Kong Limited with effect from [XX/XX, #YYYY#].

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

3. Revenue

(i) Disaggregation of revenue from contracts with customers

Segments	For the year ended 31 December 2022		
	Electronic equipment HK\$'000	Computer software installation HK\$'000	Construction HK\$'000
Types of goods or service			
Sales of electronic equipment			
Product A	X	-	-
Product B	X	-	-
Product C	<u>X</u>	<u>-</u>	<u>-</u>
	<u>X</u>	<u>-</u>	<u>-</u>
Computer software installation service			
Service D	-	X	-
Service E	<u>-</u>	<u>X</u>	<u>-</u>
	<u>-</u>	<u>X</u>	<u>-</u>
Construction	<u>-</u>	<u>-</u>	<u>X</u>
Total	<u>-</u>	<u>-</u>	<u>X</u>
Geographical markets			
Mainland China	X	X	X
Hong Kong	X	X	X
United States	<u>X</u>	<u>X</u>	<u>X</u>
Total	<u>X</u>	<u>X</u>	<u>X</u>
Timing of revenue recognition			
A point in time	X	X	-
Over time	<u>X</u>	<u>X</u>	<u>X</u>
Total	<u>X</u>	<u>X</u>	<u>X</u>
[Sales channel/type of customer]			
Retail	X	-	-
Wholesale	X	-	-
Internet	X	-	-
Corporate	-	X	X
Government	<u>-</u>	<u>X</u>	<u>X</u>
Total	<u>X</u>	<u>X</u>	<u>X</u>

Set out below is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

3. Revenue - continued

(i) **Disaggregation of revenue from contracts with customers** - continued

	<u>For the year ended 31 December 2022</u>			
	<u>Segment</u>		<u>Adjustments and</u>	
	<u>revenue</u>		<u>eliminations</u>	<u>Consolidated</u>
	HK\$'000		HK\$'000	HK\$'000
Electronic equipment	X		(X)	X
Computer software installation	X		(X)	X
			(
			X	
Construction contracts		X)	X
Revenue from contracts with customers	X		(X)	X
Interest under effective interest method	X		(X)	X
			(
			X	
Leases		X)	X
			(
			X	
Total revenue		<u>X</u>	<u>)</u>	<u>X</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

3. Revenue - continued

(i) Disaggregation of revenue from contracts with customers - continued

<u>Segments</u>	<u>For the year ended 31 December 2022</u>		
	<u>Electronic equipment</u> HK\$'000	<u>Computer software installation</u> HK\$'000	<u>Construction</u> HK\$'000
Types of goods or service			
Sales of electronic equipment			
Product A	X	-	-
Product B	X	-	-
Product C	<u>X</u>	<u>-</u>	<u>-</u>
	<u>X</u>	<u>-</u>	<u>-</u>
Computer software installation service			
Service D	-	X	-
Service E	<u>-</u>	<u>X</u>	<u>-</u>
	<u>-</u>	<u>X</u>	<u>-</u>
Construction	<u>-</u>	<u>-</u>	<u>X</u>
Total	<u>-</u>	<u>-</u>	<u>X</u>
Geographical markets			
Mainland China	X	X	X
Hong Kong	X	X	X
United States	<u>X</u>	<u>X</u>	<u>X</u>
Total	<u>X</u>	<u>X</u>	<u>X</u>
Timing of revenue recognition			
A point in time	X	X	-
Over time	<u>X</u>	<u>X</u>	<u>X</u>
Total	<u>X</u>	<u>X</u>	<u>X</u>
[Sales channel/type of customer]			
Retail	X	-	-
Wholesale	X	-	-
Internet	X	-	-
Corporate	-	X	X
Government	<u>-</u>	<u>X</u>	<u>X</u>
Total	<u>X</u>	<u>X</u>	<u>X</u>

Set out below is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

3. Revenue - continued

(i) Disaggregation of revenue from contracts with customers - continued

	For the year ended 31 December 2022		
	Segment revenue HK\$'000	Adjustments and eliminations HK\$'000	Consolidated HK\$'000
Electronic equipment	X	(X)	X
Computer software installation	X	(X)	X
		(X
Construction contracts	X)	X
Revenue from contracts with customers	X	(X)	X
Interest under effective interest method	X	(X)	X
		(X
Leases	X)	X
		(X
Total revenue	<u>X</u>	<u>)</u>	<u>X</u>

(ii) Performance obligations for contracts with customers

Remark: Given the application of HKFRS 15 depends on the reporting entity's revenue contract terms, local jurisdictions, facts and circumstances, the reporting entity is required to use tailor made disclosure based on its own analysis on above factors. Critical terms of the Group's contracts with customers, relevant performance obligation and theory of recognition are described below:

[The below are illustrative examples of disclosures of information about performance obligations in contracts with customers in accordance with HKFRS 15.119. Such disclosures should be customised based on the reporting entities' specific circumstances.]

Key requirements of HKFRS 15.119 include:

- when performance obligations are satisfied
- significant payment terms (including significant financing components)
- the nature of goods and services
- obligations for refunds, returns, exchanges
- types of warranties

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

3. Revenue - continued

(iii) Transaction price allocated to the remaining performance obligation for contracts with customers

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December 2022 and the expected timing of recognising revenue are as follows:

	Sales of <u>properties</u> HK\$'000	Construction <u>contracts</u> HK\$'000	Customer loyalty <u>programmes</u> HK\$'000
Within one year	X	X	X
More than one year but not more than two years	X	X	X
More than two years	<u>X</u>	<u>X</u>	<u>X</u>
	<u>X</u>	<u>X</u>	<u>X</u>

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December 2021 and the expected timing of recognising revenue are as follows:

	Sales of <u>properties</u> HK\$'000	Construction <u>contracts</u> HK\$'000	Customer loyalty <u>programmes</u> HK\$'000
Within one year	X	X	X
More than one year but not more than two years	X	X	X
More than two years	<u>X</u>	<u>X</u>	<u>X</u>
	<u>X</u>	<u>X</u>	<u>X</u>

The customer loyalty points have no expiration and can be redeemed anytime at customers' discretion. The amounts disclosed above represent the Group's expectation on the timing of redemption made by customers. These amounts disclosed above do not include transaction price allocated to performance obligations which have been satisfied but not yet recognised due to variable consideration constraint.

[All computer software installation service are for periods of one year or less. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.]

[Contracts for computer software maintenance services are typically have a 2-year non-cancellable term in which the Group bills a fixed amount for each hour of service provided. The Group elected to apply the practical expedient by recognising revenue in the amount to which the Group has right to invoice. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.]

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

3. Revenue - continued

(iv) Leases

	Year ended 31/12/2022 HK\$'000	Year ended 31/12/2021 HK\$'000
For operating leases:		
Lease payments that are fixed or depend on an index or a rate	<u>X</u>	<u>X</u>
Variable lease payments that do not depend on an index or a rate	X <u>X</u>	X <u>X</u>
For finance leases:		
Finance income on the net investment in the lease	X	X
Income relating to variable lease payments not included in the measurement of the net investment in the lease	<u>X</u>	<u>X</u>
	<u>X</u>	<u>X</u>
Total revenue arising from leases	<u>X</u>	<u>X</u>

For the year ended 31 December 2022, the Group recognised HK\$[X] selling profit or loss (2021: HK\$[X]), being the difference between revenue and the cost of sales, as a manufacturer/dealer lessor.

	Year ended 31/12/2022 HK\$'000	Year ended 31/12/2021 HK\$'000
Finance lease income - [machinery and equipment]	X	X
Operating lease income - [property]	<u>X</u>	<u>X</u>
Total revenue arising from leases	<u>X</u>	<u>X</u>

Remark: If the leasing arrangement is not within the ordinary course of business of the reporting entity, such income should be presented in "other income" and same disclosure requirements listed in note 6(iv) are required.

4. OPERATING SEGMENTS

Remark: Below is an example that illustrates the application of HKFRS 8.

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

[During the year, the Group commenced the business engaging in [X] along with the acquisition of [X] (as detailed in note [X]), and it is considered as a new operating and reportable segment by the CODM.]

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

4. OPERATING SEGMENTS - continued

[For 'electronic equipment' operation, the information reported to the CODM is further categorised into different retail locations in various cities within the Mainland China, each of which is considered as a separate operating segment by the CODM. For segment reporting, these individual operating segments have been aggregated into a single reportable segment. [Please disclose judgements made by management on how (and the reasons) why operating segments have been aggregated.]]/[No operating segments have been aggregated in arriving at the reportable segments of the Group.]

[In the current year, the Group reorganised its internal reporting structure which resulted in changes to the composition of its reportable segments. [Please provide description of changes.] Prior year segment disclosures have been represented to conform with the current year's presentation.]

Specifically, the Group's reportable segments under HKFRS 8 are as follows:

3. Electronic equipment
4. Computer software installation
5. Construction
6. Loan financing
7. Property investment

[In addition to the above reportable segments, other operating segments include operations A, B, X and Y, of which operation X and Y were being reported as separate segments in prior years. None of these segments met the quantitative thresholds for the reportable segments in both current and prior year. Accordingly, these were grouped in "Others". Prior year segment disclosures have been represented to conform with the current year's presentation.]

[An operating segment regarding the manufacture and sale of toys was discontinued in the current year. The segment information reported on the next pages does not include any amounts for these discontinued operations, which are described in more detail in note [13].]

Alt Where the entity has no discrete segment information

[Information reported to the [X], being the chief operating decision maker, for the purposes of resource allocation and assessment focuses on revenue analysis [by products/by geographic location of customers]. No other discrete financial information is provided other than [the Group's results and financial position as a whole]. Accordingly, only entity-wide disclosures, major customers and geographic information are presented.]

Segment revenues and results

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

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

- 4. OPERATING SEGMENTS - continued
- 7. Property investment - continued

For the year ended 31 December 2022

Continuing operations

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

4. OPERATING SEGMENTS - continued

7. Property investment - continued

	<u>Electronic equipment</u> HK\$'000	<u>Computer software installation</u> HK\$'000	<u>Construction</u> HK\$'000	<u>Loan financing</u> HK\$'000	<u>Property investment</u> HK\$'000	<u>Total reportable segments</u> HK\$'000	<u>Others</u> HK\$'000	<u>Adjustments and eliminations</u> HK\$'000	<u>Consolidated</u> HK\$'000	
SEGMENT REVENUE										
External sales	X	X	X	X	X	X	X	X	X	
Inter-segment sales	-	-	X	X	-	-	-	-		X
	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>		<u>X</u>
Segment profit/(loss)	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>	X	
Share of results of associates									X	
Share of results of joint ventures									X	
Unallocated other income									X	
Unallocated corporate expenses									(X)	
										(
[Other unallocated items (please specify)]										X
Group's [profit/(loss)] before tax from continuing operations)
										X

NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2022

- 4. OPERATING SEGMENTS - continued
- 7. Property investment - continued

For the year ended 31 December 2021

Continuing operations

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

4. OPERATING SEGMENTS - continued

7. Property investment - continued

	Electronic equipment HK\$'000	Computer software installation HK\$'000	Construction HK\$'000	Loan financing HK\$'000	Property investment HK\$'000	Total reportable segments HK\$'000	Others HK\$'000	Adjustments and eliminations HK\$'000	Consolidated HK\$'000
SEGMENT REVENUE									
External sales	X	X	X	X	X	X	X	X	X
Inter-segment sales	-	-	X	X	-	-	-	-	X
	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>
Segment profit/(loss)	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>	X
Share of results of associates									X
Share of results of joint ventures									X
Unallocated other income									X
Unallocated corporate expenses									(X)
									(
[Other unallocated items (please specify)]									X
Group's [profit/(loss)] before tax from continuing operations)
									X

The accounting policies of the operating segments are the same as the Group's accounting policies described in note [4]. Segment [profit/(loss)] represents the [profit earned by/loss from] each segment without allocation of central administration costs, directors' emoluments, share of results of associates and joint ventures, investment income and finance costs (PLEASE SPECIFY). This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

4. OPERATING SEGMENTS - continued

7. Property investment - continued

Inter-segment sales are [charged at prevailing market rates (PLEASE SPECIFY THE BASIS OF ACCOUNTING FOR TRANSACTIONS BETWEEN REPORTABLE SEGMENTS)]

Alt 1 Where the segment assets and liabilities are regularly reviewed by the CODM

Segment assets and liabilities

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

	[31/12/2022] HK\$'000	[31/12/2021] HK\$'000	
<i>Segment assets</i>			
Continuing operations			
Electronic equipment	X	X	
Computer software installation	X	X	
Construction	X	X	
Loan financing	X	X	
Property investment	X	X	
Total reportable segment assets	X	X	
Other operating segments	X	X	
Assets relating to discontinued operations	X	X	
[Unallocated (please specify)]		X	X
Consolidated assets		X	X
	[31/12/2022] HK\$'000	[31/12/2021] HK\$'000	
<i>Segment liabilities</i>			
Continuing operations			
Electronic equipment	X	X	
Computer software installation	X	X	
Construction	X	X	
Loan financing	X	X	
Property investment	X	X	
Total reportable segment liabilities	X	X	
Other operating segments	X	X	
Liabilities relating to discontinued operations	X	X	
[Unallocated (please specify)]		X	X
Consolidated liabilities		X	X

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

4. OPERATING SEGMENTS - continued

7. Property investment - continued

- all assets are allocated to operating segments [other than interests/investments in associates, interests/investments in joint ventures (PLEASE SPECIFY UNALLOCATED ASSETS)]. Assets used jointly by operating segments are allocated on the basis of [the revenues earned by individual operating segments (PLEASE SPECIFY BASIS OF ALLOCATION)]; and
- all liabilities are allocated to operating segments [other than current and deferred tax liabilities (PLEASE SPECIFY UNALLOCATED LIABILITIES)].

Alt 2 Where no segment asset and liability is regularly reviewed by the CODM

The CODM makes decisions according to operating results of each segment. No analysis of segment asset and segment liability is presented as the CODM does not regularly review such information for the purposes of resources allocation and performance assessment. Therefore, only segment revenue and segment results are presented.

For the year ended 31 December 2022

Continuing operations

	Electronic equipment HK\$'000	Computer software installation HK\$'000	Construction HK\$'000	Loan financing HK\$'000	Property investment HK\$'000	Total reportable segments HK\$'000	Others HK\$'000	Total HK\$'000
Amounts included in the measure of segment profit or loss or segment assets:								
Addition to non-current assets (Note)	X	X	X	X	X	X	X	X
Depreciation and amortisation	X	X	X	X	X	X	X	X
Impairment losses on property, plant and equipment/right-of-use assets/ other intangible assets [recognised/reversed] in profit or loss	X	X	X	X	X	X	X	X
Impairment losses on loan receivables [recognised/reversed] in profit or loss	X	X	X	X	X	X	X	X
Impairment losses on trade receivables [recognised/reversed] in profit or loss	X	X	X	X	X	X	X	X
Impairment losses on contract assets [recognised/reversed] in profit or loss	X	X	X	X	X	X	X	X
Impairment losses on contract costs [recognised/reversed] in profit or loss	X	X	X	X	X	X	X	X
[Gain/(loss)] on disposal of property, plant and equipment/right-of-use assets/ other intangible assets	X	X	X	X	X	X	X	X
Write-down of inventories	X	X	X	X	X	X	X	X
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profit or loss or segment assets:								
[Addition to non-current assets								
- goodwill	X	-	X	-	-	X	-	X]
[Impairment on goodwill	X	-	-	-	-	X	-	X]
Interests in associates	X	-	X	-	-	X	X	X
Interests in joint ventures	-	X	-	X	-	X	X	X
Share of results of associates	X	-	X	-	-	X	X	X
Share of results of joint ventures	X	-	X	-	-	X	X	X
Interest revenue	X	X	X	X	X	X	X	X
Interest expense	X	X	X	X	X	X	X	X
Income tax [expense/(credit)]	X	X	X	X	X	X	X	X

Note: Non-current assets excluded those relating to discontinued operations and excluded [goodwill,] financial instruments, deferred tax assets, post-employment benefit assets, and assets arising from insurance contracts.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

4. OPERATING SEGMENTS - continued

7. Property investment - continued

For the year ended 31 December 2021**Continuing operations**

	Electronic equipment HK\$'000	Computer software installation HK\$'000	Construction HK\$'000	Loan financing HK\$'000	Property investment HK\$'000	Total reportable segments HK\$'000	Others HK\$'000	Total HK\$'000
Amounts included in the measure of segment profit or loss or segment assets:								
Addition to non-current assets (Note)	X	X	X	X	X	X	X	X
Depreciation and amortisation	X	X	X	X	X	X	X	X
Impairment losses on property, plant and equipment/right-of-use assets/ other intangible assets [recognised/reversed] in profit or loss	X	X	X	X	X	X	X	X
Impairment losses on loan receivables [recognised/reversed] in profit or loss	X	X	X	X	X	X	X	X
Impairment losses on trade receivables [recognised/reversed] in profit or loss	X	X	X	X	X	X	X	X
Impairment losses on contract assets [recognised/reversed] in profit or loss	X	X	X	X	X	X	X	X
Impairment losses on contract costs [recognised/reversed] in profit or loss	X	X	X	X	X	X	X	X
[Gain/(loss)] on disposal of property, plant and equipment/right-of-use assets/ other intangible assets	X	X	X	X	X	X	X	X
Write-down of inventories	X	X	X	X	X	X	X	X
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profit or loss or segment assets:								
[Addition to non-current assets								
- goodwill	X	-	X	-	-	X	-	X]
[Impairment on goodwill	X	-	-	-	-	X	-	X]
Interests in associates	X	-	X	-	-	X	X	X
Interests in joint ventures	-	X	-	X	-	X	X	X
Share of results of associates	X	-	X	-	-	X	X	X
Share of results of joint ventures	X	-	X	-	-	X	X	X
Interest revenue	X	X	X	X	X	X	X	X
Interest expense	X	X	X	X	X	X	X	X
Income tax [expense/(credit)]	X	X	X	X	X	X	X	X

Note: Non-current assets excluded those relating to discontinued operations and excluded [goodwill,] financial instruments, deferred tax assets, post-employment benefit assets, and assets arising from insurance contracts.

Remark The above example is for illustrative purpose only. The reporting entity should base on its actual circumstances to disclose the items under the table of "Amounts included in the measure of segment profit or loss or segment assets:" or "Amounts regularly provided to the chief operating decision marker but not included in the measure of segment profit or loss or segment assets:". For example, certain entities may include goodwill as part of segment assets.

Revenue from major products and services

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

4. OPERATING SEGMENTS - continued

7. Property investment - continued

The following is an analysis of the Group's revenue from continuing operations from its major products and services:

	<u>Year ended</u>	
	<u>31/12/2022</u>	<u>31/12/2021</u>
	HK\$'000	HK\$'000
Electronic equipment	X	X
Computer software installation	X	X
Construction	X	X
Loan financing	X	X
Property investment	X	X
Others (please specify)	<u>X</u>	<u>X</u>
	<u>X</u>	<u>X</u>

Geographical information

The Group's operations are located on A Land (country of domicile), B Land, C Land and D Land.

Information about the Group's revenue from continuing operations from external customers is presented based on [the location of the operations/others (please specify the basis)]. Information about the Group's non-current assets is presented based on [the geographical location of the assets].

	<u>Revenue from</u>		<u>Non-current</u>	
	<u>external customers</u>		<u>assets</u>	
	<u>Year ended</u>			
	<u>31/12/2022</u>	<u>31/12/2021</u>	<u>31/12/2022</u>	<u>31/12/2021</u>
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
A Land (country of domicile)	X	X	X	X
B Land	X	X	X	X
C Land	X	X	X	X
D Land	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>
	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>

Note: Non-current assets excluded [those relating to discontinued operations and] financial instruments, deferred tax assets, post-employment benefit assets, and assets arising from insurance contracts.

Information about major customers

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

4. OPERATING SEGMENTS - continued

7. Property investment - continued

Revenue from customers of the corresponding years contributing over 10% of the total sales of the Group are as follows:

	<u>31/12/2022</u>	<u>Year ended</u>	<u>31/12/2021</u>
	HK\$'000		HK\$'000
Customer A	X		X
Customer B	N/A		X
Customer C	X		X
Customer D	X		X
Customer E	X		N/A
Customer F	X		X

Revenue from Electronic equipment

Revenue from Computer software installation

Revenue from Construction

The corresponding revenue did not contribute over 10% of the total revenue of the Group.

5. OTHER INCOME

	<u>Year ended</u>	<u>Year ended</u>
	<u>31/12/2022</u>	<u>31/12/2021</u>
	HK\$'000	HK\$'000
Continuing operations		
Interest income		
- bank deposits	X	X
- trade receivables	X	X
- debt instruments at amortised cost	X	X
- debt instruments at FVTOCI	X	X
- contract assets	X	X
- financial assets at FVTPL	X	X
- credit-impaired receivables	X	X
Dividends from equity instruments at FVTOCI		
- Relating to investments derecognised during the year	X	X
- Relating to investments held at the end of the reporting period	X	X
Dividends from financial assets at FVTPL	X	X
Government grants	X	X
Others (please describe)		
	X	X
	X	X

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

5. OTHER INCOME - continued

During the current year, the Group [recognised] government grants of HK\$[X] (2021: HK\$[X]) in respect of [Please provide information and nature of significant grants].

6. OTHER GAINS AND LOSSES

	Year ended 31/12/2022 HK\$'000	Year ended 31/12/2021 HK\$'000
Continuing operations		
Impairment loss [recognised/reversed] in respect of		
- interests in associates/joint ventures	X	X
- goodwill	X	X
Gain/(loss) on disposal of property, plant and equipment	X	X
Gain/(loss) on disposal of investments in		
- a subsidiary	X	X
- an associate	X	X
- a joint venture	X	X
Gain/(loss) arising from sale and leaseback transactions	X	X
Gain/(loss) from changes in fair value of investment properties	X	X
[Net] foreign exchange gains/(losses)	X	X
Gain/(loss) from changes in fair value of financial assets designated as at FVTPL	X	X
Gain/(loss) from changes in fair value of financial assets mandatorily measured at FVTPL		
- Held for trading	X	X
- Others	X	X
Gain/(loss) from changes in fair value of financial liabilities designated as at FVTPL	X	X
Gain/(loss) from changes in fair value of financial liabilities classified as held for trading	X	X
Gain/(loss) on debt instruments at FVTOCI reclassified from equity upon disposal	X	X
Gain/(loss) on derecognition of financial liabilities measured at amortised cost	X	X
Gain/(loss) on non-substantial modification of [financial assets/financial liabilities] measured at amortised cost	X	X
Gain/(loss) from hedge ineffectiveness on cash flow hedges	X	X
Gain/(loss) from hedge ineffectiveness on net investment hedges	X	X

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

7. FINANCE COSTS

	Year ended 31/12/2022 HK\$'000	Year ended 31/12/2021 HK\$'000
Continuing operations		
Interest on bank loans, overdrafts and other borrowings	X	X
Interest on lease liabilities	X	X
Effective interest expense on convertible loan notes	X	X
Imputed interest expense on loan from [the immediate holding company]	X	X
Other interest expenses (please specify)	X	X
Total borrowing costs	X	X
	((
	X	X
Less: amounts capitalised in the cost of qualifying assets))
	X	X
[Fair value [loss/(gain)] reclassified from equity to profit or loss on	—	—
	[[
	X	X
interest rate swaps designated as cash flow hedges for floating rate debts]))
	X	X

[Borrowing costs capitalised during the year arose on the general borrowing pool and are calculated by applying a capitalisation rate of [X]% (2021: [X]%) per annum to expenditure on qualifying assets.]

8. IMPAIRMENT LOSSES UNDER EXPECTED CREDIT LOSS MODEL, NET OF REVERSAL

	Year ended 31/12/2022 HK\$'000	Year ended 31/12/2021 HK\$'000
Continuing operations		
Impairment losses [recognised/(reversed)] on:		
- trade receivables	X	X
- contract assets	X	X
- operating lease receivables	X	X
- other financial assets (please describe)	X	X
- debt instruments at FVTOCI	X	X
- finance lease receivables	X	X
- loan commitment	X	X
- financial guarantee contracts	X	X
	X	X
	X	X

Details of impairment assessment are set out in note 60.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

9. INCOME TAX EXPENSE

	Year ended 31/12/2022 HK\$'000	Year ended 31/12/2021 HK\$'000
Continuing operations		
Current tax:		
Hong Kong	X	X
[PRC Enterprise Income Tax]	X	X
[Other jurisdictions (please specify)]	X	X
	X	X
Under(over)provision in prior years:		
Hong Kong	X	X
[PRC Enterprise Income Tax]	X	X
[Other jurisdictions (please specify)]	X	X
	X	X
Deferred tax (note [43]):		
Current year	X	X
[Attributable to a change in tax rate]	X	X
	X	X

Alt 1 Where two-tiered profits tax rates regime are relevant and material to the reporting entity

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

Alt 2 Where two-tiered profits tax rates regime are irrelevant or immaterial to the reporting entity

Hong Kong Profits Tax is calculated at 16.5% on the estimated assessable profit for both years.

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

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

Alt 1 Where no tax is payable since the income is derived from outside Hong Kong, an appropriate note would be:

No provision for taxation in Hong Kong has been made as the Group's income neither arises in, nor is derived from, Hong Kong.

Alt 2 Where subsidiaries operating in the PRC are exempted from PRC income tax

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

9. INCOME TAX EXPENSE - continued

The Group's subsidiaries operating in the PRC are eligible for certain tax holidays and concessions and were exempted from PRC income taxes for the year. [Please disclose the tax holidays and concessions in details.]

Alt 1 Separate reconciliations for different jurisdictions

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

9. INCOME TAX EXPENSE - continued

The tax charge for the year can be reconciled to the [profit/loss] before tax per the consolidated [statement of profit or loss and other comprehensive income/statement of profit or loss] as follows:

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

9. INCOME TAX EXPENSE - continued

	A Land				B Land			
	Year ended		Year ended		Year ended		Year ended	
	<u>31/12/2022</u>		<u>31/12/2021</u>		<u>31/12/2022</u>		<u>31/12/2021</u>	
	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%
[Profit/(loss)] before tax (from continuing operations)	X		X		X		X	
Tax at the domestic income tax rate	X	X	X	X	X	X	X	X
Tax effect of share of results of associates	(X)	(X)	(X)	(X)	(X)	(X)	(X)	(X)
Tax effect of share of results of joint ventures	(X)	(X)	(X)	(X)	(X)	(X)	(X)	(X)
Tax effect of expenses not deductible for tax purpose	X	X	X	X	X	X	X	X
Tax effect of income not taxable for tax purpose	(X)	(X)	(X)	(X)	(X)	(X)	(X)	(X)
[Under/(over)]provision in respect of prior years	X	X	X	X	X	X	X	X
Tax effect of tax losses not recognised	X	X	X	X	X	X	X	X
Utilisation of tax losses previously not recognised	(X)	(X)	(X)	(X)	(X)	(X)	(X)	(X)
Tax effect of deductible temporary differences not recognised	X	X	X	X	X	X	X	X
Utilisation of deductible temporary differences previously not recognised	(X)	(X)	(X)	(X)	(X)	(X)	(X)	(X)
Effect of tax exemptions granted to [PRC subsidiaries]	(X)	(X)	(X)	(X)	(X)	(X)	(X)	(X)
Income tax at concessionary rate	(X)	(X)	(X)	(X)	(X)	(X)	(X)	(X)
[Increase/decrease] in opening deferred tax liability resulting from [an increase/a decrease] in applicable tax rate	X	X	X	X	X	X	X	X
	[X	[X	[X	[X	[X	[X	[X	[X
[Others]]]]]]]]]
Income tax expenses and effective tax rate for the year (relating to continuing operations)	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>

Alt 2 Single reconciliation for different jurisdictions, using domestic tax rate

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

9. INCOME TAX EXPENSE - continued

The income tax expense for the year can be reconciled to the [profit/loss] before tax per the consolidated [statement of profit or loss and other comprehensive income/statement of profit or loss] as follows:

	Year ended 31/12/2022 HK\$'000	Year ended 31/12/2021 HK\$'000
[Profit/(loss)] before tax (from continuing operations)	X	X
Tax at the domestic income tax rate of [X]% (2021:[X]%) (Note)	(X)	(X)
Tax effect of share of results of associates		
Tax effect of share of results of joint ventures		
Tax effect of expenses not deductible for tax purpose	X	X
Tax effect of income not taxable for tax purpose	(X)	(X)
[Under/(over)]provision in respect of prior years	X	X
Tax effect of tax losses not recognised	X	X
Utilisation of tax losses previously not recognised	(X)	(X)
Tax effect of deductible temporary differences not recognised	X	X
Utilisation of deductible temporary differences previously not recognised	(X)	(X)
Effect of tax exemptions granted to [PRC subsidiaries]	(X)	(X)
Income tax at concessionary rate	(X)	(X)
[Increase/decrease] in opening deferred tax liability resulting from [an increase/a decrease] in applicable tax rate	X	X
Effect of different tax rates of subsidiaries operating in other jurisdictions	X	X
	[[
	X	X
]]
[Others]		
Income tax expense for the year (relating to continuing operations)	X	X

Note: The domestic tax rate (which is [Hong Kong Profits Tax rate]) in the jurisdiction where the operation of the Group is substantially based is used.

Alt 3 Single reconciliation for different jurisdictions, using an average tax rate

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

9. INCOME TAX EXPENSE - continued

The income tax expense for the year can be reconciled to the [profit/loss] before tax per the consolidated [statement of profit or loss and other comprehensive income/statement of profit or loss] as follows:

	Year ended 31/12/2022 HK\$'000	Year ended 31/12/2021 HK\$'000
[Profit/(loss)] before tax (from continuing operations)	X	X
Tax at the domestic income tax rate of [X]% (2021:[X]%) (Note)	(X)	(X)
Tax effect of share of results of associates	X	X
Tax effect of share of results of joint ventures	(X)	(X)
Tax effect of expenses not deductible for tax purpose	X	X
Tax effect of income not taxable for tax purpose	X	X
[Under/(over)]provision in respect of prior years	X	X
Tax effect of tax losses not recognised	(X)	(X)
Utilisation of deductible temporary differences previously not recognised	X	X
Tax effect of deductible temporary differences not recognised	(X)	(X)
Utilisation of deductible temporary differences previously not recognised	(X)	(X)
Effect of tax exemptions granted to [PRC subsidiaries]	X	X
Income tax at concessionary rate	X	X
[Increase/decrease] in opening deferred tax liability resulting from [an increase/a decrease] in applicable tax rate	X	X
Effect of different tax rates of subsidiaries operating in other jurisdictions	X	X
	[[
	X	X
]]
[Others]	X	X
Income tax expense for the year (relating to continuing operations)	X	X

Remark:[The average income tax rates for the years ended 31 December 2022 and 2021 represent the weighted average tax rate of the operations in different jurisdictions on the basis of the relative amounts of profit before taxation and the relevant statutory rates (or other reasonable basis).]

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

10. OTHER COMPREHENSIVE INCOME (EXPENSE)

	Year ended 31/12/2022 HK\$'000	Year ended 31/12/2021 HK\$'000
Other comprehensive income (expense) includes:		
Items that will not be reclassified to profit or loss:		
Exchange differences on translation of financial statements from functional currency to presentation currency	X	X
[Gain/(loss)] on revaluation of properties/intangible assets	X	X
Fair value [gain/(loss)] on:		
- investment in equity instruments at FVTOCI	X	X
- financial liabilities designated as at FVTPL attributable to change in credit risk	X	X
- hedging instruments for cash flow hedges subject to basis adjustment	X	X
Remeasurement of defined benefit pension plans	X	X
Income tax relating to items that will not be reclassified to profit or loss	(X)	(X)
Share of other comprehensive income of associates, net of related income tax	X	X
Share of other comprehensive income of joint ventures, net of related income tax	<u>X</u>	<u>X</u>
	<u>X</u>	<u>X</u>
Items that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation of financial statements of foreign operations:		
Exchange [gain/(loss)] arising during the year	X	X
Reclassification adjustment for the cumulative [gain/(loss)] included in profit or loss upon disposal of foreign operations	X	X
	(X	(X
Income tax that may be reclassified subsequently to profit or loss) <u>X</u>) <u>X</u>
Hedging instruments designated in cash flow hedges:		
[Gain/(loss)] arising during the year	X	X
Reclassification adjustments for [gain/(loss)] included in profit or loss	X	X
	(X	(X
Income tax that may be reclassified subsequently to profit or loss) <u>X</u>) <u>X</u>
Debt instruments measured at FVTOCI:		
[Gain/(loss)] during the year	X	X
Reclassification adjustments for [gain/(loss)] included in profit or loss	X	X
Income tax that may be reclassified subsequently to profit or loss	(X)	(X)
Impairment loss for debt instruments at FVTOCI included in profit or loss	<u>X</u>	<u>X</u>
	<u>X</u>	<u>X</u>
Share of other comprehensive income of associates, net of related income tax	X	X
Share of other comprehensive income of joint ventures, net of related income tax	<u>X</u>	<u>X</u>
Other comprehensive [income/(expense)] for the year, net of income tax	<u>X</u>	<u>X</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2022

10. OTHER COMPREHENSIVE INCOME (EXPENSE) - continued

Income tax effect relating to other comprehensive income

	Year ended 31/12/2022			Year ended 31/12/2021		
	Before-tax amount HK\$'000	Tax (expense) benefit HK\$'000	Net-of- income tax amount HK\$'000	Before-tax amount HK\$'000	Tax (expense) benefit HK\$'000	Net-of- income tax amount HK\$'000
<i>Items that will not be reclassified to profit or loss:</i>						
Exchange difference on translation of financial statements from functional currency to presentation currency	X	(X)	X	X	(X)	X
[Gain/(loss)] on revaluation of properties/intangible assets	X	(X)	X	X	(X)	X
Fair value [gain/(loss)] on:						
- investment in equity instruments at FVTOCI	X	(X)	X	X	(X)	X
- financial liabilities designated as at FVTPL attributable to changes in credit risk	X	(X)	X	X	(X)	X
- hedging instruments for cash flow hedges subject to basis adjustment	X	(X)	X	X	(X)	X
Remeasurement of defined benefit pension plans	X	(X)	X	X	(X)	X
Share of other comprehensive income of associates	X	(X)	X	X	(X)	X
Share of other comprehensive income of joint ventures	X	(X)	X	X	(X)	X
<i>Items that may be reclassified subsequently to profit or loss:</i>						
Exchange differences on translation of financial statements of foreign operations	X	(X)	X	X	(X)	X
Fair value [gain/(loss)] on:						
- hedging instruments in cash flow hedges	X	(X)	X	X	(X)	X
- debt instruments measured at FVTOCI	X	(X)	X	X	(X)	X
Impairment loss for debt instruments at FVTOCI included in profit or loss	X	(X)	X	X	(X)	X
Share of other comprehensive income of associates	X	(X)	X	X	(X)	X
Share of other comprehensive income of joint ventures	X	(X)	X	X	(X)	X
		(X)			(X)	
	X	(X)	X	X	(X)	X
	X	(X)	X	X	(X)	X
	X	(X)	X	X	(X)	X

11. DISCONTINUED OPERATIONS/DISPOSAL GROUP HELD FOR SALE

Alt 1 Operation representing a separate major line of business or geographical area of operation disposed of in the current year

On [XX/XX, 2022], the Group entered into a sale agreement to dispose of a subsidiary, Sub A Ltd., which carried out all of the Group's toy manufacturing operations. The disposal was effected in order to generate cash flows for the expansion of the Group's other businesses. The disposal was completed on [XX/XX, 2022], on which date control of Sub A Ltd. passed to the acquirer.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

11. DISCONTINUED OPERATIONS/DISPOSAL GROUP HELD FOR SALE - continued

The [profit/loss] for the year from the discontinued toy manufacturing operation is set out below. The comparative figures in the consolidated [statement of profit or loss and other comprehensive income/statement of profit or loss] have been restated to re-present the toy manufacturing operation as a discontinued operation.

	Year ended 31/12/2022 HK\$'000	Year ended 31/12/2021 HK\$'000
[Profit/(loss)] of toy manufacturing operation for the period/year	X	X
[Gain/(loss)] on disposal of toy manufacturing operation (see note [55])	X	-
Income tax [expense/(credit)] on [gain/(loss)] of the disposal	(X)	-
	X	X

The results of the toy manufacturing operations for the period from 1 January 2022 to [XX/XX, 2022], which have been included in the consolidated [statement of profit or loss and other comprehensive income/statement of profit or loss], were as follows:

	Period ended [XX/XX/2022] HK\$'000	Year ended 31/12/2021 HK\$'000
Revenue		
[Contracts with customers]	X	X
[Leases]	X	X
[Interest under effective interest method]	X	X
Total revenue	X	X
Cost of sales	(X)	(X)
[Other income]	X	X
Distribution and selling expenses	(X)	(X)
Administrative expenses	(X)	(X)
Finance costs	(X)	(X)
[Profit/(loss)] before tax	X	X
	((
	X	X
Income tax expense]]
[Profit/(loss)] for the period/year	X	X
[Profit/(loss)] for the period/year from discontinued operations includes the following:		
[Gain/(loss)] on disposal of property, plant and equipment	X	X
Auditor's remuneration	X	X

During the year ended 31 December 2022, Sub A Ltd. contributed approximately HK\$[X] million (2021: HK\$[X] million) to the Group's net operating cash flows, paid approximately HK\$[X] million (2021: HK\$[X] million) in respect of investing activities and paid approximately HK\$[X] million (2021: HK\$[X] million) in respect of financing activities.

The carrying amounts of the assets and liabilities of Sub A Ltd. at the date of disposal are disclosed in note [55].

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

11. DISCONTINUED OPERATIONS/DISPOSAL GROUP HELD FOR SALE - continued

Alt 2 Operation representing a separate major line of business or geographical area of operation classified as held for sale (but not yet disposed of by the end of the reporting period)

On [XX/XX, 2022], the directors of the Company resolved to dispose of all of the Group's toy operations. Negotiations with several interested parties have subsequently taken place. The assets and liabilities attributable to the business, which are expected to be sold within twelve months, have been classified as a disposal group held for sale and are presented separately in the consolidated statement of financial position (see below). [The net proceeds of disposal are expected to exceed the net carrying amount of the relevant assets and liabilities and accordingly, no impairment loss has been recognised./DISCLOSE THE AMOUNT OF IMPAIRMENT LOSS AND LINE ITEM IN WHICH THE IMPAIRMENT LOSS IS INCLUDED IN CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME/STATEMENT OF PROFIT OR LOSS]

The [profit/loss] for the year from the discontinued toy manufacturing operation is set out below. The comparative figures in the consolidated [statement of profit or loss and other comprehensive income/statement of profit or loss] have been restated to re-present the toy manufacturing operation as a discontinued operation.

	Year ended 31/12/2022 HK\$'000	Year ended 31/12/2021 HK\$'000
Revenue		
[Contracts with customers]	X	X
[Leases]	X	X
[Interest under effective interest method]	X	X
Total revenue	X	X
Cost of sales	(X)	(X)
Investment income	X	X
Distribution and selling expenses	(X)	(X)
Administrative expenses	(X)	(X)
Finance costs	(X)	(X)
[Profit/(loss)] before tax	X	X
	((
	X	X
Income tax expense	⌋	⌋
[Profit/(loss)] for the period/year	X	X
[Profit/(loss)] for the period/year from discontinued operations includes the following:		
[Gain/(loss)] on disposal of property, plant and equipment	X	X
Auditor's remuneration	X	X

During the year, the toy operations contributed approximately HK\$[X] million (2021: HK\$[X] million) to the Group's net operating cash flows, paid approximately HK\$[X] million (2021: HK\$[X] million) in respect of investing activities and paid approximately HK\$[X] million (2021: HK\$[X] million) in respect of financing activities.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

11. DISCONTINUED OPERATIONS/DISPOSAL GROUP HELD FOR SALE - continued

The major classes of assets and liabilities of the toy operation as at 31 December 2022, which have been presented separately in the consolidated statement of financial position, are as follows:

	<u>31/12/2022</u> HK\$'000	
Property, plant and equipment	X	
Inventories	X	
Equity instruments at FVTOCI	X	
Others (please specify)		<u>X</u>
Total assets classified as held for sale		<u>X</u>
Trade and other payables and total liabilities associated with assets classified as held for sale		<u>X</u>

Cumulative amount of HK\$[X] relating to the disposal group classified as held for sale has been recognised in other comprehensive income and included in equity.

Alt 3 A disposal group classified as held for sale (but does not meet the definition of a discontinued operation)

Remark For entities that have applied this alternative, please be reminded this disposal group should be included in the segment information of the Group.

On [XX/XX, 2022], the directors of the Company resolved to dispose of one of the Group's production lines for electronic goods (that forms part of the "wholesalers – electronic goods" segment). Negotiations with several interested parties have subsequently taken place. The assets and liabilities attributable to the production line, which are expected to be sold within twelve months, have been classified as a disposal group held for sale and are presented separately in the consolidated statement of financial position (see below). The production line is included in the Group's electronic goods activities for segment reporting purposes (see note [7]). [The net proceeds of disposal are expected to exceed the net carrying amount of the relevant assets and liabilities and accordingly, no impairment loss has been recognised./DISCLOSE THE AMOUNT OF IMPAIRMENT LOSS AND LINE ITEM IN WHICH THE IMPAIRMENT LOSS IS INCLUDED IN CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME/STATEMENT OF PROFIT OR LOSS]

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

11. DISCONTINUED OPERATIONS/DISPOSAL GROUP HELD FOR SALE - continued

The major classes of assets and liabilities of the production line classified as held for sale are as follows:

	<u>31/12/2022</u>	
	HK\$'000	
Goodwill	X	
Property, plant and equipment	X	
Inventories	X	
Equity instruments at FVTOCI	X	
Other assets (please specify)	X	
Total assets classified as held for sale		<u>X</u>
Trade and other payables	(X)	
Other liabilities (please specify)	(X)	
		(
		X
Total liabilities classified as held for sale		<u>)</u>

Cumulative amount of HK\$[X] relating to the disposal group classified as held for sale has been recognised in other comprehensive income and included in equity.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

12. PROFIT (LOSS) FOR THE YEAR

Profit (loss) for the year from continuing operations has been arrived at after charging (crediting):

	Year ended 31/12/2022 HK\$'000	Year ended 31/12/2021 HK\$'000
Depreciation of property, plant and equipment	X	X
Depreciation of investment properties (if cost model is adopted)	X	X
Depreciation of right-of-use assets	X	X
Amortisation of other intangible assets (included in [specify the line item on statement of profit or loss and other comprehensive income/statement of profit or loss])	X	X
Amortisation of contract costs	X	X
Total depreciation and amortisation	X	X
Capitalised in [inventories/other line items – please specify]		
	X	X
Impairment losses [recognised/reversed] on [non-financial assets]/[property, plant and equipment, right-of-use assets, contract costs and intangible assets (to specify)] included in		
- cost of sales	X	X
- administrative expenses	X	X
- selling expenses	X	X
- others (to specify)	X	X
[Covid-19-related rent concessions (note [X])]	X	-/X
Auditor's remuneration	X	X
Research and development costs recognised as an expense (included in [other expenses])	X	X
Gross rental income from investment properties	(X)	(X)
Less:		
direct operating expenses incurred for investment properties that generated rental income during the year	X	X
direct operating expenses incurred for investment properties that did not generate rental income during the year	X	X
Compensation in respect of property, plant and equipment that were lost [Employee benefits expenses, including redundancy cost amounting to HK\$[X] (2021: HK\$[X])] (Note 2)	(X)	(X)
Capitalised in [inventories/other line items – please specify]		
	X	X
[Cost of inventories recognised as an expense (including (reversals of write-down) write-down of inventories amounting to HK\$[X] (2021: HK\$[X]) (Note 1)]	X	X
Other expenses [(please specify the nature for items which are considered material)]	X	X

Notes:

- 1) [Disclose circumstances that lead to reversal of write-down of inventories.]

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

12. PROFIT (LOSS) FOR THE YEAR - continued

- 2) In addition to the employee benefits expenses presented above, the Group also provides other non-monetary benefits (such as accommodation, cars, others to specify) to employees. During the year ended 31 December 2022, depreciation of property, plant and equipment/right-of-use assets in relation to these non-monetary benefits amounted to HK\$[X] (2021: HK\$[X]).

For the year ended 31 December 2022, redundancy cost of HK\$[X] is recognised in profit or loss which is resulted from a major redundancy/restructuring exercise undertaken by the Group in [month, 2022] (please specify details of the redundancy/restructuring exercise).

Alt Where government grants, including the Covid-19 related grants, as part of profit or loss, presented consistently by deducting them in reporting the related expenses, rather than separately or under other income in note 8(a)

For the year ended 31 December 2022, Covid-19 related government grants/assistance amounted to HK\$[X](2021: HK\$[X]) have been offset against [employee benefits expense].

13. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

Directors' and chief executive's remuneration for the year, disclosed pursuant to the applicable Listing Rules and the Hong Kong Companies Ordinance, is as follows:

	<u>Mr. A</u> HK\$'000	<u>Mr. B</u> HK\$'000	Chief Executive <u>Mr. C</u> HK\$'000	Total <u>2022</u> HK\$'000
A) EXECUTIVE DIRECTORS				
Fees	X	X	X	X
Other emoluments:				
Salaries, allowances and benefits in kind#	X	X	X	X
Performance related bonuses*	X	X	X	X
Equity-settled share-based expense	X	X	X	X
Retirement benefits	X	X	X	X
Any other benefits received (please specify)	X	X	X	X
Amounts as inducement for directors to join the Group	X	X	X	X
Compensation for the loss of office as a director in connection with the management of the affairs of any member of the Group:				
Contractual	X	X	X	X
Other payments	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>
Sub-total	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>

The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

13. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS - continued

	<u>Mr. D</u>	<u>Mr. E</u>	<u>Mr. F</u>	Total <u>2022</u>
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
B) NON-EXECUTIVE DIRECTORS				
Fees	X	X	X	X
Other emoluments:				
Salaries, allowances and benefits in kind#	X	X	X	X
Performance related bonuses*	X	X	X	X
Equity-settled share-based expense	X	X	X	X
Retirement benefits	X	X	X	X
Any other benefits received (please specify)	X	X	X	X
Amounts as inducement for directors to join the Group	X	X	X	X
Compensation for the loss of office as a director in connection with the management of the affairs of any member of the Group:				
Contractual	X	X	X	X
Other payments	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>
Sub-total	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>

The non-executive directors' emoluments shown above were for their services as directors of the Company and its subsidiaries, if applicable.

	<u>Mr. G</u>	<u>Mr. H</u>	<u>Mr. I</u>	Total <u>2022</u>
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
C) INDEPENDENT NON-EXECUTIVE DIRECTORS				
Fees	X	X	X	X
Other emoluments:				
Salaries, allowances and benefits in kind#	X	X	X	X
Performance related bonuses*	X	X	X	X
Equity-settled share-based expense	X	X	X	X
Retirement benefits	X	X	X	X
Any other benefits received (please specify)	X	X	X	X
Amounts as inducement for directors to join the Group	X	X	X	X
Compensation for the loss of office as a director in connection with the management of the affairs of any member of the Group:				
Contractual	X	X	X	X
Other payments	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>
Sub-total	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>
The independent non-executive directors' emoluments shown above were for their services as directors of the Company.	<u></u>	<u></u>	<u></u>	<u></u>
Total				<u>X</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

13. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS - continued

	Mr. A HK\$'000	Mr. B HK\$'000	Chief Executive Mr. C HK\$'000	Total 2021 HK\$'000
A) EXECUTIVE DIRECTORS				
Fees	X	X	X	X
Other emoluments:				
Salaries, allowances and benefits in kind#	X	X	X	X
Performance related bonuses*	X	X	X	X
Equity-settled share-based expense	X	X	X	X
Retirement benefits	X	X	X	X
Any other benefits received (please specify)	X	X	X	X
Amounts as inducement for directors to join the Group	X	X	X	X
Compensation for the loss of office as a director in connection with the management of the affairs of any member of the Group:				
Contractual	X	X	X	X
Other payments	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>
Sub-total	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>

The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group.

	Mr. D HK\$'000	Mr. E HK\$'000	Mr. F HK\$'000	Total 2021 HK\$'000
B) NON-EXECUTIVE DIRECTORS				
Fees	X	X	X	X
Other emoluments:				
Salaries, allowances and benefits in kind#	X	X	X	X
Performance related bonuses*	X	X	X	X
Equity-settled share-based expense	X	X	X	X
Retirement benefits	X	X	X	X
Any other benefits received (please specify)	X	X	X	X
Amounts as inducement for directors to join the Group	X	X	X	X
Compensation for the loss of office as a director in connection with the management of the affairs of any member of the Group:				
Contractual	X	X	X	X
Other payments	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>
Sub-total	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>

The non-executive directors' emoluments shown above were for their services as directors of the Company and its subsidiaries, if applicable.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

13. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS - continued

	Mr. G HK\$'000	Mr. H HK\$'000	Mr. I HK\$'000	Total 2021 HK\$'000
C) INDEPENDENT NON-EXECUTIVE DIRECTORS				
Fees	X	X	X	X
Other emoluments:				
Salaries, allowances and benefits in kind#	X	X	X	X
Performance related bonuses*	X	X	X	X
Equity-settled share-based expense	X	X	X	X
Retirement benefits	X	X	X	X
Any other benefits received (please specify)	X	X	X	X
Amounts as inducement for directors to join the Group	X	X	X	X
Compensation for the loss of office as a director in connection with the management of the affairs of any member of the Group:				
Contractual	X	X	X	X
Other payments	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>
Sub-total	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>
The independent non-executive directors' emoluments shown above were for their services as directors of the Company.	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total				<u>X</u>

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the year.

* Certain executive directors of the Company are entitled to bonus payments which are determined based on [a percentage of the Group's profit after tax for the year/please specify the basis]

[Please disclose the nature of any benefits that are not in cash. The following is an example for rent-free accommodation.]

The Group has been providing accommodation[, which is leased from a third party,] to [X] for use by him and his family members at no charge. The estimated money value of the benefit in kind is HK\$[X] (2021: HK\$[X]).

During the year, certain directors were granted share options, in respect of their services to the Group under the share option scheme of the Company. Details of the share option scheme are set out in note [51] to the consolidated financial statements. [Please disclose the basis as to how the amount of the benefits in relation to share options has been determined.]

Remark: If the entity had consistently selected the presentation of the government grants, including the Covid-19 related grants, and deducted them in reporting the related directors' and chief executive's emoluments included in employee benefits expenses in note 14, the entity should disclose the amounts of the directors' and executive's remuneration for the year in this note in gross amount (i.e. the amount paid or payable before offsetting the government grant).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

14. TRANSACTIONS, ARRANGEMENTS OR CONTRACTS IN WHICH DIRECTORS OF THE COMPANY HAVE MATERIAL INTERESTS

[If the Company has entered into a transaction, arrangement or contract in which a director of the Company/a connected entity of a director of the Company has a material interest, please disclose details in accordance with section 22 of Cap 622G (please see page 122A for details)]

15. LOANS, QUASI-LOANS AND OTHER DEALINGS IN FAVOUR OF DIRECTORS

[Please disclose details in accordance with section 15 of Cap 622G (please see page 123A for details and below illustrative example)]

Amounts due from a director/related company

	1 January	As at 31 December	31 December	Maximum amount outstanding during the year ended	
	<u>2021</u>	<u>2021</u>	<u>2022</u>	<u>2022</u>	<u>2021</u>
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000

Mr. A
ABC Limited (Note)

These amounts are non-trade related, unsecured, interest free and repayable on demand.

Note: Mr. A is a director and ultimate beneficial owner of the related company.

16. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees of the Group during the year included three (2021: three) directors, details of whose remuneration are set out in note [15] above. Details of the remuneration for the year of the remaining two (2021: two) highest paid employees who are neither a director nor chief executive of the Company are as follows:

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

16. FIVE HIGHEST PAID EMPLOYEES - continued

The five highest paid employees of the Group during the year included three (2021: three) directors, details of whose remuneration are set out in note [15] above. Details of the remuneration for the year of the remaining two (2021: two) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	Year ended 31/12/2022 HK\$'000	Year ended 31/12/2021 HK\$'000
Salaries, allowances and benefits in kind	X	X
Performance related bonuses	X	X
Equity-settled share-based expense	X	X
Retirement benefits	X	X
Amounts as inducement for directors to join the Group	X	X
Compensation for the loss of office as a director in connection with the management of the affairs of any member of the Group:		
- contractual	X	X
- other payments		X
		<u>X</u>
		<u>X</u>

The number of the highest paid employees who are not the directors of the Company whose remuneration fell within the following bands is as follows:

	<u>2022</u> No. of employees	<u>2021</u> No. of employees
Nil to HK\$1,000,000	X	X
HK\$1,000,001 to HK\$1,500,000	X	X
HK\$1,500,001 to HK\$2,000,000	X	X
[HK\$X... to...]	<u>X</u>	<u>X</u>
	<u>X</u>	<u>X</u>

During the year, certain non-director and non-chief executive highest paid employees were granted share options, in respect of their services to the Group under the share option scheme of the Company. Details of the share option scheme are set out in note [51] to the consolidated financial statements. [Please disclose the basis as to how the amount of the benefits has been determined.]

Remark: In accordance with the recommended best practices laid down in the corporate governance code, an entity should disclose details of any remuneration payable to members of senior management, on an individual and named basis, in its annual report.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

17. DIVIDENDS

	Year ended <u>31/12/2022</u> HK\$'000	Year ended <u>31/12/2021</u> HK\$'000
Dividends for ordinary shareholders of the Company recognised as distribution during the year:		
2022 Interim - HK[X] cents (2021: 2021 interim dividend HK[X] cents) per share	X	X
2021 Final - HK[X] cents (2021: 2019 final dividend HK[X] cents) per share	<u>X</u>	<u>X</u>
	<u>X</u>	<u>X</u>

Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 December 2022 of HK[X] cents (2021: final dividend in respect of the year ended 31 December 2021 of HK[X] cents) per ordinary share, in an aggregate amount of HK\$[X] (2021: HK\$[X]), has been proposed by the directors of the Company and is subject to approval by the shareholders in the forthcoming general meeting.

Alt 1 Where no dividend is paid or proposed

No dividend was paid or proposed for ordinary shareholders of the Company during 2022, nor has any dividend been proposed since the end of the reporting period (2021: HK\$[X]).

Alt 2 Where scrip alternative offered

During the year, [share dividend/scrip] alternatives were offered in respect of the 2021 final and 2022 interim dividends. These [share dividend/scrip] alternatives were accepted by the majority of ordinary shareholders, as follows:

	Year ended <u>31/12/2022</u> Interim HK\$'000	Year ended <u>31/12/2021</u> Final HK\$'000
Dividends:		
Cash	X	X
Ordinary share alternative	<u>X</u>	<u>X</u>
	<u>X</u>	<u>X</u>

18. [EARNINGS/LOSS] PER SHARE

For continuing operations

The calculation of the basic and diluted [earnings/loss] per share from continuing operations attributable to owners of the Company is based on the following data:

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

18. [EARNINGS/LOSS] PER SHARE - continued

[Earnings/loss] figures are calculated as follows:

	Year ended 31/12/2022 HK\$'000	Year ended 31/12/2021 HK\$'000
[Profit/(loss)] for the year attributable to owners of the Company	X	X
Less:		
[Profit/(loss)] for the year from discontinued operations	X	X
[Earnings/(loss)] for the purpose of basic [earnings/loss] per share from continuing operations	X	X
Effect of dilutive potential ordinary shares:		
Interest on convertible loan notes (net of income tax)	X	X
Adjustment to the share of [profit/(loss)] of subsidiaries/associates/ joint ventures based on dilution of their		
[earnings/loss] per share	X	X
[Earnings/(loss)] for the purpose of diluted [earnings/loss] per share from continuing operations	X	X

Number of shares

	Year ended 31/12/2022 '000	Year ended 31/12/2021 '000
Weighted average number of ordinary shares for the purpose of basic [earnings/loss] per share	X	X
Effect of dilutive potential ordinary shares:		
Options	X	X
Warrants	X	X
Convertible loan notes	X	X
Scrip dividends	X	X
Weighted average number of ordinary shares for the purpose of diluted [earnings/loss] per share	X	X

The weighted average number of ordinary shares for the purpose of basic [earnings/loss] per share has been adjusted for the [bonus issue/share split/consolidation of shares/share capitalisation] on [XX/XX/2022].

From continuing and discontinued operations

The calculation of the basic and diluted [earnings/loss] per share from continuing and discontinued operations attributable to the owners of the Company is based on the following data:

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

18. [EARNINGS/LOSS] PER SHARE - continued

[Earnings/loss] figures are calculated as follows:

	Year ended 31/12/2022 HK\$'000	Year ended 31/12/2021 HK\$'000
[Earnings/(loss)] for the purpose of basic [earnings/loss] per share ([Profit/(loss)] for the year attributable to owners of the Company)	X	X
Effect of dilutive potential ordinary shares:		
Interest on convertible loan notes (net of income tax)	X	X
Adjustment to the share of [profit/(loss)] of subsidiaries/associates/ joint ventures based on dilution of their		
[earnings/loss] per share	<u>X</u>	<u>X</u>
Earnings for the purpose of diluted [earnings/loss] per share	<u>X</u>	<u>X</u>

The denominators used are the same as those detailed above for both basic and diluted [earnings/loss] per share.

From discontinued operations

Basic [earnings/loss] per share for the discontinued operations is HK[X] cents per share (2021: HK[X] cents per share) and diluted [earnings/loss] per share for the discontinued operations is HK[X] cents per share (2021: HK[X] cents per share), based on the [profit/(loss)] for the year from the discontinued operations of approximately HK\$[X] million (2021: HK\$[X] million) and the denominators detailed above for both basic and diluted [earnings/loss] per share.

Alt 1 Where the Company has in issue potential ordinary shares which are anti-dilutive

The computation of diluted [earnings/loss] per share does not assume the conversion of the Company's outstanding convertible loan notes since their assumed exercise would result in [an increase/a decrease] in [earnings/loss] per share from continuing operations.

Alt 2 Where the exercise prices of options/warrants are higher than the average market price of the shares, resulting in no dilutive effect on EPS

The computation of diluted [earnings/loss] per share does not assume the exercise of the Company's options/warrants because the exercise price of those [options/warrants] was higher than the average market price for shares for both 2022 and 2021.

Alt 3 Where the Company has no potential ordinary shares in issue for both years

No diluted earnings per share for both 2022 and 2021 were presented as there were no potential ordinary shares in issue for both 2022 and 2021.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2022

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

19. PROPERTY, PLANT AND EQUIPMENT

Alt 1 Where right-of-use assets are presented as separate line

	Owne d prop ert ies HK\$'000	Con str uc tion in pro gress HK\$'000	Plan t and ma ch in ery HK\$'000	Off ice eq ui p ment HK\$'000	Total HK\$'000
COST OR VALUATION					
At 1 January 2021	X	X	X	X	X
[Adjustments (note 3)]	-	X	-	-	X
At 1 January 2021 (restated)	X	X	X	X	X
Exchange adjustments	X	X	X	X	X
Additions	X	X	X	X	X
Acquired on acquisition of a subsidiary	X	X	X	X	X
Transfer from right-of-use assets	-	-	X	X	X
Surplus on valuation	X	-	-	-	X
	(X	(X	(X	(X	(X
Disposals)))))
At 31 December 2021[(restated)]	X	X	X	X	X
Exchange adjustments	X	X	X	X	X
Additions	X	X	X	X	X
Acquired on acquisition of a subsidiary	X	X	X	X	X
Transfer from right-of-use assets	-	-	X	X	X
Surplus on valuation	X	-	-	-	X
Reclassified as held for sale	(X)	-	(X)	(X)	(X)
	(X	(X	(X	(X	(X
Disposals)))))
At 31 December 2022	X	X	X	X	X
DEPRECIATION AND [IMPAIRMENT]					
At 1 January 2021	X	X	X	X	X
[Adjustments (note 3)]	-	X	-	-	X
At 1 January 2021 (restated)	X	X	X	X	X]
Exchange adjustments	X	X	X	X	X
Provided for the year	X	-	X	X	X
Impairment loss [recognised/(reversed)] in profit or loss	X	X	X	X	X
Transfer from right-of-use assets	-	-	X	X	X
Eliminated on revaluation	(X)	-	-	-	(X)
	(X	(X	(X	(X	(X
Eliminated on disposals)))))
At 31 December 2021[(restated)]	X	X	X	X	X
Exchange adjustments	X	X	X	X	X
Provided for the year	X	-	X	X	X
Impairment loss [recognised/(reversed)] in profit or loss	X	X	X	X	X
Eliminated on revaluation	(X)	-	-	-	(X)
Transfer from right-of-use assets	-	-	X	X	X
Reclassified as held for sale	(X)	-	(X)	(X)	(X)
	(X	(X	(X	(X	(X
Eliminated on disposals)))))
At 31 December 2022	X	X	X	X	X
CARRYING VALUES					

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

At 31 December 2022	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>
At 31 December 2021[(restated)]	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>

The above items of property, plant and equipment, except for construction in progress, after taking into account the residual values, are depreciated on a straight-line basis at the following rates per annum:

	[Over the shorter of the term of the lease, or
Owned properties	[X] years]
Plant and machinery	[X]%
Office equipment	[X]%

Alt 2 Where right-of-use assets are presented within the line of property, plant and equipment

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

19. PROPERTY, PLANT AND EQUIPMENT - continued

	Owned properties HK\$'000	Leasehold lands HK\$'000	Leased properties HK\$'000	Construction in progress HK\$'000	Plant and machinery HK\$'000	Office equipment HK\$'000	Total HK\$'000
COST OR VALUATION							
At 1 January 2021	X	X	X	X	X	X	X
[Adjustments (note 3)]	-	-	-	X	-	-	X
At 1 January 2021 (restated)	X	X	X	X	X]	X]	X
Exchange adjustments	X	X	X	X	X	X	X
Additions	X	X	X	X	X	X	X
Acquired on acquisition of a subsidiary	X	X	X	X	X	X	X
Surplus on valuation	X	-	-	-	-	-	X
Disposals	(X)	(X)	-	(X)	(X)	(X)	(X)
[Modification/reassessment of lease term/ exercise of option]	-	X	X	-	-	X	X
At 31 December 2021[(restated)]	X	-	-	X	X	X	X
Exchange adjustments	X	X	X	X	X	X	X
Additions	X	X	X	X	X	X	X
Acquired on acquisition of a subsidiary	X	X	X	X	X	X	X
Surplus on valuation	X	-	-	-	-	-	X
Reclassified as held for sale	(X)	(X)	(X)	-	(X)	(X)	(X)
Disposals	(X)	(X)	-	(X)	(X)	(X)	(X)
[Modification/reassessment of lease term/ exercise of option]	-	X	X	-	-	X	X
At 31 December 2022	X	X	X	X	X	X	X
DEPRECIATION AND [IMPAIRMENT]							
At 1 January 2021	X	X	X	X	X	X	X
[Adjustments (note 3)]	-	-	-	X	-	-	X
At 1 January 2021 (restated)	X	X	X	X	X]	X]	X
Exchange adjustments	X	X	X	X	X	X	X
Provided for the year	X	X	X	-	X	X	X
Impairment loss [recognised/(reversed)] in profit or loss	X	X	X	X	X	X	X
Eliminated on revaluation	(X)	-	-	-	-	-	(X)
	(X	(X	(X	(X	(X	(X	(X
Eliminated on disposals))	-))))
At 31 December 2021[(restated)]	X	X	-	X	X	X	X
Exchange adjustments	X	X	X	X	X	X	X
Provided for the year	X	X	X	-	X	X	X
Impairment loss [recognised/(reversed)] in profit or loss	X	X	X	X	X	X	X
Eliminated on revaluation	(X)	-	-	-	-	-	(X)
Reclassified as held for sale	(X)	(X)	(X)	-	(X)	(X)	(X)
	(X	(X	(X	(X	(X	(X	(X
Eliminated on disposals)))))))
At 31 December 2022	X	X	X	X	X	X	X
CARRYING VALUES							
At 31 December 2022	X	X	X	X	X	X	X
At 31 December 2021[(restated)]	X	X	X	X	X	X	X

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

19. PROPERTY, PLANT AND EQUIPMENT - continued

The above items of property, plant and equipment, except for construction in progress, after taking into account the residual values, are depreciated on a straight-line basis at the following rates per annum:

Owned properties	[Over the shorter of the term of the lease, or [X] years]
Leasehold lands/leased properties	[Over the term of the lease]
Plant and machinery	[Over the shorter of the term of the lease, or [X]%]
Office equipment	[Over the shorter of the term of the lease, or [X]%]

The Group as lessee

Right-of-use assets (included in the property, plant and equipment)

	Leasehold lands HK\$'000	Leased properties HK\$'000	Machinery HK\$'000	Office equipment HK\$'000	Total HK\$'000
As at 31 December 2022					
Carrying amount	X	X	X	X	X
As at 31 December 2021					
Carrying amount	X	X	X	X	X
For the year ended 31 December 2022					
Depreciation charge	X	X	X	X	X
Capitalised in [buildings under development/others (please specify)]	(X)	(X)	(X)	(X)	(X)
	X	X	X	X	X
For the year ended 31 December 2021					
Depreciation charge	X	X	X	X	X
Capitalised in [buildings under development/others (please specify)]	(X)	(X)	(X)	(X)	(X)
	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

19. PROPERTY, PLANT AND EQUIPMENT - continued

	Year ended <u>31/12/2022</u> HK\$'000	Year ended <u>31/12/2021</u> HK\$'000
Expense relating to short-term leases	X	X
Expense relating to leases of low-value assets, excluding short-term leases of low-value assets	X	X
Variable lease payments not included in the measurement of lease liabilities	X	X
Total cash outflow for leases (Remark 1)	X	X
Additions to right-of-use assets (Remark 2)	X	X

Remark 1: Amount includes payments of principal and interest portion of lease liabilities, variable lease payments, short-term leases, low-value assets and payments of lease payments on or before lease commencement date (including leasehold lands). These amounts could be presented in operating, investing or financing cash flows.

Remark 2: Amount includes right-of-use assets resulting from new leases entered, business combination, lease modification, reassessment/exercise of extension/termination options, payments for leasehold land, excluding those classified as investment properties.

Remark 3: The below are illustrative examples of disclosures of additional qualitative and quantitative information about the reporting entity's leasing activities as required in HKFRS 16.59. Such disclosure should be customised based on the reporting entity's specific circumstances.

For both years, the Group leases [various offices, warehouses, retail stores, equipment and vehicles] for its operations. Lease contracts are entered into for fixed term of [X months to X years] (2021: [X months to X years]), but may have extension and termination options as described below. Lease terms are negotiated on an individual basis and contain different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

[In addition, the Group owns several industrial buildings where its manufacturing facilities are primarily located and office buildings. The Group is the registered owner of these property interests, including the underlying leasehold lands. Lump sum payments were made upfront to acquire these property interests. The leasehold land components of these owned properties are presented separately only if the payments made can be allocated reliably.]

Alt Alternative wording where the properties are located in the PRC and the land use right certificate has not been obtained

The Group has obtained the land use right certificates for all leasehold lands except for leasehold lands with carrying amount of HK\$[X] (2021: HK\$[X]) in which the Group is in the process of obtaining.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

19. PROPERTY, PLANT AND EQUIPMENT - continued

Alt 1 Where the portfolio of short-term leases committed at year end is similar to the portfolio of short-term lease entered during the year

The Group regularly entered into short-term leases for [motor vehicles/machinery and equipment (please specify)]. As at 31 December 2022 [and 2021], the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense disclosed above.

Alt 2 Where the portfolio of short-term leases committed at year end is dissimilar to the portfolio of short-term lease entered during the year

In addition to the portfolio of short-term leases for [motor vehicles/machinery and equipment] which are regularly entered into by the Group, the Group entered into several short-term leases for [construction equipment to construct a factory building] during the year ended 31 December 2022. As at 31 December 2022, the outstanding lease commitments relating to these equipment is HK\$[X].
*[PLEASE DISCLOSE THE CIRCUMSTANCE FOR THE YEAR ENDED 31 DECEMBER 2021 IF PORTFOLIOS WERE DISSIMILAR.]

Restrictions or covenants on leases

[In addition, lease liabilities of HK\$[X] are recognised with related right-of-use assets of HK\$[X] as at 31 December 2022 (2021: lease liabilities of HK\$[X] and related right-of-use assets of HK\$[X]). The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.]

Leases committed

As at 31 December 2022, the Group entered into new leases for several retail stores that have not yet commenced, with average non-cancellable period ranging from [X] to [X] years (2021: [X] to [X] years), excluding period under extension options, the total future undiscounted cash flows over the non-cancellable period amounted to HK\$[X] (2021: HK\$[X]).

Rent concessions

During the year ended 31 December 2022, lessors of the relevant retail stores provided rent concessions [that occurred as a direct consequence of Covid-19 pandemic] to the Group through rent reductions ranging from [X]% to [X]% (2021: [X]% to [X]%) over [three] to [six] months (2021: [X] to [X] months).

Alt 1 The rent concession occurred as a direct consequence of Covid-19 pandemic and met all of the conditions in HKFRS 16.46B, and the Group applied the practical expedient under HKFRS 16.46A

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

19. PROPERTY, PLANT AND EQUIPMENT - continued

These rent concessions occurred as a direct consequence of Covid-19 pandemic and met of all of the conditions in HKFRS 16.46B, and the Group applied the practical expedient not to assess whether the changes constitute lease modifications. The effects on changes in lease payments due to forgiveness or waiver by the lessors for the relevant leases of HK\$[X] (2021: HK\$[X/Nil]) were recognised as negative variable lease payments.

Alt 2 The rent concession was not within the scope of Covid-19-related rent concessions, or the Group opted not to apply the practical expedient under HKFRS 16.46A.

Scenario 2A The rent concession is lease modification

[These rent concessions were not within the scope of Covid-19-related rent concessions/The Group opted not to apply the practical expedient under HKFRS 16.46A] and concluded the changes in lease payments constitute lease modifications. The reduction of the Group's lease liabilities of HK\$[X] (2021: HK\$[X]) and a corresponding adjustment of the same amount to the right-of-use assets were recognised.

Scenario 2B Negative variable lease payments

[These rent concessions were not within the scope of Covid-19-related rent concessions/The Group opted not to apply the practical expedient under HKFRS 16.46A] and concluded the changes in lease payments did not constitute lease modifications. The relevant rent concessions resulted from the specific clause as part of the original lease contracts that provides for rent reduction or suspension of rent in the event that the underlying assets (or any part thereof) are affected by adverse events beyond the control of the Group and the lessor so as to render the underlying assets unfit or not available for use. Such rent reduction or suspension of rent amounted to HK\$[X] (2021: HK\$[X]) is recognised in profit or loss during the year ended 31 December 2022.

Sale and leaseback transactions – seller-lessee

To better manage the Group's capital structure and financing needs, the Group sometimes enters into sale and leaseback arrangements in relation to machinery leases. These legal transfer does not satisfy the requirements of HKFRS 15 to be accounted for as a sale of the machinery. During the year ended 31 December 2022, the Group has raised HK\$[X] (2021: HK\$[X]) borrowings in respect of such sale and leaseback arrangements.

Details of the lease maturity analysis of lease liabilities are set out in notes [47] and [60b].

The Group as lessor

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

19. PROPERTY, PLANT AND EQUIPMENT - continued

The Group leases out a number of [machineries] under operating leases. The leases typically run for an initial period of [X] to [X] years (2021: [X] to [X] years). None of the leases includes variable lease payments. The disaggregation of these machineries under operating leases included within plant and machinery and the reconciliation of the carrying amount at the beginning and end of the period are set out as below:

	HK\$'000	
COST		
At 1 January 2021	X	
Additions	X	
Acquired on acquisition of a subsidiary	X	
Disposals	(X)	
Exchange adjustments		<u>X</u>
At 31 December 2021		<u>X</u>
Additions	X	
Acquired on acquisition of a subsidiary	X	
Disposals	(X)	
Exchange adjustments		<u>X</u>
At 31 December 2022		<u>X</u>
DEPRECIATION [AND IMPAIRMENT]		
At 1 January 2021	X	
Provided for the year	X	
Impairment loss [recognised/(reversed)] in profit or loss	X	
Eliminated on disposals	(X)	
Exchange adjustments		<u>X</u>
At 31 December 2021		<u>X</u>
Provided for the year	X	
Impairment loss [recognised/(reversed)] in profit or loss	X	
Eliminated on disposals	(X)	
Exchange adjustments		<u>X</u>
At 31 December 2022		<u>X</u>
CARRYING VALUE		
At 31 December 2022		<u>X</u>
At 31 December 2021		<u>X</u>

The Group has pledged owned properties with carrying amounts of HK\$[X] (31 December 2021: HK\$[X]) to secure general banking facilities granted to the Group.

Impairment assessment

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

19. PROPERTY, PLANT AND EQUIPMENT - continued

[Please describe impairment indicator/impairment reversal indicator], the management of the Group concluded there was indication for [impairment/reversal of impairment] and conducted impairment assessment on certain property, plant and equipment, [right-of-use assets] [and intangible assets with finite useful lives] with carrying amounts of HK\$[X] [, HK\$[X] and HK\$[X] respectively]. The recoverable amount of [owned properties and related leasehold lands and [others to specify]], within the [X] and [Y] segments respectively, are estimated individually.

Alt 1 No impairment is recognised on individual assets

The Group estimates the recoverable amounts of the [owned properties and related leasehold lands and [others to specify]] based on higher of fair value less costs of disposal and value in use. The carrying amount of the relevant assets does not exceed the recoverable amount based on [fair value less costs of disposal/value in use] and no impairment has been recognised.

Alt 2a Impairment is recognised and the recoverable amounts are the assets' fair value less costs of disposal

The recoverable amounts of the [owned properties and related leasehold lands and [others to specify]] have been determined based on their fair value less costs of disposal. The Group uses direct comparison to estimate the fair value less costs of disposal of the assets which is based on the recent transaction prices for similar properties adjusted for nature, location and conditions of the property. The fair value measurement is categorised into Level 3 fair value hierarchy. The relevant assets were impaired to their recoverable amount of HK\$[X] (2021: HK\$[X]), which is their carrying values at year end and the impairment of HK\$[X] (2021: HK\$[X]) has been recognised in profit or loss within the relevant functions to which these assets relate during the year.

Alt 2b Impairment is recognised and the recoverable amounts are the assets' value in use

The recoverable amounts of the [owned properties and related leasehold lands and [others to specify]] have been determined based on their value in use. The Group estimates the value in use of the [owned properties and related leasehold lands and [others to specify]] using a discount rate of [X]% (2021: [X]%). The relevant assets were impaired to their recoverable amount of HK\$[X] (2021: HK\$[X]), which is their carrying values at year end and the impairment of HK\$[X] (2021: HK\$[X]) has been recognised in profit or loss within the relevant functions to which these assets relate during the year.

In addition, the Group estimates the recoverable amount of the [several] [cash-generating unit of electronic goods segment] to which the asset belongs when it is not possible to estimate the recoverable amount individually, including allocation of corporate assets when reasonable and consistent basis can be established. Each cash-generating unit represents the Group's [manufacturing plant/operation in respective geographical locations/others to specify]. [to disclose the carrying amounts of assets separately for each cash-generating unit if there is more than one cash-generating unit involved]

Unit A

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

19. PROPERTY, PLANT AND EQUIPMENT - continued

The recoverable amount of cash-generating unit has been determined based on a value in use calculation. That calculation uses cash flow projections based on financial budgets approved by the management [of the Group] [of the respective subsidiary] covering the following [x] years with a pre-tax discount rate is [x]% as at 31 December 2022 [(2021: [x]%)], respectively. [The annual growth rate used is [x]% (2021: [x]%), which is based on the industry growth forecasts and does not exceed the long-term average growth rate for the relevant industry. The cash flows beyond the [x-year] period are extrapolated using [x]% growth rate (2021: [x]%). Another key assumption for the value in use calculated is the budgeted gross margin, which is determined based on the cash-generating units' past performance and management expectations for the market development. [The growth rates and discount rate as at 31 December 2022 and 2021 have been reassessed taking into consideration higher degree of estimation uncertainties in due to uncertainty on how the Covid-19 pandemic/Russia-Ukraine war/ volatility or disruptions in energy, financial, foreign currency or commodity markets may progress and evolve.]

Based on the result of the assessment, management of the Group determined that the recoverable amount of the cash-generating unit is lower than the carrying amount. The impairment amount has been allocated to each category of property, plant and equipment, [right-of-use assets] [and intangible assets with finite useful lives] such that the carrying amount of each category of asset is not reduced below the highest of its fair value less cost of disposal, its value in use and zero. Based on the value in use calculation and the allocation, impairment loss of HK\$[X], HK\$[X] and HK\$[X] (2021: HK\$[X], HK\$[X] and HK\$[X]) has been recognised against the carrying amount of property, plant and equipment, [right-of-use assets] [and intangible assets with finite useful lives] respectively within the relevant functions to which these assets relate.

The carrying amount of the [owned properties/others to specify] has not been reduced since the [fair value less cost of disposal/value in use] is higher than the carrying amount. The owned properties were measured at fair value based on Level [3] hierarchy using [valuation technique]. [Disclose other key assumptions used in the calculation of value in use]. [Only when the fair value less cost of disposal is measured using a present value technique The discount rate used in measuring the amount of fair value is [X]% as at 31 December 2022 [and [X]% in the previous estimate of the fair value conducted in [XX]] [OR refer to respective notes in the consolidated financial statements if properties are measured using revaluation model].

Fair value measurement of the Group's owned properties

The Group's owned properties was valued on 31 December 2022 and 31 December 2021 by [XYZ], independent valuers not related to the Group.

In determining the fair value of the relevant properties, [the directors of the Company have set up a valuation committee, which is headed up by the Chief Financial Officer of the Company, to determine the appropriate valuation techniques and inputs for fair value measurements./others (please describe the organisational structures responsible for determining fair value and the process of determining fair value.)]

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

19. PROPERTY, PLANT AND EQUIPMENT - continued

[The Group engages third party qualified valuers to perform the valuation. The valuation committee works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model. The Chief Financial Officer reports the valuation committee's findings to the directors of the Company every quarter to explain the cause of fluctuations in the fair value of the assets and liabilities./others (please specify)]

[The fair value of the owned properties was determined based on the market comparable approach that reflects recent transaction prices for similar properties, adjusted for differences in the nature, location and condition of the land under review/other methods (please specify).] There has been no change to the valuation technique during the year.

In estimating the fair value of the properties, the highest and best use of the properties is their current use.

[One/others (to list as appropriate)] of the key unobservable inputs used in valuing the owned properties was the [adjusted price per square metre/others (please specify)], which ranged from HK\$[X] to HK\$[X]. A [slight (please specify extent of change)] [increase] in the [adjusted price per square metre/others (please specify)] used would result in a [significant] [increase] in the fair value measurement of the owned properties, and vice versa.

[One/others (to list as appropriate)] of the key unobservable inputs used in valuing the owned properties was the [X (please specify)], which ranged from HK\$[X] to HK\$[X]. A [slight (please specify extent of change)] [increase] in the [X (please specify)] used would result in a [significant] [increase] in the fair value measurement of the owned properties, and vice versa.

Remark: Entities should determine the correlation of key unobservable inputs to the fair value measurement, and to disclose QUALITATIVELY the sensitivity of the fair value measurement to a change in the key unobservable inputs, on an INDIVIDUAL BASIS for each significant unobservable input.

Details of the Group's owned properties and information about the fair value hierarchy as at the end of the reporting period are as follows:

	<u>2022</u>		<u>2021</u>	
	Carrying amount	Fair value at Level 3 hierarchy	Carrying amount	Fair value at Level 3 hierarchy
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Owned properties in Hong Kong	X	X	X	X
Owned properties outside Hong Kong	X	X	X	X
				X
[Freehold land outside Hong Kong	<u>X</u>	<u>X</u>	<u>X</u>	<u>]</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

19. PROPERTY, PLANT AND EQUIPMENT - continued

Remark: The categorisation of fair value measurements into the different levels of the fair value hierarchy depends on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement. The above categorisations are for illustrative purpose only. It is worth noting the following points:

- The classification into the 3-level hierarchy is not an accounting policy choice. For owned properties, given their unique nature, it is extremely rare that the fair value measurement would be identified as a Level 1 measurement. Whether the fair value measurement in its entirety should be classified into Level 2 or Level 3 would depend on the extent to which the inputs and assumptions used in arriving at the fair value are observable. In many situations where valuation techniques (with significant unobservable inputs) are used in estimating the fair value of the real estate properties, the fair value measurement as a whole would be classified as Level 3.
- The level within which the fair value measurement is categorised bears no relation to the quality of the valuation. For example, the fact that a real estate property is classified as a Level 3 fair value measurement does not mean that the property valuation is not reliable – it merely indicates that significant unobservable inputs have been used and significant judgement was required in arriving at the fair value.

There were no transfers into or out of Level 3 during the year.

Remark: Where there had been a transfer between different levels of the fair value hierarchy, the Group should disclose the reasons for the transfer and the Group's policy for determining when transfers between levels are deemed to have occurred.

If the owned properties had not been revalued, they would have been included in these consolidated financial statements at historical cost less accumulated depreciation [and accumulated impairment losses] of HK\$[X] (2021: HK\$[X]).

20. RIGHT-OF-USE ASSETS

Remark: If the reporting entity applies revaluation model for its right-of-use assets, please disclose the information required by HKAS 16.77. Illustrative disclosure has been provided in the property, plant and equipment note.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

20. RIGHT-OF-USE ASSETS - continued

	Leasehold <u>lands</u> HK\$'000	Leased <u>properties</u> HK\$'000	<u>Machinery</u> HK\$'000	Office <u>equipment</u> HK\$'000	<u>Total</u> HK\$'000
As at 31 December 2022					
Carrying amount	X	X	X	X	X
As at 31 December 2021					
Carrying amount	X	X	X	X	X
For the year ended 31 December 2022					
Depreciation charge	X	X	X	X	X
	(((((
Capitalised in [buildings under development/others (please specify)]	X	X	X	X	X
)))))
	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>
For the year ended 31 December 2021					
Depreciation charge	X	X	X	X	X
	(((((
Capitalised in [buildings under development/others (please specify)]	X	X	X	X	X
)))))
	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>
			Year ended <u>31/12/2022</u> HK\$'000	Year ended <u>31/12/2021</u> HK\$'000	
Expense relating to short-term leases			X	X	
Expense relating to leases of low-value assets, excluding short-term leases of low-value assets			X	X	
Variable lease payments not included in the measurement of lease liabilities			X	X	
Total cash outflow for leases (Remark 1)			X	X	
Additions to right-of-use assets (Remark 2)				<u>X</u>	<u>X</u>

Remark 1: Amount includes payments of principal and interest portion of lease liabilities, variable lease payments, short-term leases, low-value assets and payments of lease payments on or before lease commencement date (including leasehold land). These amounts could be presented in operating, investing or financing cash flows.

Remark 2: Amount includes right-of-use assets resulting from new leases entered, business combination, lease modification, reassessment/exercise of extension/termination options, payments for leasehold land, excluding those classified as investment properties.

Remark 3: The below are illustrative examples of disclosures of additional qualitative and quantitative information about the reporting entity's leasing activities as required in HKFRS 16.59. Such disclosure should be customised based on the reporting entity's specific circumstances.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

20. RIGHT-OF-USE ASSETS - continued

For both years, the Group leases [various offices, warehouses, retail stores, equipment and vehicles] for its operations. Lease contracts are entered into for fixed term of [X months to X years] (2021: [X months to X years]), but may have extension and termination options as described below. Lease terms are negotiated on an individual basis and contain different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

[In addition, the Group owns several industrial buildings where its manufacturing facilities are primarily located and office buildings. The Group is the registered owner of these property interests, including the underlying leasehold lands. Lump sum payments were made upfront to acquire these property interests. The leasehold land components of these owned properties are presented separately only if the payments made can be allocated reliably.]

Alt Alternative wording where the properties are located in the PRC and the land use right certificate has not been obtained

The Group has obtained the land use right certificates for all leasehold lands except for leasehold lands with carrying amount of HK\$[X] (2021: HK\$[X]) in which the Group is in the process of obtaining.

Alt 1 Where the portfolio of short-term leases committed at year end is similar to the portfolio of short-term lease entered during the year

The Group regularly entered into short-term leases for [motor vehicles/machinery and equipment (pleasespecify)]. As at 31 December 2022 [and 2021], the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense disclosed above.

Alt 2 Where the portfolio of short-term leases committed at year end is dissimilar to the portfolio of short-term lease entered during the year

In addition to the portfolio of short-term leases for [motor vehicles/machinery and equipment] which are regularly entered into by the Group, the Group entered into several short-term leases for [construction equipment to construct a factory building] during the year ended 31 December 2022. As at 31 December 2022, the outstanding lease commitments relating to these equipment is HK\$[X].
*[PLEASE DISCLOSE THE CIRCUMSTANCE FOR THE YEAR ENDED 31 DECEMBER 2021 IF PORTFOLIOS WERE DISSIMILAR.]

Restrictions or covenants on leases

[In addition, lease liabilities of HK\$[X] are recognised with related right-of-use assets of HK\$[X] as at 31 December 2022 (2021: lease liabilities of HK\$[X] and related right-of-use assets of HK\$[X]). The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.]

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

20. RIGHT-OF-USE ASSETS - continued

Leases committed

As at 31 December 2022, the Group entered into new leases for several retail stores that have not yet commenced, with average non-cancellable period ranging from [X] to [X] years (2021: [X] to [X] years), excluding period under extension options, the total future undiscounted cash flows over the non-cancellable period amounted to HK\$[X] (2021: HK\$[X]).

Rent concessions

During the year ended 31 December 2022, lessors of the relevant retail stores provided rent concessions [that occurred as a direct consequence of the Covid-19 pandemic] to the Group through rent reductions ranging from [X]% to [X]% (2021: [X]% to [X]%) over [three] to [six] months (2021: [X] to [X] months).

Alt 1 The rent concession occurred as a direct consequence of Covid-19 pandemic and met all of the conditions in HKFRS 16.46B, and the Group applied the practical expedient under HKFRS 16.46A

These rent concessions occurred as a direct consequence of Covid-19 pandemic and met of all of the conditions in HKFRS 16.46B, and the Group applied the practical expedient not to assess whether the changes constitute lease modifications. The effects on changes in lease payments due to forgiveness or waiver by the lessors for the relevant leases of HK\$[X] (2021: HK\$[X/Nil]) were recognised as negative variable lease payments.

Alt 2 The rent concession was not within the scope of Covid-19-related rent concessions, or the Group opted not to apply the practical expedient under HKFRS 16.46A.

Scenario 2A The rent concession is lease modification

[These rent concessions were not within the scope of Covid-19-related rent concessions./The Group opted not to apply the practical expedient under HKFRS 16.46A] and concluded the changes in lease payments constitute lease modifications. The reduction of the Group's lease liabilities of HK\$[X] (2021: HK\$[X]) and a corresponding adjustment of the same amount to the right-of-use assets were recognised.

Scenario 2B Negative variable lease payments

[These rent concessions were not within the scope of Covid-19-related rent concessions./The Group opted not to apply the practical expedient under HKFRS 16.46A] and concluded the changes in lease payments did not constitute lease modifications. The relevant rent concessions resulted from the specific clause as part of the original lease contracts that provides for rent reduction or suspension of rent in the event that the underlying assets (or any part thereof) are affected by adverse events beyond the control of the Group and the lessor so as to render the underlying assets unfit or not available for use. Such rent reduction or suspension of rent amounted to HK\$[X] (2021: HK\$[X]) is recognised in profit or loss during the year ended 31 December 2022.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

20. RIGHT-OF-USE ASSETS - continued

Sale and leaseback transactions – seller-lessee

To better manage the Group's capital structure and financing needs, the Group sometimes enters into sale and leaseback arrangements in relation to machinery leases. These legal transfers do not satisfy the requirements of HKFRS 15 to be accounted for as a sale of the machinery. During the year ended 31 December 2022, the Group has raised HK\$[X] (2021: HK\$[X]) borrowings in respect of such sale and leaseback arrangements.

Details of the lease maturity analysis of lease liabilities are set out in notes [47] and [60b].

Details of impairment of right-of-use assets are set out in note 19.

21. INVESTMENT PROPERTIES

Remark: The below disclosure is for illustrative purpose only. Such disclosure should be customised based on the reporting entity's specific circumstances.

The Group leases out [various offices, warehouses and retail stores] under operating leases with rentals payable monthly. The leases typically run for an initial period of [X] to [X] years (2021: [X] to [X] years), with unilateral rights to extend the lease beyond initial period held by lessees only. Majority of the lease contracts contain market review clauses in the event the lessee exercises the option to extend. The leases of retail stores contain variable lease payment that are based on [X] to [X]% (2021: [X] to [X]%) sales and minimum annual lease payment that are fixed over the lease term.

The Group is not exposed to foreign currency risk as a result of the lease arrangements, as all leases are denominated in the respective functional currencies of group entities. The lease contracts do not contain residual value guarantee and/or lessee's option to purchase the property at the end of lease term.

For the year ended 31 December 2022, the total cash outflow for leases is HK\$[X] (2021: HK\$[X]), including HK\$[X] (2021: HK\$[X]) paid for leased properties under subleases and HK\$[X] (2021: HK\$[X]) paid for acquiring leasehold lands.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

21. INVESTMENT PROPERTIES - continued

Alt 1 Investment properties measured using the fair value model

	Investment properties HK\$'000	Investment properties under construction HK\$'000	Total HK\$'000
FAIR VALUE			
At 1 January 2021	X	X	X
Exchange adjustments	X	X	X
Additions	X	X	X
Acquired on an acquisition of a subsidiary	X	X	X
Net increase (decrease) in fair value recognised in profit or loss	X	X	X
Disposals	(X)	(X)	(X)
	(X)		(X)
Transfers to property, plant and equipment		-	
At 31 December 2021	X	X	X
Exchange adjustments	X	X	X
Additions	X	X	X
Acquired on an acquisition of a subsidiary	X	X	X
Net increase (decrease) in fair value recognised in profit or loss	X	X	X
Reclassified as held for sale	(X)	(X)	(X)
Disposals	(X)	(X)	(X)
	(X)		(X)
Transfers to property, plant and equipment		-	
At 31 December 2022	X	X	X
Unrealised gain on property revaluation included in profit or loss (included in [other gains and losses])	X	X	X

The fair value of the Group's investment properties as at 31 December 2022 and 31 December 2021 has been arrived at on the basis of a valuation carried out on the respective dates by Messrs [XYZ], independent qualified professional valuers not connected to the Group.

In determining the fair value of the relevant properties, [the directors of the Company have set up a valuation committee, which is headed up by the Chief Financial Officer of the Company, to determine the appropriate valuation techniques and inputs for fair value measurements./others (please describe the organisational structures responsible for determining fair value and the process of determining fair value.)]

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

21. INVESTMENT PROPERTIES - continued

[The Group engages third party qualified valuers to perform the valuation. The valuation committee works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model. The Chief Financial Officer reports the valuation committee's findings to the directors of the Company every quarter to explain the cause of fluctuations in the fair value of the assets and liabilities. [The ongoing Covid-19 pandemic/Russia-Ukraine war has resulted in greater market volatility depending on how the Covid-19 pandemic/Russia-Ukraine war/volatility or disruptions in energy, financial, foreign currency or commodity markets may progress and evolve, which has led to higher degree of uncertainties in respect of the valuations in the current and prior year, and independent valuers included uncertainty clauses in the valuation reports in respect of investment properties located in A Land amounted to HK\$[X] (2021: HK\$[X]) as at 31 December 2022]./others (please specify)]

In estimating the fair value of the properties, the highest and best use of the properties is their current use. The fair values of certain investment properties have been adjusted to exclude prepaid or accrued operating lease income to avoid double counting.

	Valuation technique(s)	Significant unobservable input(s) (BELOW ARE EXAMPLES ONLY)	Relationship of unobservable inputs to fair value
Office units located in A Land – completed properties 2022: HK\$[X] 2021: HK\$[X]	[Direct comparison/income capitalisation/other (please specify) approach]	Market unit rate, taking into account the recent transaction prices for similar properties adjusted for nature, location and conditions of the property, which ranged from HK\$[X] to HK\$[X] per square metre ("sqm")	A significant increase in the market unit rate used would result in a significant increase in fair value, and vice versa.
	[Direct comparison/income capitalisation/other (please specify) approach]	Capitalisation rate, taking into account the capitalisation of rental income potential, nature of the property, and prevailing market condition, of [X]%(2021: [X]%) - [X]%(2021: [X]%)	A slight increase in the capitalisation rate used would result in a significant decrease in fair value, and vice versa
Commercial property units located in A Land – under construction 2022: HK\$[X] 2021: HK\$[X]	[Direct comparison/income capitalisation/other (please specify) approach]	Monthly market rent, taking into account the differences in location, and individual factors, such as frontage and size, between the comparables and the property, at an average of HK\$[X] (2021: HK\$[X]) per sqm per month.	A significant increase in the market rent used would result in a significant increase in fair value, and vice versa.
	[Residual method/other (please specify) approach]	Market unit rate, taking into account the recent transaction prices for similar properties adjusted for nature, location and conditions of the property, which ranged from HK\$[X] to HK\$[X] per sqm	A significant increase in the market unit rate used would result in a significant increase in fair value, and vice versa.
	[Residual method/other (please specify) approach]	Capitalisation rate, taking into account the capitalisation of rental income potential, nature of the property, and prevailing market condition, of [X]%(2021: [X]%) - [X]%(2021: [X]%)	A slight increase in the capitalisation rate used would result in a significant decrease in fair value, and vice versa.
	[Residual method/other (please specify) approach]	Monthly market rent, taking into account the differences in location, and individual factors, such as frontage and size, between the comparables and the property, at an average of HK\$[X] (2021: HK\$[X]) per sqm per month.	A significant increase in the market rent used would result in a significant increase in fair value, and vice versa.
	[Residual method/other (please specify) approach]	Expected developer profit margin at [X]%(2021: [X]%)	A significant increase in the expected profit would result in a significant decrease in fair value, and vice versa.
	[Residual method/other (please specify) approach]	Estimated total construction cost to complete amounted to HK\$[X] (2021: HK\$[X])	A significant increase in the cost would result in a significant decrease in fair value, and vice versa

Remark: In considering the level of disaggregation of the properties for the above disclosure, management of the entity should take into account the nature and characteristics of the properties in order to provide meaningful information to the users of the financial statements regarding the fair value measurement information of the different types of properties. The breakdown above is for illustrative purposes only.

The fair value measurement is categorised into Level 3 fair value hierarchy.

Remark: The categorisation of fair value measurements into the different levels of the fair value hierarchy depends on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement. The above categorisations are for illustrative purpose only. It is worth noting the following points:

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

21. INVESTMENT PROPERTIES - continued

- *The classification into the 3-level hierarchy is not an accounting policy choice. For owned properties, given their unique nature, it is extremely rare that the fair value measurement would be identified as a Level 1 measurement. Whether the fair value measurement in its entirety should be classified into Level 2 or Level 3 would depend on the extent to which the inputs and assumptions used in arriving at the fair value are observable. In many situations where valuation techniques (with significant unobservable inputs) are used in estimating the fair value of the real estate properties, the fair value measurement as a whole would be classified as Level 3.*
- *The level within which the fair value measurement is categorised bears no relation to the quality of the valuation. For example, the fact that a real estate property is classified as a Level 3 fair value measurement does not mean that the property valuation is not reliable – it merely indicates that significant unobservable inputs have been used and significant judgement was required in arriving at the fair value.*

There were no transfers into or out of Level 3 during the year.

Remark: Where there had been a transfer between different levels of the fair value hierarchy, the Group should disclose the reasons for the transfer and the Group's policy for determining when transfers between levels are deemed to have occurred (for example, at the beginning or end of the reporting period or at the date of the event that caused the transfer.)

Alt 2 Investment properties measured using the cost model

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

21. INVESTMENT PROPERTIES - continued

	HK\$'000	
COST		
At 1 January 2021	X	
Exchange adjustments	X	
Additions	X	
		(
		X
)
Disposals		
At 31 December 2021	X	
Exchange adjustments	X	
Additions	X	
Construction costs incurred		
Acquired on acquisition of a subsidiary		X
At 31 December 2022	X	
DEPRECIATION AND IMPAIRMENT		
At 1 January 2021	X	
Exchange adjustments	X	
Provided for the year	X	
		(
		X
)
Eliminated on disposals		
At 31 December 2021	X	
Exchange adjustments	X	
Provided for the year	X	
		(
		X
)
Impairment loss [recognised/reversed] in profit or loss		
At 31 December 2022		X
<u>CARRYING VALUES</u>		
At 31 December 2022		X
At 31 December 2021		X

The fair value of the Group's investment properties at 31 December 2022 was HK\$[X] (2021: HK\$[X]). The fair value has been arrived at based on a valuation carried out by [XYZ], independent valuers not connected with the Group.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

21. INVESTMENT PROPERTIES - continued

The fair value was determined [based on the income approach, where the market rentals of all lettable units of the properties are assessed and discounted at the market yield expected by investors for this type of properties. The market rentals are assessed by reference to the rentals achieved in the lettable units of the properties as well as other lettings of similar properties in the neighbourhood. The discount rate is determined by reference to the yields derived from analysing the sales transactions of similar commercial properties in A land and adjusted to take into account the market expectation from property investors to reflect factors specific to the Group's investment properties/others (please describe).] [The ongoing Covid-19 pandemic/Russia-Ukraine war has resulted in greater market volatility depending on how the Covid-19 pandemic/Russia-Ukraine war/volatility or disruptions in energy, financial, foreign currency or commodity markets may progress and evolve, which has led to higher degree of uncertainties in respect of the valuations in the current and prior year, and independent valuers included uncertainty clauses in the valuation reports in respect of investment properties located in A Land amounted to HK\$[X] (2021: HK\$[X]) as at 31 December 2022.] There has been no change from the valuation technique used in the prior year.

In estimating the fair value of the properties, the highest and best use of the properties is their current use.

Details of the Group's investment properties and information about the fair value hierarchy as at the end of the reporting period are as follows:

	<u>2022</u>		<u>2021</u>	
	Carrying <u>amount</u>	Fair value at Level 3 <u>hierarchy</u>	Carrying <u>amount</u>	Fair value at Level 3 <u>hierarchy</u>
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
[Commercial property units located in A Land]	X	X	X	X
[Office units located in A Land]	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>

Remark: The categorisation of fair value measurements into the different levels of the fair value hierarchy depends on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement. The above categorisations are for illustrative purpose only. It is worth noting the following points:

- The classification into the 3-level hierarchy is not an accounting policy choice. For owned properties, given their unique nature, it is extremely rare that the fair value measurement would be identified as a Level 1 measurement. Whether the fair value measurement in its entirety should be classified into Level 2 or Level 3 would depend on the extent to which the inputs and assumptions used in arriving at the fair value are observable. In many situations where valuation techniques (with significant unobservable inputs) are used in estimating the fair value of the real estate properties, the fair value measurement as a whole would be classified as Level 3.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

21. INVESTMENT PROPERTIES - continued

- The level within which the fair value measurement is categorised bears no relation to the quality of the valuation. For example, the fact that a real estate property is classified as a Level 3 fair value measurement does not mean that the property valuation is not reliable – it merely indicates that significant unobservable inputs have been used and significant judgement was required in arriving at the fair value.

The above investment properties are depreciated on a straight-line basis at the following rates per annum:

Leasehold lands/leased properties

Over the term of the lease

As at 31 December 2022, except for the [office units/commercial property] amounted to HK\$[X] (2021: HK\$[X]), all of the Group's investment properties have been pledged to secure banking facilities granted to the Group.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

22. GOODWILL

	Acquisition of <u>Sub X</u> HK\$'000	Acquisition of <u>Sub Y</u> HK\$'000	Other immaterial acquisition of business <u>HK\$'000</u>	<u>Total</u> HK\$'000
COST				
At 1 January 2021	X	X	X	X
Exchange adjustments	X	X	X	X
Arising on acquisition of a subsidiary	X	X	X	X
	((((
	X	X	X	X
Disposal of a subsidiary))))
At 31 December 2021, as originally stated	X	X	X	X
[Adjustments to fair values of assets acquired/measurement of consideration for acquisitions in prior period (Note)]	X	X	X	X
At 31 December 2021, as restated	X	X	X	X
Exchange adjustments	X	X	X	X
Arising on acquisition of a subsidiary	X	X	X	X
	((((
	X	X	X	X
Disposal of a subsidiary))))
At 31 December 2022	X	X	X	X
IMPAIRMENT				
At 1 January 2021	X	X	X	X
Exchange adjustments	X	X	X	X
Impairment loss recognised in the year	X	X	X	X
	((((
	X	X	X	X
Eliminated on disposal of a subsidiary))))
At 31 December 2021	X	X	X	X
Exchange adjustments	X	X	X	X
Impairment loss recognised in the year	X	X	X	X
	((((
	X	X	X	X
Eliminated on disposal of a subsidiary))))
At 31 December 2022	X	X	X	X
CARRYING VALUES				
At 31 December 2022				X
At 31 December 2021				X

Particulars regarding impairment testing on goodwill are disclosed in note [24].

Note Adjustments to goodwill subsequent to acquisitions

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

22. GOODWILL - continued

A valuation report received upon completion of acquisition accounting in the current year indicated that the fair value of the property, plant and equipment of Sub G Limited at the date of acquisition was HK\$[X], which was HK\$[X] greater/less than the original estimate. The comparative figures have been restated as if the initial accounting had been completed from the acquisition date.

The valuation of property, plant and equipment was increased/decreased by HK\$[X] and deferred tax liability was increased/decreased by HK\$[X] at the date of acquisition. There was a corresponding increase/reduction in goodwill of HK\$[X]. [Non-controlling interest was increased/decreased by HK\$[X].] The profit for 2021 was also increased/decreased by HK\$[X] as a result of additional/reduced depreciation expenses (net of deferred taxation of HK\$[X]). As at 1 January 2022, the following items are restated:

	Originally <u>stated</u> HK\$'000	<u>Restated</u> HK\$'000
Property, plant and equipment	X	X
Deferred tax liabilities	X	X
Non-controlling interests	X	X
Retained profits	X	X

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

23. OTHER INTANGIBLE ASSETS

	Development costs HK\$'000	Licenses and franchises HK\$'000	Trademarks HK\$'000	Service concession arrangement HK\$'000	Total HK\$'000
COST					
At 1 January 2021	X	X	X	X	X
Exchange adjustments	X	X	X	X	X
Additions	X	X	-	X	X
Acquired on acquisition of a subsidiary	-	-	X	X	X
	(((((
	X	X	X	X	X
Disposals)))))
At 31 December 2021	X	X	X	X	X
Exchange adjustments	X	X	X	X	X
Additions	X	X	-	X	X
Acquired on acquisition of a subsidiary	-	-	-	X	X
Disposals	(X)	(X)	(X)	(X)	(X)
	(((((
	X	X	X	X	X
Reclassified as held for sale)))))
At 31 December 2022	X	X	X	X	X
AMORTISATION [AND IMPAIRMENT]					
At 1 January 2021	X	X	X	X	X
Exchange adjustments	X	X	X	X	X
Charge for the year	X	X	-	X	X
Impairment loss [recognised/(reversed)] in the year	X	X	X	X	X
	(((((
	X	X	X	X	X
Eliminated on disposals)))))
At 31 December 2021	X	X	X	X	X
Exchange adjustments	X	X	X	X	X
Charge for the year	X	X	-	X	X
Impairment loss [recognised/(reversed)] in the year	X	X	X	X	X
Eliminated on disposals	(X)	(X)	(X)	(X)	(X)
	(((((
	X	X	X	X	X
Reclassified as held for sale)))))
At 31 December 2022	X	X	X	X	X
CARRYING VALUES					
At 31 December 2022	X	X	X	X	X
At 31 December 2021	X	X	X	X	X

Development costs are internally generated. All of the Group's licenses and franchises were acquired from third parties. The above trademark was purchased as part of a business combination in prior years.

[PLEASE DISCLOSE DETAILS OF THE SERVICE CONCESSION ARRANGEMENT AS REQUIRED BY HK(SIC)-INT 29]

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

23. OTHER INTANGIBLE ASSETS - continued

The above intangible assets [other than trademarks] have finite useful lives. Such intangible assets are amortised on a straight-line basis over the following periods:

Development costs	[X] years
Licenses and franchises	[X] years
Service concession arrangements	[X] years

Alt 1 Intangible assets with indefinite useful lives

The trademark has a legal life of [X] years but is renewable every [x] years at minimal cost. The directors of the Company are of the opinion that the Group would renew the trademark continuously and has the ability to do so. Various studies including product life cycle studies, market, competitive and environmental trends, and brand extension opportunities have been performed by management of the Group, which supports that the trademark has no foreseeable limit to the period over which the trademarked products are expected to generate net cash flows for the Group.

As a result, the trademark is considered by the management of the Group as having an indefinite useful life because it is expected to contribute to net cash inflows indefinitely. The trademark will not be amortised until its useful life is determined to be finite. Instead it will be tested for impairment annually and whenever there is an indication that it may be impaired. Particulars of the impairment testing are disclosed in note [24].

Alt 2 Disclosure in respect of an individually material intangible asset

Included in licenses and franchises is an amount of HK\$[X] (2021: HK\$[X]) representing the carrying amount of the RST license, acquired in 200S. The license entitles the Group to manufacture products using the RST Technology for [X] years from the date of acquisition. The net carrying amount will therefore be amortised over the remaining useful lives of [X] (2021: [X]) years.

The Group has pledged licenses and franchises with carrying amount of HK\$[X] (2021: HK\$[X]) to secure general banking facilities granted to the Group.

Alt 3 Intangible assets carried at revalued amount

The Group's textile quota entitlements are carried at a revalued amount of HK\$[X] (2021: HK\$[X]) being the fair value of the entitlements determined by reference to their market price at the end of the reporting period. Had the quota entitlements been carried at cost less any accumulated amortisation and any accumulated impairment losses, their carrying amount for the purposes of these consolidated financial statements would have been HK\$[X] (2021: HK\$[X]).

Alt 4 Disclosure in respect of intangible assets acquired by way of government grant and initially recognised at fair value

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

23. OTHER INTANGIBLE ASSETS - continued

Included within licenses and franchises is an amount of HK\$[X] (2021: HK\$[X]) representing the carrying amount of the ABC license, acquired by way of government grant and initially recognised at its fair value of HK\$[X] (2021: HK\$[X]). At the end of the reporting period, the license is measured using the [cost model/revaluation model].

An impairment loss of HK\$[X] (2021: HK\$[X]) is recognised for [items of intangible asset with finite useful lives]. Details are set out in note [19].

24. IMPAIRMENT TESTING ON GOODWILL AND INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIVES

Scenario 1 Intangible assets with indefinite useful lives for which the impairment is assessed individually

The recoverable amount of [intangible assets with indefinite useful lives] with carrying amount of HK\$[X] (2021: HK\$[X]), within the [X] segments, is estimated individually.

The recoverable amount of the [trademark/others to specify] has been determined based on its fair value less cost of disposal. The fair value less cost of disposal is estimated using the [Relief-from-Royalty method which assumes that, in lieu of ownership, a third party would be willing to pay a royalty in order to obtain the rights to use the relevant asset. Key assumptions used in the valuation included projected future sales over a period of [Y] years (2021: [Y] years) with a terminal value, royalty rate of [X%] (2021: [X%]) and a discount rate of [X%] (2021: [X%])]. The fair value measurement is categorised into Level 3 fair value hierarchy. The [trademark/others to specify] were impaired to its recoverable amount of HK\$[X] (2021: HK\$[X]), which is the carrying value at year end and the impairment of HK\$[X] (2021: HK\$[X]) has been recognised in profit or loss within the functions to which it relates during the year.]

Scenario 2 Intangible assets with indefinite useful lives for which the impairment is assessed based on cash-generating units to which the assets and the goodwill belong

For the purposes of impairment testing, goodwill and [trademarks] with indefinite useful lives set out in notes 22 and 23 have been allocated to [three] individual cash-generating units, comprising one subsidiary in the electronic equipment segment and two subsidiaries in the construction segment. The carrying amounts of goodwill and trademarks (net of accumulated impairment losses) allocated to these units are as follows:

	Goodwill		Trademarks	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Electronic equipment – Sub A Limited (Unit A)	X	X	X	X
Construction – Sub B Limited (Unit B)	X	X	-	-
Construction – Sub C Limited (Unit C)	X	X	-	-
	<u>X</u>	<u>X</u>	<u>-</u>	<u>-</u>
	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

24. IMPAIRMENT TESTING ON GOODWILL AND INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIVES - continued

In addition to goodwill and trademarks above, property, plant and equipment, intangible assets and right-of-use assets (including allocation of corporate assets) that generate cash flows together with the related goodwill and trademark are also included in the respective cash-generating unit for the purpose of impairment assessment.

Alt 1

Unit A

The recoverable amount of this unit has been determined based on a value in use calculation. That calculation uses cash flow projections based on financial budgets approved by management covering a [X]-year period (2021: [X]-year), and discount rate of [X]% (2021: [X]%). Unit A's cash flows beyond the [X]-year period (2021: [X]-year) are extrapolated using a [steady [X]%] growth rate (2021: [X]%). [This growth rate is based on the relevant industry growth forecasts and does not exceed the average long-term growth rate for the relevant industry./This growth rate exceeds the long-term average growth rate of the industry in which Unit A operates by [X]% (2021: [X]%).] [Since Unit A benefits from the protection of a [X]-year patent on its primary product granted in [201S], management of the Group believes that a [X]% growth rate is reasonable/[please specify other reasons that justify a higher growth rate]. Other key assumptions for the value in use calculations relate to the estimation of cash inflows/outflows which include budgeted sales and gross margin [to provide basis and explanation of significant changes in key assumptions, where appropriate], such estimation is based on the unit's past performance and management's expectations for the market development. [The cash flow projections, growth rates and discount rate as at 31 December 2022 and 2021 have been reassessed taking into consideration higher degree of estimation uncertainties due to how the Covid-19 pandemic/Russia-Ukraine war/volatility or disruptions in energy, financial, foreign currency or commodity markets may progress and evolve.] [Please consider the additional disclosure recommended by HKEX, which are set out in left hand side]

During the year ended 31 December 2022 and 31 December 2021, management of the Group determines that there is no impairment on Unit A.

Alt 1 (a) The recoverable amount is significantly above the carrying amount

The recoverable amount is significantly above the carrying amount of Unit A. Management believes that any reasonably possible change in any of these assumptions would not result in impairment.

Alt 1 (b) The recoverable amount is marginally above or approximates the carrying amount

The recoverable amount of Unit A exceeds its carrying amount by HK\$[X] (2021: HK\$[X]). If the discount rate was changed to [X]% (2021: [X]%) or the budgeted sales covering [X]-year period were reduced by [X]% (2021: [X]%), while other parameters remain constant, the recoverable amount of Unit A would equal its carrying amount [to add sensitivity analysis on other significant inputs].]

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

24. IMPAIRMENT TESTING ON GOODWILL AND INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIVES - continued

OR

During the year, [please specify the events which triggered impairment provision]. The directors of the Company have consequently determined impairment of goodwill directly related to Unit A amounting to HK\$[X]. The impairment loss has been included in profit or loss in the [other gains and losses/others (please specify)] line item. [No other write-down of the assets of Unit A is considered necessary/Goodwill related to Unit A amounting to HK\$[X] has been fully impaired and impairment amounting to HK\$[X] has been allocated pro rata to [class of assets to the extent the carrying amount of the asset is not reduced below the highest of its fair value less costs of disposal, its value in use and zero]. Details are set out in note 19]. The recoverable amount of the Unit A amounted to HK\$[X] as at 31 December 2022.

If the discount rate was changed to [X]% (2021: [X]%), while other parameters remain constant, the recoverable amount of Unit A would be reduced to HK\$[X] (2021: HK\$[X]) and a further impairment of [goodwill and/or other assets in Unit A] of HK\$[X] (2021: [goodwill/other assets in Unit A] of HK\$[X]) would be recognised.

If the budgeted sales covering [X]-year period were reduced by [X]% (2021: [X]%), while other parameters remain constant, the recoverable amount of Unit A would be reduced to HK\$[X] (2021: HK\$[X]) and a further impairment of [goodwill and/or other assets in Unit A] of HK\$[X] (2021: [goodwill/other assets in Unit A] of HK\$[X]) would be recognised [to add sensitivity analysis on other significant inputs, if applicable].

[DUPLICATE THE ABOVE DESCRIPTION FOR EACH OF THE CASH-GENERATING UNIT]

Alt 2

The recoverable amounts of the above cash-generating units were determined based on value in use calculations. Those calculations use cash flow projections based on financial budgets approved by the management of the Group covering a [X]-year (2021: [X]-year) period.

The following table sets out the key assumptions for the value in use calculation of the cash-generating units that have significant goodwill or intangible assets with indefinite useful lives.

	Unit A	Unit B	Unit C
Pre-tax discount rate			
31 December 2022	X%	X%	X%
31 December 2021	X%	X%	X%
Long-term growth rate			
31 December 2022	X%	X%	X%
31 December 2021	X%	X%	X%
[Other assumptions, e.g. budgeted sales, gross margin, annual capital expenditure, etc, as appropriate]			
31 December 2022	X	X	X
31 December 2021	X	X	X

Pre-tax discount rate applied reflects the current market assessments of the time value of money and the risks specific to each of the cash-generating unit.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

24. IMPAIRMENT TESTING ON GOODWILL AND INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIVES - continued

Cash flows beyond the [X]-year (2021: [X]-year) period are extrapolated using the estimated growth rates stated above. These growth rates are based on the relevant industry growth forecasts and does not exceed the average long-term growth rate for the relevant industry./[This growth rate exceeds the long-term average growth rate of the industry in which Unit A operates by [X]% (2021: [X]%). Since Unit A benefits from the protection of a [X]-year patent on its primary product granted in [201S], management of the Group believes that a [X]% growth rate is reasonable/[please specify other reasons that justify a higher growth rate].] [The cash flows projections, growth rates and discount rate as at 31 December 2022 and 2021 have been reassessed taking into consideration higher degree of estimation uncertainties due to how the Covid-19 pandemic/Russia-Ukraine war/Volatility or disruptions in energy, financial, foreign currency or commodity markets may progress and evolve.]

[to provide basis and explanation of significant changes in key assumptions, where appropriate]
[Please consider the additional disclosure recommended by HKEX, which are set out on page 153A.]

Alt 2 (a) The recoverable amount is significantly above the carrying amount

[The recoverable amount is significantly above the carrying amount of Unit A. Management believes that any reasonably possible change in any of these assumptions would not result in impairment.]

Alt 2 (b) The recoverable amount is marginally above or approximates the carrying amount

The recoverable amount of Unit A exceeds its carrying amount by HK\$[X] (2021: HK\$[X]). If the discount rate was changed to [X]% (2021: [X]%) or the budgeted sales covering [X]-year period were reduced by [X]% (2021: [X]%), while other parameters remain constant, the recoverable amount of Unit A would equal its carrying amount [to add sensitivity analysis on other significant inputs].]

OR

During the year, [please specify the events which triggered impairment provision]. The directors of the Company have consequently determined impairment of goodwill directly related to Unit C amounting to HK\$[X]. The impairment loss has been included in profit or loss in the [other gains and losses/others (please specify)] line item. [No other write-down of the assets of Unit C is considered necessary/Goodwill related to Unit A amounting to HK\$[X] has been fully impaired and impairment amounting to HK\$[X] has been allocated pro rata to [class of assets to the extent the carrying amount of the asset is not reduced below the highest of its fair value less costs of disposal, its value in use and zero]. Details are set out in note 19]. The recoverable amount of the Unit C amounted to HK\$[X] as at 31 December 2022.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

24. IMPAIRMENT TESTING ON GOODWILL AND INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIVES - continued

If the discount rate was changed to [X]% (2021: [X]%), while other parameters remain constant, the recoverable amount of Unit C would be reduced to HK\$[X] (2021: HK\$[X]) and a further impairment of [goodwill and/or other assets in Unit C] of HK\$[X] (2021: [goodwill/other assets in Unit C] of HK\$[X]) would be recognised.

If the budgeted sales covering [X]-year period were reduced by [X]% (2021: [X]%), while other parameters remain constant, the recoverable amount of Unit A would be reduced to HK\$[X] (2021: HK\$[X]) and a further impairment of [goodwill and/or other assets in Unit A] of HK\$[X] (2021: [goodwill/other assets in Unit A] of HK\$[X]) would be recognised [to add sensitivity analysis on other significant inputs, if applicable]

25. [INTERESTS/INVESTMENTS] IN ASSOCIATES

	<u>31/12/2022</u> HK\$'000	<u>31/12/2021</u> HK\$'000
Cost of investment in associates	X	X
Share of post-acquisition profits and other comprehensive income [, net of dividends received]	X	X
Exchange adjustments	<u>X</u>	<u>X</u>
	<u>X</u>	<u>X</u>
Fair value of listed investments (Note)	<u>X</u>	<u>X</u>

Note: The fair value of the listed investments is determined based on the quoted market bid price multiplied by the quantity of shares held by the Group.

Alt Where loans to associates forms part of the net investment in the associates

Details of each of the Group's associates at the end of the reporting period are as follows:

Name of entity	Country of incorporation/ registration	Principal place of business	Proportion of ownership interest held by the Group		Proportion of voting rights held by the Group		Principal activity
			<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	
A Limited	A Land	A Land	20%	20%	20%	20%	
B Limited	B Land	B Land	45%	45%	45% (Note 1)	45% (Note 1)	
C Limited	C Land	C Land	17%	17%	17% (Note 2)	17% (Note 2)	
D Limited	D Land	D Land	56%	56%	56% (Note 3)	56% (Note 3)	
[X] Limited	[X] Land	[X] Land	N/A	[X]	N/A	[X]	

Notes:

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

25. [INTERESTS/INVESTMENTS] IN ASSOCIATES - continued

- 1) The Group has 45% ownership interest and voting rights in B Limited. By considering that the Group has no sufficiently dominant voting rights to direct the relevant activities of B Limited unilaterally, the directors of the Company conclude that the Group only has significant influence over B Limited and therefore it is classified as an associate of the Group.

The fair value of the Group's investment in B Limited as at 31 December 2022 was HK\$[X] (2021: HK[X]), of which the fair value hierarchy is classified as Level 1.

- 2) The Group is able to exercise significant influence over C Limited because it has the power to appoint two out of the six directors of C Limited under the articles of association of C Limited.
- 3) The Group holds 56% of the issued share capital of D Limited. However, under a shareholders' agreement, the other shareholder controls the composition of the board of directors of D Limited and has control over D Limited. The directors of the Company consider that the Group does have significant influence over D Limited and D Limited is therefore classified as an associate of the Group.

[In addition to the above associates in which the Group has applied equity method, the Group is able to exercise significant influence over E Limited because it has the power to appoint one out of the three directors of E Limited under the terms of the redeemable convertible preference shares subscribed by the Group. As disclosed in note 27, the Group's investment in such redeemable convertible preference shares are accounted for under HKFRS 9.]

[The financial year end date for C Limited is 31 October. For the purpose of applying the equity method of accounting, the consolidated financial statements of C Limited for the year ended 31 October 2022 (2021: 31 October 2021) have been used as the Group considers that it is impracticable for C Limited to prepare a separate set of financial statements as of 31 December. Appropriate adjustments have been made accordingly for the effects of significant transactions between that date and 31 December 2022.]

Summarised financial information of material associates

Summarised financial information in respect of each of the Group's material associates is set out below. The summarised financial information below represents amounts shown in the associate's financial statements prepared in accordance with HKFRSs.

For illustrative purposes, it is assumed that B Limited and D Limited are the only material associates to the Group.

All of these associates are accounted for using the equity method in these consolidated financial statements.

B Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

25. [INTERESTS/INVESTMENTS] IN ASSOCIATES - continued

	<u>31/12/2022</u> HK\$'000	<u>31/12/2021</u> HK\$'000
Current assets	X	X
Non-current assets	X	X
	((
	X	X
Current liabilities))
	((
	X	X
Non-current liabilities))
	<u>Year ended</u> <u>31/12/2022</u> HK\$'000	<u>Year ended</u> <u>31/12/2021</u> HK\$'000
Revenue	X	X
Profit or loss from continuing operations	X	X
Post-tax profit (loss) from discontinued operations	X	X
Profit (loss) for the year	X	X
Other comprehensive income (expense) for the year	X	X
Total comprehensive income (expense) for the year	X	X
Dividends received from the associate during the year	X	X

Reconciliation of the above summarised financial information to the carrying amount of the interest in the associate recognised in the consolidated financial statements:

	<u>31/12/2022</u> HK\$'000	<u>31/12/2021</u> HK\$'000
Net assets of B Limited	X	X
	((
	X	X
Less: non-controlling interests of B Limited's subsidiaries))
	X	X
Proportion of the Group's ownership interest in B Limited	X%	X%
The Group's share of net assets of B Limited	X	X
Goodwill	X	X
Other adjustments (please specify)	X	X
Carrying amount of the Group's interest in B Limited	X	X

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

25. [INTERESTS/INVESTMENTS] IN ASSOCIATES - continued

D Limited

	<u>31/12/2022</u> HK\$'000	<u>31/12/2021</u> HK\$'000
Current assets	<u>X</u>	<u>X</u>
Non-current assets	<u>X</u>	<u>X</u>
	((
	X	X
Current liabilities	<u>)</u>	<u>)</u>
	((
	X	X
Non-current liabilities	<u>)</u>	<u>)</u>
	<u>Year ended</u> <u>31/12/2022</u> HK\$'000	<u>Year ended</u> <u>31/12/2021</u> HK\$'000
Revenue	<u>X</u>	<u>X</u>
Profit or loss from continuing operations	<u>X</u>	<u>X</u>
Post-tax profit (loss) from discontinued operations	<u>X</u>	<u>X</u>
Profit (loss) for the year	<u>X</u>	<u>X</u>
Other comprehensive income (expense) for the year	<u>X</u>	<u>X</u>
Total comprehensive income (expense) for the year	<u>X</u>	<u>X</u>
Dividends received from the associate during the year	<u>X</u>	<u>X</u>

Reconciliation of the above summarised financial information to the carrying amount of the interest in the associate recognised in the consolidated financial statements:

	<u>31/12/2022</u> HK\$'000	<u>31/12/2021</u> HK\$'000
Net assets of B Limited	X	X
	((
	X	X
Less: non-controlling interests of B Limited's subsidiaries	<u>)</u>	<u>)</u>
	X	X
Proportion of the Group's ownership interest in B Limited	X%	X%
The Group's share of net assets of B Limited	X	X
Goodwill	X	X
Other adjustments (please specify)	<u>X</u>	<u>X</u>
Carrying amount of the Group's interest in B Limited	<u>X</u>	<u>X</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

25. [INTERESTS/INVESTMENTS] IN ASSOCIATES - continued

Aggregate information of associates that are not individually material

	Year ended 31/12/2022 HK\$'000	Year ended 31/12/2021 HK\$'000
The Group's share of profit (loss) from continuing operations	X	X
The Group's share of post-tax profit (loss) from discontinued operations	X	X
The Group's share of other comprehensive income	X	X
The Group's share of total comprehensive income	X	X
Aggregate carrying amount of the Group's interests in these associates	X	X

Alt 1 Where the Group has unrecognised share of losses of associates

	Year ended 31/12/2022 HK\$'000	Year ended 31/12/2021 HK\$'000
The unrecognised share of loss of an associate for the year	X	X
	31/12/2022 HK\$'000	31/12/2021 HK\$'000
Cumulative unrecognised share of loss of an associate	X	X

Alt 2 Where the Group has disposed of an associate

In the prior year, the Group held a [X]% interest in [X Limited] and accounted for the investment as an associate. In December 2022, the Group disposed of a [X]% interest in [X Limited] to a third party for proceeds of HK\$[X] (received in [January 2022]). The Group has accounted for the remaining [X]% interest as [financial asset at FVTPL/others (please specify)] whose fair value at the date of disposal was HK\$[X], which was determined using [a discounted cash flow model (please describe key factors and assumptions used in determining the fair value)/others (please specify)]. This transaction has resulted in the recognition of a [gain/loss] in profit or loss, calculated as follows.

	HK\$'000
Proceeds of disposal	X
Plus: fair value of investment retained ([X]%)	X
	(
	X
Less: carrying amount of the [X]% investment on the date of loss of significant influence)
[Gain/loss] recognised	X

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

25. [INTERESTS/INVESTMENTS] IN ASSOCIATES - continued

The [gain/loss] recognised in the current year comprises a realised profit of HK\$[X] (being the proceeds of HK\$[X] less HK\$[X] carrying amount of the interest disposed of) and an unrealised profit of HK\$[X] (being the fair value less the carrying amount of the [X]% interest retained). A current tax [expense/saving] of HK\$[X] arose on the [gain/loss] realised in the current year, and a deferred tax [expense/income] of HK\$[X] has been recognised in respect of the portion of the [profit/loss] recognised that is not [taxable/deductible] until the remaining interest is disposed of.

Alt 3 Where there is significant restriction to transfer funds

[When there are significant restrictions on the ability of associates to transfer funds to the Group in form of cash dividends, or to repay loans or advances made by the Group, the Group should disclose the nature and extent of significant restrictions in the consolidated financial statements.]

26. [INTERESTS/INVESTMENTS] IN ASSOCIATES/LOANS TO ASSOCIATES

	31/12/2022 HK\$'000	31/12/2021 HK\$'000
Cost of investment in associates	X	X
Share of post-acquisition losses and other comprehensive expense [, net of dividends received]	(X)	(X)
Exchange adjustments	X	X
	<u>X</u>	<u>X</u>
Loans to associates	X	X
	((
Less: share of post-acquisition losses that are in excess of the cost of the investments	X	X
	<u>X</u>	<u>X</u>

Details of each of the Group's associates at the end of the reporting period are as follows:

Name of entity	Country of incorporation/ registration	Principal place of business	Proportion of ownership interest held by the Group		Proportion of voting rights held by the Group		Principal activity
			2022	2021	2022	2021	
A Limited	A Land	A Land	20%	20%	20%	20%	
B Limited	B Land	B Land	45%	45%	45%(Note 1)	45%(Note 1)	
C Limited	C Land	C Land	17%	17%	17%(Note 2)	17%(Note 2)	
D Limited	D Land	D Land	56%	56%	56%(Note 3)	56%(Note 3)	
[X] Limited	[X] Land	[X] Land	N/A	[X]	N/A	[X]	

Notes:

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

26. [INTERESTS/INVESTMENTS] IN ASSOCIATES/LOANS TO ASSOCIATES - continued

- 1) The Group has 45% ownership interest and voting rights in B Limited. By considering that the Group has no sufficiently dominant voting rights to direct the relevant activities of B Limited unilaterally, the directors of the Company conclude that the Group only has significant influence over B Limited and therefore it is classified as an associate of the Group.

The fair value of the Group's investment in B Limited as at 31 December 2022 was HK\$[X] (2021: HK[X]), of which the fair value hierarchy is classified as Level 1.

- 2) The Group is able to exercise significant influence over C Limited because it has the power to appoint two out of the six directors of C Limited under the articles of association of C Limited.
- 3) The Group holds 56% of the issued share capital of D Limited. However, under a shareholders' agreement, the other shareholder controls the composition of the board of directors of D Limited and has control over D Limited. The directors of the Company consider that the Group does have significant influence over D Limited and D Limited is therefore classified as an associate of the Group.

[In addition to the above associates in which the Group has applied equity method, the Group is able to exercise significant influence over E Limited because it has the power to appoint one out of the three directors of E Limited under the terms of the redeemable convertible preference shares subscribed by the Group. As disclosed in note 27, the Group's investment in such redeemable convertible preference shares are accounted for under HKFRS 9.]

[The financial year end date for C Limited is 31 October. For the purpose of applying the equity method of accounting, the consolidated financial statements of C Limited for the year ended 31 October 2022 (2021: 31 October 2021) have been used as the Group considers that it is impracticable for C Limited to prepare a separate set of financial statements as of 31 December. Appropriate adjustments have been made accordingly for the effects of significant transactions between that date and 31 December 2022.]

Summarised financial information of material associates

Summarised financial information in respect of each of the Group's material associates is set out below. The summarised financial information below represents amounts shown in the associate's financial statements prepared in accordance with HKFRSs.

For illustrative purposes, it is assumed that B Limited and D Limited are the only material associates to the Group.

All of these associates are accounted for using the equity method in these consolidated financial statements.

B Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

26. [INTERESTS/INVESTMENTS] IN ASSOCIATES/LOANS TO ASSOCIATES - continued

	<u>31/12/2022</u> HK\$'000	<u>31/12/2021</u> HK\$'000
Current assets	X	X
Non-current assets	X	X
	((
	X	X
Current liabilities))
	((
	X	X
Non-current liabilities))
	<u>Year ended</u> <u>31/12/2022</u> HK\$'000	<u>Year ended</u> <u>31/12/2021</u> HK\$'000
Revenue	X	X
Profit or loss from continuing operations	X	X
Post-tax profit (loss) from discontinued operations	X	X
Profit (loss) for the year	X	X
Other comprehensive income (expense) for the year	X	X
Total comprehensive income (expense) for the year	X	X
Dividends received from the associate during the year	X	X

Reconciliation of the above summarised financial information to the carrying amount of the interest in the associate recognised in the consolidated financial statements:

	<u>31/12/2022</u> HK\$'000	<u>31/12/2021</u> HK\$'000
Net assets of B Limited	X	X
	((
	X	X
Less: non-controlling interests of B Limited's subsidiaries))
	X	X
Proportion of the Group's ownership interest in B Limited	X%	X%
The Group's share of net assets of B Limited	X	X
Goodwill	X	X
Other adjustments (please specify)	X	X
Carrying amount of the Group's interest in B Limited	X	X

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

26. [INTERESTS/INVESTMENTS] IN ASSOCIATES/LOANS TO ASSOCIATES - continued

D Limited

	<u>31/12/2022</u>	<u>31/12/2021</u>
	HK\$'000	HK\$'000
Current assets	<u>X</u>	<u>X</u>
Non-current assets	<u>X</u>	<u>X</u>
	((
	X	X
Current liabilities	<u>)</u>	<u>)</u>
	((
	X	X
Non-current liabilities	<u>)</u>	<u>)</u>
	Year ended	Year ended
	<u>31/12/2022</u>	<u>31/12/2021</u>
	HK\$'000	HK\$'000
Revenue	<u>X</u>	<u>X</u>
Profit or loss from continuing operations	<u>X</u>	<u>X</u>
Post-tax profit (loss) from discontinued operations	<u>X</u>	<u>X</u>
Profit (loss) for the year	<u>X</u>	<u>X</u>
Other comprehensive income (expense) for the year	<u>X</u>	<u>X</u>
Total comprehensive income (expense) for the year	<u>X</u>	<u>X</u>
Dividends received from the associate during the year	<u>X</u>	<u>X</u>

Reconciliation of the above summarised financial information to the carrying amount of the interest in the associate recognised in the consolidated financial statements:

	<u>31/12/2022</u>	<u>31/12/2021</u>
	HK\$'000	HK\$'000
Net assets of B Limited	X	X
	((
	X	X
Less: non-controlling interests of B Limited's subsidiaries	<u>)</u>	<u>)</u>
	X	X
Proportion of the Group's ownership interest in B Limited	X%	X%
The Group's share of net assets of B Limited	X	X
Goodwill	X	X
Other adjustments (please specify)	<u>X</u>	<u>X</u>
Carrying amount of the Group's interest in B Limited	<u>X</u>	<u>X</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

26. [INTERESTS/INVESTMENTS] IN ASSOCIATES/LOANS TO ASSOCIATES - continued

Aggregate information of associates that are not individually material

	Year ended 31/12/2022 HK\$'000	Year ended 31/12/2021 HK\$'000
The Group's share of profit (loss) from continuing operations	X	X
The Group's share of post-tax profit (loss) from discontinued operations	X	X
The Group's share of other comprehensive income	X	X
The Group's share of total comprehensive income	X	X
Aggregate carrying amount of the Group's interests in these associates	X	X

Alt 1 Where the Group has unrecognised share of losses of associates

	Year ended 31/12/2022 HK\$'000	Year ended 31/12/2021 HK\$'000
The unrecognised share of loss of an associate for the year	X	X
Cumulative unrecognised share of loss of an associate	X	X

Alt 2 Where the Group has disposed of an associate

In the prior year, the Group held a [X]% interest in [X Limited] and accounted for the investment as an associate. In December 2022, the Group disposed of a [X]% interest in [X Limited] to a third party for proceeds of HK\$[X] (received in [January 2022]). The Group has accounted for the remaining [X]% interest as [financial asset at FVTPL/others (please specify)] whose fair value at the date of disposal was HK\$[X], which was determined using [a discounted cash flow model (please describe key factors and assumptions used in determining the fair value)/others (please specify)]. This transaction has resulted in the recognition of a [gain/loss] in profit or loss, calculated as follows.

	HK\$'000
Proceeds of disposal	X
Plus: fair value of investment retained ([X]%)	X
	(
	X
Less: carrying amount of the [X]% investment on the date of loss of significant influence)
[Gain/loss] recognised	X

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

26. [INTERESTS/INVESTMENTS] IN ASSOCIATES/LOANS TO ASSOCIATES - continued

The [gain/loss] recognised in the current year comprises a realised profit of HK\$[X] (being the proceeds of HK\$[X] less HK\$[X] carrying amount of the interest disposed of) and an unrealised profit of HK\$[X] (being the fair value less the carrying amount of the [X]% interest retained). A current tax [expense/saving] of HK\$[X] arose on the [gain/loss] realised in the current year, and a deferred tax [expense/income] of HK\$[X] has been recognised in respect of the portion of the [profit/loss] recognised that is not [taxable/deductible] until the remaining interest is disposed of.

Alt 3 Where there is significant restriction to transfer funds

[When there are significant restrictions on the ability of associates to transfer funds to the Group in form of cash dividends, or to repay loans or advances made by the Group, the Group should disclose the nature and extent of significant restrictions in the consolidated financial statements.]

27. [INTERESTS/INVESTMENTS] IN JOINT VENTURES

	31/12/2022 HK\$'000	31/12/2021 HK\$'000
Cost of investment in joint ventures	X	X
Share of post-acquisition profits and other comprehensive income [, net of dividends received]	X	X
Exchange adjustment	<u>X</u>	<u>X</u>
	<u>X</u>	<u>X</u>
Fair value of listed investments (Note)	<u>X</u>	<u>X</u>

Note: The fair value of the listed investments is determined based on the quoted market bid price multiplied by the quantity of shares held by the Group.

Alt Where loans to joint ventures form part of the net investment in the joint ventures

Details of each of the Group's associates at the end of the reporting period are as follows:

Name of entity	Country of incorporation/ registration	Principal place of business	Proportion of ownership interest held by the Group		Proportion of voting rights held by the Group		Principal activity
			<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	
A JV Limited	A Land	A Land	40%	40%	40%	40%	
B JV Limited	B Land	B Land	30%	30%	30%	30%	
C JV Limited	C Land	C Land	50%	50%	50%	50%	

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

27. [INTERESTS/INVESTMENTS] IN JOINT VENTURES - continued

[The financial year end date for A JV Limited is 31 October. For the purpose of applying the equity method of accounting, the consolidated financial statements of A JV Limited for the year ended 31 October 2022 (2021: 31 October 2021) have been used as the Group considers that it is impracticable for A JV Limited to prepare a separate set of financial statements as of 31 December. Appropriate adjustments have been made accordingly for the effects of significant transactions between that date and 31 December 2022.]

Summarised financial information of material joint ventures

Summarised financial information in respect of each of the Group's material joint venture is set out below. The summarised financial information below represents amounts shown in the joint venture's financial statements prepared in accordance with HKFRSs.

Remark: HKFRS 12 requires the following information to be disclosed for each of the Group's material joint ventures. For illustrative purposes, it is assumed that only A JV Limited is a material joint venture to the Group.

The joint ventures are accounted for using the equity method in these consolidated financial statements.

A JV Limited

	<u>31/12/2022</u> HK\$'000	<u>31/12/2021</u> HK\$'000
Current assets	<u>X</u>	<u>X</u>
Non-current assets	<u>X</u> (X	<u>X</u> (X
Current liabilities))
Non-current liabilities	=	=
The above amounts of assets and liabilities include the following:	=	=
Cash and cash equivalents	<u>X</u>	<u>X</u>
Current financial liabilities (excluding trade and other payables and provisions)	=	=
	(X	(X
Non-current financial liabilities (excluding trade and other payables and provisions)))
	Year ended <u>31/12/2022</u> HK\$'000	Year ended <u>31/12/2021</u> HK\$'000
Revenue	<u>X</u>	<u>X</u>
Profit or loss from continuing operations	<u>X</u>	<u>X</u>
Post-tax profit (loss) from discontinued operations	<u>X</u>	<u>X</u>
Profit (loss) for the year	<u>X</u>	<u>X</u>
Other comprehensive income (expense) for the year	<u>X</u>	<u>X</u>
Total comprehensive income (expense) for the year	<u>X</u>	<u>X</u>
Dividends received from A JV Limited during the year	<u>X</u>	<u>X</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

27. [INTERESTS/INVESTMENTS] IN JOINT VENTURES - continued

The above profit (loss) for the year includes the following:

	Year ended 31/12/2022 HK\$'000	Year ended 31/12/2021 HK\$'000
Depreciation and amortisation	<u>X</u>	<u>X</u>
Interest income	<u>X</u>	<u>X</u>
Interest expense	<u>X</u>	<u>X</u>
Income tax expense	<u>X</u>	<u>X</u>

Reconciliation of the above summarised financial information to the carrying amount of the interest in A JV Limited recognised in the consolidated financial statements:

	31/12/2022 HK\$'000	31/12/2021 HK\$'000
Net assets of A JV Limited	X	X
Proportion of the Group's ownership interest in A JV Limited	X%	X%
	X	X
Goodwill	-	-
Other adjustments (please specify)	-	-
Carrying amount of the Group's interest in A JV Limited	<u>X</u>	<u>X</u>

Aggregate information of joint ventures that are not individually material

	Year ended 31/12/2022 HK\$'000	Year ended 31/12/2021 HK\$'000
The Group's share of profit (loss) from continuing operations	<u>X</u>	<u>X</u>
The Group's share of post-tax profit (loss) from discontinued operations	<u>X</u>	<u>X</u>
The Group's share of other comprehensive income (expense)	<u>X</u>	<u>X</u>
The Group's share of total comprehensive income (expense)	<u>X</u>	<u>X</u>

Alt 1 Where the Group has unrecognised share of loss of a joint venture

	Year ended 31/12/2022 HK\$'000	Year ended 31/12/2021 HK\$'000
The unrecognised share of loss of a joint venture for the year	<u>X</u>	<u>X</u>
	31/12/2022 HK\$'000	31/12/2021 HK\$'000
Cumulative unrecognised share of loss of a joint venture	<u>X</u>	<u>X</u>

Alt 2 Where there is significant restriction to transfer funds

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

27. [INTERESTS/INVESTMENTS] IN JOINT VENTURES - continued

[When there are significant restrictions on the ability of joint ventures to transfer funds to the Group in form of cash dividends, or to repay loans or advances made by the Group, the Group should disclose the nature and extent of significant restrictions in the consolidated financial statements.]

Alt Where there are joint operations

Details of each of the Group's joint operations at the end of the reporting period are as follows:

Name of entity	Country of incorporation/ registration	Principal place of business	Proportion of ownership interest held by the Group		Principal activity	Note
			2022	2021		
A JO Limited	A Land	A Land	40%	40%	Property development	1
B JO Limited	A Land	B Land	50%	50%	Y	2

Note 1: On [Date], the Group entered into an agreement with an independent third party (the "Project Partner A") in respect of a [jointly property development project in A Land]. Pursuant to the agreement, the Group and the Project Partner A set up an operation committee to jointly control and manage the project together. The two parties [contribute the funding, share revenue and bear costs equally/X(to specify)].

The material amounts included in the consolidated financial statements arising from the jointly controlled operations are as follows:

	31/12/2022 HK\$'000	31/12/2021 HK\$'000	
Analysis of financial position:			
[Properties for/under development]	X	X	
[X(to specify)]		X	X
	Year ended 31/12/2022 HK\$'000	Year ended 31/12/2021 HK\$'000	
Analysis of profit or loss:			
[Revenue]	X	X	
[Cost of sales]	(X)	(X)	
[X(to specify)]		X	X

Note 2: Y (to specify, see above illustrative example)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

28. [INTERESTS/INVESTMENTS] IN JOINT VENTURES/LOANS TO JOINT VENTURES

	<u>31/12/2022</u> HK\$'000	<u>31/12/2021</u> HK\$'000
Cost of investment in joint ventures	X	X
Share of post-acquisition losses and other comprehensive expense [, net of dividends received]	(X)	(X)
Exchange adjustments	X	X
	X	X
Loans to joint ventures	X	X
Less: share of post-acquisition losses that are in excess of the cost of the investments	(X)	(X)
	X	X

Details of each of the Group's associates at the end of the reporting period are as follows:

<u>Name of entity</u>	<u>Country of incorporation/ registration</u>	<u>Principal place of business</u>	<u>Proportion of ownership interest held by the Group</u>		<u>Proportion of voting rights held by the Group</u>		<u>Principal activity</u>
			<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	
A JV Limited	A Land	A Land	40%	40%	40%	40%	
B JV Limited	B Land	B Land	30%	30%	30%	30%	
C JV Limited	C Land	C Land	50%	50%	50%	50%	

[The financial year end date for A JV Limited is 31 October. For the purpose of applying the equity method of accounting, the consolidated financial statements of A JV Limited for the year ended 31 October 2022 (2021: 31 October 2021) have been used as the Group considers that it is impracticable for A JV Limited to prepare a separate set of financial statements as of 31 December. Appropriate adjustments have been made accordingly for the effects of significant transactions between that date and 31 December 2022.]

Summarised financial information of material joint ventures

Summarised financial information in respect of each of the Group's material joint venture is set out below. The summarised financial information below represents amounts shown in the joint venture's financial statements prepared in accordance with HKFRSs.

Remark: HKFRS 12 requires the following information to be disclosed for each of the Group's material joint ventures. For illustrative purposes, it is assumed that only A JV Limited is a material joint venture to the Group.

The joint ventures are accounted for using the equity method in these consolidated financial statements.

A JV Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

28. [INTERESTS/INVESTMENTS] IN JOINT VENTURES/LOANS TO JOINT VENTURES - continued

	<u>31/12/2022</u> HK\$'000	<u>31/12/2021</u> HK\$'000
Current assets	<u>X</u>	<u>X</u>
Non-current assets	<u>X</u> (<u>X</u> (
	X	X
Current liabilities	<u>)</u>	<u>)</u>
Non-current liabilities	<u>==</u>	<u>==</u>
The above amounts of assets and liabilities include the following:	<u>==</u>	<u>==</u>
Cash and cash equivalents	<u>X</u>	<u>X</u>
Current financial liabilities (excluding trade and other payables and provisions)	<u>==</u> (<u>==</u> (
	X	X
Non-current financial liabilities (excluding trade and other payables and provisions)	<u>)</u>	<u>)</u>

	<u>Year ended</u> <u>31/12/2022</u> HK\$'000	<u>Year ended</u> <u>31/12/2021</u> HK\$'000
Revenue	<u>X</u>	<u>X</u>
Profit or loss from continuing operations	<u>X</u>	<u>X</u>
Post-tax profit (loss) from discontinued operations	<u>X</u>	<u>X</u>
Profit (loss) for the year	<u>X</u>	<u>X</u>
Other comprehensive income (expense) for the year	<u>X</u>	<u>X</u>
Total comprehensive income (expense) for the year	<u>X</u>	<u>X</u>
Dividends received from A JV Limited during the year	<u>X</u>	<u>X</u>

The above profit (loss) for the year includes the following:

	<u>Year ended</u> <u>31/12/2022</u> HK\$'000	<u>Year ended</u> <u>31/12/2021</u> HK\$'000
Depreciation and amortisation	<u>X</u>	<u>X</u>
Interest income	<u>X</u>	<u>X</u>
Interest expense	<u>X</u>	<u>X</u>
Income tax expense	<u>X</u>	<u>X</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

28. [INTERESTS/INVESTMENTS] IN JOINT VENTURES/LOANS TO JOINT VENTURES - continued

Reconciliation of the above summarised financial information to the carrying amount of the interest in A JV Limited recognised in the consolidated financial statements:

	<u>31/12/2022</u> HK\$'000	<u>31/12/2021</u> HK\$'000
Net assets of A JV Limited	X	X
Proportion of the Group's ownership interest in A JV Limited	X%	X%
	X	X
Goodwill	-	-
Other adjustments (please specify)	-	-
Carrying amount of the Group's interest in A JV Limited	<u>X</u>	<u>X</u>

Aggregate information of joint ventures that are not individually material

	<u>Year ended</u> <u>31/12/2022</u> HK\$'000	<u>Year ended</u> <u>31/12/2021</u> HK\$'000
The Group's share of profit (loss) from continuing operations	<u>X</u>	<u>X</u>
The Group's share of post-tax profit (loss) from discontinued operations	<u>X</u>	<u>X</u>
The Group's share of other comprehensive income (expense)	<u>X</u>	<u>X</u>
The Group's share of total comprehensive income (expense)	<u>X</u>	<u>X</u>

Alt 1 Where the Group has unrecognised share of loss of a joint venture

	<u>Year ended</u> <u>31/12/2022</u> HK\$'000	<u>Year ended</u> <u>31/12/2021</u> HK\$'000
The unrecognised share of loss of a joint venture for the year	<u>X</u>	<u>X</u>
	<u>31/12/2022</u> HK\$'000	<u>31/12/2021</u> HK\$'000
Cumulative unrecognised share of loss of a joint venture	<u>X</u>	<u>X</u>

Alt 2 Where there is significant restriction to transfer funds

[When there are significant restrictions on the ability of joint ventures to transfer funds to the Group in form of cash dividends, or to repay loans or advances made by the Group, the Group should disclose the nature and extent of significant restrictions in the consolidated financial statements.]

Alt Where there are joint operations

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

28. [INTERESTS/INVESTMENTS] IN JOINT VENTURES/LOANS TO JOINT VENTURES - continued

Details of each of the Group's joint operations at the end of the reporting period are as follows:

Name of entity	Country of incorporation/ registration	Principal place of business	Proportion of ownership interest held by the Group		Principal activity	Note
			<u>2022</u>	<u>2021</u>		
A JO Limited	A Land	A Land	40%	40%	Property development	1
B JO Limited	A Land	B Land	50%	50%	Y	2

Note 1: On [Date], the Group entered into an agreement with an independent third party (the "Project Partner A") in respect of a [jointly property development project in A Land]. Pursuant to the agreement, the Group and the Project Partner A set up an operation committee to jointly control and manage the project together. The two parties [contribute the funding, share revenue and bear costs equally/X(to specify)].

The material amounts included in the consolidated financial statements arising from the jointly controlled operations are as follows:

	<u>31/12/2022</u> HK\$'000	<u>31/12/2021</u> HK\$'000	
Analysis of financial position:			
[Properties for/under development]	X	X	
[X(to specify)]		X	X
	<u>Year ended</u> <u>31/12/2022</u> HK\$'000	<u>Year ended</u> <u>31/12/2021</u> HK\$'000	
Analysis of profit or loss:			
[Revenue]	X	X	
[Cost of sales]	(X)	(X)	
[X(to specify)]		X	X

Note 2: Y (to specify, see above illustrative example)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

29. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets mandatorily measured at FVTPL:

	<u>31/12/2022</u> HK\$'000	<u>31/12/2021</u> HK\$'000
Listed securities held for trading:		
- Equity securities listed in	X	X
- Debt instruments with fixed interest of and maturity date on listed in [X (please specify)]		
	<u>X</u>	<u>X</u>
	<u>X</u>	<u>X</u>
Convertible bonds	X	X
Equity-linked notes	X	X
Investment in preferred shares (Note)	X	X
Others (please specify)]		
	<u>X</u>	<u>X</u>
	<u>X</u>	<u>X</u>
Financial assets designated at FVTPL:		
Debt instruments with fixed interest of [X]% and maturity date on [DATE] listed in [X (please specify)]	X	X
Others (please specify)*		
	<u>X</u>	<u>X</u>
	<u>X</u>	<u>X</u>

Convertible bonds/equity-linked notes/others (please specify) are classified as current as the management expects to realize these financial assets within twelve months after the reporting period.

Note: On [X] January 2022, the Group entered into a subscription agreement for subscription of [X] Series A Preferred Shares of E Limited at a consideration of HK\$[X] million. The subscription was completed in February 2022. The principal activity of E Limited is [please specify]. Details of critical accounting judgment are set out in note [5].

**The contractual terms of financial assets designated as FVTPL shall give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding and should be measured at either amortised cost or FVTOCI if not designated.*

30. EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	<u>31/12/2022</u> HK\$'000	<u>31/12/2021</u> HK\$'000
Listed:		
- Equity securities (note 1)	X	X
Unlisted:		
- Equity investments (note 2)	<u>X</u>	<u>X</u>
Total	<u>X</u>	<u>X</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

Notes:

30. EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - continued

- 1) The above listed equity investments represent ordinary shares of an entity listed in Hong Kong. These investments are not held for trading, instead, they are held for long-term strategic purposes. The directors of the Company have elected to designate these investments in equity instruments as at FVTOCI as they believe that recognising short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes and realising their performance potential in the long run.
- 2) The above unlisted equity investments represent the Group's equity interest in a private entity established in the PRC. The directors of the Company have elected to designate these investments in equity instruments as at FVTOCI as they believe that [PLEASE SPECIFY REASONS FOR PRESENTING THE INVESTMENTS AT FVTOCI].

[In the current year, the Group disposed of the investment in [ABC Limited], at a consideration of HK\$[X], which was also the fair value as at the date of disposal as the investment no longer meets the investment objective of the Group after group restructuring carried out by the investee. A cumulative gain on disposal of HK\$[X] has been transferred to retained profits.]

[At 31 December 2022, the carrying amount of equity investments at FVTOCI which have been pledged as security for the borrowing, is HK\$[X] (2021: HK\$[X]).]

Alt Where the Group has an investment of significance other than its investments in subsidiaries, associates and joint ventures

Included in unlisted equity securities above is the Group's investment in XYZ Limited, a company incorporated in Malaysia, with a carrying amount of HK\$[X] (2021: HK\$[X]). The investment represents a [19] % holding of the ordinary shares of XYZ Limited/more than 10% of the assets in the consolidated statement of financial position.] [XYZ Limited is not regarded as [an associate/a joint venture] of the Group because [the Group has less than one-fifth of the voting power of XYZ Limited under arrangements with other investors and the Group has no right to appoint directors of XYZ Limited/others (please specify)].

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

31. DEBT INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	<u>31/12/2022</u> HK\$'000	<u>31/12/2021</u> HK\$'000
Investments in listed bonds, with fixed interest of [X]% and maturity date on [Date] listed in [X (please specify)]	X	X
Government bonds, with fixed interest of [X]% and maturity date on [Date]	<u>X</u>	<u>X</u>
Total	<u>X</u>	<u>X</u>
Analysed for reporting purposes as :		
Current assets	X	X
Non-current assets	<u>X</u>	<u>X</u>

The investments in listed bonds and the government bonds were issued by [X] and [Y], respectively. These bonds are held by the Group within a business model whose objective is both to collect their contractual cash flows which are solely payments of principal and interest on the principal amount outstanding and to sell these financial assets. Hence, the investments in listed bonds and the government bonds are classified as at FVTOCI.

Details of impairment assessment are set out in note 60.

32. FINANCE LEASE RECEIVABLES

The Group entered into finance lease arrangements as a lessor for [equipment and motor vehicles]. The average terms of finance leases entered into usually range from [X] to [X] years. All interest rates inherent in the leases are [fixed] at the contract date over the lease terms.

The majority of lease contracts are with guaranteed residual values. As at 31 December 2022, unguaranteed residual values of assets leased under finance leases are estimated at HK\$[X] (2021: HK\$[X]). The risk arising from unguaranteed residual value on [equipment and motor vehicle] under lease is not significant, because of the existence of a secondary market with respect to the [equipment and motor vehicle].

For the year ended 31 December 2022, the finance lease receivables increased for the following reasons: [insert reasons].

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

32. FINANCE LEASE RECEIVABLES - continued

	Minimum lease payments <u>31/12/2022</u> HK\$'000	Present value of minimum lease payments <u>31/12/2022</u> HK\$'000	Minimum lease payments <u>31/12/2021</u> HK\$'000	Present value of minimum lease payments <u>31/12/2021</u> HK\$'000
Finance lease receivables comprise:	X	X	X	X
Within one year	X	X	X	X
In the second year	X	X	X	X
In the third year	X	X	X	X
In the fourth year	X	X	X	X
In the fifth year	X	X	X	X
After five years	X	X	X	X
Unguaranteed residual values	X	X	X	X
Gross investment in the lease	X	N/A	X	N/A
Less: unearned finance income	(X)	N/A	(X)	N/A
Present value of minimum lease payment receivables	X	X	X	X
Analysed as:				
Current	X	X	X	X
Non-current		<u>X</u>	<u>X</u>	<u>X</u>
		<u>X</u>	<u>X</u>	<u>X</u>

Interest rates implicit in the above finance leases range from [X] % to [X]% (2021: [X]% to [X]%).

[The Group is not exposed to foreign currency risk as a result of the lease arrangements, as all leases are denominated in the respective functional currencies of group entities.] [Finance lease receivables that are denominated in currencies other the functional currencies of the relevant group entities are set out below:

	<u>Currency A</u> HK\$'000	<u>Currency B</u> HK\$'000	<u>Currency C</u> HK\$'000
As at 31 December 2022	X	X	X
As at 31 December 2021	X	X	X]

Finance lease receivables are secured over the plant and machinery leased. The Group is not permitted to sell or repledge the collateral in the absence of default by the lessee. [PLEASE GIVE DETAILS OF COLLATERAL HELD.]

[At 31 December 2022, the carrying amount of the finance lease receivables which have been pledged as security for the borrowing, is HK\$[X] (2021: HK\$[X]).]

Details of impairment assessment are set out in note 60.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

33. LOAN RECEIVABLES

	<u>31/12/2022</u> HK\$'000	<u>31/12/2021</u> HK\$'000	
Fixed-rate loan receivables	X	X	
Variable-rate loan receivables		<u>X</u>	<u>X</u>
Analysed as			
Current	X	X	
Non-current		<u>X</u>	<u>X</u>

As at 31 December 2022, included in the Group's loan receivables balance are debtors with aggregate carrying amount of HK\$[X] (2021: HK\$[X]) which are past due as at the reporting date, of which HK\$[X] (2021: HK\$[X]) has been past due more than 30 days but less than 90 days and HK\$[X] (2021: HK\$[X]) has been past due 90 days or more. [The directors of the Company consider credit risks have increased significantly for those past due more than 30 days and those past due more than 90 days are considered as credit-impaired./The directors of the Company are in the view that there have been no significant increase in credit risk nor default because [PLEASE SPECIFY THE REASONS TO REBUT THE PRESUMPTIONS.]]

Included in the carrying amount of loan receivables as at 31 December 2022 is accumulated impairment losses of HK\$[X] (2021: HK\$[X]). Details of impairment assessment are set out in note 60.

As at 31 December 2022, the carrying amount of loan receivables amounting to HK\$[X] (2021: HK\$[X]) are pledged with collaterals such as X (to specify) (2021: X (to specify)). The Group is not permitted to sell or repledge the collaterals in the absence of default by the borrower. There has not been any significant changes in the quality of the collateral held for [the loan receivables]. The Group has not recognised a loss allowance for [the loan receivables] as a result of these collaterals.

[At 31 December 2022, the carrying amount of the loan receivables which have been pledged as security for the borrowing, is HK\$[X] (2021: HK\$[X]).]

Alt 1 No single loan receivable is individually material, and terms and conditions of all loan receivables are presented by appropriate groupings

The exposure of the Group's fixed-rate loan receivables to interest rate risks and their contractual maturity dates are as follows:

	<u>31/12/2022</u> HK\$'000	<u>31/12/2021</u> HK\$'000	
Fixed-rate loan receivables:			
Within one year	X	X	
In more than one year but not more than two years	X	X	
In more than two years but not more than five years	X	X	
In more than five years		<u>X</u>	<u>X</u>
		<u>X</u>	<u>X</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

33. LOAN RECEIVABLES - continued

In addition, the Group has a loan receivable of HK\$[X], which carries interest at HIBOR]. Interest rate is reset every six months.

The ranges of effective interest rates [(which are equal to contractual interest rates)] on the Group's loan receivables are as follows:

	Year ended <u>31/12/2022</u>	Year ended <u>31/12/2021</u>
Effective interest rate:		
Fixed-rate loan receivables	[X]% to [X]%	[X]% to [X]%
Variable-rate loan receivables	[X]% to [X]%	[X]% to [X]%

The Group's loan receivables that are denominated in currencies other than the functional currencies of the relevant group entities are set out below:

	Currency A <u>HK\$'000</u>	Currency B <u>HK\$'000</u>	Currency C <u>HK\$'000</u>
As at 31 December 2022	X	X	X
As at 31 December 2021	X	X	X

Alt 2 Individual loan receivable is significant and terms and conditions of each loan receivable disclosed separately

Loan receivables comprise:

	Maturity <u>date</u>	<u>Collateral</u>	Effective <u>interest rate</u>	Carrying amount	
				<u>31/12/2022</u> HK\$'000	<u>31/12/2021</u> HK\$'000
HK\$[X] fixed-rate loan receivables (Note 1)	[XX/XX/XX]		[X]%	X	X
US\$[X] variable-rate loan receivables (Note 2)	[XX/XX/XX]		[Prime]%	<u>X</u>	<u>X</u>
				<u>X</u>	<u>X</u>

Notes:

- 1) The entire amount of principal will be receivable on [XX/XX/XX].
- 2) The principal will be receivable through five equal annual instalments of US\$[X] each from [XX/XX/XX] to [XX/XX/XX].

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

34. TRADE AND OTHER RECEIVABLES

	<u>31/12/2022</u> HK\$'000	<u>31/12/2021</u> HK\$'000
Trade receivables		
- contracts with customers	X	X
- others [please specify] (Remark)	X <u>X</u>	X <u>X</u>
	((
	X	X
Less: Allowance for credit losses) X) X
Other receivables	X	X
[Please disclose the individual material balances and their nature]	<u>X</u>	<u>X</u>
Total trade and other receivables	<u>X</u>	<u>X</u>

Remark: For reporting entities with non - HKFRS 15 trade receivables e.g. operating lease receivables, impairment assessment and relevant disclosures should be provided separately as such receivables constitute a separate class.

As at 1 January 2021, trade receivables from contracts with customers amounted to HK\$[X].

The following is an aged analysis of trade receivables [net of allowance for credit losses] presented based on [the invoice dates/dates of delivery of goods/date of rendering of services/other basis (please specify)].

	<u>31/12/2022</u> HK\$'000	<u>31/12/2021</u> HK\$'000
0-60 days	X	X
61-90 days	X	X
91-120 days	X	X
121-180 days	<u>X</u>	<u>X</u>
	<u>X</u>	<u>X</u>

As at 31 December 2022, total bills received amounting to HK\$[X] (2021: HK\$[X]) are held by the Group for future settlement of trade receivables [, of which certain bills were further discounted/endorsed by the Group]. The Group continues to recognise their full carrying amounts at the end of the reporting period and details are disclosed in note 33. All bills received by the Group are with a maturity period of less than one year.

As at 31 December 2022, included in the Group's trade receivables balance are debtors with aggregate carrying amount of HK\$[X] (2021: HK\$[X]) which are past due as at the reporting date. Out of the past due balances, HK\$[X] (2021: HK\$[X]) has been past due 90 days or more and is not considered as in default [REASONS TO REBUT THE PRESUMPTION PLEASE SPECIFY.]

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

34. TRADE AND OTHER RECEIVABLES - continued

Other than bills received amounting to HK\$[X] (2021: HK\$[X]), the Group does not hold any collateral over these balances.

[Other than bills discounted and endorsed as disclosed in note 33, carrying amount of trade receivables amounted to HK\$[X] (2021: HK\$[X]) have been pledged as security for the Group's borrowing.]

Included in the Group's other receivable balance are loans to employees with aggregate carrying amount of HK\$[X] (2021: HK\$[X]) which are for the purpose of enabling the selected employees to acquire shares of the Company.

Details of impairment assessment of trade and other receivables are set out in note 60.

35. TRANSFERS OF FINANCIAL ASSETS

Alt 1 Transferred financial assets that are not derecognised in their entirety

[The following were the Group's financial assets as at 31 December 2022 and 2021 that were transferred to banks or suppliers by discounting/endorsing on a full recourse basis. As the Group has not transferred the significant risks and rewards, it continues to recognise the full carrying amount and has recognised the cash received on the transfer as a collateralised borrowing (see note 44). These financial assets are carried at amortised cost in the consolidated statement of financial position.]

As at 31 December 2022

	[Bills discounted to banks with full recourse] HK\$'000 [X]	[Bills endorsed to suppliers with full recourse] HK\$'000 [X]	[Notes discounted to banks with full recourse] HK\$'000 [X]	Others (please specify) HK\$'000 [X]	Total HK\$'000 [X]
Carrying amount of transferred assets	[X	[X	[X	[X	[X
Carrying amount of associated liabilities] [X] [X] [X] [X] [X
Net position] []] []] []] []] []

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

35. TRANSFERS OF FINANCIAL ASSETS - continued

As at 31 December 2021

	[Bills discounted to banks with full recourse] HK\$'000	[Bills endorsed to suppliers with full recourse] HK\$'000	[Notes discounted to banks with full recourse] HK\$'000	Others (please specify) HK\$'000	Total HK\$'000
	[X]	[X]	[X]	[X]	[X]
Carrying amount of transferred assets	[[[[[
	X	X	X	X	X
Carrying amount of associated liabilities]]]]]
	[[[[[
	X	X	X	X	X
Net position]]]]]

Alt 2 Transferred financial assets that are derecognised in their entirety

[Please provide qualitative information that explains and supports the quantitative disclosures set out below, including a description of the derecognised financial assets and the nature and purpose of the continuing involvement retained after transferring those assets. Please also describe the risks to which the entity is exposed regarding the continuing involvement.]

As at 31 December 2022

Type of continuing involvement	Cash outflows to repurchase transferred (derecognised)	Carrying amount of continuing involvement in consolidated statement of financial position			Fair value of continuing involvement		Maximum exposure to loss
	<u>Assets</u>	<u>of financial position</u>			<u>involvement</u>		
		[Held for trading]	[Financial assets at FVTOCI]	[Financial liabilities at FVTPL]	<u>Assets</u>	<u>Liabilities</u>	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
[Written put options]	[(X)]	-	-	[(X)]	-	[(X)]	[X]
[Purchased call options]	[(X)]	[X]	-	-	[X]	-	[X]
[Securities lending]	[(X)]	-	[X]	[(X)]	[X]	[(X)]	[X]
Others (please specify)	[(X)]	[X]	[X]	[(X)]	[X]	[(X)]	[X]
Total	[(X)]	[X]	[X]	[(X)]	[X]	[(X)]	[X]

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

35. TRANSFERS OF FINANCIAL ASSETS - continued

As at 31 December 2021

Type of continuing involvement	Cash outflows to repurchase transferred (derecognised) assets	Carrying amount of continuing involvement in statement of financial position			Fair value of continuing involvement		Maximum exposure to loss
		[Held for trading]		[Financial assets at]	[Financial liabilities at]		
	HK\$'000	HK\$'000	FVTOCI HK\$'000	FVTPL HK\$'000	Assets HK\$'000	Liabilities HK\$'000	HK\$'000
[Written put options]	[(X)]	-	-	[(X)]	-	[(X)]	[X]
[Purchased call options]	[(X)]	[X]	-	-	[X]	-	[X]
[Securities lending]	[(X)]	-	[X]	[(X)]	[X]	[(X)]	[X]
	[
	(
	X	[[[([[([
)	X	X	X	X	X	X
Others (please specify)	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>
	[
	(
	X	[[[([[([
)	X	X	X	X	X	X
Total	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

Undiscounted cash flows to repurchase transferred assets

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

35. TRANSFERS OF FINANCIAL ASSETS - continued

31 December 2022		Maturity analysis of undiscounted cash outflows for each type of continuing involvement HK\$'000						
Type of continuing involvement	Total	Less than 1 month	1-3 months	3-6 months	6 months – 1 year	1-3 years	3-5 years	More than 5 years
[Written put options]	[X]	-	[X]	[X]	[X]	[X]	-	-
[Purchased call options]	[X]	-	-	[X]	[X]	[X]	-	[X]
[Securities lending]	[X]	[X]	[X]	-	-	-	-	-
Others (please specify)	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]

31 December 2021		Maturity analysis of undiscounted cash outflows for each type of continuing involvement HK\$'000						
Type of continuing involvement	Total	Less than 1 month	1-3 months	3-6 months	6 months – 1 year	1-3 years	3-5 years	More than 5 years
[Written put options]	[X]	-	[X]	[X]	[X]	[X]	-	-
[Purchased call options]	[X]	-	-	[X]	[X]	[X]	-	[X]
[Securities lending]	[X]	[X]	[X]	-	-	-	-	-
Others (please specify)	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]

<u>2022</u>	[Written put options] HK\$'000	[Purchased call options] HK\$'000	[Securities lending] HK\$'000	Others (please specify) HK\$'000	Total HK\$'000
Gain/(loss) recognised on date of transfer of assets	[X]	[X]	[X]	[X]	[X]
[Gain/(loss) from changes in fair value of derivatives recognised in the current year/others (please specify)]	[X]	[X]	[X]	[X]	[X]
[Cumulative gain/(loss) from changes in fair value of derivatives/others (please specify)]	[X]	[X]	[X]	[X]	[X]

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

35. TRANSFERS OF FINANCIAL ASSETS - continued

<u>2021</u>	[Written <u>put options</u> HK\$'000	[Purchased <u>call options</u> HK\$'000	[Securities <u>lending</u> HK\$'000	Others (<u>please specify</u>) HK\$'000	<u>Total</u> HK\$'000
Gain/(loss) recognised on date of transfer of assets	[X]	[X]	[X]	[X]	[X]
[Gain/(loss) from changes in fair value of derivatives recognised in the current year/others (please specify)]	[X]	[X]	[X]	[X]	[X]
[Cumulative gain/(loss) from changes in fair value of derivatives/others (please specify)]	[X]	[X]	[X]	[X]	[X]

The transfers took place in [November 2022] (2021: [X 2021]) and all the related proceeds were received in [December 2022] (2021: [X]). The related [gains/(losses)] recognised and the total amount of proceeds from the transfer activity within this period amounted to HK\$[X] and HK\$[X] respectively (2021: HK\$[X] and HK\$[X] respectively).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

36. CONTRACT ASSETS

	Notes	[31/12/2022] HK\$'000	[31/12/2021] HK\$'000
[Tailor-made electronic equipment]	a	X	X
[Construction contracts]	b	X	X
[Sales of renewable energy]	c	X	X
		X	X
		[[
		X	X
Current]]
Non-current		[X]	[X]
		[[
		X	X
]]

As at 1 January 2021, contract assets amounted to HK\$[X].

The contract assets primarily relate to the Group's right to consideration for work completed and not billed because the rights are conditioned on the Group's future performance. The contract assets are transferred to trade receivables when the rights become unconditional.

[Contract assets, that are not expected to be settled within the Group's normal operating cycle, are classified as current and non-current based on expected settlement dates.]

Typical payment terms which impact on the amount of contract assets recognised are as follows:

- Construction contracts

The Group's construction contracts include payment schedules which require stage payments over the construction period once certain specified milestones are reached. The Group requires certain customers to provide upfront deposits range from [10]% to [20]% of total contract sum as part of its credit risk management policies. The Group typically X ([To describe the reporting entity's typical timing of transfer to trade receivables]).

The Group also typically agrees to a retention period ranging from [X months] to [X years] for [X]% of the contract value. This amount is included in contract assets until the end of the retention period as the Group's entitlement to this final payment is conditioned on [to provide specific facts]. The Group typically X ([To describe the reporting entity's typical timing of transfer to trade receivables]).

The Group classifies these contract assets as current because the Group expects to realise them in its normal operating cycle. [To provide disclosure on those expected to be realised more than 12 months]. The Group typically X [To describe the reporting entity's typical timing of transfer to trade receivables].

- Tailor-made electronic equipment

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

36. CONTRACT ASSETS - continued

The Group typically receives a [X]% deposit on acceptance of the order. The remaining consideration is payable on the earlier of the delivery and acceptance of the finished goods by customers or notice from the customer to cancel the order. If the customer cancels the order then the Group is immediately entitled to receive payment for work done to date. The Group typically X [To describe the reporting entity's typical timing of transfer to trade receivables].

- Sales of renewable energy

The contract assets relate to the Group's right to consideration for electricity sold to the local state grid in [country X]. The Group considers the settlement terms contain significant financing component and accordingly the amount of consideration is adjusted for the effects of the time value of money taking into consideration the credit characteristics of the relevant counterparties. The Group typically X [To describe the reporting entity's typical timing of transfer to trade receivables].

Remark: Reporting entities need not duplicate information that is already presented elsewhere (in particular for the payment terms disclosed under HKFRS 15.119), provided that the information is incorporated by cross reference.

Note a: The significant [increase/decrease] (2021: [increase/decrease]) in the current year is the result of the [[increase/decrease] in ongoing installation services at the end of the year/[acquisition/disposal] of ABC Company/impairment allowance [reversed/recognised] during the year/OTHERS (to specify) as detailed in note X] (2021: X).

Note b: [To provide information as required, see above illustrative example]

Note c: [To provide information as required, see above illustrative example]

Details of the impairment assessment are set out in note 60.

37. CONTRACT COSTS

	Notes	[31/12/2022] HK\$'000	[31/12/2021] HK\$'000
Incremental costs to obtain contracts	a	X	X
Costs to fulfill contracts			
Pre-contract costs	b	X	X
Setup costs	c	<u>X</u>	<u>X</u>
		<u>X</u>	<u>X</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

37. CONTRACT COSTS - continued

Note a: Contract costs capitalised relate to the incremental sales commissions paid to property agents whose selling activities resulted in customers entering into sale and purchase agreements for the Group's properties which are still under construction at the reporting date. Contract costs are recognised as part of [distribution [and selling] expenses/cost of sales] in the [consolidated statement of profit or loss]/[consolidated statement of profit or loss and other comprehensive income] in the period in which revenue from the related property sales is recognised. The amount of capitalised costs recognised in profit or loss during the year was HK\$[X] (2021: HK\$[X]). There was no impairment in relation to the opening balance of capitalised costs or the costs capitalised during the year (2021: [Nil]).

The Group applies the practical expedient and recognises the incremental costs of obtaining contracts relating to the sale of completed properties and services as an expense when incurred if the amortisation period of the assets that the Group otherwise would have recognised is one year or less.

Note b: [To provide information as required, see above illustrative example]

Note c: [To provide information as required, see above illustrative example]

38. RIGHT TO RETURNED GOODS ASSET/REFUND LIABILITIES

The right to returned goods asset represents the Group's right to recover products from customers where customers exercise their right of return under the Group's 30-day returns policy. The Group uses its accumulated historical experience to estimate the number of returns on a portfolio level using the [expected value method].

	<u>31/12/2022</u> HK\$'000	<u>31/12/2021</u> HK\$'000	
Refund liabilities			
Arising from retrospective volume rebates	X	X	
Arising from right of return	X	X	
	<u>X</u>	<u>X</u>	

[The refund liabilities relate to customers' right to return products within [30 days of purchase]. At the point of sale, a refund liability and a corresponding adjustment to revenue is recognised for those products expected to be returned. The Group uses its [accumulated historical experience to estimate the number of returns on a portfolio level using the expected value method].]

39. INVENTORIES

	<u>31/12/2022</u> HK\$'000	<u>31/12/2021</u> HK\$'000	
Raw materials and consumables	X	X	
Work in progress	X	X	
Finished goods	<u>X</u>	<u>X</u>	
	<u>X</u>	<u>X</u>	

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

40. PROPERTIES FOR/UNDER DEVELOPMENT/PROPERTIES FOR SALE

	<u>31/12/2022</u>	<u>31/12/2021</u>	
	HK\$'000	HK\$'000	
Properties for development	X	X	
Properties under development	X	X	
Properties for sale		X	X
		<u>X</u>	<u>X</u>
Analysis of leasehold lands:			
As at 31 December 2022			
Carrying amount		X	
As at 31 December 2021			
Carrying amount		X	
For the year ended 31 December 2022			
[Depreciation]		[X]	
Total cash outflow		X	
Additions			X
For the year ended 31 December 2021			
[Depreciation]		[X]	
Total cash outflow		X	
Additions			<u>X</u>

The carrying amount of leasehold lands is measured at cost less any accumulated depreciation and any impairment losses. The residual values are determined as the estimated disposal value of the leasehold land component. [No depreciation charge is made on the leasehold lands taking into account the estimated residual values as at 31 December 2022 (2021: [Nil]).]

Alt 1 Where there has been a reversal of write-down of inventories

During the year, there was a significant increase in the net realisable value of certain finished goods due to market shortage. As a result, a reversal of write-down of HK\$[X] (2021: HK\$ [X]) has been recognised and included in cost of sales in the current year.

Alt 2 Where inventories have been pledged as security for liabilities

Included in the above figures are raw materials and consumables of HK\$[X] (2021: HK\$[X]), work in progress of HK\$[X] (2021: HK\$[X]) and finished goods of HK\$[X] (2021: HK\$[X]) which have been pledged as security for [bank loans].

41. CASH AND CASH EQUIVALENTS/PLEDGED/RESTRICTED BANK DEPOSITS/BANK OVERDRAFTS

Cash and cash equivalents/pledged/restricted bank deposits

Cash and cash equivalents include demand deposits and short term deposits for the purpose of meeting the Group's short term cash commitments, which carry interest at market rates range from [X]% to [X]% (2021: [X]% to [X]%).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

41. CASH AND CASH EQUIVALENTS/PLEDGED/RESTRICTED BANK DEPOSITS/BANK OVERDRAFTS - continued

[As at 31 December 2022, bank balances that are placed in restricted bank accounts in accordance with the applicable government regulations amounting to HK\$[X] (2021: HK\$[X]), such balances can only be applied in the designated property development projects, of which HK\$[X] are held for meeting short-term cash commitments and are included in cash and cash equivalents. The balances carrying interest at variable interest rates ranging from [X]% to [X]% (2021: [X]% to [X]%) per annum.]

[Cash and bank balances includes demand deposits of HK\$[X] (2021: HK\$[X]) that are required to be maintained as warranty and can be used only to settle future claims, if any, on the completed [Project X]. The contractual restriction on the use of demand deposits ends on 1 August 2023.]

Pledged bank deposits carry fixed interest rate of [X]% (2021: [X]%) and represent deposits pledged to banks to secure banking facilities granted to the Group. Deposits amounting to HK\$[X] (2021: HK\$[X]) have been pledged to secure [bank overdrafts/short-term bank loans/undrawn facilities] and are therefore classified as current assets. The remaining deposits amounting to HK\$[X] (2021: HK\$[X]) have been pledged to secure long-term borrowings and are therefore classified as non-current assets. The pledged bank deposits will be released upon the settlement of relevant bank borrowings.

Details of impairment assessment of bank balances and pledged/restricted bank deposits are set out in note 60.

Bank overdrafts

Bank overdrafts carry interest at market rates which range from [X]% to [X]% (2021: [X]% to [X]%).

42. TRADE AND OTHER PAYABLES

	<u>31/12/2022</u>	<u>31/12/2021</u>
	HK\$'000	HK\$'000
Trade payables	X	X
Trade payables under supplier finance arrangements (Note)	X	X
Accrued construction costs	X	X
Other payables	X	X
Others (to specify)	X	X
	<u>X</u>	<u>X</u>

Note: These relate to trade payables in which the Group has issued bills to the relevant suppliers for future settlement trade payables. The Group continues to recognise these trade payables as the relevant banks are obliged to make payments only on due dates of the bills, under the same conditions as agreed with the suppliers without further extension. In the consolidated statement of cash flows, settlements of these bills are included within operating cash flows based on the nature of the arrangements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

42. TRADE AND OTHER PAYABLES - continued

The following is an aged analysis of trade payable presented based on the [invoice date/other basis (please specify)]. [The analysis includes those classified as part of a disposal group held for sale.]

	<u>31/12/2022</u>		<u>31/12/2021</u>
	HK\$'000		HK\$'000
0-60 days	X		X
61-90 days	X		X
Over 90 days		X	X
		<u>X</u>	<u>X</u>

[The average credit period on purchases of goods is 90 days.] [Please disclose information for the purpose of evaluating the significance of financial instruments]

43. CONTRACT LIABILITIES

	<u>Notes</u>	<u>[31/12/2022]</u>	<u>[31/12/2021]</u>
		HK\$'000	HK\$'000
[Tailor-made electronic equipment]	a	X	X
[Construction contracts]	b	X	X
[Sales of properties]	c	X	X
[Customer loyalty programmes]	d	X	X
[Cash vouchers/gift cards]	e		X
		<u>X</u>	<u>X</u>
Current		[X]	[X]
		[[
		X	X
Non-current]]
		[[
		X	X
]]

As at 1 January 2021, contract liabilities amounted to HK\$[X].

[Contract liabilities, that are not expected to be settled within the Group's normal operating cycle, are classified as current and non-current based on the Group's earliest obligation to transfer goods or services to the customers.]

The following table shows how much of the revenue recognised relates to carried-forward contract liabilities and how much relates to performance obligations that were satisfied in prior periods.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

43. CONTRACT LIABILITIES - continued

	[Tailor-made electronic <u>equipment</u> HK\$'000	[Bills endorsed to suppliers with <u>contracts</u> HK\$'000	Sales of <u>properties</u> HK\$'000	Customer loyalty <u>programmes</u> HK\$'000	Cash vouchers/ <u>gift cards</u> HK\$'000
For the year ended 31 December 2022					
Revenue recognised that was included in the contract liability balance at the beginning of the year					
Revenue recognised from performance obligations satisfied in prior periods:					
Consideration from sales of computer equipment relating to volume rebate, not previously recognised due to the constraint					

	[Tailor-made electronic <u>equipment</u> HK\$'000	[Bills endorsed to suppliers with <u>contracts</u> HK\$'000	Sales of <u>properties</u> HK\$'000	Customer loyalty <u>programmes</u> HK\$'000	Cash vouchers/ <u>gift cards</u> HK\$'000
For the year ended 31 December 2021					
Revenue recognised that was included in the contract liability balance at the beginning of the year					
Revenue recognised from performance obligations satisfied in prior periods:					
Consideration from sales of computer equipment relating to volume rebate, not previously recognised due to the constraint					

Typical payment terms which impact on the amount of contract liabilities recognised are as follows:

- Construction contracts and Tailor made electronic equipment

When the Group receives a deposit before the production activity commences, this will give rise to contract liabilities at the start of a contract, until the revenue recognised on the relevant contract exceeds the amount of the deposit. The Group typically receives a [X]% deposit on acceptance of manufacturing orders and [X]% deposit before construction work commences.

- Sales of properties

The Group receives [X]% of the contract value as deposits from customers when they sign the sale and purchase agreement. However, depending on market conditions, the Group may offer customers a discount compared to the listed sales price, provided that the customers agree to pay the balance of the consideration early while construction is still ongoing. The deposits and advance payment schemes result in contract liabilities being recognised throughout the property construction period until the customer obtains control of the completed property.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

43. CONTRACT LIABILITIES - continued

In addition, the Group considers the advance payment schemes contain significant financing component and accordingly the amount of consideration is adjusted for the effects of the time value of money taking into consideration the credit characteristics of the relevant group entities. As this accrual increases the amount of the contract liability during the period of construction, it increases the amount of revenue recognised when control of the completed property is transferred to the customer.

- Customer loyalty programmes

[To describe the programmes details]

- Cash vouchers/gift cards

The Group receives [X]% of the face value of cash vouchers and gift cards and these cash vouchers and gift cards are non-refundable and have no expiration.

Note a: The significant [increase/decrease] (2021: [increase/decrease]) in contract liabilities in the current year was mainly due to the [HK\$[X] long-term advances received from customers/the acquisition of a subsidiary resulting an increase in contract liabilities of HK\$[X]/OTHERS (to specify) as detailed in note X] (2021: X).

Note b: [To provide information as required, see above illustrative example]

Note c: [To provide information as required, see above illustrative example]

Note d: [To provide information as required, see above illustrative example]

Note e: [To provide information as required, see above illustrative example]

44. SHARE CAPITAL OF THE COMPANY

Alt 1 Companies incorporated in Hong Kong

	Number of shares		Share capital	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	'000	'000	HK\$'000	HK\$'000
Issued and fully paid				
At beginning of year	X	X	X	X
Issued in consideration for the acquisition of the issued share capital of a subsidiary	X	X	X	X
Bonus issue of shares	X	X	-	-
Capitalisation of profits	-	-	X	X
Transaction costs attributable to issue of new shares	-	-	(X)	(X)
Exercise of share options	X	X	X	X
Exercise of warrant subscription rights	X	X	X	X
Shares repurchased and cancelled	(X)	(X)	-	-
At end of year	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

44. SHARE CAPITAL OF THE COMPANY - continued

Alt 2 Companies incorporated outside Hong Kong

	Number of shares		Share capital	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	'000	'000	HK\$'000	HK\$'000
Ordinary shares of HK\$[X] each				
Authorised				
At beginning of year	X	X	X	X
[Increase/decrease] on [XX/XX/XX]	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>
At end of year	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>
Issued and fully paid				
At beginning of year	X	X	X	X
Issued in consideration for the acquisition of the issued share capital of a subsidiary	X	X	X	X
Exercise of share options	X	X	X	X
Exercise of warrant subscription rights	X	X	X	X
Shares repurchased and cancelled	<u>(X)</u>	<u>(X)</u>	<u>(X)</u>	<u>(X)</u>
At end of year	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>

Alt 3 Issue of ordinary shares

In order to finance the Group's proposed participation in the ABC project, the Company issued 5 million ordinary shares [of HK\$[X] each], for consideration of HK\$[X] per share. The ordinary shares were issued on [XX/XX, 2022] to the existing shareholders, on the basis of one new share for every three ordinary shares currently held. The new shares rank pari passu with the existing shares in all respects.

Alt 4 Issue of ordinary shares by Private Placement under General Mandate

On [XX/XX, 2022], arrangements were made for a private placement to independent private investors of [X] ordinary shares [of HK\$[X] each] in the Company held by Mr. [X], the chairman of the Company, at a price of HK\$[X] per ordinary share representing a discount of approximately [X]% to the closing market price of the Company's ordinary shares on [XX/XX/XX].

Pursuant to a subscription agreement of the same date, Mr. [X] subscribed for [X] new ordinary shares [of HK\$[X] each] in the Company at a price of HK\$[X] per ordinary share. The proceeds were used to reduce borrowings and to provide additional working capital for the Company. These new shares were issued under the general mandate granted to the directors of the Company at the annual general meeting of the Company held on [XX/XX, 2022] and rank pari passu with other shares in issue in all respects.

Alt 5 Where the Company or its subsidiaries had repurchased the Company's listed securities, the following information should be disclosed. Such information can be disclosed in other parts of the annual report.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

44. SHARE CAPITAL OF THE COMPANY - continued

During the year, the Company repurchased its own ordinary shares through The Stock Exchange of Hong Kong Limited as follows:

<u>Month of repurchase</u>	<u>No. of ordinary shares [of HK\$[X] each]</u>	<u>Price per share</u>		<u>Aggregate consideration paid HK\$'000</u>
		<u>Highest</u> HK\$	<u>Lowest</u> HK\$	
X	X	X	X	X
X	X	X	X	X

The above ordinary shares were cancelled upon repurchase.

None of the Company's subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year.

Warrants

As a consequence of the bonus issue announced on [XX/XX, 2022], the subscription price for new shares under the terms of the 201V warrants was adjusted downwards with effect from [XX/XX, 2022]. Accordingly, each HK\$[X] of subscription rights which previously entitled the holder to subscribe HK\$[X] in cash for new shares at an issue price of HK\$[X] now entitles the holder to subscribe HK\$[X] in cash for new shares at an issue price of HK\$[X].

The 201U warrants lapsed on 31 December 2022. During the year, registered holders of [X] 201U warrants exercised their rights to subscribe for [X] ordinary shares in the Company at HK\$[X] per share.

At 31 December 2022, the Company had outstanding [X] (2021: [X]) 201V warrants to be exercised at any time on or before 31 December 202B. Exercise in full of such warrants would result in the issue of [X] (2021: [X]) additional ordinary shares.

45. RESERVES

[DISCLOSE RECONCILIATION OF EACH RESERVE IF DETAILS OF MOVEMENT HAVE NOT BEEN SHOWN IN THE CONSOLIDATED STATEMENT OF CHANGES IN EQUITY]

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

45. RESERVES - continued

Revaluation reserves

	Property revaluation reserve HK\$'000	Intangible assets revaluation reserve HK\$'000	[FVTOCI reserve/ revaluation reserve HK\$'000]	Total HK\$'000
At 1 January 2021	X	X	X	X
[Gain/(loss)] on revaluation of properties/intangible assets	X	X	-	X
[Reversal of] deferred tax liability arising on revaluation of properties/intangible assets	X	X	-	X
Fair value gain/(loss) on investments in equity instruments at FVTOCI	-	-	X	X
Fair value gain/(loss) on investments in debt instruments at FVTOCI	-	-	X	X
[Disposal of investments in debt instruments at FVTOCI]	-	-	[(X)]	[(X)]
[Gain/(loss)] on financial liabilities designated at FVTPL attributable to changes in credit risk	-	-	X	X
Impairment loss of revalued properties/intangible assets	(X)	(X)	(X)	(X)
Impairment loss on debt instruments at FVTOCI	-	-	X	X
Other comprehensive income for the year	X	X	X	X
Disposal of investments in equity instruments at FVTOCI	-	-	[(X)]	[(X)]
Other [please describe]	X	X	X	X
At 31 December 2021	X	X	X	X
[Gain/(loss)] on revaluation of properties/intangible assets	X	X	-	X
[Reversal of] deferred tax liability arising on revaluation of properties/intangible assets	X	X	-	X
Fair value gain/(loss) on investments in equity instruments at FVTOCI	-	-	X	X
Fair value gain/(loss) on investments in debt instruments at FVTOCI	-	-	X	X
Disposal of investments in debt instruments at FVTOCI	-	-	[(X)]	[(X)]
[Gain/(loss)] on financial liabilities designated at FVTPL attributable to changes in credit risk	-	-	X	X
Impairment loss of revalued properties/intangible assets	(X)	(X)	(X)	(X)
Impairment loss on debt instruments at FVTOCI	-	-	X	X
Other comprehensive income for the year	X	X	X	X
Disposal of investments in equity instruments at FVTOCI	-	-	[(X)]	[(X)]
Other [please describe]	X	X	X	X
At 31 December 2022	X	X	X	X

The [FVTOCI reserve/revaluation reserve] represents cumulative gains and losses arising from revaluation of [equity instruments at FVTOCI/debt instruments at FVTOCI/others (please specify)] that have been recognised in other comprehensive income, net of amounts reclassified to profit or loss when those [debt instruments at FVTOCI/others (please specify)] are disposed of or are determined to be impaired. Gains and losses arising from revaluation of equity instruments at FVTOCI will not be reclassified to profit or loss in subsequent periods.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

45. RESERVES - continued

The property revaluation reserve and intangible assets revaluation reserve represent cumulative gains and losses arising from revaluation of the corresponding properties and intangible assets that have been recognised in other comprehensive income. Such items will not be reclassified to profit or loss in subsequent periods.

Translation reserve

	<u>2022</u> HK\$'000	<u>2021</u> HK\$'000
At 1 January	X	X
Items that will not be reclassified to profit or loss:		
Exchange differences arising on translation to presentation currency	X	X
Other [please describe]	<u>[X]</u>	<u>[X]</u>
Items that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translating the net assets of foreign operations*	X	X
Deferred tax relating to exchange differences arising on translating the net assets of foreign operations*	(X)	(X)
Reclassified to profit or loss on disposal of foreign operations*	(X)	(X)
Deferred tax reclassified on disposal of foreign operations*	X	X
Share of [exchange differences] of [associates/joint ventures]	X	X
Other [please describe]	<u>[X]</u>	<u>[X]</u>
At 31 December	<u>X</u>	<u>X</u>

* Exchange differences relating to the translation of the net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency (i.e. [HK\$])/[other (please specify)] are recognised directly in other comprehensive income and accumulated in the [translation reserve]. Exchange differences accumulated in the [translation reserve] are reclassified to profit or loss on the disposal of the foreign operations.

Hedging reserve

	<u>2022</u> HK\$'000	<u>2021</u> HK\$'000
At 1 January	X	X
[Gain/(loss)] recognised on hedging instruments designated in cash flow hedges	X	X
Deferred tax related to gains/losses recognised in other comprehensive income	(X)	(X)
Reclassified to profit or loss	(X)	(X)
Fair value gain (loss) on hedging instruments entered into for cash flow hedges subject to basis adjustment	X	X
Deferred tax reclassified to profit or loss	(X)	(X)
Other [describe]	<u>X</u>	<u>X</u>
At 31 December	<u>X</u>	<u>X</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

45. RESERVES - continued

The hedging reserve represents the cumulative effective portion of gains and losses arising on changes in fair value of hedging instruments entered into for cash flow hedges. The cumulative gain and loss arising from changes in fair value of the hedging instrument that are recognised and accumulated under the heading of cash flow hedging reserve will be reclassified to profit or loss when the hedged transaction affects the profit or loss or when the hedged forecast transaction is no longer expected to occur. When the hedged forecast transaction results in the recognition of a non-financial item, the cumulative gain or loss is included in the initial measurement of the cost of such item.

Convertible loan notes equity reserve

	<u>2022</u> HK\$'000	<u>2021</u> HK\$'000
At 1 January	X	X
Recognition of the equity component of convertible loan notes	X	X
Deferred tax	<u>(X)</u>	<u>(X)</u>
At 31 December	<u>X</u>	<u>X</u>

The convertible loan notes equity reserve represents the equity component (conversion rights) of convertible loan notes issued by the Company. Items included in convertible loan notes equity reserve will not be reclassified subsequently to profit or loss.

[DESCRIBE THE NATURE AND PURPOSE OF EACH RESERVE WITHIN SHAREHOLDERS' EQUITY. WHERE THE NATURE OF A RESERVE IS NOT EVIDENT FROM ITS TITLE, AN EXPLANATION IS REQUIRED]

46. NON-CONTROLLING INTERESTS

	Share of net assets of subsidiaries HK\$'000	Perpetual instruments issued by a subsidiary HK\$'000	Share options reserve of subsidiaries HK\$'000	Total HK\$'000
At 1 January 2021	X	X	X	X
Share of [profit/(loss)] for the year	X	-	-	X
Non-controlling interests arising on acquisition of subsidiaries	X	-	-	X
Additional non-controlling interests arising on partial disposal of subsidiaries	X	-	-	X
Share options of subsidiaries	-	-	X	X
Perpetual instruments issued by a subsidiary (Note)	-	X	-	X
Other [to describe]	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>
At 31 December 2021	X	X	X	X
Share of [profit/(loss)] for the year	X	-	-	X
Non-controlling interests arising on acquisition of subsidiaries	X	-	-	X
Additional non-controlling interests arising on partial disposal of subsidiaries	X	-	-	X
Share options of subsidiaries	-	-	X	X
Perpetual instruments issued by a subsidiary (Note)	-	X	-	X
Other [to describe]	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>
At 31 December 2022	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

46. NON-CONTROLLING INTERESTS - continued

Note: During the year, the Group through [name of subsidiary], a subsidiary of the Company (the "Issuer"), issued [HK\$X] perpetual instruments [listed on X] carrying interest of [X]%, which are for [general corporate purpose]. Distribution on perpetual instruments are payable [semi-annually in-arrears each year] and can be deferred at the sole discretion of the Group. While any distributions are unpaid or deferred, the Issuer and the Company cannot declare or pay dividends or repurchase, redeem, cancel, reduce or otherwise acquire any securities of lower or equal rank, which include the ordinary shares of the Issuer and the Company. The perpetual instruments have no fixed maturity and are redeemable at the Issuer's option on or after [XX Month 202X] at their principal amounts together with any distribution accrued to such date]. Any amount payable arising from distribution or redemption were unconditionally and irrevocably guaranteed by the Company.

The perpetual instruments are classified as equity instruments. Any distributions made by the Issuer to the holders are also recognised in equity in the consolidated financial statements of the Group.

47. DEFERRED TAX ASSETS/LIABILITIES

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	<u>31/12/2022</u>		<u>31/12/2021</u>
	HK\$'000		HK\$'000
Deferred tax assets	X		X
		((
		X	X
Deferred tax liabilities))
		<u>X</u>	<u>X</u>

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

47. DEFERRED TAX ASSETS/LIABILITIES - continued

	Accelerated tax depreciation HK\$'000	Intangible Assets [PLEASE SPECIFY] HK\$'000	ECL provision/ Fair value adjustments/ Revaluation off[X] HK\$'000	Convertible loan notes HK\$'000	Hedging instruments HK\$'000	Distributable profits of [subsidiaries/ associates/ joint ventures] HK\$'000	Tax losses HK\$'000	Timing difference on revenue recognition HK\$'000	Right-of use assets /Lease liabilities* HK\$'000	Retirement benefit obligation HK\$'000	[Other (please specify)]** HK\$'000	Total HK\$'000
At 1 January 2021	X	X	X	X	X	X	(X)	-	(X)	X	X	X
[Adjustments (note 3)]	-	-	-	-	-	-	-	-	-	-	X	X
As at 1 January 2021 (restated)	X	X	X	X	X	X	(X)	-	(X)	X	X	X]
Charge (credit) to profit or loss	X	X	X	-	-	-	(X)	-	(X)	X	X	X
Charge (credit) to other comprehensive income	-	-	X	-	X	-	-	-	-	-	X	X
Charge to equity for the year	-	-	-	X	-	-	-	-	-	-	-	X
Acquisitions/disposals	X	X	X	X	X	X	(X)	-	(X)	X	X	X
Exchange adjustments	X	X	X	X	X	X	(X)	-	(X)	X	X	X
[Effect of change in tax rate]	X	X	X	X	X	X	(X)	-	(X)	X	X	X
[Adjustments (note 3)]	-	-	-	-	-	-	-	-	-	-	X	X
At 31 December 2021 [(restated)]	X	X	X	X	X	X	(X)	-	(X)	X	X	X
									(X)			(X)
[Adjustments (note 3)]	-	-	-	-	-	-	-	-	-	-	-	-
As at 1 January 2022 (restated)	X	X	X	X	X	X	(X)	-	(X)	X	X	X]
Charge (credit) to profit or loss	X	X	X	-	-	-	(X)	X	(X)	X	X	X
Charge (credit) to other comprehensive income	-	-	X	-	X	-	-	-	-	-	X	X
Charge to equity for the year	-	-	-	X	-	-	-	-	-	-	-	X
Acquisition/disposals	X	X	X	X	X	X	(X)	X	(X)	X	X	X
Exchange adjustments	X	X	X	X	X	X	(X)	X	(X)	X	X	X
							(X)		(X)			
[Effect of change in tax rate]	X	X	X	X	X	X	X	X	X	X	X	X
							(X)		(X)			
At 31 December 2022	X	X	X	X	X	X	X	X	X	X	X	X

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

47. DEFERRED TAX ASSETS/LIABILITIES - continued

**Remark: The current disclosure is applied when the Group selects to apply HKAS 12 to the lease transaction as a whole. While the Group applies HKAS 12 Income Taxes requirements to right-of-use assets and lease liabilities separately, deferred tax liabilities arising from right-of-use assets and deferred tax assets arising from lease liabilities should be disclosed separately in the above table. Reporting entities should take note that the Amendments to HKAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction has been issued, which will/may affect the measurement and/or the presentation of deferred taxes relating to leases.*

****Remark:** Depending on tax treatments of various jurisdictions, the following transactions/events may give rise to temporary differences for property developers:

- borrowing costs capitalised to properties under development;
- contract liabilities, including the related deemed interest expense for portions with significant financing component;
- provision or payments of land appreciation taxes;
- timing of recognising revenue, e.g. overtime recognition under HKFRS 15

Alt 1 Where the Group has not recognised deferred tax assets for all its unused tax losses

At the end of the reporting period, the Group has unused tax losses of approximately HK\$[X] million (2021: HK\$[X] million) available for offset against future profits. A deferred tax asset has been recognised in respect of approximately HK\$[X] million (2021: HK\$[X] million) of such losses. No deferred tax asset has been recognised in respect of the remaining approximately HK\$[X] million (2021: HK\$[X] million) due to the unpredictability of future profit streams. Included in unrecognised tax losses are losses of approximately HK\$[X] million (2021: HK\$[X] million) with expiry dates as disclosed in the following table. Other losses may be carried forward indefinitely.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

47. DEFERRED TAX ASSETS/LIABILITIES - continued

	<u>31.12.2022</u>		<u>31.12.2021</u>	
	HK\$'000		HK\$'000	
2021	-		X	
2022	X		X	
2022	X		X	
2023	X		X	
2024	X		X	
2025		<u>X</u>		<u>-</u>
	X		X	

Alt 2 Where the Group has not recognised deferred tax assets for deductible temporary differences

At the end of the reporting period, the Group has deductible temporary differences of HK\$[X] (2021: HK\$[X]). No deferred tax asset has been recognised in relation to such deductible temporary difference as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

Alt 3 Where distribution of earnings of overseas subsidiaries is subject to withholding tax

At the end of the reporting period, the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries for which deferred tax liabilities have not been recognised was approximately HK\$[X] million (2021: HK\$[X] million). No deferred tax liability has been recognised in respect of these differences because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

Alt 4 Where the Group is able to control reversal of temporary differences attributable to profits of PRC subsidiaries

Under the EIT Law of PRC, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to accumulated profits of the PRC subsidiaries amounting to HK\$[X] (2021: HK\$[X]) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

	<u>31.12.2022</u>		<u>31.12.2021</u>	
	HK\$'000		HK\$'000	
Bank overdrafts	X		X	
Bank loans	X		X	
Bank loans under supplier finance arrangements		X		X
	X		X	
Other loans		X		X
		X		X
Secured	X		X	
Unsecured		X		X
		X		X

	Bank loans and overdrafts		Other loans	
	<u>31/12/2022</u>	<u>31/12/2021</u>	<u>31/12/2022</u>	<u>31/12/2021</u>
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
The carrying amounts of the above borrowings are repayable*:				
Within one year	X	X	X	X
Within a period of more than one year but not exceeding two years	X	X	X	X
Within a period of more than two years but not exceeding five years	X	X	X	X
Within a period of more than five years	X	X	X	X
The carrying amounts of above borrowings that contain a repayment on demand clause (shown under current liabilities) but repayable:				
Within one year	X	X	X	X
Within a period of more than one year but not exceeding two years	X	X	X	X
Within a period of more than two years but not exceeding five years	X	X	X	X
Within a period of more than five years	X	X	X	X
The carrying amount of above borrowings that are repayable on demand due to breach of loan covenants (shown under current liabilities)	X	X	X	X
Less: Amounts due within one year shown under current liabilities	((((
Amounts shown under non-current liabilities	X	X	X	X

[GIVE DETAILS OF ASSETS THAT HAVE BEEN PLEDGED AS COLLATERAL TO SECURE BORROWINGS]

[Bank loans under supplier finance arrangements

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

48. BORROWINGS - continued

The Group has entered into certain supplier finance arrangements with banks. Under these arrangements, the banks pay suppliers the amounts owed by the Group in advance of the original due dates at a discount offered by the suppliers. The Group's obligations to suppliers are legally extinguished on settlement by the relevant banks. The Group then settles with the banks between [X-Y] days after settlement by the banks with interest ranges from [X%-Y%], which may be extended beyond the original due dates of respective invoices. The interest rates are consistent with the Group's short term borrowing rates.

Taking into consideration of the nature and substance of the above arrangements, the Group presents payables to the banks under these arrangements as "borrowings" in the consolidated statement of financial position. In the consolidated statement of cash flows, repayments to the banks are included within financing cash flows based on the nature of the arrangements, and payments to the suppliers by the banks are disclosed as non-cash transactions.]

Alt 1 No single borrowing is individually material, and terms and conditions of all borrowings are presented by appropriate groupings

The exposure of the Group's borrowings are as follows:

	<u>31/12/2022</u> HK\$'000		<u>31/12/2021</u> HK\$'000
Fixed-rate borrowings	X		X
Variable-rate borrowings		<u>X</u>	<u>X</u>
		<u>X</u>	<u>X</u>

The Group's variable-rate borrowings carry interest at [HIBOR]. Interest is reset every [six months].

The ranges of effective interest rates (which are also equal to contracted interest rates) on the Group's borrowings are as follows:

	<u>Year ended</u> <u>31/12/2022</u>	<u>Year ended</u> <u>31/12/2021</u>
Effective interest rate:		
Fixed-rate borrowings	[X]% to [X]%	[X]% to [X]%
Variable-rate borrowings	[X]% to [X]%	[X]% to [X]%

The Group's borrowings that are denominated in currencies other the functional currencies of the relevant group entities are set out below:

	<u>Currency A</u> HK\$'000	<u>Currency B</u> HK\$'000	<u>Currency C</u> HK\$'000
As at 31 December 2022	X	X	X
As at 31 December 2021	X	X	X

Alt 2 Individual borrowings are significant and terms and conditions of each borrowing are disclosed separately

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

48. BORROWINGS - continued

Borrowings comprise:

	<u>Maturity date</u>	<u>Significant covenant</u>	<u>Effective interest rate</u>	<u>Carrying amount</u> <u>31/12/2022</u> HK\$'000	<u>31/12/2021</u> HK\$'000
Fixed-rate borrowings:					
[X]% secured bank loan of HK\$[X]	[XX/XX/XX]		[X]%	X	X
[X]% unsecured bank loan of US\$[X]	[XX/XX/XX]		[X]%	X	X
[X]% secured bank loan of Euro[X]	[XX/XX/XX]		[X]%	X	X
				X	X
Floating-rate borrowings:					
[Prime]% unsecured bank loan of HK\$[X]	[XX/XX/XX]		[X]%	X	X
Secured HK\$ bank overdraft at [HIBOR]	[XX/XX/XX]		[X]%	X	X
Total borrowings				X	X

(1) Repayable in full on [XX/XX/XX].

(2) Repayable in five equal annual instalments of US\$[X] each commencing on 31 December 2021 to 31 December 2026.

(3) Repayable in full on [XX/XX/XX].

(4) Repayable in full on [XX/XX/XX] and will be reset every [six months].

(5) Repayable on demand and the interest rate will be reset every [three months].

As at the end of the reporting period, the Group has the following undrawn borrowing facilities:

	<u>31/12/2022</u> HK\$'000	<u>31/12/2021</u> HK\$'000
Floating rate		
- expiring within one year	X	X
- expiring beyond one year	X	X
Fixed rate		
- expiring within one year	X	X
- expiring beyond one year	X	X
	X	X

Alt Loan covenants

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

48. BORROWINGS - continued

In respect of a bank loan with carrying amount of HK\$[X] as at 31 December 2022 (2021: HK\$[X]), the Group is required to comply with the following financial covenants throughout the continuance of the relevant loan and/or as long as the loan is outstanding:

- the ratio of consolidated liabilities to the consolidated tangible net worth shall not be more than 1.50:1
- the ratio of the consolidated current assets to the consolidated current liabilities shall not be less than 1.00:1, and
- the ratio of the consolidated net profit before interest and taxation in respect of any relevant period to the consolidated interest charges in respect of that relevant period shall not be less than 3.00:1.

The Group has complied with these covenants throughout the reporting period.

Alt Loan covenants breached

During the year, in respect of a bank loan with a carrying amount of HK\$[X] as at 31 December 2022, the Group breached certain of the terms of the bank loan, which are primarily related to the debt-equity ratio of the Group. On discovery of the breach, the directors of the Company informed the lender and commenced a renegotiation of the terms of the loan with the relevant banker. As at 31 December 2022, those negotiations had not been concluded. Since the lender has not agreed to waive its right to demand immediate payment as at the end of the reporting period, the loan has been classified as a current liability as at 31 December 2022. Up to the date of approval for issuance of the consolidated financial statements, the negotiations are still in progress. The directors of the Company are confident that their negotiations with the lender will ultimately reach a successful conclusion. In any event, should the lender call for immediate repayment of the loan, the directors of the Company believe that adequate alternative sources of finance are available to ensure that there is no threat to the continuing operations of the Group.

49. CONVERTIBLE LOAN NOTES

Alt 1 Convertible loan notes contain equity component

The Company issued [X], [X]% convertible loan notes at a par value of HK\$[X] each on [1 April 200E]. The convertible loan notes are denominated in Hong Kong dollars and are secured by the owned properties of the Group. The notes entitle the holders to convert them into ordinary shares of the Company at any time between the date of issue of the notes and their settlement date on 31 December 201H at a conversion price of HK\$[X] per convertible loan note. The holders have the options to require the Company to redeem all or some of the convertible loan notes at par value plus accrued interest on [Date]. If the notes have not been converted or redeemed, they will be redeemed on 31 December 201H at par. Interest of [X]% will be paid annually up until the settlement date.

[Please include all other significant terms and conditions]

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

49. CONVERTIBLE LOAN NOTES - continued

At initial recognition, the equity component of the convertible loan notes was separated from the liability component. The equity element is presented in equity heading ["convertible loan notes equity reserve"/"convertible loan notes equity reserve of a subsidiary"]. The early redemption option is considered as closely related to the host debt. The effective interest rate of the liability component is [X]%.

The movement of the liability component of the convertible loan notes for the year is set out below:

	<u>31/12/2022</u> HK\$'000	<u>31/12/2021</u> HK\$'000
Carrying amount at the beginning of the year	X	X
Interest charge (note 9)	X	X
	((
	X	X
Interest paid))
Carrying amount at the end of the year	<u>X</u>	<u>X</u>

Alt 2 Convertible loan notes contain debt and derivative components

The Company issued [X], [X]% convertible loan notes at a par value of US\$[X] each on [1 April 200E]. The convertible loan notes are denominated in United States dollars and are secured by the owned properties of the Group. The notes entitle the holders to convert them into ordinary shares of the Company at any time between the date of issue of the notes and their settlement date on 31 December 201H at a conversion price of US\$[X] per convertible loan note. The holders have the options to require the Company to redeem all or some of the convertible loan notes at par value plus accrued interest on or after [Date]. If the notes have not been converted, they will be redeemed on 31 December 201E at par. Interest of [X]% will be paid annually up until the settlement date.

[Please include all other significant terms and conditions]

Alt 2a The debt and derivative components are recognised separately

The convertible loan notes contain two components, debt component and derivative (including conversion and early redemption options) component. The effective interest rate of the debt component is [X]%. The derivative component is measured at fair value with changes in fair value recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

49. CONVERTIBLE LOAN NOTES - continued

The movement of the debt and derivative components of the convertible loan notes for the year is set out as below:

	<u>Debt component</u> HK\$'000	<u>Derivative component</u> HK\$'000	
As at 1 January 2021	X	X	
Exchange adjustments	(X)	(X)	
Interest charge	X	-	
[Gain/Loss] arising on changes of fair value	-		<u>X</u>
As at 31 December 2021	X	X	
Exchange adjustments	(X)	(X)	
Interest charge	X	-	
[Gain/Loss] arising on changes of fair value	-		<u>X</u>
As at 31 December 2022	<u>X</u>		<u>X</u>

[Binomial option pricing model] is used for valuation of the derivative component. The key inputs used in the model are disclosed in note 60.

Alt 2b The whole convertible loan notes are designated as financial liabilities at FVTPL

The convertible loan notes contain two components, debt component and derivative (including conversion and early redemption options) component. The Group designated the convertible loan notes as financial liabilities at FVTPL as a whole.

The movement of the convertible loan notes for the year is set out as below:

	<u>31/12/2022</u> HK\$'000	<u>31/12/2021</u> HK\$'000	
Carrying amount at the beginning of the year	X	X	
Changes in fair value charged to profit or loss	X	X	
Changes in fair value charged to other comprehensive income	X	X	
		((
		X	X
Interest paid))
Carrying amount at the end of the year	<u>X</u>	<u>X</u>	<u>X</u>

[Binomial option pricing model] is used for valuation of the convertible loan notes. The key inputs used in the model are disclosed in note 60.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

50. OTHER FINANCIAL ASSETS/LIABILITIES

	Current		Non-current	
	<u>31/12/2022</u>	<u>31/12/2021</u>	<u>31/12/2022</u>	<u>31/12/2021</u>
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Other financial assets:				
Interest rate swaps	X	X	X	X
Foreign currency forward contracts	X	X	X	X
[Others]	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>
	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>

Major terms of the interest rate swaps are as follows:

31 December 2022

<u>Notional amount</u>	<u>Maturity</u>	<u>Swaps</u>
HK\$[X]	[XX/XX/XX]	From [X]% to [Prime]
HK\$[X]	[XX/XX/XX]	From [X]% to [LIBOR]

31 December 2021

<u>Notional amount</u>	<u>Maturity</u>	<u>Swaps</u>
HK\$[X]	[XX/XX/XX]	From [X]% to [Prime]
HK\$[X]	[XX/XX/XX]	From [X]% to [LIBOR]

Major items of the currency forward contracts are as follows:

31 December 2022

<u>Notional amount</u>	<u>Maturity</u>	<u>Exchange rates</u>
Sell US\$[X]	[XX/XX/XX]	HK\$[X]:US\$[X]
Sell Euro[X]	[XX/XX/XX]	HK\$[X]:Euro[X]

31 December 2021

<u>Notional amount</u>	<u>Maturity</u>	<u>Exchange rates</u>
Sell US\$[X]	[XX/XX/XX]	HK\$[X]:US\$[X]
Sell Euro[X]	[XX/XX/XX]	HK\$[X]:Euro[X]

	Current		Non-current	
	<u>31/12/2022</u>	<u>31/12/2021</u>	<u>31/12/2022</u>	<u>31/12/2021</u>
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Other financial liabilities:				
Financial guarantee contracts (Note)	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>
Interest rate swaps	X	X	X	X
Foreign currency forward contracts	X	X	X	X
[Others]	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>
	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

50. OTHER FINANCIAL ASSETS/LIABILITIES - continued

Note: As at 31 December 2022, the aggregate amount of outstanding financial guarantees issued to banks in respect of banking facilities granted to [an associate/third parties] that the Group could be required to be paid amounted to HK\$[X] (2021: HK\$[X]) if the guarantees were called upon in entirety. HK\$[X] (2021: HK\$[X]) of the outstanding financial guarantees has been utilised by the [associate/third parties].* Details of the loss allowance for financial guarantee contracts are set out in note 60.

[IF THE GROUP HAS FINANCIAL GUARANTEE CONTRACTS BUT DID NOT RECOGNISE ANY FINANCIAL LIABILITIES IN RESPECT OF THOSE CONTRACTS, THE GROUP SHOULD DISCLOSE THE RELEVANT DETAILS IN NOTE 60.]

Major terms of the interest rate swaps are as follows:

31 December 2022

<u>Notional amount</u>	<u>Maturity</u>	<u>Swaps</u>
HK\$[X]	[XX/XX/XX]	From [X]% to [Prime]
HK\$[X]	[XX/XX/XX]	From [X]% to [LIBOR]

31 December 2021

<u>Notional amount</u>	<u>Maturity</u>	<u>Swaps</u>
HK\$[X]	[XX/XX/XX]	From [X]% to [Prime]
HK\$[X]	[XX/XX/XX]	From [X]% to [LIBOR]

Major items of the currency forward contracts are as follows:

31 December 2022

<u>Notional amount</u>	<u>Maturity</u>	<u>Exchange rates</u>
Sell US\$[X]	[XX/XX/XX]	HK\$[X]:US\$[X]
Sell Euro[X]	[XX/XX/XX]	HK\$[X]:Euro[X]

31 December 2021

<u>Notional amount</u>	<u>Maturity</u>	<u>Exchange rates</u>
Sell US\$[X]	[XX/XX/XX]	HK\$[X]:US\$[X]
Sell Euro[X]	[XX/XX/XX]	HK\$[X]:Euro[X]

Remark: Hedge accounting disclosures are not included in these illustrative consolidated financial statements. For reporting entities applying hedge accounting under HKFRS 9, please refer to the respective notes of the "Model financial statements for the year ended 31 December 2022" issued by Deloitte global.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

52. PROVISIONS - continued

The provision for rectification work relates to the estimated cost of work agreed to be carried out for the rectification of goods supplied to one of the Group's major customers. Anticipated expenditure for [202X] is HK\$[X], and for [202Y] is HK\$[X]. These amounts have not been discounted for the purposes of measuring the provision for rectification work, because the effect is not material.

The provision for onerous contracts relates to certain contracts with customers under which the unavoidable costs of meeting the obligation exceed the economic benefits to be received due to anticipated increase in certain production costs [to specify].

Remark: For each contingent liability recognised in accordance with HKFRS 3.23. The information as required by HKAS 37.85 should be disclosed.

53. AMOUNTS DUE FROM RELATED PARTIES

	<u>31/12/2022</u> HK\$'000	<u>31/12/2021</u> HK\$'000
Fellow subsidiaries	X	X
Holding company	X	X
Joint ventures	X	X
[X (to specify)]	X	X
	((
Less: Amount that is expected to realise after 12 months shown under non-current assets	X	X
))
Amount that is expected to realise within 12 months shown under current assets	X	X

Except for the amount due from [a joint venture] which is non-trade related, secured by [a property held by that joint venture] and charged at [X]%, all amounts are non-traded related, unsecured, interest free and repayable on demand. Details of impairment assessment are set out in note 60.

54. LOAN FROM THE IMMEDIATE HOLDING COMPANY

	<u>31/12/2022</u> HK\$'000	<u>31/12/2021</u> HK\$'000
HK\$[X] repayable on [XX/XX/XX], unsecured and non-interest bearing	X	X

The effective interest rate of the loan from the immediate holding company is [X]%.

55. SHARE-BASED PAYMENT TRANSACTIONS

Equity-settled share option scheme of [the Company/a subsidiary of the Company]:

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

55. SHARE-BASED PAYMENT TRANSACTIONS - continued

The Company's share option scheme (the "Scheme") was adopted pursuant to a resolution passed on 28 November 201S for the primary purpose of providing incentives to directors and eligible employees, and will expire on 27 November 202B. Under the Scheme, the directors of the Company may grant options to eligible employees, including directors of the Company and its subsidiaries, to subscribe for shares in the Company. [Additionally, the Company may, from time to time, grant share options to outside third parties for settlement in respect of goods or services provided to the Company.] [DESCRIBE ANY OTHER CLASSES OF PARTICIPANTS – E.G. SIGNIFICANT/MANAGEMENT SHAREHOLDERS]

At 31 December 2022, the number of shares in respect of which options had been granted and remained outstanding under the Scheme was [X] (2021: [X]), representing [X]% (2021: [X]%) of the shares of the Company in issue at that date. The total number of shares in respect of which options may be granted under the Scheme is not permitted to exceed 10% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. The number of shares issued and to be issued in respect of which options granted and may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. [Options granted to substantial shareholders or independent non-executive directors in excess of 0.1% of the Company's share capital or with a value in excess of HK\$[X] must be approved in advance by the Company's shareholders.]

[Options granted must be taken up within [X] months of the date of grant, upon payment of HK\$[X] per option./No consideration is payable on the grant of an option.] Options may be exercised at any time from [X] months from the date of grant of the share option to the [X] anniversary of the date of grant. The exercise price is determined by the directors of the Company, and will not be less than the higher of (i) the closing price of the Company's shares on the date of grant, (ii) the average closing price of the shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company's share.

Details of specific categories of options are as follows:

	<u>Date of grant</u>	<u>Vesting period</u>	<u>Exercise period</u>	<u>Exercise Price</u>	<u>Exercise dates</u>
201T					
201W					
201X					

[DISCLOSE OTHER VESTING CONDITIONS]

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

55. SHARE-BASED PAYMENT TRANSACTIONS - continued

The following table discloses movements of the Scheme during the year:

Option type	Outstanding at <u>01/01/2022</u>	Granted <u>during year</u>	Exercised <u>during year</u>	Forfeited <u>during year</u>	Expired <u>during year</u>	Outstanding at <u>31/12/2022</u>
201T	X	-	(X)	(X)	(X)	X
201W	X	-	(X)	(X)	(X)	X
201X		<u>X</u>	<u>X</u>	<u>-</u>	<u>-</u>	<u>X</u>
		<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>
Exercisable at the end of the year						<u>X</u>
Weighted average exercise price	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>

The following table discloses movements of the Scheme during the prior year:

Option type	Outstanding at <u>01/01/2021</u>	Granted <u>during year</u>	Exercised <u>during year</u>	Forfeited <u>during year</u>	Expired <u>during year</u>	Outstanding at <u>31/12/2021</u>
201T	X	-	(X)	(X)	(X)	X
201W	X	-	(X)	(X)	(X)	X
201X		<u>X</u>	<u>X</u>	<u>-</u>	<u>-</u>	<u>X</u>
		<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>
Exercisable at the end of the year						<u>X</u>
Weighted average exercise price	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>

In respect of the share options exercised during the year, the weighted average share price at the dates of exercise was HK\$[X] (2021: HK\$[X]).

During the year ended 31 December 2022, options were granted on 31 March, 30 June and 30 September. The estimated fair values of the options granted on those dates are HK\$[X], HK\$[X] and HK\$[X] respectively. During the year ended 31 December 2021, options were granted on 30 June and 1 December. The estimated fair values of the options granted on those dates are HK\$[X] and HK\$[X] respectively.

These fair values were calculated using [the Black-Scholes pricing model/the Binomial model/other methods]. The inputs into the model were as follows:

	<u>2022</u>	<u>2021</u>
Weighted average share price	HK\$[X]	HK\$[X]
Exercise price	HK\$[X]	HK\$[X]
Expected volatility	X%	X%
Expected life	X years	X years
Risk-free rate	X%	X%
Expected dividend yield	X%	X%
Other inputs (please specify)		

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

55. SHARE-BASED PAYMENT TRANSACTIONS - continued

Expected volatility was determined by using the historical volatility of the Company's share price over the previous [X] years. The expected life used in the model has been adjusted, based on the [directors'/valuer's] best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

The Group recognised the total expense of HK\$[X] for the year ended 31 December 2022 (2021: HK\$[X]) in relation to share options granted by the Company.

Alt 1 Modifications to share-based payment arrangements

During the year ended 31 December 2022, the Company repriced certain of its outstanding options. The exercise price was reduced from HK\$[X] to the then current market price of HK\$[X]. The incremental fair value of HK\$[X] will be expensed over the remaining vesting period of [X] years. The Company used the inputs noted above to measure the fair value of the old and new options.

[The number of share options granted expected to vest has been reduced to reflect historical experience of forfeiture of [X]% of options granted prior to completion of vesting period and accordingly the share option expense has been adjusted. At the end of the reporting period, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the original estimates, if any, is recognised in the profit and loss over the remaining vesting period, with a corresponding adjustment to the share-based payments reserve.]

[The Black-Scholes option pricing model/the Binomial model/other methods has been used to estimate the fair value of the options. The variables and assumptions used in computing the fair value of the share options are based on the directors'/valuer's best estimate. The value of an option varies with different variables of certain subjective assumptions.]

Alt 2 Cash-settled share-based payments

The Company issued to certain employees share appreciation rights (the SARs) that require the Company to pay the intrinsic value of the SAR to the employees at the date of exercise. At 31 December 2022, the Group has recorded liabilities of approximately HK\$[X] million (2021: HK\$[X] million). The fair value of the SARs is determined using [the Black-Scholes pricing model/the Binomial mode] based on the assumptions [X]. The Group recorded total expenses of approximately HK\$[X] million (2021: HK\$[X] million) during the year in respect of the SARs. At 31 December 2022, the total intrinsic value of the vested SARs was HK\$[X] (2021: HK\$[X]).

Remark: Information of share-based payments issued by subsidiaries should also be disclosed in accordance with the requirements of HKFRS 2.

Alt 3 Equity-settled share-based award scheme of an acquiree acquired in the current year

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

Remark: HKFRS 3 gives guidance on how share-based payment awards of an acquiree should be accounted for (see HKFRS 3.B56 – B62B for details). Where the acquiree has a share-based payment award scheme (e.g. a share option scheme), disclosures set out in HKFRS 2.45 – 47 should be made. In particular, the following disclosures should be made:

55. SHARE-BASED PAYMENT TRANSACTIONS - continued

- Details of the share-based payment award scheme (e.g. terms and conditions of the scheme, movements in share-based awards during the year; and
- Details as to how the market-based measure of share-based payment awards is determined at the date of business combination.

56. RETIREMENT BENEFITS PLANS

Defined contribution plans

Alt 1 The Group operates a Mandatory Provident Fund Scheme

The Group operates a Mandatory Provident Fund Scheme for all qualifying employees in A Land. The assets of the schemes are held separately from those of the Group, in funds under the control of trustees. The Group contributes [X]% of relevant payroll costs to the Scheme, which contribution is matched by employees.

Alt 2 The Group participates in both Mandatory Provident Fund and ORSO schemes

The Group participates in both a defined contribution scheme which is registered under the Occupational Retirement Schemes Ordinance (the "ORSO Scheme") and a Mandatory Provident Fund Scheme (the "MPF Scheme") established under the Mandatory Provident Fund Schemes Ordinance in Hong Kong. The assets of the schemes are held separately from those of the Group, in funds under the control of trustees. Employees who were members of the ORSO Scheme prior to the establishment of the MPF Scheme were offered a choice of staying within the ORSO Scheme or switching to the MPF Scheme, whereas all new employees joining the Group on or after [XX/XX/XX] are required to join the MPF Scheme.

For members of the MPF Scheme, the Group contributes [X]% of relevant payroll costs to the scheme, which contribution is matched by the employee.

The ORSO Scheme is funded by monthly contributions from both employees and the Group at rates ranging from [X]% to [X]% of the employee's basic salary, depending on the length of service with the Group.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

56. RETIREMENT BENEFITS PLANS - continued

[Where there are employees who leave the ORSO Scheme prior to vesting fully in the contributions, the contributions payable by the Group are reduced by the amount of forfeited contributions. The amount of forfeited contributions utilised in this manner during the year was approximately HK\$[X] million (2021: HK\$[X] million)./Forfeited contributions in respect of unvested benefits of employees leaving the Group's employment cannot be used to reduce ongoing contributions.] [At the end of the reporting period, the total amount of forfeited contributions, which arose upon employees leaving the ORSO Scheme and which are available to reduce the contributions payable in future years, was HK\$[X] (2021: HK\$[X])]

Alt 3 The Group participates in a state-managed scheme

The employees of the Group's subsidiary in B Land are members of a state-managed retirement benefit scheme operated by the government of B Land. The subsidiary is required to contribute [X]% of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit scheme is to make the specified contributions.

The total expense recognised in profit or loss of HK\$[X] (2021: HK\$[X]) represents contributions payable to these plans by the Group at rates specified in the rules of the plans. [As at 31 December 2022, contributions of HK\$[X] (2021: HK\$[X]) due in respect of the year ended 31 December 2022 (2021: 2021) had not been paid over to the plans. The amounts were paid subsequent to the end of the reporting period.]

Defined benefit plan

Alt 1 Obligation to pay long service payment under Hong Kong Employment Ordinance, Chapter 57

Pursuant to the Employment Ordinance, Chapter 57, the Group has the obligation to pay Long Service Payment ("LSP") to qualifying employees in Hong Kong upon retirement, subject to a minimum of 5 years employment period, based on the following formula:

Last monthly wages (before termination of employment) \times 2/3 \times Years of service

Last monthly wages are capped at HK\$22,500 while the amount of long service payment shall not exceed HK\$390,000. This obligation is accounted for as a post-employment defined benefit plan.

Furthermore, the Mandatory Provident Fund Schemes Ordinance passed in 1995 permits the Group to utilise the Group's mandatory MPF contributions, plus/minus any positive/negative returns thereof (collectively, the "Eligible Offset Amount"), for the purpose of offsetting LSP payable to an employee (the "Offsetting Arrangement"). The LSP obligation, if any, is presented on a net basis.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

56. RETIREMENT BENEFITS PLANS - continued

The Employment & Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 was gazetted on 17 June 2022, which will eventually abolish the Offsetting Arrangement. The Amendment will come into effect prospectively from a date to be determined by the Hong Kong SAR Government, which is expected to be in 2025 (the "Transition Date"). Under the amended Ordinance, the Eligible Offset Amount after the Transition Date can only be applied to offset the pre-Transition Date LSP obligation but no longer eligible to offset the post-Transition Date LSP obligation. Furthermore, the LSP obligations before the Transition Date will be grandfathered and calculated based on the Last monthly wages immediately preceding the Transition Date.

The Group sponsors a funded defined benefit plan for qualifying employees of its subsidiaries in D Land. The defined benefit plan is administered by a separate fund that is legally separated from the entity. The board of the pension fund is composed of an equal number of representatives from both employers and (former) employees. The board of the pension fund is required by law and by its articles of association to act in the interest of the fund and of all relevant stakeholders in the scheme, i.e. active employees, inactive employees, retirees, employers. The board of the pension fund is responsible for the investment policy with regard to the assets of the fund.

Under the plan, the employees are entitled to post-retirement yearly instalments amounting to [X]% of final salary for each year of service until the retirement age of [X]. The pensionable salary is limited to HK\$[X]. The pensionable salary is the difference between the current salary of the employee and the state retirement benefit. In addition, the service period is limited to 40 years resulting in a maximum yearly entitlement (life-long annuity) of [X]% of final salary.

The defined benefit plan requires contributions from employees. Contributions are in the following two forms; one is based on the number of years of service and the other one is based on a fixed percentage of salary of the employees. Employees can also make discretionary contributions to the plan.

The plan in D Land exposes the Group to actuarial risks such as investment risk, interest rate risk, longevity risk and salary risk.

Investment risk: The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to high quality corporate bond yields; if the return on plan asset is below this rate, it will create a plan deficit. Currently the plan has a relatively balanced investment in equity securities, debt instruments and real estates. Due to the long-term nature of the plan liabilities, the board of the pension fund considers it appropriate that a reasonable portion of the plan assets should be invested in equity securities and in real estate to leverage the return generated by the fund.

Interest rate risk: A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan's debt investments.

Longevity risk: The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

56. RETIREMENT BENEFITS PLANS - continued

Salary risk: The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

The risk relating to benefits to be paid to the dependents of plan members (widow and orphan benefits) is reinsured by an external insurance company.

No other post-retirement benefits are provided to these employees.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 31 December 2022 by Mr. F.G. Ho, Fellow of the Institute of Actuaries in D Land. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

The principal assumptions used for the purposes of the actuarial valuations were as follows:

	Valuation at	
	31/12/2022	31/12/2021
Discount rate(s)	[X]%	[X]%
Expected rate(s) of salary increase	[X]%	[X]%
Average longevity at retirement age for current pensioners (years)*		
Males	[X]	[X]
Females	[X]	[X]
Average longevity at retirement age for current employees (future pensioners) (years)*		
Males	[X]	[X]
Females	[X]	[X]
Others [describe]	[X]	[X]

*Based on D Land's standard mortality table [with modification to reflect expected changes in mortality/others (please describe)].

The actuarial valuation showed that the market value of plan assets was HK\$[X] (2021: HK\$[X]) and that the actuarial value of these assets represented [X]% (2021: [X]%) of the benefits that had accrued to members. [The shortfall of HK\$[X] (2021: HK\$[X]) is to be cleared over the estimated remaining service period of the current membership of [X] (2021: [X]) years./The surplus of HK\$[X] (2021: HK\$[X]) will be realised over the coming [X] (2021: [X]) years in the form of reduced contributions].

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

56. RETIREMENT BENEFITS PLANS - continued

Amounts recognised in comprehensive income in respect of the defined benefit plan are as follows:

	Year ended 31/12/2022 HK\$'000	Year ended 31/12/2021 HK\$'000
Service cost:		
Current service cost	X	X
Past service cost and (gain)/loss from settlements	X	X
Net interest expense	<u>X</u>	<u>X</u>
Components of defined benefit costs recognised in profit or loss	<u>X</u>	<u>X</u>
Remeasurement on the net defined benefit liability:		
Return on plan assets (excluding amounts included in net interest expense)	X	X
Actuarial gains and losses arising from changes in demographic assumptions	X	X
Actuarial gains and losses arising from changes in financial assumptions	X	X
Actuarial gains and losses arising from experience adjustments	X	X
Other (describe)	X	X
Adjustments for restrictions on the defined benefit asset	<u>X</u>	<u>X</u>
Components of defined benefit costs recognised in other comprehensive income	<u>X</u>	<u>X</u>
Total	<u>X</u>	<u>X</u>

[The current service cost and the net interest expense for the year are included in the employee benefits expenses in profit or loss (where the analysis of expenditure in the consolidated statement of profit or loss and other comprehensive income/statement of profit or loss is by nature)./Of the expenses for the year, HK\$[X] (2021: HK\$[X]) has been included in cost of sales and HK\$[X] (2021: HK\$[X]) has been included in administrative expenses (where the analysis of expenditure in the consolidated statement of profit or loss and other comprehensive income/statement of profit or loss is by function).]

The remeasurement of the net defined benefit liability is included in other comprehensive income.

The amount included in the consolidated statement of financial position arising from the Group's obligation in respect of its defined benefit plan is as follows:

	Year ended 31/12/2022 HK\$'000	Year ended 31/12/2021 HK\$'000
Present value of funded defined benefit obligation	X	X
	((
	X	X
Fair value of plan assets))
Funded status	X	X
Restrictions on asset recognised	(X)	(X)
	[[
	X	X
[Other (please specify)]]]
Net liability/(asset) arising from defined benefit obligation	<u>X</u>	<u>X</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

56. RETIREMENT BENEFITS PLANS - continued

Movements in the present value of the defined benefit obligations in the current year were as follows:

	<u>2022</u> HK\$'000	<u>2021</u> HK\$'000
Opening defined benefit obligation	X	X
Current service cost	X	X
Interest cost	X	X
Remeasurement (gains)/losses:		
Actuarial gains and losses arising from changes in demographic assumptions	X	X
Actuarial gains and losses arising from changes in financial assumptions	X	X
Actuarial gains and losses arising from experience adjustments	X	X
Others [please describe]	X	X
Contributions from plan participants	X	X
Past service cost, including losses/(gains) on curtailments	X	X
Liabilities extinguished on settlements	(X)	(X)
Liabilities assumed in a business combination	X	X
Exchange differences on foreign plans	X	X
Benefits paid	(X)	(X)
Others [please describe]	<u>X</u>	<u>X</u>
Closing defined benefit obligation	<u>X</u>	<u>X</u>

Movements in the present value of the plan assets in the current year were as follows:

	<u>2022</u> HK\$'000	<u>2021</u> HK\$'000
Opening fair value of plan assets		
Interest income	X	X
Remeasurement gain (loss):		
Return on plan assets (excluding amounts included in net interest expense)	X	X
Others [please describe]	X	X
Contributions from the employer	X	X
Contributions from plan participants	X	X
Assets acquired in a business combination	X	X
Assets distributed on settlements	(X)	(X)
Exchange differences on foreign plans	X	X
Benefits paid	(X)	(X)
Others [please describe]	<u>X</u>	<u>X</u>
Closing fair value of plan assets	<u>X</u>	<u>X</u>

The fair value of the plan assets at the end of the reporting period for each category, are as follows.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

56. RETIREMENT BENEFITS PLANS - continued

	Fair value of plan assets			
	31/12/2022		31/12/2021	
	HK\$'000		HK\$'000	
Cash and cash equivalents	X		X	
Equity investments categorised by industry type:				
- Consumer industry	X		X	
- Manufacturing industry	X		X	
- Energy and utilities	X		X	
- Financial institutions	X		X	
- Health and care	X		X	
- ICT and telecom	X		X	
- Equity instrument funds		X		X
Subtotal	X		X	
Debt investments categorised by issuers' credit rating:				
- AAA	X		X	
- AA	X		X	
- A	X		X	
- BBB and lower	X		X	
- not rated	X		X	
Subtotal	X		X	
Properties categorised by nature and location:				
- Retail shops in A land	X		X	
- Commercial properties in B land		X		X
- Residential properties in C land	X		X	
Subtotal	X		X	
Derivatives:				
- Interest rate swaps	X		X	
- Forward foreign exchange contracts		X		X
Subtotal	X		X	
Other [describe]		X		X
Total		X		X

The fair values of the above equity and debt instruments are determined based on quoted market prices in active markets whereas the fair values of properties and derivatives are not based on quoted market prices in active markets. It is the policy of the fund to use interest rate swaps to hedge its exposure to interest rate risk. This policy has been implemented during the current and prior years. Foreign currency exposures are fully hedged by the use of the forward foreign exchange contracts.

The actual return on plan assets was HK\$[X] (2021: HK\$[X]).

The plan assets include ordinary shares of the Company with an aggregate fair value of HK\$[X] (2021: HK\$[X]) and property occupied by a subsidiary of the Company with a fair value of HK\$[X] (2021: HK\$[X]).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

56. RETIREMENT BENEFITS PLANS - continued

Significant actuarial assumptions for the determination of the defined obligation are discount rate, expected salary increase and mortality. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

- If the discount rate is [100] basis points higher (lower), the defined benefit obligation would decrease by HK\$[X] (increase by HK\$[X]) (2021: decrease by HK\$[X] (increase by HK\$[X])).
- If the expected salary growth increases (decreases) by [1]%, the defined benefit obligation would increase by HK\$[X] (decrease by HK\$[X]) (2021: increase by HK\$[X] (decrease by HK\$[X])).
- If the life expectancy increases (decreases) by [one year for both men and women], the defined benefit obligation would increase by HK\$[X] (decrease by HK\$[X]) (2021: increase by HK\$[X] (decrease by HK\$[X])).

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the consolidated statement of financial position.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

Each year an Asset-Liability-Matching study is performed in which the consequences of the strategic investment policies are analysed in terms of risk-and-return profiles. Investment and contribution policies are integrated within this study. Main strategic choices that are formulated in the actuarial and technical policy document of the Fund are:

- Asset mix based on [25% equity instruments, 50% debt instruments and 25% investment property];
- Interest rate sensitivity caused by the duration of the defined benefit obligation should be reduced by [30% by the use of debt instruments in combination with interest rate swaps].
- Maintaining an equity buffer that gives [a 97.5% assurance that assets are sufficient within the next 12 months].

There has been no change in the process used by the Group to manage its risks from prior periods.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

56. RETIREMENT BENEFITS PLANS - continued

Remark: Please revise the above to entity's specific facts and circumstances.

The Group's subsidiaries fund the cost of the entitlements expected to be earned on a yearly basis. Employees pay a [fixed 5%] of pensionable salary. The residual contribution (including back service payments) is paid by the entities of the Group. The funding requirements are based on the local actuarial measurement framework. In this framework the discount rate is set on a risk free rate. Furthermore, premiums are determined on a current salary base. Additional liabilities stemming from past service due to salary increases (back-service liabilities) are paid immediately to the Fund. Apart from paying the costs of the entitlements, the Group's subsidiaries are not liable to pay additional contributions in case the Fund does not hold sufficient assets. In that case, the Fund would take other measures to restore its solvency, such as a reduction of the entitlements of the plan members.

The average duration of the benefit obligation at 31 December 2022 is [16.5] years (2021: [15.6] years). This number can be analysed as follows:

- active members: [19.4 years (2021: 18.4 years)];
- deferred members: [22.6 years (2021: 21.5 years)]; and
- retired members: [9.3 years (2021: 8.5 years)].

The Group expects to make a contribution of HK\$[X] (2021: HK\$[X]) to the defined benefit plan during the next financial year.

57. DEFERRED INCOME

Government grants of HK\$[X] (2021: HK\$[X]) have been received in the current year towards staff retraining costs. The amounts have been [deducted in reporting staff costs for the year/included in other income for the year].

In 2021, the Group received a government subsidy of approximately HK\$[X] million towards the cost of construction of its electronic plant. The amount received in respect of the construction cost of the electronic plant is repayable if the relevant assets are disposed of within 5 years from XX/XX/2021. The amount has been [treated as deferred income/deducted from the carrying amount of the relevant assets]. The amount is transferred to income [in the form of reduced depreciation charges] over the useful lives of the relevant assets. This policy has resulted in a credit to income in the current year of HK\$[X] (2021: HK\$[X]). As at 31 December 2022, an amount of HK\$[X] (2021: HK\$[X]) remains to be amortised.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

57. DEFERRED INCOME - continued

On [XX/XX/2022], the Group received from the [country] government an interest-free loan with proceeds of approximately HK\$[X] million to finance the acquisition of some plant and machinery. The interest-free loan is initially measured at its fair value of HK\$[X]. The benefit derived from such an interest-free loan of HK\$[X], that represents the difference between the proceeds of HK\$[X] and the fair value of the loan on initial recognition, is recognised as deferred income and will be recognised in profit or loss on the same basis as depreciation for the related plant and equipment. At 31 December 2022, such a government loan is measured at amortised cost using the effective interest method.

58. ACQUISITION OF A SUBSIDIARY/BUSINESS

Scenario 1 The acquisition of the subsidiary is determined to be business combinations, and optional concentration test is not elected

On [XX Month 2022], the Group acquired [an 80%] interest in [Sub X Limited]. [Sub X Limited is principally engaged in the distribution logistics business and was acquired with the objective of improving the Group's distribution logistics.] The acquisition has been accounted for as acquisition of business using the acquisition method.

Consideration transferred

	HK\$'000	
Cash	X	
Contingent consideration arrangement (Note)	X	
Equity instruments issued	X	
Other (please specify)		X
Total		X

Note: Based on the relevant agreement, the Group is required to pay an additional amount of HK\$[X] if Sub X Limited's profit before interest and tax ("PBIT") in each of the calendar years [2022 and 2022] exceeds HK\$[X]. Sub X Limited's PBIT for the past three years has been HK\$[X] on average. HK\$[X] represents the estimated fair value of this obligation. The fair value of such contingent arrangement amounted to HK\$[X] as at the end of the reporting period and has been included in [other payables/presented separately] on the consolidated statement of financial position.

Acquisition-related costs amounting to HK\$[X] have been excluded from the consideration transferred and have been recognised as an expense in the current year, within the "other expenses" line item in the consolidated [statement of profit or loss and other comprehensive income/statement of profit or loss].

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

58. ACQUISITION OF A SUBSIDIARY/BUSINESS - continued

Assets acquired and liabilities recognised at the date of acquisition

	HK\$'000	
Property, plant and equipment	X	
Right-of-use assets	X	
Trademarks	X	
Deferred tax assets	X	
Contract assets	X	
Inventories	X	
Trade and other receivables	X	
Bank balances and cash	X	
Bank overdraft	(X)	
Trade and other payable	(X)	
Contract liabilities	(X)	
Lease liabilities	(X)	
Deferred tax liabilities	(X)	
		(
		X
Contingent liability)
		X
		-

The receivables acquired (which principally comprised trade receivables) with a fair value of HK\$[X] at the date of acquisition had gross contractual amounts of HK\$[X]. The best estimate at acquisition date of the contractual cash flows not expected to be collected amounted to HK\$[X].

Non-controlling interests

The non-controlling interests (20%) in Sub X Limited recognised at the acquisition date was measured by reference to [the fair value of the non-controlling interests/the proportionate share of recognised amounts of net assets of Sub X Limited] and amounted to HK\$[X].

Remark: HKFRS 3 allows non-controlling interests to be measured either at their fair value or at their proportionate share of net assets acquired. When non-controlling interests are measured at their fair value, details of how the fair value of the non-controlling interests is determined and the key assumptions should be disclosed.

[The non-controlling interests (20%) in Sub X Limited recognised at the acquisition date was measured by reference to the fair value of the non-controlling interests and amounted to HK\$[X]. This fair value was estimated by applying an income approach. The following were the key model inputs used in determining the fair value:

- assumed discount rate of [X]%;
- assumed long-term sustainable growth rate of [X]; and

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

58. ACQUISITION OF A SUBSIDIARY/BUSINESS - continued

- assumed adjustments because of the lack of control or lack of marketability that market participants would consider when estimating the fair value of the non-controlling interests in Sub F Limited.]

[In addition, the non-controlling interests recognised at the acquisition date include the market-based measure of all outstanding share options granted by Sub X Limited to its employees. These outstanding share options had been vested at the acquisition date and were measured in accordance with HKFRS 2 at their market-based measure of HK\$[X]. Methods and significant assumptions used in determining the market-based measure at the acquisition date are set out in note 51.]

Goodwill arising on acquisition:

	HK\$'000	
Consideration transferred	X	
Plus: non-controlling interests ([20]% in Sub X Limited)	X	
		(
		X
Less: recognised amounts of net assets acquired)
Goodwill arising on acquisition		X

Goodwill arose on the acquisition of Sub X Limited [because the acquisition included the assembled workforce of Sub X Limited and some potential contracts which are still under negotiation with prospective new customers as at the date of acquisition. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.]

None of the goodwill arising on these acquisitions is expected to be deductible for tax purposes.

Remark: If the initial allocation of goodwill acquired in a business combination during the period cannot be completed before the end of the reporting period, the amount of the unallocated goodwill should be disclosed together with the reasons why that amount remains unallocated.

Alt Bargain purchase arose in the acquisition of business

Bargain purchase gain amounting to HK\$[X] on acquisition of Sub X Limited is recognised in profit or loss within the [SPECIFY LINE ITEM] line item in the consolidated [statement of profit or loss and other comprehensive income/statement of profit or loss]. [DESCRIBE THE REASON WHY THE TRANSACTION RESULTED IN A BARGAIN PURCHASE GAIN].

Net cash outflow on acquisition of Sub X Limited

	HK\$'000	
Cash consideration paid	X	
		(
		X
Less: cash and cash equivalents balances acquired)
		X
		=

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

58. ACQUISITION OF A SUBSIDIARY/BUSINESS - continued

Impact of acquisition on the results of the Group

Included in the profit for the year is HK\$[X] attributable to the additional business generated by Sub X Limited. Revenue for the year includes HK\$[X] generated from Sub F Limited.

Had the acquisition of Sub X been completed on 1 January 2022, revenue for the year of the Group from continuing operations would have been HK\$[X], and profit for the year from continuing operations would have been HK\$[X]. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2022, nor is it intended to be a projection of future results.

In determining the 'pro-forma' revenue and profit of the Group had Sub X Limited been acquired at the beginning of the current year, the directors of the Company calculated depreciation of property, plant and equipment based on the recognised amounts of property, plant and equipment at the date of the acquisition.

Scenario 2 Optional concentration test is elected, and the acquisition of the subsidiary is accounted for as asset acquisition

On [XX Month 2022], the Group acquired [100%] interest in [Sub X Limited] at a cash consideration of HK\$[X]. [Sub X Limited holds a portfolio of 10 office units which are all located in Region A.]

The Group elected to apply the optional concentration test in accordance with HKFRS 3 "Business Combinations" and concluded that:

(a) The land and building components of each office unit, together with the in-place leases, are considered a single identifiable asset; and

(b) The group of 10 office units is a group of similar identifiable assets because the assets are similar in nature and risks associated with managing and creating outputs are not significantly different.

Consequently, the Group determined that substantially all of the fair value of the gross assets (excluding cash and cash equivalents and deferred tax assets and goodwill resulting from the effects of deferred tax liabilities) acquired is concentrated in a group of similar identifiable assets and concluded that the acquired set of activities and assets is not a business.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

58. ACQUISITION OF A SUBSIDIARY/BUSINESS - continued

(a) The land and building components of each office unit, together with the in-place leases, are considered a single identifiable asset; and - continued

Assets and liabilities recognised at the date of acquisition

	HK\$'000	
Investment properties	X	
Trade and other receivables	X	
Bank balances and cash	X	
Trade and other payables	(X)	(
		X
Bank borrowings)
		X
		-
Net cash outflows arising on acquisition of Sub X Limited		

	HK\$'000	
Consideration paid in cash	X	
Consideration paid in cash		(
		X
Less: bank balances and cash acquired)
		(
		X
)

59. DISPOSAL OF A SUBSIDIARY/BUSINESS

As referred to in note 13, on [XX/XX, 2022], the Group discontinued its toy manufacturing operations at the time of disposal of its subsidiary, Sub A Ltd. The net assets of Sub A Ltd. at the date of disposal were as follows:

Consideration received:	HK\$'000	
Cash received	X	
Deferred cash consideration (Note)		X
Total consideration received		X

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

59. DISPOSAL OF A SUBSIDIARY/BUSINESS - continued

	<u>XX/XX/2022</u>	
	HK\$'000	
Analysis of assets and liabilities over which control was lost:		
Property, plant and equipment	X	
Inventories	X	
Trade and other receivables	X	
Bank balances and cash		X
Net assets disposed of		X
Gain on disposal of a subsidiary:		
Consideration received and receivable	X	
Net assets disposed of	(X)	
Non-controlling interests	X	
[Reclassification of cumulative translation reserve upon disposal of Sub A Ltd. to profit or loss]	X	
[Gain/(loss)] on disposal	X	
Net cash [inflow/outflow] arising on disposal:		
Cash consideration	X	
		(
		X
Less: bank balances and cash disposed of)
		X

Note: The deferred consideration will be settled in cash by the purchaser on or before [XX/XX/XX]. [Please disclose the key terms of the arrangement and how the fair value of the deferred consideration was determined].

The impact of Sub A Ltd. on the Group's results and cash flows in the current and prior periods is disclosed in note 13.

60. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

	<u>31/12/2022</u>	<u>31/12/2021</u>
	HK\$'000	HK\$'000
Contingent liabilities		
Court proceedings (Note 1)	X	X
Contingent liabilities of Sub F Limited (Note 2)	X	X
Contingent liabilities incurred by the Group arising from its interests in joint ventures (Note 3)	X	X
Contingent liabilities incurred by the Group arising from its interests in associates (please specify the details)	X	X
Group's share of associates' contingent liabilities (Note 4)	X	X
Group's share of joint venture's contingent liabilities (please specify the details)	X	X
Contingent assets		
Faulty goods claim (Note 5)	X	X

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

60. CONTINGENT LIABILITIES AND CONTINGENT ASSETS - continued

Notes:

- 1) A subsidiary of the Group is a defendant in a legal action involving the alleged failure of the subsidiary to supply goods in accordance with the terms of contract. The directors of the Company believe, based on legal advice, that the action can be successfully defended and therefore no losses (including claims for costs) will be incurred. The legal claim is expected to be settled in the course of the next eighteen months.
- 2) Contingent liability of Sub F Limited in relation to [a litigation] was measured at fair value and included in 'provision' at the date of acquisition. As at 31 December 2022, the contingent liability of Sub F Limited excludes provision recognised as disclosed in note 48.
- 3) A number of contingent liabilities have arisen as a result of the Group's interests in joint ventures. The amount disclosed represents the aggregate amount of such contingent liabilities for which the Group as an investor is liable. The extent to which an outflow of funds will be required is dependent on the future operations of the joint ventures being more or less favourable than currently expected. The Group is not contingently liable for the liabilities of other ventures in its joint ventures.
- 4) The amount disclosed represents the Group's share of contingent liabilities of associates. The extent to which an outflow of funds will be required is dependent on the future operations of the associates being more or less favourable than currently expected.
- 5) A subsidiary of the Group has a claim outstanding against a supplier for the supply of faulty products. Based on negotiations to date, the directors of the Company believe that it is probable that their claim will be successful and that compensation of HK\$[X] will be recovered.

61. OPERATING LEASING ARRANGMENTS

The Group as lessor

All of the properties and machineries held by the Group for rental purposes have committed lessees for the next [X] and [X] years respectively. Certain of the Group's properties held for rental purposes, with a carrying amount of HK\$[X], have been disposed of since the end of the reporting period.

Undiscounted lease payments receivable on leases are as follows:

	<u>31/12/2022</u> HK\$'000	<u>31/12/2021</u> HK\$'000
Within one year	X	X
In the second year	X	X
In the third year	X	X
In the fourth year	X	X
In the fifth year	X	X
After five years	<u>X</u>	<u>X</u>
	<u>X</u>	<u>X</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

62. CAPITAL COMMITMENTS

	<u>31/12/2022</u> HK\$'000	<u>31/12/2021</u> HK\$'000
Capital expenditure in respect of the acquisition of [property, plant and equipment/intangible assets/investment properties] contracted for but not provided in the consolidated financial statements	<u>X</u>	<u>X</u>

Alt Where commitments arise from the Group's interests in joint ventures

The Group's share of the capital commitments made jointly with other joint ventures relating to its joint venture, A JV Limited, but not recognised at the end of the reporting date is as follows:

	<u>31/12/2022</u> HK\$'000	<u>31/12/2021</u> HK\$'000
Commitments to contribute funds for the acquisition of property, plant and equipment	X	X
Commitments to provide loans	X	X
Commitments to acquire other venture's ownership interest when a particular event occurs or does not occur in the future (please specify what the particular event is)	X	X
Others (please specify)	<u>X</u>	<u>X</u>
	<u>X</u>	<u>X</u>

63. CAPITAL RISK MANAGEMENT

[THE FOLLOWING EXAMPLES ARE NOT PROFORMA WORDINGS. THE MATTERS DISCLOSED WILL BE DICTATED BY THE CIRCUMSTANCES OF THE INDIVIDUAL ENTITY, AND BASED ON THE INFORMATION PROVIDED INTERNALLY TO THE ENTITY'S KEY MANAGEMENT PERSONNEL.]

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

The capital structure of the Group consists of [net debt, which includes the borrowings and lease liabilities disclosed in notes [44] and [47] respectively, net of cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital, retained profits and other reserves]. [PLEASE SPECIFY HOW THE ENTITY MANAGES ITS CAPITAL].

Alt 1 Where the entity manages its capital through issuing/repurchasing shares and raising/repayment of debts

The management reviews the capital structure on a semi-annual basis. As part of this review, the management considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the management, the Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debt or the redemption of existing debt.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

63. CAPITAL RISK MANAGEMENT - continued

Alt 2 Where the entity manages its capital through gearing ratio

The Group's risk management committee reviews the capital structure on a semi-annual basis. As part of this review, the committee considers the cost of capital and the risks associated with each class of capital. The Group has a target gearing ratio of [20 - 25]% determined as the proportion of net debt to equity. Based on the committee's recommendations, the Group expects to increase its gearing ratio closer to [25]% through the issue of new debt and the payment of dividends.

The gearing ratio at the end of the reporting period was as follows:

	<u>31/12/2022</u>		<u>31/12/2021</u>
	HK\$'000		HK\$'000
Debt (i)	X		X
		((
		X	X
Cash and cash equivalents))
Net debt		X	X
Equity (ii)	X		X
Net debt to equity ratio	X		X

(i) Debt is defined as long- and short-term borrowings, as detailed in notes [X] [and [X]] (please specify).

(ii) Equity includes all capital and reserves of the Group.

[PLEASE DISCLOSE DETAILS WHERE THE ENTITY IS SUBJECT TO EXTERNALLY IMPOSED CAPITAL REQUIREMENTS.]

64. FINANCIAL INSTRUMENTS

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

64.1. CATEGORIES OF FINANCIAL INSTRUMENTS

	<u>31/12/2022</u> HK\$'000	<u>31/12/2021</u> HK\$'000
Financial assets		
FVTPL		
Mandatorily measured at FVTPL		
- Held for trading	X	X
- Contingent consideration in business combination	X	X
- Others	X	X
	X	X
Designated as at FVTPL (see below)	X	X
Derivative financial instruments	X	X
Amortised cost	X	X
Equity instruments at FVTOCI	X	X
Debt instruments at FVTOCI	X	X
Financial liabilities		
FVTPL		
Held for trading	X	X
Designated as at FVTPL (see below)	X	X
Contingent consideration in business combination	X	X
Derivative financial instruments	X	X
Amortised cost	X	X
Financial guarantee contracts	X	X
<u>Financial assets designated as at FVTPL</u>		
Cumulative changes in fair value attributable to changes in credit risk	X	X
Changes in fair value attributable to changes in credit risk recognised during the year	X	X
<u>Credit derivatives over financial assets at fair value</u>		
	<u>31/12/2022</u> HK\$'000	<u>31/12/2021</u> HK\$'000
Opening fair value	X	X
Realised during the year	(X)	(X)
Additions during the year	X	X
Change in fair value	X	X
Closing fair value	X	X

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

64.1. CATEGORIES OF FINANCIAL INSTRUMENTS - continued

Financial liabilities designated as at FVTPL

	<u>31/12/2022</u> HK\$'000	<u>31/12/2021</u> HK\$'000
Cumulative changes in fair value attributable to changes in credit risk (Note)	X	X
Cumulative changes in fair value attributable to changes in credit risk relating to financial liabilities derecognised during the year	X	X
Changes in fair value attributable to changes in credit risk recognised during the year (Note)	<u>X</u>	<u>X</u>
Difference between carrying amount and maturity amount		
At fair value	X	X
Amount payable at maturity	<u>X</u>	<u>X</u>
	<u>X</u>	<u>X</u>

Note: As at 31 December 2022, the change in fair value attributable to change in credit risk is calculated as the difference between total change in fair value of financial liabilities designated at FVTPL of HK\$[X] (2021: HK\$[X]) and the change in fair value of financial liabilities designated as at FVTPL due to change in market risk factors alone amounting to HK\$[X] (2021: HK\$[X]). The change in fair value due to market risk factors was calculated using [benchmark interest yield curves as at the end of the reporting period holding credit risk margin constant]. The fair value of financial liabilities designated as at FVTPL was estimated by discounting future cash flows using [quoted benchmark interest yield curve as at the end of the reporting period and by obtaining lender quotes for borrowing of similar maturity to estimate credit risk margin.] [For financial liabilities containing embedded derivatives, such as convertible loan notes, the change in fair values of the embedded derivatives are excluded in determining the amount to be presented in other comprehensive income. The remaining amount of change in the fair value of liability is recognised in profit or loss.]

64.2. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's major financial instruments include [e.g equity and debt investments, borrowings, trade receivables, trade payables, lease liabilities and convertible loan notes]. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include [market risk (currency risk, interest rate risk and other price risk), credit risk, liquidity risk and risks arising from the interest rate benchmark reform]. The policies on how to mitigate these risks are set out below. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner.

Remark: For reporting entities applying hedge accounting under HKFRS 9, please refer to the respective notes of the "Model financial statements for the year ended 31 December 2022" issued by Deloitte global.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

64.2. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES - continued

[THE FOLLOWING EXAMPLES ARE NOT PRO FORMA WORDINGS. THE MATTERS DISCLOSED WILL BE DICTATED BY THE CIRCUMSTANCES OF THE INDIVIDUAL ENTITY, AND BASED ON THE INFORMATION PROVIDED INTERNALLY TO THE ENTITY'S KEY MANAGEMENT PERSONNEL.]

Market risk

Alt Where the entity prepares value-at-risk (VaR) analysis to manage its risk

Market risk exposures are measured using value-at-risk (VaR) and are supplemented by sensitivity analysis.

There has been no change to the Group's manner in which it manages and measures the risks.

Value at Risk (VaR) analysis

The VaR risk measure estimates the potential loss in pre-taxation profit over a given holding period for a specified confidence level. The VaR methodology is a statistically defined, probability-based approach that takes into account market volatilities as well as risk diversification by recognising offsetting positions and correlations between products and markets. Risks can be measured consistently across all markets and products, and risk measures can be aggregated to arrive at a single risk number. The one-day [99]% VaR number used by the Group reflects the [99]% probability that the daily loss will not exceed the reported VaR.

VaR methodologies employed to calculate daily risk numbers include the historical and variance-covariance approaches. In addition to these two methodologies, Monte Carlo simulations are applied to the various portfolios on a monthly basis to determine potential future exposure.

Historical VaR ([99]%, one-day) by risk type	Average		Minimum		Maximum		Year end	
	2022	2021	2022	2021	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Foreign exchange	X	X	X	X	X	X	X	X
Interest rate	X	X	X	X	X	X	X	X
Diversification	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>
Total VaR exposure	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>

While VaR captures the Group's daily exposure to currency and interest rate risk, sensitivity analysis evaluates the impact of a reasonably possible change in interest or foreign currency rates over a year. The longer time frame of sensitivity analysis complements VaR and helps the Group to assess its market risk exposures. Details of sensitivity analysis for foreign currency risk and interest rate risk are set out below.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

64.2. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES - continued

(i) *Currency risk*

Several subsidiaries of the Company have foreign currency [sales and purchases/bank balances/borrowings/debt investments] which expose the Group to foreign currency risk. Approximately [X]%(2021: [X]%) of the Group's sales is denominated in currencies other than the functional currency of the group entity making the sale, whilst almost [90]%(2021: [X]%) of the costs is denominated in the group entity's respective functional currency. In addition, the Company has intra-group balances with several subsidiaries denominated in foreign currency which also expose the Group to foreign currency risk.

Alt Illustrative disclosures on summary quantitative data about the entity's risk exposure in relation to foreign currency denominated monetary assets and monetary liabilities

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities [and intra-group balances] at the end of the reporting period are as follows:

	<u>Liabilities</u>		<u>Assets</u>	
	<u>31/12/2022</u>	<u>31/12/2021</u>	<u>31/12/2022</u>	<u>31/12/2021</u>
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Currency of B Land	X	X	X	X
Currency of C Land	X	X	X	X
Other	X	X	X	X
Loans to foreign operations that form part of a net investment				
Currency of C Land	-	-	X	X
Intra-group balances				
Currency of B Land	X	X	X	X

Alt 1 Illustrative disclosures when the Group hedges currency exposures by using forward contracts

The Group requires all its group entities to use foreign exchange forward contracts to eliminate the currency exposures in excess of HK\$[X] (2021: HK\$[X]). The foreign exchange forward contracts must be in the same currency as the hedged item. On this basis, the Group has entered into such forward contracts in relation to the foreign currency denominated monetary assets and monetary liabilities amounting to HK\$[X] (2021: HK\$[X]) and HK\$[X] (2021: HK\$[X]) (equivalent to Currency B of [X] and Currency C of [X]) respectively). It is the Group's policy to negotiate the terms of the hedge derivatives, to the extent possible, to match or approximate the terms of the hedged item to maximise hedge effectiveness (see note 46 for details).

Of the foreign currency denominated [monetary assets/monetary liabilities at the end of the reporting period, [XXX] are hedged by foreign exchange forward contracts and designated as effective hedging relationship.

Alt 2 Illustrative disclosures when the Group has no foreign exchange hedging policy

The Group currently does not have a foreign exchange hedging policy. However, the management of the Group monitors foreign exchange exposure and will consider hedging significant foreign exchange exposure should the need arise.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

64.2. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES - continued

(i) *Currency risk - continued*

Sensitivity analysis

The following table details the Group's sensitivity to a [Y]% (2021: [X]%) increase and decrease in [Hong Kong dollars] against the relevant foreign currencies. [[Y]% (2021: [X]%) is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and] represents management's assessment of the reasonably possible change in foreign exchange rates. [As a result of the volatile financial market in [201X], the management adjusted the sensitivity rate from [X]% to [Y]% for the purpose of assessing foreign currency risk.] The sensitivity analysis includes only outstanding foreign currency denominated monetary items [and foreign currency forward contracts designated as cash flow hedges,] and adjusts their translation at the end of the reporting period for a [Y]% (2021: [X]%) change in foreign currency rates. The sensitivity analysis also includes [intra-group balances and loans to foreign operations that form part of a net investment] where the denomination of the loan is in a currency other than the functional currency of the lender or the borrower. A positive number below indicates an increase in post-tax profit and other equity where [Hong Kong dollars] strengthen [Y]% (2021: [X]%) against the relevant currency. For a [Y]% (2021: [X]%) weakening of [Hong Kong dollars] against the relevant currency, there would be an equal and opposite impact on the profit and other comprehensive income and the amounts below would be negative.

	<u>Currency B Impact</u>			<u>Currency C Impact</u>		
	<u>2022</u>	<u>2021</u>		<u>2022</u>	<u>2021</u>	
	HK\$'000	HK\$'000		HK\$'000	HK\$'000	
Profit or loss	X	X	(i)	X	X	(i)
Other comprehensive income	X	X	(ii)	X	X	(ii)

(i) This is mainly attributable to the exposure outstanding on receivables and payables not subject to cash flow hedges and intra-group balances at year end.

(ii) This is as a result of the effects of derivative instruments designated as cash flow hedges and exchange differences on loans to foreign operations that form part of a net investment.

[The Group's sensitivity to foreign currency has decreased during the year ended 31 December 2022 mainly due to the disposal of Currency B investments while the Group's sensitivity to foreign currency has decreased during the year ended 31 December 2021 mainly due to the repayment of Currency D bank borrowings.]

[In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure during the relevant years. Currency B denominated sales are seasonal with lower sales volumes in the last quarter of the financial year, which results in a reduction in Currency B receivables at the end of both reporting periods.]

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

64.2. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES - continued

(ii) *Interest rate risk*

The Group is exposed to fair value interest rate risk in relation to pledged/restricted bank deposits (see note 38), fixed-rate bank borrowings (see note 44 for details of these borrowings) and lease liabilities (see note 47 for details). The Group is also exposed to cash flow interest rate risk in relation to [variable-rate bank balances (see note 38 for details), variable-rate bank borrowings (see note 44 for details)]. The Group cash flow interest rate risk is mainly concentrated on [the fluctuation of interest rates on bank balances and HIBOR arising from the Group's Hong Kong dollar denominated borrowings]. The Group aims at keeping borrowings at variable rates. The Group manages its interest rate exposures by assessing the potential impact arising from any interest rate movements based on interest rate level and outlook. The management will review the proportion of borrowings in fixed and floating rates and ensure they are within reasonable range.

[A fundamental reform of major interest rate benchmarks has been undertaken globally to replace some interbank offered rates ("IBORs") with alternative nearly risk-free rates. Details of the impacts on the Group's risk management strategy arising from the interest rate benchmark reform and the progress towards implementation of alternative benchmark interest rates are set out under "interest rate benchmark reform" in this note.]

Total interest revenue/income from financial assets that are measured at amortised cost or at FVTOCI is as follows:

	Year ended 31/12/2022 HK\$'000	Year ended 31/12/2021 HK\$'000
Interest revenue		
Financial assets at amortised cost	X	X
Financial assets at FVTOCI	X	X
Other income		
Financial assets at amortised cost	X	X
Financial assets at FVTOCI	X	X
Revenue/Interest income under effective interest method	X	X

Interest expense on financial liabilities not measured at FVTPL:

	Year ended 31/12/2022 HK\$'000	Year ended 31/12/2021 HK\$'000
Financial liabilities at amortised cost	X	X

Sensitivity analysis

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

64.2. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES - continued

(ii) *Interest rate risk - continued*

The sensitivity analyses below have been determined based on the exposure to interest rates at the end of the reporting period. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. [A [Y] basis point (2021: [X] basis points) increase or decrease in [variable-rate bank balances] and] a [V] basis point (2021: [W] basis points) increase or decrease in [variable-rate bank borrowings] are used [when reporting interest rate risk internally to key management personnel and] represents management's assessment of the reasonably possible change in interest rates. [Bank balances are excluded from sensitivity analysis as the management considers that the exposure of cash flow interest rate risk arising from variable-rate bank balances is insignificant.]

Alt 1 Illustrative disclosures when the Group has hedging policy

The sensitivity analyses below have been determined based on the exposure to interest rates, including derivatives which are designated as effective hedging instruments at the end of the reporting period. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. [A [Y] basis point (2021: [X] basis points) increase or decrease in [variable-rate bank balances] and] a [V] basis point (2021: [W] basis points) increase or decrease in [variable-rate bank borrowings and interest rate swaps designated to hedge cash flow interest rate risk] are used [when reporting interest rate risk internally to key management personnel and] represents management's assessment of the reasonably possible change in interest rates. [Bank balances are excluded from sensitivity analysis as the management consider that the exposure of cash flow interest rate risk arising from variable-rate bank balances is insignificant.]

[The management of the Group adjusted the sensitivity rate from [X] basis points to [Y] basis points for assessing interest rate risk after considering the impact of the volatile financial market conditions in [third quarter of 200X.]

If interest rates had been [Y] basis points (2021: [X] basis points) higher/lower and all other variables were held constant, the Group's:

- post-tax profit for the year ended 31 December 2022 would decrease/increase by HK\$[X] (2021: decrease/increase by HK\$[X]). This is mainly attributable to the Group's exposure to interest rates on its [variable-rate bank borrowings, debentures, [SPECIFY RELEVANT ITEMS]]; and
- other equity reserves would decrease/increase by HK\$[X] (2021: decrease/increase by HK\$[X]) mainly as a result of [the changes in the fair value of fixed rate instruments classified as debt instruments at FVTOCI, [SPECIFY RELEVANT ITEMS]].

[The Group's sensitivity to interest rates has increased during the current year mainly due to the increase in variable rate debt instruments.]

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

64.2. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES - continued

(iii) *Other price risk*

The Group is exposed to equity price risk through its investments in [equity securities] measured at FVTPL and FVTOCI. [For equity securities measured at FVTPL quoted in The Stock Exchange of Hong Kong Limited, the management of the Group manages this exposure by maintaining a portfolio of investments with different risks. In addition, the Group also invested in certain unquoted equity securities for investees operating in [X] industry sector for long term strategic purposes which had been designated as FVTOCI. The Group has appointed a special team to monitor the price risk and will consider hedging the risk exposure should the need arise. [Please specify the approach taken in managing the risk]

Sensitivity analysis

The sensitivity analyses have been determined based on the exposure to equity price risk at the reporting date. [Sensitivity analyses for unquoted equity securities with fair value measurement categorised within Level 3 were disclosed in note 60c.] [For sensitivity analysis of equity securities with fair value measurement categorised within Level 1, the sensitivity rate is increased to [Y]% in [current year] as a result of the volatile financial market.]

If the prices of the respective equity instruments had been [Y]% (2021: [X]%) higher/lower, the post-tax profit for the year ended 31 December 2022 would increase/decrease by HK\$[X] (2021: increase/decrease by HK\$[X]) as a result of the changes in fair value of [investments at FVTPL] and the other comprehensive income would increase/decrease by HK\$[X] (2021: increase/decrease by HK\$[X]) as a result of the changes in fair value of [investments at FVTOCI].

Credit risk and impairment assessment

Credit risk refers to the risk that the Group's counterparties default on their contractual obligations resulting in financial losses to the Group. The Group's credit risk exposures are primarily attributable to [trade receivables, contract assets, finance lease receivables, pledged/restricted bank deposits, bank balances, amounts due from associates and joint ventures, other receivables, loan receivables, debt instruments at FVTPL and debt instruments at FVTOCI]. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets and [financial guarantee contracts, other items (to specify)], except that the credit risks associated with [loan receivables] is mitigated because they are secured over properties/X (to specify) and settlement of certain trade receivables are backed by bills issued by [reputable financial institutions].

[Except for debt securities at FVTPL, the Group performed impairment assessment for financial assets and other items under ECL model. Information about the Group's credit risk management, maximum credit risk exposures and the related impairment assessment, if applicable, are summarised as below:]

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

64.2. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES - continued

(iii) *Other price risk - continued*

[SPECIFY CREDIT RISK MANAGEMENT PRACTICE FOR RELEVANT ITEMS (Information includes natures/reasons for such advances, approval process and authority, collaterals, risk concentrations, how the credit risks are being managed, methods, assumptions and information used to measure ECL) Groupings of financial assets and other items could be based on nature, credit risk management, etc. Example disclosure is as below.]

Debt securities at FVTPL

The Group invests in debt securities with credit ratings of [X] or above. [The investments in debt securities which are unrated have to be approved by the investment committee.] The [credit risk management committee] regularly reviews and monitors the portfolio of debt securities. Details of the terms of these investments are disclosed in note 27. Summary of the fair value and principal amount of these debt securities are set out below.

	<u>2022</u>		<u>2021</u>	
	<u>Fair value</u>	<u>Principal</u>	<u>Fair value</u>	<u>Principal</u>
	<u>HK\$'000</u>	<u>amount</u>	<u>HK\$'000</u>	<u>amount</u>
		<u>HK\$'000</u>		<u>HK\$'000</u>
[Ratings]	X	X	X	X
[Ratings]	X	X	X	X
[Unrated]	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>
	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>

Trade receivables and contract assets arising from contracts with customers

[Before accepting any new customer, the Group uses an internal credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed twice a year. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts. [The Group only accepts bills issued or guaranteed by reputable PRC banks if trade receivables are settled by bills and therefore the management of the Group considers the credit risk arising from the endorsed or discounted bills is insignificant.] [Other credit risk management policy to disclose] In this regard, the management considers that the Group's credit risk is significantly reduced.

[The Group's concentration of credit risk by geographical locations is mainly in [X], which accounted for [X]% (2021: [X]%) of the total trade receivables as at 31 December 2022/The Group has concentration of credit risk as [X]% (2021: [X]%) and [X]% (2021: [X]%) of the total trade receivables was due from the Group's largest customer and the five largest customers respectively within the property construction business segment/to provide disclosures of other types of significant credit risk concentration]. In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits and credit approvals.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

64.2. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES - continued

(iii) *Other price risk - continued*

In addition, the Group performs impairment assessment under ECL model on trade receivables with significant balances and credit-impaired individually and/or collectively. Except for [items that are subject to individual evaluation], which are assessed for impairment individually, the remaining trade receivables and contract assets are grouped based on [shared credit risk characteristics by reference to the Group's internal credit ratings/aging of outstanding balances/others to specify]. Impairment of HK\$[X] (2021: HK\$[X]) is recognised during the year. Details of the quantitative disclosures are set out below in this note.

Loan receivables

[Disclose the credit risk management practice of the entity] The management estimates the estimated loss rates of loan receivables based on historical credit loss experience of the debtors as well as the fair value of the collateral pledged by the customers to the loan receivables. Based on assessment by the management, the loss given default is [low in view of the estimated realised amount of ultimate disposal of the collaterals] and [the management considers the ECL for loan receivables is insignificant and therefore no loss allowance was recognised/to specify the assessment of ECL (e.g. reference to disclosure made below in this note) and the amount of impairment made].

[Disclose the significant credit risk concentration, if applicable]

Pledged bank deposits/restricted bank deposits/bank balances

[Disclose the significant credit risk concentration, if applicable] Credit risk on pledged bank deposits/restricted bank deposits/bank balances is limited because the counterparties are reputable banks with high credit ratings assigned by [international] credit agencies. The Group assessed 12m ECL for pledged bank deposits/restricted bank deposits/bank balances by reference to information relating to probability of default and loss given default of the respective credit rating grades published by external credit rating agencies. [Based on the average loss rates, the 12m ECL on pledged bank deposits/restricted bank deposits/bank balances is considered to be insignificant and therefore no loss allowance was recognised/to specify the amount of impairment made].

Amounts due from associates and joint ventures

The Group regularly monitors the business performance of the associates and joint venture. The Group's credit risks in these balances are mitigated through the value of the assets held by these entities and the power to participate or jointly control the relevant activities of these entities. The management believes that [there are no significant increase in credit risk of these amounts since initial recognition and the Group provided impairment based on 12m ECL. For the years ended 31 December 2022 and 2021, the Group assessed the ECL for amounts due from associates and joint ventures are insignificant and thus no loss allowance is recognised/to specify the assessment of ECL (e.g. reference to disclosure made below in this note) and the amount of impairment made].

[Disclose the significant credit risk concentration, if applicable]

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

64.2. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES - continued

(iii) *Other price risk - continued*

Other receivables and deposits

For other receivables and deposits, the management makes periodic individual assessment on the recoverability of other receivables and deposits based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information. The management believes that [there are no significant increase in credit risk of these amounts since initial recognition and the Group provided impairment based on 12m ECL. For the year ended 31 December 2022 and 2021, the Group assessed the ECL for other receivables and deposits are insignificant and thus no loss allowance is recognised./to specify the assessment of ECL (e.g. reference to disclosure made below in this note) and the amount of impairment made].

[Disclose the significant credit risk concentration, if applicable]

Debt instruments at FVTOCI

[The Group only invests in debt securities with low credit risk. The Group's debt instruments at FVTOCI mainly comprise [government bonds/listed bonds/others (please specify)] that are graded in the top investment grade as per globally understood definitions and therefore are considered to be low credit risk investments. During the year ended 31 December 2022, ECL on debt instruments at FVTOCI amounting to HK\$[X] (2021: HK\$[X]) is recognised in the profit or loss.]

[Disclose the significant credit risk concentration, if applicable]

Financial guarantee contracts

[Remark: This is relevant for reporting entities not recognising loss allowance as detailed below. For entities with loss allowances, reconciliation of loss allowances should be provided.]

Alt 1 When the Group recognised financial liabilities in respect of financial guarantee contracts

[At the end of the reporting period, the management has performed impairment assessment, and concluded that there has been no significant increase in credit risk since initial recognition of the financial guarantee contracts. Accordingly, the loss allowance for financial guarantee contracts issued by the Group is measured at an amount equal to 12m ECL. No loss allowance was recognised in the profit or loss. Details of the financial guarantee contracts are set out in note 46.]

Alt 2 When the Group did not recognised any financial liabilities in respect of financial guarantee contracts

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

64.2. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES - continued

(iii) *Other price risk - continued*

For financial guarantee contracts, the aggregate amount of outstanding financial guarantees issued to banks in respect of bank facilities granted to [an associate/third parties] that the Group could be required to pay amounted to HK\$[X] as at 31 December 2022 (2021: HK\$[X]). HK\$[X] (2021: HK\$[X]) of the outstanding financial guarantees has been utilised by the [associate/third parties]. The fair value of these financial guarantee, as at dates of initial recognition, were considered insignificant. [At the end of the reporting period, the management has performed impairment assessment, and concluded that there has been no significant increase in credit risk since initial recognition of the financial guarantee contracts. Accordingly, the loss allowance for financial guarantee contracts issued by the Group is measured at an amount equal to 12m ECL.]No loss allowance was recognised in the profit or loss.

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

64.2. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES - continued

(iii) *Other price risk - continued*

Internal credit rating	Description	Trade receivables/contract assets	Other financial assets/other items
Low risk	The counterparty has a low risk of default and does not have any past-due amounts	Lifetime ECL –not credit-impaired	12m ECL
Watch list	Debtor frequently repays after due dates but usually settle in full	Lifetime ECL – not credit-impaired	12m ECL
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL – not credit-impaired	Lifetime ECL – not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired Lifetime	ECL – credit-impaired	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

64.2. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES - continued

(iii) *Other price risk - continued*

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

	Note	External credit rating	Internal credit rating	12m or lifetime ECL	2022		2021	
					Gross carrying amount		Gross carrying amount	
					HK'000	HK'000	HK'000	HK'000
Debt instruments at FVTOCI								
Investments in listed bonds	[X]	BBB+	N/A	12m ECL	X		X	
				Lifetime ECL (not credit-impaired)	X		X	
				Credit-impaired	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>
Government bonds	[X]	AA	N/A	12m ECL	X		X	
				Lifetime ECL (not credit-impaired)	X		X	
				Credit-impaired	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>
						X		X
						*		*
						=		=
Financial assets at amortised cost								
Loan receivables	[X]	N/A	Low risk	12m ECL	X		X	
			Watch list	12m ECL	X		X	
			Doubtful	Lifetime ECL (not credit-impaired)	X		X	
			Loss	Credit-impaired	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>
Amounts due from associates/joint ventures	[X]	N/A	(Note 1)	12m ECL	X		X	
				Lifetime ECL (not credit-impaired)	X		X	
				Credit-impaired	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>
Pledged/restricted bank deposits	[X]	AA	N/A	12m ECL	X		X	
				Lifetime ECL (not credit-impaired)	X		X	
				Credit-impaired	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>
Bank balances	[X]	AA+	N/A	12m ECL	X		X	
				Lifetime ECL (not credit-impaired)	X		X	
				Credit-impaired	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>
Other receivables	[X]	N/A	(Note 1)	12m ECL	X		X	
				Lifetime ECL (not credit-impaired)	X		X	
				Credit-impaired	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

64.2. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES - continued

(iii) *Other price risk - continued*

	Note	External credit rating	Internal credit rating	12m or lifetime ECL	2022 Gross carrying amount		2021 Gross carrying amount	
					HK'000	HK'000	HK'000	HK'000
Trade receivables - contracts with customers	[X]	N/A	(Note 3) Low risk	Lifetime ECL (collective assessment) Lifetime ECL (collective assessment)	X X		X X	
			Loss	Credit-impaired	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>
Other items								
Trade receivables - [operating leases]	[X]	N/A	Low risk Watch list Doubtful	12m ECL 12m ECL Lifetime ECL (not credit-impaired)	X X X		X X X	
Finance lease receivables	[X]	N/A	Loss (Note 3) Low risk	Credit-impaired Lifetime ECL (collective assessment) Lifetime ECL (collective assessment)	<u>X</u> X X	<u>X</u>	<u>X</u> X X	<u>X</u>
Contract assets	[X]	N/A	Loss (Note 3) Low risk	Credit-impaired Lifetime ECL (collective assessment) Lifetime ECL (collective assessment)	<u>X</u> X X	<u>X</u>	<u>X</u> X X	<u>X</u>
Financial guarantee contracts (Note 2)	[X]	N/A	Loss Low risk Watch list Doubtful	Credit-impaired 12m ECL 12m ECL Lifetime ECL (not credit-impaired)	<u>X</u> X X X	<u>X</u>	<u>X</u> X X X	<u>X</u>
Others (please specify)	[X]	[X]	Loss [X] [X]	Credit-impaired 12m ECL Lifetime ECL (not credit-impaired)	<u>X</u> X X	<u>X</u>	<u>X</u> X X	<u>X</u>
			[X]	Credit-impaired	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>

* The gross carrying amounts disclosed above include the relevant interest receivables which are presented in other receivables.

** For the purpose of ECL assessment, the Group considers the gross principal amount and the related contractual interests of the debt instruments. As at 31 December 2022, the gross principal amount of these debt instruments amounted to HK\$[X] (2021: HK\$[X]).

Notes:

- For the purposes of internal credit risk management, the Group uses past due information to assess whether credit risk has increased significantly since initial recognition.

2022

	<u>Past due</u> HK\$'000	Not past due/ No fixed repayment <u>terms</u> HK\$'000	<u>Total</u> HK\$'000
Amounts due from associates	[X]	[X]	[X]
Amounts due from joint ventures	[X]	[X]	[X]
Other receivables	[X]	[X]	[X]
	[[[
	X	X	X
Others (please specify)]]]

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

64.2. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES - continued

(iii) *Other price risk - continued*2021

	<u>Past due</u> HK\$'000	Not past due/ No fixed repayment <u>terms</u> HK\$'000	<u>Total</u> HK\$'000
Amounts due from associates	[X]	[X]	[X]
Amounts due from joint ventures	[X]	[X]	[X]
Other receivables	[X]	[X]	[X]
	[[[
	X	X	X
Others (please specify)]]]

- For financial guarantee contracts, the gross carrying amount represents the maximum amount the Group has guaranteed under the respective contracts.
- For trade receivables, finance lease receivables and contract assets, the Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. Except for debtors with significant outstanding balances or credit-impaired, the Group determines the ECL on these items on a collective basis, [grouped by internal credit rating/past due status (others to specify).]

Alt 1 Internal credit rating

As part of the Group's credit risk management, the Group applies internal credit rating for its customers in relation to its [X] operation. The following table provides information about the exposure to credit risk for trade receivables [and contract assets] which are assessed on a collective basis within lifetime ECL (not credit-impaired). Debtors with significant outstanding balances or credit-impaired with gross carrying amounts of HK\$[X] and HK\$[X] respectively as at 31 December 2022 (2021: HK\$[X] and HK\$[X]) were assessed individually.

Gross carrying amount

<u>Internal credit rating</u>	<u>Average loss rate</u>	<u>2022</u> <u>Trade</u> <u>receivables</u> HK\$'000	<u>Contract</u> <u>assets</u> HK\$'000	<u>Average</u> <u>loss rate</u>	<u>2021</u> <u>Trade</u> <u>receivables</u> HK\$'000	<u>Contract</u> <u>assets</u> HK\$'000
Grades 1-5: Low risk	X%	X	X	X%	X	X
Grades 6-8: Watch list	X%	X	X	X%	X	X
Grade 9: Doubtful	X%	X	X	X%	X	X
		X	X		X	X

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

64.2. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES - continued

(iii) *Other price risk - continued*

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. [The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated.] The contract assets have substantially the same risk characteristics as the trade receivables for the same type of contracts. The Group has therefore concluded that the loss rates for trade receivables are a reasonable approximation of the loss rates for contract assets.

Alt 2 Provision matrix - Debtors' aging

As part of the Group's credit risk management, the Group uses debtors' aging to assess the impairment for its customers in relation to its [X] operation because these customers consist of a large number of small customers with common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. The following table provides information about the exposure to credit risk for [trade receivables] which are assessed on a collective basis by using provision matrix within lifetime ECL (not credit-impaired). Debtors with significant outstanding balances or credit-impaired with gross carrying amounts of HK\$[X] and HK\$[X] respectively as at 31 December 2022 (2021: HK\$[X] and HK\$[X]) were assessed individually.

Gross carrying amount

	<u>Average</u>	<u>2022</u>		<u>Average</u>	<u>2021</u>
	<u>loss rate</u>	<u>Trade</u>		<u>loss rate</u>	<u>Trade</u>
		<u>receivables</u>			<u>receivables</u>
		<u>HK\$'000</u>			<u>HK\$'000</u>
Current (not past due)					
1-30 days past due	X%	X		X%	X
31-60 days past due	X%	X		X%	X
61-90 days past due	X%	X		X%	X
More than 90 days past due	X%		X	X%	X
			<u>X</u>		<u>X</u>

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. [The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated.]

During the year ended 31 December 2022, the Group provided HK\$[X] and HK\$[X] (2021: HK\$[X] and HK\$[X]) impairment allowance for trade receivables and contract assets respectively, based on collective assessment. Impairment allowance of HK\$[X] and HK\$[X] (2021: HK\$[X] and HK\$[X]) were made on debtors with significant balances and credit-impaired debtors respectively.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

64.2. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES - continued

(iii) *Other price risk - continued*

[THE RECONCILIATION AND EXPLANATION ON SIGNIFICANT CHANGES SHOULD BE PROVIDED FOR ALL ECL RECOGNISED (INCLUDING THOSE WITHOUT ALLOWANCE ACCOUNT). IN ADDITION, SUCH DISCLOSURES SHOULD BE PREPARED FOR EACH CLASS OF FINANCIAL INSTRUMENT]

The following table shows the movement in lifetime ECL that has been recognised for [trade receivables] under the simplified approach.

	Lifetime ECL (not credit- impaired) HK\$'000	Lifetime ECL (credit- impaired) HK\$'000	Total HK\$'000
As at 1 January 2021	X	X	X
Changes due to financial instruments recognised as at 1 January 2021:			
- Transfer to credit-impaired	(X)	X	-
- Impairment losses recognised	X	X	X
- Impairment losses reversed	(X)	(X)	(X)
- Write-offs	(X)	(X)	(X)
- Unwinding of discount	X	X	X
New financial assets originated or purchased	X	X	X
Exchange adjustments		X	X
As at 31 December 2021	X	X	X
Changes due to financial instruments recognised as at 1 January 2022:			
- Transfer to credit-impaired	(X)	X	-
- Impairment losses recognised	X	X	X
- Impairment losses reversed	(X)	(X)	(X)
- Write-offs	(X)	(X)	(X)
- Unwinding of discount	X	X	X
New financial assets originated or purchased	X	X	X
Exchange adjustments		X	X
As at 31 December 2022	X	X	X

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

64.2. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES - continued

(iii) *Other price risk - continued*

Changes in the loss allowance for trade receivables are mainly due to:

	2022		2021	
	Increase/(decrease) in lifetime ECL lifetime		Increase/(decrease) in lifetime ECL	
	Not credit-impaired	Credit-impaired	Not credit-impaired	Credit-impaired
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
One trade debtor with a gross carrying amount of HK\$[X] (2021: HK\$[X]) defaulted and transferred to credit-impaired	(X)	X	(X)	X
Settlement in full of trade debtors with a gross carrying amount of HK\$[X] (2021: HK\$[X])	-	(X)	-	(X)
New trade receivables with gross carrying amount of HK\$[X] (2021: HK\$[X])	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over two years past due, whichever occurs earlier. [The Group has taken legal action against the debtors to recover the amount due/None of the trade receivables that have been written off is subject to enforcement activities].

The following tables show reconciliation of loss allowances that has been recognised for [contract assets/finance lease receivables/other receivables/debt instruments at FVTOCI/loan receivables/amounts due from associates/joint ventures/related parties/financial guarantee contracts/others (please specify)]. [Remark: Separate reconciliation table shall be prepared for each class of financial instrument].

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

64.2. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES - continued

(iii) *Other price risk - continued*

	<u>12m ECL</u> HK\$'000	<u>Lifetime ECL</u> <u>(not credit-</u> <u>impaired)</u> HK\$'000	<u>Lifetime ECL</u> <u>(credit-</u> <u>impaired)</u> HK\$'000	<u>Total</u> HK\$'000
As at 1 January 2021	X	X	X	X
Changes due to financial instruments recognised as at 1 January 2021:				
- Transfer to credit-impaired	(X)	(X)	X	-
- Transfer to lifetime ECL	(X)	(X)	X	-
- Transfer to 12m ECL	X	(X)	(X)	-
- Impairment losses recognised	X	X	X	X
- Impairment losses reversed	(X)	(X)	(X)	(X)
- Write-offs	(X)	(X)	(X)	(X)
- Unwinding of discount	X	X	X	X
New financial assets originated or purchased	X	X	X	X
Exchange adjustments	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>
As at 31 December 2021	X	X	X	X
Changes due to financial instruments recognised as at 1 January 2022:				
- Transfer to credit-impaired	(X)	(X)	X	-
- Transfer to lifetime ECL	(X)	(X)	X	-
- Transfer to 12m ECL	X	(X)	(X)	-
- Impairment losses recognised	X	X	X	X
- Impairment losses reversed	(X)	(X)	(X)	(X)
- Write-offs	(X)	(X)	(X)	(X)
- Unwinding of discount	X	X	X	X
New financial assets originated or purchased	X	X	X	X
Exchange adjustments	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>
As at 31 December 2022	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>

Changes in the loss allowance for [contract assets/finance lease receivables/other receivables/debt instruments at FVTOCI/loan receivables/amounts due from associates/joint ventures/related parties/financial guarantee contracts/others (please specify)] are mainly due to:

	2022 Increase/(decrease) in lifetime ECL		
	Increase/ (decrease) in 12m ECL HK\$'000	Not credit- impaired HK\$'000	Credit-impaired HK\$'000
Advance of new loan receivables with a gross carrying amount of HK\$[X] (2021: HK\$[X])	X	X	X
[Settlement in full of loan receivables with a gross amount of HK\$[X] (2021: HK\$[X])]	<u>(X)</u>	<u>(</u>	<u>X</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

64.2. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES - continued

(iii) *Other price risk - continued*

		<u>2021</u> <u>Increase/(decrease) in lifetime ECL</u>	
	<u>Increase/ (decrease) in 12m ECL HK\$'000</u>	<u>Not credit- impaired HK\$'000</u>	<u>Credit-impaired HK\$'000</u>
Advance of new loan receivables with a gross carrying amount of HK\$[X] (2020: HK\$[X])	X	X	X
[Settlement in full of loan receivables with a gross amount of HK\$[X] (2020: HK\$[X])]	<u>(X)</u>	<u>(X)</u>	<u>(X)</u>

Liquidity risk

[THE FOLLOWING EXAMPLES ARE NOT PRO FORMA WORDINGS. THE MATTERS DISCLOSED WILL BE DICTATED BY THE CIRCUMSTANCES OF THE INDIVIDUAL ENTITY, AND BASED ON THE INFORMATION PROVIDED INTERNALLY TO THE ENTITY'S KEY MANAGEMENT PERSONNEL.]

Alt 1 Where the entity manages its liquidity primarily through maintaining adequate level of cash and cash equivalents, bank borrowings and banking facilities

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management of the Group monitors the utilisation of bank borrowings and ensures compliance with loan covenants.

The Group relies on bank borrowings as a significant source of liquidity. As at 31 December 2022, the Group has available unutilised overdraft and short-term bank loan facilities of HK\$[X] (2021: HK\$[X]) and HK\$[X] (2021: HK\$[X]) respectively. Details of which are set out in notes 38 and 44.

Alt 2 Where the entity manages its liquidity by matching maturity profiles of financial assets and liabilities

Ultimate responsibility for liquidity risk management rests with the directors of the Company, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. As at 31 December 2022, the Group has available unutilised overdraft and short-term bank loan facilities of HK\$[X] (2021: HK\$[X]) and HK\$[X] (2021: HK\$[X]) respectively. Details of which are set out in note 44.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

64.2. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES - continued

(iii) *Other price risk - continued*

Remark: Where an entity has difficulty in raising funds to meet commitments associated with financial instruments (e.g. An entity has net current liabilities, recurring operating losses or breach of covenants), disclosures of liquidity risk and how the entity is going to mitigate the risk should be made in more details.

The following table details the Group's remaining contractual maturity for its financial liabilities and derivative instruments. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. Specifically, bank loans with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates.

The table includes both interest and principal cash flows. [The Group's liquidity risk management policy has been updated to ensure there are sufficient liquid resources to accommodate potential volatility in X(to specify) Overnight Index Average]. To the extent that interest flows are floating rate [or based on overnight index average], the undiscounted amount is derived based on management's best estimates at the end of the reporting period, taking into consideration interest rate curve, if available.

In addition, the following table details the Group's liquidity analysis for its derivative financial instruments. The tables have been drawn up based on the undiscounted contractual net cash (inflows) and outflows on derivative instruments that settle on a net basis, and the undiscounted gross (inflows) and outflows on those derivatives that require gross settlement. When the amount payable is not fixed, the amount disclosed has been determined by reference to the projected interest rates as illustrated by the yield curves existing at the end of the reporting period. The liquidity analysis for the Group's derivative financial instruments are prepared based on the [contractual settlement dates as the management of the Group considers that the settlement dates are essential for an understanding of the timing of the cash flows of derivatives/SPECIFY OTHER BASIS USED BY MANAGEMENT]

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

64.2. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES - continued

(iii) *Other price risk - continued*

Liquidity tables

	Weighted average interest rate %	On demand or less than 1 month HK\$'000	1-3 months HK\$'000	3 months to 1 year HK\$'000	1-5 years HK\$'000	>5 years HK\$'000	Total undiscounted cash flows HK\$'000	Carrying amount at 31/12/2022 HK\$'000
2022								
Trade and other payables	-	X	X	X	X	X	X	X
Bank overdrafts	X	X	X	X	X	X	X	X
Bank loans								
- fixed rate	X	X	X	X	X	X	X	X
- variable rate	X	X	X	X	X	X	X	X
Leases liabilities	X	X	X	X	X	X	X	X
[Financial guarantee contracts]	[-]	[X]	[X]	[X]	[X]	[X]	[X]	[X]
[Others (please specify)]	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>
Derivatives - net settlement	—	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>
Interest rate swaps	X	X	X	X	X	X	X	X
Foreign exchange forward contracts	X	X	X	X	X	X	X	X
[Others (please specify)]		<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>
Derivatives - gross settlement		<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>
Foreign exchange forward contracts								
- inflow	(X)	(X)	(X)	(X)	(X)	(X)	(X)	
- outflow	X	X	X	X	X	X	X	X
Currency swaps								
- inflow	(X)	(X)	(X)	(X)	(X)	(X)	(X)	
- outflow	X	X	X	X	X	X	X	X
[Others (please specify)]								
- inflow	(X)	(X)	(X)	(X)	(X)	(X)	(X)	
- outflow		<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>
		<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>

Liquidity tables – continued

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

64.2. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES - continued

(iii) *Other price risk - continued*

	Weighted average interest rate %	On demand or less than 1 month HK\$'000	1-3 months HK\$'000	3 months to 1 year HK\$'000	1-5 years HK\$'000	≥5 years HK\$'000	Total undiscounted cash flows HK\$'000	Carrying amount at 31/12/2021 HK\$'000
2021								
Trade and other payables	-	X	X	X	X	X	X	X
Bank overdrafts	X	X	X	X	X	X	X	X
Bank loans								
- fixed rate	X	X	X	X	X	X	X	X
- variable rate	X	X	X	X	X	X	X	X
Leases liabilities	X	X	X	X	X	X	X	X
[Financial guarantee contracts]	[-]	[X]	[X]	[X]	[X]	[X]	[X]	[X]
[Others (please specify)]	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>
		<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>
Derivatives - net settlement								
Interest rate swaps	X	X	X	X	X	X	X	X
Foreign exchange forward contracts	X	X	X	X	X	X	X	X
[Others (please specify)]		<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>
		<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>
Derivatives - gross settlement								
Foreign exchange forward contracts								
- inflow	(X)	(X)	(X)	(X)	(X)	(X)	(X)	
- outflow	X	X	X	X	X	X	X	X
Currency swaps								
- inflow	(X)	(X)	(X)	(X)	(X)	(X)	(X)	
- outflow	X	X	X	X	X	X	X	X
[Others (please specify)]								
- inflow	(X)	(X)	(X)	(X)	(X)	(X)	(X)	
- outflow		<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>
		<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>

Bank loans with a repayment on demand clause are included in the “on demand or less than 1 month” time band in the above maturity analysis. As at 31 December 2022, the aggregate carrying amounts of these bank loans amounted to HK\$[X] (2021: HK\$[X]). Taking into account the Group's financial position, the management does not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The management believes that such bank loans will be repaid [two years (please specify)] after the end of the reporting period in accordance with the scheduled repayment dates set out in the loan agreements, details of which are set out in the table below:

Maturity Analysis – Bank loans with a repayment on demand clause based on scheduled repayments

	Less than 1 year HK\$'000	1 – 2 years HK\$'000	2 - 5 years HK\$'000	Over 5 years HK\$'000	Total undiscounted cash outflows HK\$'000	Carrying amount HK\$'000
31 December 2022	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>
31 December 2021	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

64.2. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES - continued

(iii) *Other price risk - continued*

The amounts included above for financial guarantee contracts are the maximum amounts the Group could be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the end of the reporting period, the management considers that it is more likely than not that no amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

The amounts included above for variable interest rate instruments are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

Alt 1 Where the entity manages its liquidity by matching maturity profiles of financial assets and liabilities (i.e. Alt 2 on page 235), the entity may also present the analysis on financial assets provided internally to key management personnel

The following table details the Group's expected maturity for some of its non-derivative financial assets. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Group's liquidity risk management as the liquidity is managed on a net asset and liability basis.

	Weighted average interest rate %	less than 1 month HK\$'000	1-3 months HK\$'000	3 months to 1 year HK\$'000	1-5 years HK\$'000	>5 years HK\$'000	Total undiscounted cash flows HK\$'000	Carrying amount at 31/12/2022 HK\$'000
2022								
Trade and other payables	-	X	X	X	X	X	X	X
Loan receivables		X	X	X	X	X	X	X
- fixed rate	X	X	X	X	X	X	X	X
- variable rate	X	X	X	X	X	X	X	X
Pledged/restricted bank deposits	X	X	X	X	X	X	X	X
Held for trading investments	X	X	X	X	X	X	X	X
[Others (please specify)]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]
		<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>
	Weighted average interest rate %	less than 1 month HK\$'000	1-3 months HK\$'000	3 months to 1 year HK\$'000	1-5 years HK\$'000	>5 years HK\$'000	Total undiscounted cash flows HK\$'000	Carrying amount at 31/12/2021 HK\$'000
2021								
Trade and other payables	-	X	X	X	X	X	X	X
Loan receivables		X	X	X	X	X	X	X
- fixed rate	X	X	X	X	X	X	X	X
- variable rate	X	X	X	X	X	X	X	X
Pledged/restricted bank deposits	X	X	X	X	X	X	X	X
Held for trading investments	X	X	X	X	X	X	X	X
[Others (please specify)]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]
		<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>

Interest rate benchmark reform

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

64.2. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES - continued

(iii) **Other price risk** - continued

Remark: The disclosures are for illustrative purpose only and should be specifically tailored to reporting entities' facts and circumstances. In addition, the disclosures for financial institutions and banks are expected to be much more comprehensive with additional risks such as operational and IT risks.

As listed in note 44, several of the Group's [LIBOR/HIBOR/others (to specify)] bank loans will [or may] be subject to the interest rate benchmark reform. The Group is closely monitoring the market and managing the transition to new benchmark interest rates, including announcements made by the relevant IBOR regulators.

LIBOR

As at 31 December 2022, all LIBOR settings have been either ceased to be provided by any administrator or no longer be representative, [except for US dollar settings (other than the 1-week and 2-month settings) which will be ceased immediately after 30 June 2023].

HIBOR

While the Hong Kong Dollar Overnight Index Average ("HONIA") has been identified as an alternative to HIBOR, there is no plan to discontinue HIBOR. The multi-rate approach has been adopted in Hong Kong, whereby HIBOR and HONIA will co-exist. [The Group's bank loans/others (to specify) linked to HIBOR will continue till maturity and hence, not subject to transition.]

Others (to specify)

[(i) Risks arising from the interest rate benchmark reform]

Remark: This is relevant for reporting entities that have not transitioned all IBOR settings and still have some contracts subject to the interest rate benchmark reform in which negotiation for transition with the relevant counterparties has not been finalised or detailed fallback clauses have not been incorporated in the relevant contracts.

The following are the key risks for the Group arising from the transition:

Interest rate related risks

For contracts which have not been transitioned to the relevant alternative benchmark rates and without detailed fallback clauses, if the bilateral negotiations with the Group's counterparties are not successfully concluded before the cessation of [LIBORs/other (to specify)], there are significant uncertainties with regard to the interest rate that would apply. This gives rise to additional interest rate risk that was not anticipated when the contracts were entered into.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

64.2. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES - continued

(iii) *Other price risk - continued*

There are fundamental differences between IBORs and the various alternative benchmark rates. IBORs are forward looking term rates published for a period (e.g. 3 months) at the beginning of that period and include an inter-bank credit spread, whereas alternative benchmark rates are typically risk-free overnight rates published at the end of the overnight period with no embedded credit spread. These differences will result in additional uncertainty regarding floating rate interest payments

Litigation risk

If no agreement is reached to implement the interest rate benchmark reform on contracts which have not been transitioned to the relevant alternative benchmark rates (e.g. arising from differing interpretation of existing fallback terms), there is a risk of prolonged disputes with counterparties which could give rise to additional legal and other costs. The Group is working closely with all counterparties to avoid this from occurring.]

Interest rate basis risk

Interest rate basis risk may arise if a non-derivative instrument and the derivative instrument held to manage the interest risk on the non-derivative instrument transition to alternative benchmark rates at different times. This risk may also arise where back-to-back derivatives transition at different times. The Group will monitor this risk against its risk management policy which has been updated to allow for temporary mismatches of up to 12 months and transact additional basis interest rate swaps if required.

[(ii) Progress towards implementation of alternative benchmark interest rates

As part of the Group's risk management for transition, new contracts entered into by the Group are linked to the relevant alternative benchmark rates or interest rates which are not subject to reform to the extent feasible. Otherwise, the Group ensured the relevant contracts include detailed fallback clauses clearly referencing the alternative benchmark rate and the specific triggering event on which the clause is activated.

During the year, certain bank loans linked to GBP LIBOR, lease liabilities linked to 2-month USD LIBOR and [please specify] have been transitioned to Sterling Overnight Index Average, Secured Overnight Financing Rate and [please specify] respectively). The Group accounted for the changes using the practical expedient in HKFRS 9 which allows the Group to change the basis for determining the contractual cash flows prospectively by revising the effective interest rate.

[The Group is planning to transition the majority of its remaining [IBOR-linked] contracts through introduction of, or amendments to, fallback clauses into the contracts which will change the basis for determining the interest cash flows from [IBOR] to [alternative reference rate] at an agreed point in time.]

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

64.2. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES - continued

(iii) *Other price risk - continued*

The following table shows the total amounts of outstanding contracts and the progress in completing the transition to alternative benchmark rates as at 31 December 2022. The amounts of financial assets and liabilities [and others] are shown at their carrying amounts and derivatives are shown at their notional amounts.]

As at 31 December 2022

Financial instruments prior to transition	Maturing in	Carrying amounts/ notional amounts HK\$'000	Hedge accounting	Transition progress for financial instruments
Non-derivative financial assets				
Debt instruments linked to 3-month USD LIBOR	2024/2025	[X]	N/A	Expected to transition latest by H2 2023. Detailed fallback clauses were incorporated in Q3 2022.

As at 31 December 2021

Financial instruments prior to transition	Maturing in	Carrying amounts/ notional amounts HK\$'000	Hedge accounting	Transition progress for financial instruments
Non-derivative financial assets				
Debt instruments linked to 3-month USD LIBOR	2024/2025	[X]	N/A	Expected to transition latest by H2 2023
Non-derivative financial liabilities				
Bank loans linked to GBP LIBOR	2023	[X]	Designated in cash flow hedge	Transitioned to Sterling Overnight Index Average
Bank loans linked to HIBOR	2022	[X]	N/A	HIBOR will continue till maturity
Derivatives				
Cash flow hedge – Receive 3-month GBP LIBOR, pay GBP fixed interest rate swaps	2023	[X]	GBP LIBOR bank loan of the same maturity and nominal as the swap	To transit derivatives via International Swaps and Derivatives Association protocol
Others				
Lease liabilities linked to USD LIBOR	2026	[X]	N/A	Expected to transition in H1 2022

64.3. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Some of the Group's financial instruments are measured at fair value for financial reporting purposes. [The directors of the Company have set up a valuation committee, which is headed up by the Chief Financial Officer of the Company, to determine the appropriate valuation techniques and inputs for fair value measurements./Others (please describe the organisational structures responsible for determining fair value and the process of determining fair value).]

In estimating the fair value, the Group uses market-observable data to the extent it is available. For instruments with significant unobservable inputs under Level 3, [the Group engages third party qualified valuers to perform the valuation. The valuation committee works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model. The Chief Financial Officer reports the valuation committee's findings to the directors of the Company every quarter to explain the cause of fluctuations in the fair value./Others (please specify).]

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

64.3. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS - continued

(i) Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

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

Remark: Below are examples only.

Fair value hierarchy as at 31/12/2022

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
Financial assets at FVTPL				
Derivative financial assets	X	X	X	X
Held for trading-listed equity securities	X	X	X	X
Convertible bonds	X	X	X	X
Other (please specify)	X	X	X	X
Equity instruments at FVTOCI	X	X	X	X
Debt instruments at FVTOCI				
Investments in listed bonds	X	X	X	X
Other (please specify)	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>
Financial liabilities				
Contingent consideration for a business combination	X	X	X	X
Derivative financial liabilities	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>

Fair value hierarchy as at 31/12/2021

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
Financial assets at FVTPL				
Derivative financial assets	X	X	X	X
Held for trading-listed equity securities	X	X	X	X
Convertible bonds	X	X	X	X
Other (please specify)	X	X	X	X
Equity instruments at FVTOCI	X	X	X	X
Debt instruments at FVTOCI				
Investments in listed bonds	X	X	X	X
Other (please specify)	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>
Financial liabilities				
Contingent consideration for a business combination	X	X	X	X
Derivative financial liabilities	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

64.3. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS - continued

(i) Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis - continued

Remark: The categorisation of fair value measurements into the different levels of the fair value hierarchy depends on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurements. The above categorisations are for illustrative purpose only.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

64.3. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS - continued

(i) Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis - continued

Financial assets/financial liabilities	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)
	31/12/2022	31/12/2021		
1) Foreign currency forward contracts	Assets – HK\$[X]; and Liabilities – HK\$[X]	Assets – HK\$[X]	Level 2	Discounted cash flow. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contracted forward rates, discounted at a rate that reflects the credit risk of various counterparties.
2) Interest rate swaps	Assets – HK\$[X]; Liabilities (designated for hedging) – HK\$[X]; and Liabilities (not designated for hedging) – HK\$[X] Listed equity securities in Z Land: - Real estate industry – HK\$[X]; and - Oil and gas industry – HK\$[X].	Assets – HK\$[X] Listed equity securities in Z Land: - Real estate industry – HK\$[X]; and - Oil and gas industry – HK\$[X].	Level 2	Discounted cash flow. Future cash flows are estimated based on forward interest rates (from observable yield curves at the end of the reporting period) and contracted interest rates, discounted at a rate that reflects the credit risk of various counterparties.
3) Held for trading non-derivative financial assets			Level 1	Quoted bid prices in an active market.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

4) Listed equity securities at FVTOCI	Listed equity securities in A Land: - Real estate industry – HK\$[X]	Listed equity securities in A Land: - Real estate industry – HK\$[X]	Level 1	Quoted bid prices in an active market.
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NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

64.3. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS - continued

(i) Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis - continued

Financial assets/financial liabilities	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)
	31/12/2022	31/12/2021			
5) Private equity investments at FVTOCI	19% equity investment in X Limited engaged in refining and distribution of fuel products in A Land – HK\$[X]; and 10 per cent equity investment in E Plus Limited engaged in shoe manufacturing in A Land – HK\$[X]	19% equity investment in X Limited engaged in refining and distribution of fuel products in A Land – HK\$[X]	Level 3	Income approach – in this approach, the discounted cash flow method was used to capture the present value of the expected future economic benefits to be derived from the ownership of this investee, based on an appropriate discount rate.	Long-term revenue growth rates, taking into account management's experience and knowledge of market conditions of the specific industries, ranging from [X]% to [X]% (2021: [X]% to [X]%). (Note 1)
5) Private equity investments at FVTOCI	19% equity investment in X Limited engaged in refining and distribution of fuel products in	19% equity investment in X Limited engaged in refining and distribution of fuel products in		Income approach – in this approach, the discounted cash flow method was used to capture the present value of the expected future economic	Long-term pre-tax operating margin, taking into account management's experience and knowledge of market conditions of the specific industries, ranging from [X]% to [X]% (2021: [X]% to [X]%).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

	A Land – HK\$[X]; and 10 per cent equity investment in E Plus Limited engaged in shoe manufacturing in A Land – HK\$[X] 19% equity investment in X Limited engaged in refining and distribution of fuel products in A Land – HK\$[X]; and 10 per cent equity investment in E Plus Limited engaged in shoe manufacturing in A Land – HK\$[X] 19% equity investment in X Limited engaged in refining and	A Land – HK\$[X] 19% equity investment in X Limited engaged in refining and distribution of fuel products in A Land – HK\$[X] 19% equity investment in X Limited engaged in refining and		benefits to be derived from the ownership of this investee, based on an appropriate discount rate.	(Note 1)
5) Private equity investments at FVTOCI			Level 3	Income approach – in this approach, the discounted cash flow method was used to capture the present value of the expected future economic benefits to be derived from the ownership of this investee, based on an appropriate discount rate.	Discount rate, taking into account weighted average cost of capital determined using a Capital Asset Pricing Model, ranging from [X]% to [X]% (2021: [X]% to [X]%). (Note 2)
5) Private equity investments at FVTOCI			Level 3	Income approach – in this approach, the discounted cash flow method was used to capture the present	Discount for lack of marketability of [X]% (2021: [X]%). (Note 1)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

	distribution of fuel products in A Land – HK\$[X]; and 10 per cent equity investment in E Plus Limited engaged in shoe manufacturing in A Land – HK\$[X]	distribution of fuel products in A Land – HK\$[X]		value of the expected future economic benefits to be derived from the ownership of this investee, based on an appropriate discount rate.	
6) Contingent consideration in a business combination	Liabilities – HK\$[X]	- Level 3	Discounted cash flow method was used to capture the present value of the expected future economic benefits that will flow out of the Group arising from the contingent consideration, based on an appropriate discount rate.	Discount rate of [X]%. (Note 2)	
6) Contingent consideration in a business combination	Liabilities – HK\$[X]	- Level 3	Discounted cash flow method was used to capture the present value of the expected future economic benefits that will flow out of the Group arising from the	Probability-adjusted revenues and profits, with a range from HK\$[X] to HK\$[X] and a range from HK\$[X] to HK\$[X] respectively. (Note 3)	

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

7) Derivative component in relation to the convertible loan notes issued by the Group	Liabilities – HK\$[X]	Liabilities – HK\$[X]	Level 3	contingent consideration, based on an appropriate discount rate. [Binomial option pricing model/Black Scholes/others (please specify)]	Expected volatility of [X]% (2021: [X]%), taking into account [please describe factors considered in arriving at the estimated volatility]. (Note 4)
7) Derivative component in relation to the convertible loan notes issued by the Group	Liabilities – HK\$[X]	Liabilities – HK\$[X]	Level 3	[Binomial option pricing model/Black Scholes/others (please specify)]	Exercise multiple of [X] times (2021: [X] times), taking into account [please describe]. (Note 4)
7) Derivative component in relation to the convertible loan notes issued by the Group	Liabilities – HK\$[X]	Liabilities – HK\$[X]	Level 3	[Binomial option pricing model/Black Scholes/others (please specify)]	Dividend yield of [X]% (2021: [X]%) taking into account [please describe]. (Note 4)

(i) Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis - continued

Financial assets/financial liabilities	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)
	31/12/2022	31/12/2021		
8) Convertible loan notes issued by the Group and designated at FVTPL	Liabilities	Liabilities	Level 3	[Binomial option pricing model/Black Scholes and discounted cash flow method/others (please specify)]
8) Convertible loan notes issued by the Group and designated at FVTPL	HK\$[X]	HK\$[X]		[Binomial option pricing model/Black Scholes and discounted cash flow method/others (please specify)]
8) Convertible loan notes issued by the Group and designated at FVTPL	Liabilities	Liabilities	Level 3	[Binomial option pricing model/Black Scholes and discounted cash flow method/others (please specify)]
8) Convertible loan notes issued by the Group and designated at FVTPL	HK\$[X]	HK\$[X]		[Binomial option pricing model/Black Scholes and discounted cash flow method/others (please specify)]
8) Convertible loan notes issued by the Group and designated at FVTPL	Liabilities	Liabilities	Level 3	[Binomial option pricing model/Black Scholes and discounted cash flow method/others (please specify)]
8) Convertible loan notes issued by the Group and designated at FVTPL	HK\$[X]	HK\$[X]		[Binomial option pricing model/Black Scholes and discounted cash flow method/others (please specify)]

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

issued by the	Scholes and discounted
Group and	cash flow
designated at	method/others (please
FVTPL	specify)]

64.3. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS - continued

(i) Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis - continued

Note 1: A [slight] [increase] in the [long-term revenue growth rates/long-term pre-tax operating margin/discount for lack of marketability] used in isolation would result in a [significant] [increase/decrease] in the fair value measurement of the [private equity investments], and vice versa. [As a result of the volatile financial market in [20XX], the management adjusted the sensitivity rate from [Z]% to [X]% for the purpose of performing the sensitivity analysis.] A [X]% [increase/decrease] in the [long-term revenue growth rates] holding all other variables constant would [increase/decrease] the carrying amount of the shares by HK\$[X] (31 December 2021: HK\$[X]).

Note 2: A [slight] [increase] in the [discount rate] used in isolation would result in a [significant] [decrease] in the fair value measurement of the [private equity investments], convertible loan notes and [contingent consideration] respectively, and vice versa. [As a result of the volatile financial market in [20XX], the management adjusted the sensitivity rate from [Z]% to [X]% for the purpose of performing the sensitivity analysis.] A [X]% [increase/decrease] in the [discount rate] holding all other variables constant would [decrease/increase] the carrying amount of the [private equity investments] [convertible loan notes] and [contingent consideration] by HK\$[X], HK\$[X] and HK\$[X] respectively (2021: HK\$[X], HK\$[X] and HK\$[X] respectively).

Note 3: A [slight] [increase] in the [probability-adjusted revenues and profits] used in isolation would result in a [significant] [increase] in the fair value measurement of the [contingent consideration], and vice versa. [As a result of the volatile financial market in [20XX], the management adjusted the sensitivity rate from [Z]% to [X]% for the purpose of performing the sensitivity analysis.] A [X]% [increase/decrease] in the [probability-adjusted revenues and profits] holding all other variables constant would [increase/decrease] the carrying amount of the contingent consideration by HK\$[X] (2021: HK\$[X]).

Note 4: A [slight] [increase] in the [expected volatility/exercise multiple/dividend yield] used in isolation would result in a [significant] [increase] in the fair value measurement of the [convertible loan notes/conversion option derivatives], and vice versa. [As a result of the volatile financial market in [20XX], the management adjusted the sensitivity rate from [Z]% to [X]% for the purpose of performing the sensitivity analysis.] A [X]% [increase/decrease] in the [expected volatility/exercise multiple/dividend yield] holding all other variables constant would [increase/decrease] the carrying amount of the [convertible loan notes/conversion option derivatives] by HK\$[X] (2021: HK\$[X]).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

64.3. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS - continued

(i) Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis - continued

[Entities should determine the correlation of key unobservable inputs to the fair value measurement, and to disclose QUALITATIVELY the sensitivity of the fair value measurement to a change in the key unobservable inputs, on an INDIVIDUAL BASIS for each significant unobservable input.]

[There were no transfers between Level 1 and 2 during the year./Please disclose details of significant transfers between the different levels of the fair value hierarchy for the year and explain the reasons for the transfers. Below is an illustrative example.]

[The Group owns 10 per cent equity interest in [ABC Limited] that is classified as investment at FVTOCI and is measured at fair value at each reporting date. The fair value of the investment as at [31 December 2022] amounts to HK\$ [X] (2021: HK\$ [X]). The fair value of the investment as at [31 December 2021] was measured using a valuation technique with significant unobservable inputs and hence was classified as Level 3 of the fair value hierarchy. [ABC Limited] has become a listed entity on [the stock exchange of A Land] since [XX/XX/2022], with its shares traded in an active market. Therefore, the fair value of the investment as at [31 December 2022] was determined based on a published price quotation available on [the stock exchange of A Land] and was classified as Level 1 of the fair value hierarchy.]

(ii) Reconciliation of Level 3 fair value measurements

	Financial assets at FVTOCI HK\$'000	[Others (please specify)] HK\$'000	
At 1 January 2021	X	X	
Total gains (losses):			
- in profit or loss	-	X	
- in other comprehensive income	X	X	
Purchased	X	X	
Issued	X	X	
Disposals/settlements	(X)	(X)	
Transfers into level 3 (please specify reason)	X	X	
Transfers out of level 3 (please specify reason)	(X)	(X)	
Others (please specify)		<u>X</u>	<u>X</u>
At 31 December 2021	X	X	
Total gains (losses):			
- in profit or loss	-	X	
- in other comprehensive income	X	X	
Purchased	X	X	
Issued	X	X	
Disposals/settlements	(X)	(X)	
Transfers into level 3 (please specify reason)	X	X	
Transfers out of level 3 (please specify reason)	(X)	(X)	
Others (please specify)		<u>X</u>	<u>X</u>
At 31 December 2022		<u>X</u>	<u>X</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

64.3. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS - continued

(ii) Reconciliation of Level 3 fair value measurements - continued

[The only financial liability subsequently measured at fair value on Level 3 fair value measurement represents contingent consideration relating to the acquisition of Sub F Limited (see note 54). No gain or loss for the current year relating to this contingent consideration has been recognised in profit or loss.]

[Required for Level 3 recurring fair value measurements only]

Of the total gains or losses for the period included in profit or loss, HK\$[X] [gain/loss] (2021: HK\$[X] [gain/loss]) relates to [financial assets designated as at FVTPL/held for trading investments/others (please specify)] held at the end of the current reporting period. Fair value gains or losses on [financial assets designated as at FVTPL/held for trading investments/others (please specify)] are included in 'other gains and losses'.

Included in other comprehensive income is an amount of HK\$[X] [gain/loss] (2021: HK\$[X] [gain/loss]) relating to [unlisted equity securities classified as equity instruments at FVTOCI/others (please specify)] held at the end of the current reporting period and is reported as changes of FVTOCI/revaluation reserve.]

(iii) Fair value of the Group's financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required)

Except as detailed in the following table, the management considers that the carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values.

	Carrying amount HK\$'000	31/12/2022 Fair value HK\$'000	Fair value hierarchy Level	Carrying amount HK\$'000	31/12/2021 Fair value HK\$'000	Fair value hierarchy Level
Financial assets						
Loan receivables	X	X	X	X	X	X
-fixed rate	X	X	X	X	X	X
-variable rate	X	X	X	X	X	X
Pledged/restricted bank deposits	X	X	X	X	X	X
Finance lease receivables (note 1)	X	X	X	X	X	X
[Other (please specify)]	X	X	X	X	X	X
Financial liabilities						
Bank loans	X	X	X	X	X	X
-fixed rate	X	X	X	X	X	X
-variable rate	X	X	X	X	X	X
Other loans	X	X	X	X	X	X
Convertible loan notes (note 2)	X	X	X	X	X	X
Loan from the immediate holding company	X	X	X	X	X	X
Financial guarantee contracts	X	X	X	X	X	X
[Others (please specify)]	X	X	X	X	X	X

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

64.3. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS - continued

(iii) Fair value of the Group's financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required) - continued

The carrying amounts include any accrued interest receivables and interest payables. The fair values of the financial assets and financial liabilities included in the level 2 and level 3 categories above have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparties.

Notes:

THE FOLLOWING ARE EXAMPLES OF DISCLOSURES OF ASSUMPTIONS USED IN FAIR VALUE ESTIMATION. DISCLOSURES SHOULD BE PREPARED ACCORDING TO THE NATURE OF THE ENTITY'S FINANCIAL INSTRUMENTS AND THE SIGNIFICANT INPUTS APPLIED IF NOT DISCLOSED IN THE RESPECTIVE NOTES.

- 1) The fair value of finance lease receivables is estimated to be HK\$[X] (2021: HK\$[X]) using a discount rate of [8.5]% (2021: [8.25]%) based on [a quoted four-year swap rate and adding a credit margin that reflects the secured nature of the receivables/others (please specify)].
- 2) The fair value of the debt component of convertible loan notes is determined assuming [redemption on [XX/XX/XX]/others (please specify) and using a [X]% interest rate based on [a quoted swap rate of [X]% for a [X] months loan and holding the credit risk margin constant/others (please specify)].

64.4. FINANCIAL ASSETS AND FINANCIAL LIABILITIES SUBJECT TO OFFSETTING, ENFORCEABLE MASTER NETTING ARRANGEMENTS AND SIMILAR AGREEMENTS

The disclosures set out in the tables below include financial assets and financial liabilities that:

- [are offset in the consolidated statement of financial position; and/or]
- are subject to an enforceable master netting arrangement or similar agreement that covers similar financial instruments, irrespective of whether they are offset in the consolidated statement of financial position.

[The Group currently has a legally enforceable right to set off [the accounts receivable from clearing houses, brokers and cash clients and the accounts payable to these counterparties that are due to be settled on the same date/others (please describe)] and the Group intends to settle these balances on a net basis.]

Alt 1 Where the entity has entered derivative transactions that are not covered by the International Swaps and Derivatives Association Master Agreements

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

64.4. FINANCIAL ASSETS AND FINANCIAL LIABILITIES SUBJECT TO OFFSETTING, ENFORCEABLE MASTER NETTING ARRANGEMENTS AND SIMILAR AGREEMENTS - continued

The amounts recognised for the [derivative financial assets and derivative financial liabilities (please specify their nature, e.g. interest rate swaps, forward exchange contracts etc.)/others (please specify)] do not meet the criteria for offsetting in the consolidated statement of financial position since the right of set-off of the recognised amounts is only enforceable [upon an event of default/others (please specify)].

Alt 2 Where the entity has entered derivative transactions that are covered by the International Swaps and Derivatives Association Master Agreements

The Group has entered certain derivative transactions that are covered by the International Swaps and Derivatives Association Master Agreements ("ISDA Agreements") signed with various banks. These derivative instruments are not offset in the consolidated statement of financial position as the ISDA Agreements are in place with a right of set off only in the event of default, insolvency or bankruptcy so that the Group currently has no legally enforceable right to set off the recognised amounts.

Alt 1 Where disclosure is made by type of financial instruments

Financial assets subject to offsetting, enforceable master netting arrangements and similar agreements

As at 31 December 2022

Description	Gross amounts of recognised financial assets HK\$'000	Gross amounts of recognised financial liabilities set off in the consolidated statement of financial position HK\$'000	Related amounts not set off in the consolidated statement of financial position			
			Net amounts of financial assets presented in the consolidated statement of financial position HK\$'000	Financial instruments HK\$'000	Cash collateral pledged HK\$'000	Net amount HK\$'000
Accounts payable to clearing houses, brokers and cash clients	X	(X)	X	(X)	(X)	X
Derivatives	X	(X)	X	(X)	(X)	X
Reverse repurchase, securities borrowing and similar agreements	X	(X)	X	(X)	(X)	X
Other financial instruments	X	(X)	X	(X)	(X)	X
Total	X	(X)	X	(X)	(X)	X

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

64.4. FINANCIAL ASSETS AND FINANCIAL LIABILITIES SUBJECT TO OFFSETTING, ENFORCEABLE MASTER NETTING ARRANGEMENTS AND SIMILAR AGREEMENTS - continued

Financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements

As at 31 December 2022

Description	Gross amounts of recognised financial liabilities HK\$'000	Gross amounts of recognised financial assets set off in the consolidated statement of financial position HK\$'000	Related amounts not set off in the consolidated statement of financial position			
			Net amounts of financial liabilities presented in the consolidated statement of financial position HK\$'000	Financial instruments HK\$'000	Cash collateral pledged HK\$'000	Net amount HK\$'000
Accounts payable to clearing houses, brokers and cash clients	X	(X)	X	(X)	(X)	X
Derivatives	X	(X)	X	(X)	(X)	X
Reverse repurchase, securities borrowing and similar agreements	X	(X)	X	(X)	(X)	X
Other financial instruments	<u>X</u>	<u>(X)</u>	<u>X</u>	<u>(X)</u>	<u>(X)</u>	<u>X</u>
Total	<u>X</u>	<u>(X)</u>	<u>X</u>	<u>(X)</u>	<u>(X)</u>	<u>X</u>

Financial assets subject to offsetting, enforceable master netting arrangements and similar agreements

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

64.4. FINANCIAL ASSETS AND FINANCIAL LIABILITIES SUBJECT TO OFFSETTING, ENFORCEABLE MASTER NETTING ARRANGEMENTS AND SIMILAR AGREEMENTS - continued

As at 31 December 2021

Description	Gross amounts of recognised financial assets HK\$'000	Gross amounts of recognised financial liabilities set off in the consolidated statement of financial position HK\$'000	Related amounts not set off in the consolidated statement of financial position			
			Net amounts of financial assets presented in the consolidated statement of financial position HK\$'000	Financial instruments HK\$'000	Cash collateral pledged HK\$'000	Net amount HK\$'000
Accounts payable to clearing houses, brokers and cash clients	X	(X)	X	(X)	(X)	X
Derivatives	X	(X)	X	(X)	(X)	X
Reverse repurchase, securities borrowing and similar agreements	X	(X)	X	(X)	(X)	X
Other financial instruments	X	(X)	X	(X)	(X)	X
Total	X	(X)	X	(X)	(X)	X

Financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements

As at 31 December 2021

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

64.4. FINANCIAL ASSETS AND FINANCIAL LIABILITIES SUBJECT TO OFFSETTING, ENFORCEABLE MASTER NETTING ARRANGEMENTS AND SIMILAR AGREEMENTS - continued

Description	Gross amounts of recognised financial liabilities HK\$'000	Gross amounts of recognised financial assets set off in the consolidated statement of financial position HK\$'000	Related amounts not set off in the consolidated statement of financial position			
			Net amounts of financial liabilities presented in the consolidated statement of financial position HK\$'000	Financial instruments HK\$'000	Cash collateral pledged HK\$'000	Net amount HK\$'000
Accounts payable to clearing houses, brokers and cash clients	X	(X)	X	(X)	(X)	X
Derivatives	X	(X)	X	(X)	(X)	X
Repurchase, securities lending and similar agreements	X	(X)	X	(X)	(X)	X
Other financial instruments	X	(X)	X	(X)	(X)	X
Total	X	(X)	X	(X)	(X)	X

Alt 2 Where amounts that are set off are disclosed by type of financial instruments and related amounts not set off in the consolidated statement of financial position is disclosed by counterparty

Financial assets subject to offsetting, enforceable master netting arrangements and similar agreements

As at 31 December 2022

Description	Gross amounts of recognised financial assets HK\$'000	Gross amounts of recognised financial liabilities set off in the consolidated statement of financial position HK\$'000	Net amounts of financial assets presented in the consolidated statement of financial position HK\$'000
Accounts receivable from clearing houses, brokers and cash clients	X	(X)	X
Derivatives	X	(X)	X
Repurchase, securities lending and similar agreements	X	(X)	X
Other financial instruments	X	(X)	X
Total	X	(X)	X

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

64.4. FINANCIAL ASSETS AND FINANCIAL LIABILITIES SUBJECT TO OFFSETTING, ENFORCEABLE MASTER NETTING ARRANGEMENTS AND SIMILAR AGREEMENTS - continued

Net financial assets subject to enforceable master netting arrangements and similar agreements, by counterparty

As at 31 December 2022

Description	Net amounts of financial assets presented in the consolidated statement of <u>financial position</u> HK\$'000	Related amounts not set off in the consolidated statement of financial <u>position</u>		
		Financial instruments <u>HK\$'000</u>	Cash collateral pledged <u>HK\$'000</u>	Net amount <u>HK\$'000</u>
Counterparty A	X	(X)	(X)	X
Counterparty B	X	(X)	(X)	X
Counterparty C	X	(X)	(X)	X
		((
		X	X	
Other	<u>X</u>	<u>)</u>	<u>)</u>	<u>X</u>
		((
		X	X	
Total	<u>X</u>	<u>)</u>	<u>)</u>	<u>X</u>

Financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements

As at 31 December 2022

Description	Gross amounts of recognised financial liabilities <u>HK\$'000</u>	Gross amounts of recognised financial assets set off in the consolidated statement of <u>financial position</u> <u>HK\$'000</u>	Net amounts of financial liabilities presented in the consolidated statement of <u>financial position</u> <u>HK\$'000</u>
Accounts receivable from clearing houses, brokers and cash clients	X	(X)	X
Derivatives	X	(X)	X
Repurchase, securities lending and similar agreements	X	(X)	X
		(
		X	
Other financial instruments	<u>X</u>	<u>)</u>	<u>X</u>
		(
		X	
Total	<u>X</u>	<u>)</u>	<u>X</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

64.4. FINANCIAL ASSETS AND FINANCIAL LIABILITIES SUBJECT TO OFFSETTING, ENFORCEABLE MASTER NETTING ARRANGEMENTS AND SIMILAR AGREEMENTS - continued

Net financial liabilities subject to enforceable master netting arrangements and similar agreements, by counterparty

As at 31 December 2022

Description	Net amounts of financial assets presented in the consolidated statement of financial position HK\$'000	Related amounts not set off in the consolidated statement of financial position		
		Financial instruments HK\$'000	Cash collateral pledged HK\$'000	Net amount HK\$'000
Counterparty A	X	(X)	(X)	X
Counterparty B	X	(X)	(X)	X
Counterparty C	X	(X)	(X)	X
		((
		X	X	
Other	<u>X</u>	<u>)</u>	<u>)</u>	<u>X</u>
		((
		X	X	
Total	<u>X</u>	<u>)</u>	<u>)</u>	<u>X</u>

Financial assets subject to offsetting, enforceable master netting arrangements and similar agreements

As at 31 December 2021

Description	Gross amounts of recognised financial assets HK\$'000	Gross amounts of recognised financial liabilities set off in the consolidated statement of financial position HK\$'000	Net amounts of financial assets presented in the consolidated statement of financial position HK\$'000
Accounts receivable from clearing houses, brokers and cash clients	X	(X)	X
Derivatives	X	(X)	X
Reverse repurchase, securities borrowing and similar agreements	X	(X)	X
		(
		X	
Other financial instruments	<u>X</u>	<u>)</u>	<u>X</u>
		(
		X	
Total	<u>X</u>	<u>)</u>	<u>X</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

64.4. FINANCIAL ASSETS AND FINANCIAL LIABILITIES SUBJECT TO OFFSETTING, ENFORCEABLE MASTER NETTING ARRANGEMENTS AND SIMILAR AGREEMENTS - continued

Net financial assets subject to enforceable master netting arrangements and similar agreements, by counterparty

As at 31 December 2021

Description	Net amounts of financial assets presented in the consolidated statement of financial position HK\$'000	Related amounts not set off in the consolidated statement of financial position		
		Financial instruments HK\$'000	Cash collateral pledged HK\$'000	Net amount HK\$'000
Counterparty A	X	(X)	(X)	X
Counterparty B	X	(X)	(X)	X
Counterparty C	X	(X)	(X)	X
		((
		X	X	
Other	<u>X</u>	<u>)</u>	<u>)</u>	<u>X</u>
		((
		X	X	
Total	<u>X</u>	<u>)</u>	<u>)</u>	<u>X</u>

Financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements

As at 31 December 2021

Description	Gross amounts of recognised financial liabilities HK\$'000	Gross amounts of recognised financial assets set off in the consolidated statement of financial position HK\$'000	Net amounts of financial liabilities presented in the consolidated statement of financial position HK\$'000
Accounts receivable from clearing houses, brokers and cash clients	X	(X)	X
Derivatives	X	(X)	X
Repurchase, securities lending and similar agreements	X	(X)	X
		(
		X	
Other financial instruments	<u>X</u>	<u>)</u>	<u>X</u>
		(
		X	
Total	<u>X</u>	<u>)</u>	<u>X</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

64.4. FINANCIAL ASSETS AND FINANCIAL LIABILITIES SUBJECT TO OFFSETTING, ENFORCEABLE MASTER NETTING ARRANGEMENTS AND SIMILAR AGREEMENTS - continued

Net financial liabilities subject to enforceable master netting arrangements and similar agreements, by counterparty

As at 31 December 2021

Description	Net amounts of financial liabilities presented in the consolidated statement of financial position HK\$'000	Related amounts not set off in the consolidated statement of financial position		
		Financial instruments HK\$'000	Cash collateral pledged HK\$'000	Net amount HK\$'000
Counterparty A	X	(X)	(X)	X
Counterparty B	X	(X)	(X)	X
Counterparty C	X	(X)	(X)	X
		((
		X	X	
Other	<u>X</u>	<u>)</u>	<u>)</u>	<u>X</u>
		((
		X	X	
Total	<u>X</u>	<u>)</u>	<u>)</u>	<u>X</u>

The gross amounts of the recognised financial assets and financial liabilities and their net amounts as presented in the consolidated statement of financial position, both of which have been disclosed in the above tables, are measured as follows:

- Accounts receivable from, or payable to, clearing houses, brokers and cash clients – amortised cost
- Derivatives – fair value
- Repurchase, reverse repurchase, securities lending, securities borrowing and similar agreements – fair value
- Others (please describe) – [please describe]

The amounts which [have been offset against the related recognised financial assets and financial liabilities in the consolidated statement of financial position or] are subject to enforceable master netting arrangements or similar agreements are measured on [the same basis/different bases (please describe the difference)] as the recognised financial assets and financial liabilities.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

65. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

	<u>Borrowings</u>	<u>Convertible</u>	<u>Lease</u>	<u>Loan from the</u>	<u>[Others</u>	
	<u>Note [X]</u>	<u>loan notes</u>	<u>liabilities</u>	<u>immediate</u>	<u>(please</u>	
	<u>HK\$'000</u>	<u>Note [X]</u>	<u>Note [X]</u>	<u>holding</u>	<u>specify)]</u>	<u>Total</u>
	<u>HK\$'000</u>	<u>HK\$'000</u>	<u>HK\$'000</u>	<u>company</u>	<u>Note [X]</u>	<u>HK\$'000</u>
	<u>Note [X]</u>	<u>Note [X]</u>	<u>Note [X]</u>	<u>Note [X]</u>	<u>Note [X]</u>	<u>Note [X]</u>
	<u>HK\$'000</u>	<u>HK\$'000</u>	<u>HK\$'000</u>	<u>HK\$'000</u>	<u>HK\$'000</u>	<u>HK\$'000</u>
At 1 January 2021	X	X	X	X	X	X
Financing cash flows	X	X	X	X	X	X
Acquisition of a subsidiary	X	X	X	X	X	X
Disposal of a subsidiary	X	X	X	X	X	X
Fair value adjustments	X	X	X	X	X	X
New leases entered/lease modified	X	X	X	X	X	X
Exchange adjustments	X	X	X	X	X	X
Interest expenses	X	X	X	X	X	X
[Other changes (please specify)]	X	X	X	X	X	X
At 31 December 2021	X	X	X	X	X	X
Financing cash flows	X	X	X	X	X	X
Acquisition of a subsidiary	X	X	X	X	X	X
Disposal of a subsidiary	X	X	X	X	X	X
Fair value adjustments	X	X	X	X	X	X
New leases entered/lease modified	X	X	X	X	X	X
Exchange adjustments	X	X	X	X	X	X
Interest expenses	X	X	X	X	X	X
[Other changes (please specify)]	X	X	X	X	X	X
At 31 December 2022	X	X	X	X	X	X

66. NET DEBT RECONCILIATION

This section sets out an analysis of net debts for the year presented.

	<u>31/12/2022</u>	<u>31/12/2021</u>
	<u>HK\$'000</u>	<u>HK\$'000</u>
Cash and cash equivalents	X	X
Gross debt – fixed interest rates	X	X
Gross debt – variable interest rates	X	X
Net debt	X	X

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

66. NET DEBT RECONCILIATION - continued

	Bank balances and cash/bank overdrafts	Borrowings	Convertible loan notes	Lease liabilities	Loan from the immediate holding company	[Others (please specify)]	Total
	Note [X] HK\$'000	Note [X] HK\$'000	Note [X] HK\$'000	Note [X] HK\$'000	Note [X] HK\$'000	Note [X] HK\$'000	HK\$'000
At 1 January 2021	X	X	X	X	X	X	X
Financing cash flows	X	X	X	X	X	X	X
Acquisition of a subsidiary	X	X	X	X	X	X	X
Disposal of a subsidiary	X	X	X	X	X	X	X
Fair value adjustments	X	X	X	X	X	X	X
New leases entered/lease modified	X	X	X	X	X	X	X
Exchange adjustments	X	X	X	X	X	X	X
Interest expenses	X	X	X	X	X	X	X
[Other changes (please specify)]	X	X	X	X	X	X	X
At 31 December 2021	X	X	X	X	X	X	X
Financing cash flows	X	X	X	X	X	X	X
Acquisition of a subsidiary	X	X	X	X	X	X	X
Disposal of a subsidiary	X	X	X	X	X	X	X
Fair value adjustments	X	X	X	X	X	X	X
New leases entered/lease modified	X	X	X	X	X	X	X
Exchange adjustments	X	X	X	X	X	X	X
Interest expenses	X	X	X	X	X	X	X
[Other changes (please specify)]	X	X	X	X	X	X	X
At 31 December 2022	X	X	X	X	X	X	X

67. MAJOR NON-CASH TRANSACTIONS

Part of the consideration for the purchase of a subsidiary and the sale of assets that occurred during the year comprised shares and loan notes respectively. Further details of the acquisitions and the disposal are set out in notes [54] and [55] above.

During the year, [X] bonus shares were issued, by the capitalisation of HK\$[X] of profits.

During the year, short-term borrowings/advances drawn on discounted bills with recourse of HK\$[X] (2021: HK\$[X]) have been settled through bills discounted to the relevant financial institutions.

During the year, the Group entered into new lease agreements for the use of [leased properties/machinery/office equipment/X (to specify)] for [X] years. On the lease commencement, the Group recognised right-of-use assets and lease liabilities of HK\$[X] and HK\$[X] (2021: HK\$[X] and HK\$[X]) respectively.

During the year, bank borrowings under supply chain financing arrangements of HK\$[X] (2021: HK\$[X]) represent the payments to the suppliers by the relevant banks directly.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

68. RELATED PARTY TRANSACTIONS

Other than as disclosed elsewhere in these consolidated financial statements, the Group has following transactions and balances with related parties:

<u>Relationships</u>	<u>Nature of balances/transactions</u>	<u>As at/ For the year ended 31/12/2022 HK\$'000</u>	<u>As at/ For the year ended 31/12/2021 HK\$'000</u>
Fellow subsidiaries	Trade sales	X	X
	Amounts due from fellow subsidiaries (included in trade and other receivables)	X	X
Holding company	Interest expenses on lease liabilities	X	X
	Expenses relating to short-term leases and leases of low-value assets	X	X
	Lease liabilities (Note i)	X	X
	Management fee expenses	X	X
	Amount due to the holding company (included in trade and other payables)	X	X
Joint ventures	Purchase of investment properties	X	X
[X (to specify)]	[X (to specify)]	X	X

Note (i) During the year ended 31 December 2022, the Group entered into several new lease agreements for the use of [X (to specify)] with the holding company for [X] to [X] years. Except for shortterm lease and low value leases in which the Group applied recognition exemption, the Group has recognised an addition of right-of-use assets and lease liabilities of HK\$[X] and HK\$[X] respectively.

Alt Government-related entity operated in the PRC

[Please consider entities' specific circumstances and modify the following disclosures accordingly.]

The Company is [ultimately controlled/jointly controlled/significantly influenced] by the PRC government and the Group operates in an economic environment currently predominated by entities controlled, jointly controlled or significantly influenced by the PRC government ("government-related entities").

[In addition, the Group itself is part of a larger group of companies under [ABC Company] (ABC Company and its subsidiaries are referred to as the "ABC Group") which is controlled by the PRC government.]

i) Transactions/balances with government-related entities

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

68. RELATED PARTY TRANSACTIONS - continued

a. Transactions and balances with the ABC Group

	Year ended 31/12/2022 HK\$'000	Year ended 31/12/2021 HK\$'000	
Trade purchases	<u>X</u>		<u>X</u>
Trade sales	<u>X</u>		<u>X</u>
	Year ended 31/12/2022 HK\$'000	Year ended 31/12/2021 HK\$'000	
Amount due to ABC Company/fellow subsidiaries (included in trade and other payables)		<u>X</u>	<u>X</u>
Amount due from ABC Company/fellow subsidiaries (included in trade and other receivables)		<u>X</u>	<u>X</u>

b. Transactions and balances with other government-related entities

Apart from the transactions with the ABC Group disclosed above, the Group also conducts business with other government-related entities.

[DISCLOSE THE NATURE AND AMOUNT OF EACH INDIVIDUALLY SIGNIFICANT TRANSACTIONS.]

[On [DATE] 2022, the Group acquired land use rights amounted to HK\$[X] (2021: HK\$[X]) from SOE Limited, an entity controlled by the PRC government. The consideration is determined by reference to market price and approved by the shareholders on [DATE].*]

*If the transaction is carried out on non-market terms, such information should be disclosed.

[DISCLOSE A QUALITATIVE OR QUANTITATIVE INDICATION OF THE EXTENT OF OTHER TRANSACTIONS THAT ARE COLLECTIVELY SIGNIFICANT.]

[The Group has entered into various transactions, including deposits placements, borrowings and other general banking facilities, with banks which are government-related entities. [A majority/About [X]%] of its bank deposits and borrowings are with government-related entities.]

[The Group paid management fee to other government-related entities amounted to HK\$[X] (2021: HK\$[X]) which are priced at cost plus a mark-up.][The Group's transactions with other government-related entities include sales of goods and purchases of raw materials. [A large portion of its sales of goods and purchases of raw materials/About [X]% of its sales of goods and [Y]% of its purchases of raw materials] are from government-related entities.]

ii) Transactions/balances with other related parties

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

68. RELATED PARTY TRANSACTIONS - continued

[Remark: This covers transactions and balances with other related parties which are not government-related entities. For example, compensation of key management personnel, transactions with directors-related entities.]

Compensation of key management personnel

The remuneration of directors and other members of key management during the year was as follows:

	Year ended 31/12/2022 HK\$'000	Year ended 31/12/2021 HK\$'000
Short-term employee benefits	X	X
Post-employment benefits	X	X
Other long-term benefits	X	X
Share-based payments		
	X	X
	X	X

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

In addition to the amounts above, the Group also provides other non-monetary benefits (such as accommodation, cars, others to specify) to key management personnel. During the year ended 31 December 2022, depreciation of property, plant and equipment/right-of-use assets in relation to these non-monetary benefits amounted to HK\$[X] (2021: depreciation of property, plant and equipment/right-of-use assets in relation to these non-monetary benefits amounted to HK\$[X]).

Remark: If the entity had consistently selected the presentation of the government grants, including the Covid-19 related grants, and deducted them in reporting the related directors' and chief executive's emoluments included in employee benefits expense in note 14, the entity should disclose the amounts of the directors' and executive's remuneration for the year in this note in gross amount (i.e. the amount before offsetting of the government grant), as required by the applicable Listing Rules and Hong Kong Companies Ordinance.

69. PLEDGE OF OR RESTRICTIONS ON ASSETS

Remark The following disclosure is only applicable if the reporting entity discloses all the pledge or restriction of assets in a single note, instead of respective notes.

Pledge of assets

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

69. PLEDGE OF OR RESTRICTIONS ON ASSETS - continued

The Group's borrowings had been secured by the pledge of the Group's assets and the carrying amounts of the respective assets are as follows:

	<u>31/12/2022</u>	<u>31/12/2021</u>
	HK\$'000	HK\$'000
Property, plant and equipment	X	X
Investment properties	X	X
Trade receivables	X	X
Pledge bank deposits	X	X
X (to specify)	<u>X</u>	<u>X</u>
	<u>X</u>	<u>X</u>

Restrictions on assets

In addition, lease liabilities of HK\$[X] are recognised with related right-of-use assets of HK\$[X] as at 31 December 2022 (2021: lease liabilities of HK\$[X] and related right-of-use assets of HK\$[X]). The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor and the relevant leased assets may not be used as security for borrowing purposes.

Furthermore, bills issued by third parties endorsed with recourse for settlement of payables for X (to specify) is disclosed in note X.

70. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

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70.1. General information of subsidiaries

Details of the subsidiaries directly and indirectly held by the Company at the end of the reporting period are set out below.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

70.1. General information of subsidiaries - continued

Name of subsidiary	Place of incorporation/ registration/ operations	Class of shares held	Paid up issued/ registered capital	Proportion ownership interest held by the Company				Proportion of voting power held by the Company				Principal activities
				Directly		Indirectly						
				<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	
				%	%	%	%	%	%	%	%	
Sub B Limited	Hong Kong											Property holding
Sub C Limited	Hong Kong											Investment holding
Sub D Sdn Bhd	Malaysia											Electronics manufacture
Sub E NV^	Holland											Property holding
Sub F SA^	France											Electronics distribution
Sub G Ltd.	B Land											Electronics manufacture
Sub H Ltd.	C Land											Property construction
D JV*	PRC											Electronics manufacture
Sub E#	PRC											Electronics manufacture

*D JV is a cooperative joint venture established in the PRC.

Sub E is a wholly foreign owned enterprise established in the PRC.

^ Companies not audited by Deloitte's members firm. The financial statements of the subsidiaries not audited by Deloitte's members firm reflect total net assets and total revenue constituting approximately [X]% and [X]% respectively of the related consolidated totals.

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

None of the subsidiaries had issued any debt securities at the end of the year.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

70.1. General information of subsidiaries - continued

Alt 1 If a subsidiary has debt securities

None of the subsidiaries had issued any debt securities at the end of the year except for [Sub B Ltd.] which has issued approximately HK\$[X] million of convertible loan notes, in which the Group has [no interest/HK\$[X] million interest].

Alt 2 If a number of subsidiaries had issued debt securities, some of which are held by the Group

The following subsidiaries had issued HK\$[X] debt securities at the end of the year:

	<u>Total</u> HK\$'000	<u>Held by</u> <u>the Group</u> HK\$'000	<u>Held by</u> <u>third parties</u> HK\$'000
[Sub B Ltd.]	X	X	X
[Sub C Ltd.]	X	X	X
[Sub E NV]	X	X	X

Alt 3 Where there are non-voting deferred shares not held by the Group

The deferred shares, which are not held by the Group, carry practically no rights to dividends nor to receive notice of nor to attend or vote at any general meeting of the relevant companies nor to participate in any distribution on winding up. The Company has been granted an option by the holders of the deferred shares to acquire these shares at a nominal amount.

[At the end of the reporting period, the Company has other subsidiaries that are not material to the Group. A majority of these subsidiaries operate in A Land. The principal activities of these subsidiaries are summarised as follows:

<u>Principal activities</u>	<u>Principal place of business</u>	<u>Number of subsidiaries</u>	
		<u>31/12/2022</u> HK\$'000	<u>31/12/2021</u> HK\$'000
Manufacture of electronic equipment	A Land	X	X
	B Land	X	X
Manufacture of leisure goods	A Land	X	X
	A Land	X	X

70.2. Details of non-wholly owned subsidiaries that have material non-controlling interests

The table below shows details of non-wholly-owned subsidiaries of the Group that have material non-controlling interests:

Remarks:

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

70.2. Details of non-wholly owned subsidiaries that have material non-controlling interests - continued

- 1) *For illustrative purposes, it is assumed that the Group has only two subsidiaries with non-controlling interests that are material to the Group.*
- 2) *The amounts disclosed below do not reflect the elimination of intragroup transactions.*

Name of subsidiary	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests		Profit allocated to non-controlling interests		Accumulated non-controlling interests	
		31/12/2022	31/12/2021	31/12/2022 HK\$'000	31/12/2021 HK\$'000	31/12/2022 HK\$'000	31/12/2021 HK\$'000
Sub G Ltd.*(i) <i>Non-wholly owned subsidiary of Sub G Ltd</i>	B Land	[X]%	[X]%	X	X	X	X
Sub H Ltd.	C Land	[X]%	[X]%	X	X	X	X
Sub I Ltd. (ii)	D Land	-	-	X	X	X	X
Individually immaterial subsidiaries with non-controlling interests						<u>X</u>	<u>X</u>
						<u>X</u>	<u>X</u>

* excluding non-controlling interests of Sub G Ltd's subsidiary

(i) Sub G Ltd is listed on the stock exchange of B Land. Although the Group has only [45]% ownership in Sub G Ltd, the directors of the Company concluded that the Group has a sufficiently dominant voting interest to direct the relevant activities of Sub G Ltd on the basis of the Group's absolute size of shareholding and the relative size of and dispersion of the shareholdings owned by other shareholders. The [55]% ownership interests in Sub G Ltd are owned by thousands of shareholders that are unrelated to the Group, none individually holding more than [1]%.

(ii) The Group holds 100% voting rights and ordinary shares in Sub I Ltd. Non-controlling interests represent perpetual instruments issued by Sub I Ltd and the related accrued distribution.

Summarised financial information in respect of each of the Group's subsidiaries that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

Sub G Ltd. and subsidiary	31/12/2022 HK\$'000	31/12/2021 HK\$'000
Current assets	<u>X</u>	<u>X</u>
Non-current assets	<u>X</u>	<u>X</u>
	((
	X	X
Current liabilities	<u>)</u>	<u>)</u>
	((
	X	X
Non-current liabilities	<u>)</u>	<u>)</u>
Equity attributable to owners of the Company	<u>X</u>	<u>X</u>
Non-controlling interests of Sub G Ltd.	<u>X</u>	<u>X</u>
Non-controlling interests of Sub G Ltd.'s subsidiary	<u>X</u>	<u>X</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

70.2. Details of non-wholly owned subsidiaries that have material non-controlling interests - continued

	Year ended 31/12/2022 HK\$'000	Year ended 31/12/2021 HK\$'000
Revenue	<u>X</u> (X	<u>X</u> (X
Expenses	<u>)</u>	<u>)</u>
Profit (loss) for the year	<u>X</u>	<u>X</u>
Profit (loss) attributable to owners of the Company	X	X
Profit (loss) attributable to the non-controlling interests of Sub G Ltd.	X	X
Profit (loss) attributable to the non-controlling interests of Sub G Ltd.'s subsidiary	<u>X</u>	<u>X</u>
Profit (loss) for the year	<u>X</u>	<u>X</u>
Other comprehensive income attributable to owners of the Company	X	X
Other comprehensive income attributable to the non-controlling interests of Sub G Ltd.	X	X
Other comprehensive income attributable to the non-controlling interests of Sub G Ltd.'s subsidiary	<u>X</u>	<u>X</u>
Other comprehensive income for the year	<u>X</u>	<u>X</u>
Total comprehensive income attributable to owners of the Company	X	X
Total comprehensive income attributable to the non-controlling interests of Sub G Ltd.	<u>X</u>	<u>X</u>
Total comprehensive income attributable to the non-controlling interests of Sub G Ltd.'s subsidiary	<u>X</u>	<u>X</u>
Total comprehensive income for the year	<u>X</u>	<u>X</u>
	Year ended 31/12/2022 HK\$'000	Year ended 31/12/2021 HK\$'000
Dividends paid to non-controlling interests of Sub G Ltd.	<u>X</u>	<u>X</u>
Net cash inflow (outflow) from operating activities	<u>X</u> (X	<u>X</u> (X
Net cash inflow (outflow) from investing activities	<u>)</u> (X	<u>)</u> (X
Net cash inflow (outflow) from financing activities	<u>)</u>	<u>)</u>
Net cash inflow (outflow)	<u>X</u>	<u>X</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

70.3. Change in ownership interest in a subsidiary

During the year, the Group disposed of [10]% of its interest in Sub B Limited, reducing its continuing interest to [90]%. The proceeds on disposal of HK\$[X] were received in cash. An amount of HK\$[X] (being the proportionate share of the carrying amount of the net assets of Sub B Limited) has been transferred to non-controlling interests. The difference of HK\$[X] between the increase in the non-controlling interests and the consideration received has been credited to retained earnings.

70.4. Significant restriction

[When there are significant restrictions on the Company's or its subsidiaries' ability to access or use the assets and settle the liabilities of the Group, the Group should disclose the nature and extent of significant restrictions.]

70.5. Financial support

[When the Group gives financial support to a consolidated structured entity, the nature and risks (including the type and amount of support provided) should be disclosed in the consolidated financial statements.]

71. EVENTS AFTER THE REPORTING PERIOD

(a) Acquisition

[Remark: If the acquisition date of a business combination is after the end of the reporting period but before the financial statements are authorised for issue, the acquirer should disclose the information required by HKFRS 3.B64 unless the initial accounting for the business combination is incomplete at the time the consolidated financial statements are authorised for issue.]

Subsequent to 31 December 2022, the Group completed its negotiations with Hong Kong GAAP Limited for the acquisition of [X] % of Subtwo Limited. The acquisition has been accounted for as acquisition of business using the acquisition method. The transaction was completed on [X] [Month] 2022 and the acquisition cost of HK\$[X] was satisfied in cash [and other contingent arrangements (please specify)]. Details of the acquisition are set out in the Group's circular dated [X] [Month] 2022. [Please state the primary reasons for the business combination.]

	HK\$'000	
Cash	X	
Contingent consideration arrangement (Note)	X	
Equity instruments issued	X	
Other (please specify)		X
		X

Note: Based on the relevant agreement, the Group is required to pay to the seller an additional amount of HK\$[X] if Subtwo Limited's PBIT in each of the calendar years [202X and 202Y] exceeds HK\$[X]. Subtwo Limited's PBIT for the past three years has been HK\$[X] on average. HK\$[X] represents the estimated fair value of this obligation.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

71. EVENTS AFTER THE REPORTING PERIOD - continued

(a) **Acquisition** - continued

Assets and liabilities recognised at the date of acquisition [(determined on a provisional basis)]

	HK\$'000	
Net assets recognised:		
Property, plant and equipment	X	
Right-of-use assets	X	
Trademarks	X	
Deferred tax assets	X	
Contract assets	X	
Inventories	X	
Trade and other receivables	X	
Bank balances and cash	X	
Bank overdraft	(X)	
Trade and other payable	(X)	
Contract liabilities	(X)	
Lease liabilities	(X)	
Deferred tax liabilities	(X)	
		(
		X
Contingent liability)
		X
		-

The receivables acquired (which principally comprised trade receivables) with a fair value of HK\$[X] at the date of acquisition had gross contractual amounts of HK\$[X]. The best estimate at acquisition date of the contractual cash flows not expected to be collected amounted to HK\$[X].

The initial accounting for certain properties and operating rights acquired in the above business combination with fair value of HK\$[X] and HK\$[X] respectively have been determined on a provisional basis, awaiting the completion of professional valuations. The amounts of deferred tax liabilities and goodwill may be adjusted accordingly.

Non-controlling interests

Non-controlling interests in Subtwo Limited are measured by reference to [the fair value of the noncontrollinginterests/the proportionate share of recognised amounts of net identifiable assets of Subtwo Limited at the date of acquisition].

Goodwill arising on acquisition [(determined on a provisional basis)]

	HK\$'000	
Consideration transferred	X	
Plus: non-controlling interests ([X]% in Subtwo Limited)	X	
		(
		X
Less: recognised amounts of net assets acquired)
Goodwill arising on acquisition		X
		-

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

71. EVENTS AFTER THE REPORTING PERIOD - continued

(a) **Acquisition** - continued

Goodwill arose on the acquisition of Subtwo Limited [because the acquisition included the assembled workforce of Subtwo Limited and some potential contracts which are still under negotiation with new customers as at acquisition date. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.]

None of the goodwill arising on this acquisition is expected to be deductible for tax purposes.

Net cash outflow on acquisition of Sub X Limited

	HK\$'000	
Cash consideration paid	X	(
		X
Less: cash and cash equivalents balances acquired)
		X
		-

(b) **Issuance of ordinary shares**

On [Date], in order to finance the Group's proposed participation in the ABC project, the Company issued [X] ordinary shares [of HK\$[X] each], for consideration of HK\$[X] per share. The new shares rank pari passu with the existing shares in all respects. Further details of this transaction are set out in the Company's announcement dated [Date].

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

72. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	<u>31/12/2022</u>	<u>31/12/2021</u>
	HK\$'000	HK\$'000
Non-current Assets		
Unlisted investments in subsidiaries	X	X
Investment properties	X	X
Right-of-use assets	X	X
Amounts due from subsidiaries	X	X
Others (please specify)	<u>X</u>	<u>X</u>
	<u>X</u>	<u>X</u>
Current Assets		
Bank balances and cash	X	X
Others (please specify)	<u>X</u>	<u>X</u>
	<u>X</u>	<u>X</u>
Current Liabilities		
Amounts due to subsidiaries	X	X
Lease liabilities	X	X
Others (please specify)	<u>X</u>	<u>X</u>
	<u>X</u>	<u>X</u>
Net Current Assets		
	<u>X</u>	<u>X</u>
Total Assets less Current Liabilities		
	<u>X</u>	<u>X</u>
Capital and Reserves		
Share capital (see note 41)	X	X
Reserves	X	X
Others (please specify)	<u>X</u>	<u>X</u>
Total equity		
	<u>X</u>	<u>X</u>
Non-current Liabilities		
Lease liabilities	X	X
Deferred tax liabilities	X	X
Others (please specify)	<u>X</u>	<u>X</u>
	<u>X</u>	<u>X</u>

Movement in the Company's reserves

	<u>Share</u> <u>premium</u> HK\$'000	<u>[FVTOCI/</u> <u>Revaluation]</u> <u>reserves</u> HK\$'000	<u>Retained</u> <u>profits</u> HK\$'000	<u>Others</u> <u>(please</u> <u>specify)</u> HK\$'000	<u>Total</u> HK\$'000
At 1 January 2021					
Profit for the year					
Other comprehensive income for the year					
Total comprehensive income for the year					
Others (please specify)					
At 31 December 2021					
Profit for the year					
Other comprehensive income for the year					
Total comprehensive income for the year					
Others (please specify)					
At 31 December 2022					

