



SILVER GRANT INTERNATIONAL HOLDINGS GROUP LIMITED

銀建國際控股集團有限公司

(Incorporated in the Cayman Islands)

(Stock Code: 171)

**ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2023**

The board (“**Board**”) of directors (“**Directors**”) of Silver Grant International Holdings Group Limited (“**Company**” or “**Silver Grant**”, together with its subsidiaries, the “**Group**”) is pleased to announce the consolidated results of the Group for the year ended 31 December 2023 (“**Year 2023**”) as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	2023 <i>HK\$'000</i>	2022
Rental income	96,958	96,884
Direct operating expenses	<u>(6,465)</u>	<u>(3,542)</u>
	90,493	93,342
Dividend income from listed securities	2	136
Other income, gains and losses	258,946	467,687
Exchange gains/(losses) on foreign currency	(147,287)	(166,108)
Change in fair value of derivative		
— Foreign exchange	—	(22,280)
— Interest rate	(489,129)	(251,580)
Administrative expenses	(165,030)	(181,456)
Change in fair value of investment properties	(63,646)	(208,156)
Finance costs	(342,422)	(530,034)
Share of profit/(loss) of associates		
— associates	(31,141)	2,050
— joint ventures	(83,071)	1,130
Loss before taxation	(972,285)	(795,269)
Taxation	16,009	52,611
Loss for the year	<u>(956,276)</u>	<u>(742,658)</u>
Loss attributable to:		
— Owners of the Company	(947,409)	(734,563)
— Non-controlling interests	(8,867)	(8,095)
	<u>(956,276)</u>	<u>(742,658)</u>
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY (in HK cents)		
— Basic	(41.11)	(31.87)
— Diluted	(41.11)	(31.87)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2023	2022
	<i>HK\$'000</i>	
LOSS FOR THE YEAR	(956,276)	(742,658)
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR		
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Total other comprehensive loss that may d g " t g e n c u u k L g f " v q " r t q L v " q t " n q u u " k p " u w d u g s w g p v " r g t k q f u	(49,801)	(466,819)
Other comprehensive income/(loss) that will not d g " t g e n c u u k L g f " v q " r t q L v " q t " n q u u " k p " u w d u g s w g p v " r g t k q f u < Gain/(loss) arising on property revaluation k p e q o g " v c z " g g e v	7,533 (858)	(17,596) 3,353
Net other comprehensive income/(loss) that will not d g " t g e n c u u k L g f " v q " r t q L v " q t " n q u u " k p " u w d u g s w g p v " r g t k q f u	6,675	(14,243)
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX	(43,126)	(481,062)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	(999,402)	(1,223,720)999,402)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	2023	2022
	<i>HK\$'000</i>	
NON-CURRENT ASSETS		
Investment properties	2,133,714	2,309,146
Right-of-use assets	54,134	238,199
Other intangible assets	39,460	43,729
Interests in associates	—	—
Interests in joint ventures	274,094	309,475
Amount due from an associate	1,402,837	1,506,247
Amounts due from joint ventures	416,542	439,486
	216,216	—
	1,640	1,640
	<hr/>	<hr/>
Total non-current assets	4,538,637	4,847,922
	<hr/>	<hr/>
CURRENT ASSETS		
Trade receivables	6,362	3,934
Deposits, prepayments and other receivables	838,086	908,352
Amounts due from joint ventures	1,664	430,437
Loan receivables	1,894,369	2,246,377
	434,677	809,429
Restricted bank balance	—	674,814
Cash and bank balances	57,333	97,517
	<hr/>	<hr/>
Total current assets	3,232,491	5,170,860
	<hr/>	<hr/>
CURRENT LIABILITIES		
Accrued charges, rental deposits and other payables	419,184	1,204,446
Interest-bearing bank and other borrowings	3,485,049	1,388,974
Taxation payable	107,114	107,335
Lease liabilities	2,187	2,045
Convertible bonds	—	41,712
	<hr/>	<hr/>
Total current liabilities	4,013,534	2,744,512
	<hr/>	<hr/>
NET CURRENT (LIABILITIES)/ASSETS	(781,043)	2,426,348
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TOTAL ASSETS LESS CURRENT LIABILITIES	3,757,594	7,274,270
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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	2023	2022
	<i>HK\$'000</i>	

NON-CURRENT LIABILITIES

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The Group has adopted the following new and revised HKFRSs for the first time for the current

HKFRS 17

Amendments to HKAS 1 and HKFRS

Practice Statement 2

Amendments to HKAS 8

Definition of Accounting Estimates

Amendments to HKAS 12

Amendments to HKAS 12

2. REVENUE

An analysis of revenue is as follows:

	2023 <i>HK\$'000</i>	2022
Gross rental income	96,958	96,884
Dividend income from listed securities	2	136
	<u>96,960</u>	<u>97,020</u>

Operating segment information

Year ended 31 December 2023

	Investments <i>HK\$'000</i>	Property leasing <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue			
— Rental income	—	96,958	96,958
— Dividend income from listed securities	2	—	2
	<u>2</u>	<u>96,958</u>	<u>96,960</u>
Segment loss	<u>(399,166)</u>	<u>(20,006)</u>	(419,172)
Other unallocated income, gains and losses			28,436
Corporate expenses			(128,675)
Finance costs (other than interest on lease liabilities)			(338,662)
Share of losses of:			
— associates			(31,141)
— joint ventures			(83,071)
Loss before taxation			(972,285)
Taxation			16,009
Loss for the year			<u>(956,276)</u>

Year ended 31 December 2022

	Investments	Property leasing	Total
Revenue			
— Rental income	—	96,884	96,884
— Dividend income from listed securities	<u>136</u>	<u>—</u>	<u>136</u>
	<u>136</u>	<u>96,884</u>	<u>97,020</u>
Segment loss	<u>(13,073)</u>	<u>(153,952)</u>	(167,025)
Other unallocated income, gains and losses			18,383
Corporate expenses			(123,874)
Finance costs (other than interest on lease liabilities)			(525,933)
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— associates			2,050
— joint ventures			<u>1,130</u>
Loss before taxation			(795,269)
Taxation			<u>52,611</u>
Loss for the year			<u>(742,658)</u>

Geographical information

Revenue from external customers

	2023	2022
	<i>HK\$'000</i>	
Hong Kong	2	136
People's Republic of China ("PRC")	96,958	96,884
	96,960	97,020

The revenue information above is based on the locations of the customers.

Non-current assets

	2023	2022
	<i>HK\$'000</i>	
Hong Kong	803	256,508
PRC	3,903,436	4,150,288
	3,904,239	4,406,796

The non-current assets information above is based on the locations of the assets and excludes financial assets at fair value through profit or loss, amount due from an associate and amounts due from joint ventures.

3. OTHER INCOME, GAINS AND LOSSES

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

	2023 <i>HK\$'000</i>	2022
Interest income on:		
— amount due from a joint venture	4,787	44,666
— bank deposits	565	250
— loan receivables	197,907	410,508
Net foreign exchange gain/(loss)	37	(1,551)
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Net loss on disposal of investment properties	(10,500)	—
Impairment loss on other intangible assets	—	(2,814)
Government grants*	—	7
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or loss	1,360	1,860
Gain on disposal of a subsidiary	36,957	—
Others	27,820	14,820
	<u>258,946</u>	<u>467,687</u>

* The amount represented grants received from relevant government authorities in Mainland China for the Group's operation of property leasing business. There are no unfulfilled conditions or contingencies relating to these grants.

4. FINANCE COSTS

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	2023 <i>HK\$'000</i>	2022
Interest on bank loans	14,897	14,808
Interest on other loans	323,765	370,725
Interest on convertible bonds	—	140,400
Interest on lease liabilities		
	<u>342,422</u>	<u>530,034</u>

5. TAXATION

	2023	2022
	<i>HK\$'000</i>	
Current:		
PRC Corporate Income Tax (“CIT”) — charge for the year	—	344
Deferred	<u>(16,009)</u>	<u>(52,955)</u>

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6. LOSS BEFORE TAXATION

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

	2023	2022
	<i>HK\$'000</i>	
Auditor's remuneration	7,200	7,200

7. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

is based on the following data:

	2023 <i>HK\$'000</i>	2022
Company used in the basic loss per share calculation	<u>947,409</u>	<u>734,563</u>
	Number of shares	
	2023	2022
	<i>in thousand</i>	
Weighted average number of ordinary shares in issue during the year used in the basic loss per share calculation	<u>2,304,850</u>	<u>2,304,850</u>

No adjustment for dilution has been made to the basic loss per share amount presented for the years ended 31 December 2023 and 2022 as the Company's convertible bonds then outstanding had an

8. DIVIDEND

No dividend was paid or proposed for the year ended 31 December 2023 (2022: Nil).

9. TRADE RECEIVABLES

The Group allows a credit period of 30 to 60 days to its trade customers.

The following is an ageing analysis of trade receivables presented based on the invoice dates at the end of the reporting period, which approximated the respective revenue recognition dates:

	2023 <i>HK\$'000</i>	2022
Within 1 month	<u>6,362</u>	<u>3,934</u>

EXTRACT OF INDEPENDENT AUDITOR’S REPORT

The following is the extract of the Independent Auditor’s Report from the auditor of the Company, Ernst & Young:

“DISCLAIMER OF OPINION

We do not express an opinion on the consolidated financial statements of the Group. Because of the potential interaction of the multiple uncertainties relating to going concern and their possible

section of our report, it is not possible for us to form an opinion on these consolidated
and the *Additional matter – Qualification on loan receivables* section
properly prepared in compliance with the Hong Kong Companies Ordinance.

BASIS FOR DISCLAIMER OF OPINION

Multiple uncertainties relating to going concern

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The directors of the Company have been undertaking plans and measures to improve the Group's statements. The validity of the going concern assumptions on which the consolidated financial statements have been prepared depends on the outcome of these measures, which are subject to multiple uncertainties, including:

(a) the successful and timely implementation of the plans and measures for the disposal of the outstanding loan receivables and loan interest receivables;

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(c) the continual support from the existing lenders of the Group such that they will not demand for immediate repayment of the relevant borrowings; and

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As a result of these multiple uncertainties, their potential interaction, and the possible cumulative effect thereof, we were unable to form an opinion as to whether the going concern basis of preparation is appropriate. Should the Group fail to achieve the above-mentioned plans and measures, it might not be able to operate as a going concern, and adjustments would have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these cflwuv o gpvu"jcxg"pqv"dggp"tg ħ gevgf"kp"vjg"eqpuqnkfcvgf"Łpcpekcñ"uvcvg o gpvu0

ADDITIONAL MATTER — QUALIF8 (QU)-p460052005100560052004F004C001e0051oa

As disclosed in note 20 to the consolidated financial statements, the Company has established a special investigation committee to undertake investigation on matters pertaining to the loan transactions, including but not limited to, the commercial rationale of the loan transactions and the relationship between the Group and the borrowers. Up to the date of this report, as the aforesaid investigation has not been completed and is still in progress, we were unable to obtain sufficient appropriate audit evidence to satisfy ourselves as to (i) the commercial rationale of the loan transactions, the relationships between the Group and the borrowers, and the relationships amongst the borrowers; (ii) whether the carrying amounts of the loan receivables and loan interest receivables were properly stated as at 31 December 2023; (iii) whether the impairment loss for these loan receivables and loan interest receivables for the year ended 31 December 2023 was properly assessed and recognised based on the reasonable and supportable information

kp"ceeqtfcpveg"ykvj"vjg"cr rnkcdng"ceeqwpvki"uvcpfctf"cpf."eqpugswgpvn{"y jgvjgt"vjg"kpvgtguv" income from these loan receivables was properly recognised during the year ended 31 December 4245="cpf"*kx+"y jgvjgt"vjg"ecuj" Iqyu"kp"tgncvkqp"vq"vjg"nqcp"vtcpucevkqpu"y gtg"rtqrtn{"rtgugpvgf" kp"vjg"eqpuqkfcvgf"uvcvg o gpv"qh"ecuj" Iqyu"hqt"vjg" {gct"53" Fgeg o dgt"4245)

Cp{"cflwuv o gpvu"vq"vjg"hk i wtgu"cu"fguetkdgf"cdqyg" o k i j v"j cxg"eqpugswgpvkn"ghhgevu"qp"vjg" financial position of the Group as at 31 December 2023 and the financial performance and cash Iqyu"qh"vjg" I tqwr"hqt"vjg" {gct"gpfgf"53" Fgeg o dgt"4245."cpf"vjg"tgncvgf"fkuenquwtgu"vjgtgqh"kp"vjg" eqpuqkfcvgf"Łpcpekcn"uvcvg o gpvu)

Even had there been no multiple uncertainties relating to going concern as described in the section of our report which precluded us from expressing an opinion on vjg"eqpuqkfcvgf"hkpcpekcn"uvcvg o gpvu."qwt"qrkpkqp"y qwnf"j cxg"dggp"swcnkhkgf"hqt"vjg"cf fkvkqpcn" matter as described above.

The Company's joint venture, 中海油氣(泰州)石化有限公司 (Zhong Hai You Qi (Tai Zhou) Petrochemical Company Limited*) ("**Zhong Hai You Qi**"), which is principally engaged in the crude oil processing business as well as the production and sale of petrochemical products, has still

Investments

The Group has been well-established in the investment industry for decades and has developed its own investment system. During the year under review, the Group had readjusted its business strategies and made the decision to scale down part of the business operations under its investments business segment (including its non-performing asset investments and asset

The Group has made investments in certain enterprises in the PRC which are classified by the Scheme (as defined below) was the most significant financial asset investment of the Group, the carrying value of which represented approximately 3.0% (31 December 2022: 3.9%) of the total assets of the Group. Further details of the NT Trust Scheme are set out below:

aggregate into a trust (“**NT Trust Scheme**”) managed by 國民信託有限公司 (National Trust Co., Ltd.*), which holds a portfolio of limited liability partnerships investing in property development investments in Zhuozhou and Shenyang in the PRC. As at 31 December 2023, the carrying value of HK\$230,801,000 (31 December 2022: HK\$387,458,000) and accounted for approximately 3.0%

The objective of the Group in relation to its investments in financial assets is to capture returns from the appreciation of the value of its investments and to receive income therefrom. The Board financial and operating performance of the investee companies and market sentiment, which are major economies. The Group will continue to adopt prudent investment principles, closely monitor the performance of its investment portfolio, and readjust its investment strategies as and when appropriate. In response to the potential market volatility and economic downturns, the Group has accelerated the realisation of its mature investments while reducing the proportion of its medium

Property Leasing

The rental income from the Group's property leasing business in Year 2023 was approximately HK\$96,958,000 (Year 2022: HK\$96,884,000), which had remained stable between the two years. Revenue from this business segment was derived from the leasing of East Gate Plaza, an investment property of the Group located in Beijing, China, consisting of

MATERIAL ACQUISITIONS AND DISPOSALS

On 11 October 2023, (i) the Company, Silver Grant Hainan Investments (BVI) Limited (“**SG Hainan**”), a wholly owned subsidiary of the Company, and Silver Grant Group Limited (“**First Purchaser**”), an independent third party, entered into a sale and purchase agreement, pursuant to which (a) the Company and SG Hainan have conditionally agreed to sell, and the First Purchaser Limited (“**Target Company**”), a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company which held offices 1, 2 and 9 on 49th Floor, Office Tower, Convention Plaza, No. 1 Harbour Road, Hong Kong (“**Office Property**”), and (b) the Company has conditionally agreed to sell, and the First Purchaser has conditionally agreed to Company, at the consideration of HK\$200,000,000, subject to adjustments (“**First Disposal**”); and (ii) the Company and Mr. Gao Jimmy Z. (“**Second Purchaser**”), an independent third party, entered into a sale and purchase agreement, pursuant to which the Company has conditionally Company, at the consideration of HK\$70,000,000 (“**Second Disposal**”).

Both the First Disposal and the Second Disposal were completed in December 2023. Further details of the First Disposal and the Second Disposal are set out in the announcement and the circular of the Company dated 11 October 2023 and 22 November 2023 respectively.

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FINANCIAL REVIEW

The loss attributable to the owners of the Company increased by approximately 29% from approximately HK\$734,563,000 for Year 2022 to approximately HK\$947,409,000 for Year 2023 cpf"vjg"duke"nquu"rgt"ujctg"cvtkdwcdng"vq"qtfkpc{"gswkv{"j qnfgtu"qh"vjg"Eqo rcp{"kpetgcugf"htqo" 31.87 HK cents for Year 2022 to 41.11 HK cents for Year 2023, mainly due to the following:

- (a) the decrease in the Group’s other income, gains and losses from approximately HK\$467,687,000 for Year 2022 to approximately HK\$258,946,000 for Year 2023, mainly due to the combined effect of: (i) the decrease in the aggregate interest income from an amount due from a joint venture and loan receivables from approximately HK\$455,174,000 for Year 2022 to approximately HK\$202,694,000 for Year 2023; and (ii) the gain on the disposal of a subsidiary of approximately HK\$36,957,000 during Year 2023, which was absent during Year 2022;
- (b) the increase in the Group’s impairment of financial assets, net from approximately HK\$251,580,000 for Year 2022 to approximately HK\$489,129,000 for Year 2023, mainly attributable to the increase in the impairment loss provision in the amount of approximately HK\$172,452,000 made by the Group on its loan receivables under the expected credit loss model in accordance with HKFRS 9 from Year 2022 to Year 2023, as c"tguwnv"qh"vjg"fgvgtkqtcvkqp"kp"vjg"etgfkv"swcnkv{"qh"vjg" I tqwr"u"nqcp"tgegkxcdngu"fwtkpi" [gct" 2023;

- (c) the decrease in the loss from the fair value of the investment properties of the Group from approximately HK\$208,156,000 for Year 2022 to approximately HK\$63,646,000 for Year 2023, mainly due to (i) the decrease in the fair value loss of the Group's investment property located in Beijing as at 31 December 2023, as compared with that as at 31 December 2022; and (ii) the disposal of the Investment Property by the Group in December 2023;

*f+ vjg fgetgcug"kp"vjg"Łpcpeg"equvu"kpewttgf"d{"vjg" I tqwr"htq o "cr rtqzk o cvgn{" JM&752.256.222" for Year 2022 to approximately HK\$342,422,000 for Year 2023, mainly due to the full tgfg o rvkqp"qh"vjg"eqpxgtvkdng"dqpfu"d{"vjg" I tqwr"kp"vjg"Łtuv"jcnh"qh" [gct"4245="cpf

- (e) the decline in the performance of Zhong Hai You Qi (one of the Company's joint ventures) in Year 2023 as a result of the major overhaul carried out by Zhong Hai You Qi at its factory, which led to a two-month interruption in its operation in Year 2023 and hence the turn of the Eq o rcp{ø"ujctg"qh"\ jqp i " J ck" [qw"Skø"tguwnv"htq o "c"rtqŁv"qh"cr rtqzk o cvgn{" JM&8.822.222" for Year 2022 to a loss of approximately HK\$68,937,000 for Year 2023.

Revenue

Rental income of the Group for Year 2023 amounted to approximately HK\$96,958,000 (Year 2022: HK\$96,884,000), which had remained stable between the two years.

Other income, gains and losses

The decrease in the Group's other income, gains and losses from approximately HK\$467,687,000 for Year 2022 to approximately HK\$258,946,000 for Year 2023 was mainly due to the combined g gev"qh<"*k+"vjg" fgetgcug"kp"vjg"ci i tgi cvg"kpvgtguv"kpeq o g"htq o "cp"c o qwpv"fwg"htq o "c"lqkpv"xgpvwtg" and loan receivables from approximately HK\$455,174,000 for Year 2022 to approximately HK\$202,694,000 for Year 2023; and (ii) the gain on the disposal of a subsidiary of approximately HK\$36,957,000 during Year 2023, which was absent during Year 2022.

Change in fair value of investment properties

The decrease in the loss from the fair value of the investment properties of the Group from approximately HK\$208,156,000 for Year 2022 to approximately HK\$63,646,000 for Year 2023 was mainly attributable to (i) the decrease in the fair value loss of the Group's investment property located in Beijing as at 31 December 2023, as compared with that as at 31 December 2022; and (ii) the disposal of the Investment Property by the Group in December 2023.

Finance costs

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Share of profits or losses of joint ventures

The change in the Company's share of profits or losses of joint ventures from profits of approximately HK\$1,130,000 for Year 2022 to losses of approximately HK\$83,071,000 for Year 2023 was mainly attributable to the decline in the performance of Zhong Hai You Qi (one of the Company's joint ventures) in Year 2023 as a result of the major overhaul carried out by Zhong Hai You Qi at its factory, which led to a (y a)0.6 (1Ĥ (a (y ao1,000 focr)ŦJ0.005 Tc 0 -1.25)32 (s investment

Cash Position

	2023	2022
	<i>HK\$'000</i>	
Restricted bank balance	—	674,814
Cash and bank balances	<u>57,333</u>	<u>97,517</u>

Working Capital and Borrowings

As at 31 December 2023, the Group's total borrowings amounted to approximately HK\$3,551,936,000 in aggregate. The composition of these borrowings is summarised below:

	2023 <i>HK\$'000</i>	2022
Short term borrowings	3,485,049	1,388,974
Long term borrowings	66,887	2,541,766
Convertible bonds	—	41,712
	<hr/>	<hr/>
Total borrowings	3,551,936	3,972,452
Cash and bank balances	57,333	97,517
	<hr/>	<hr/>
Net borrowings	<u>3,494,603</u>	<u>3,874,935</u>

Interests for all borrowings of the Group for Year 2023 were charged at fixed and floating rates ranging from 3.7% per annum to 27.6% per annum (Year 2022: 3.7% per annum to 12.0% per annum).

As at 31 December 2023, the long and short term borrowings of the Group which remained outstanding were denominated as follows:

	2023 <i>HK\$'000</i>	2022
HK\$	—	180,000
RMB	3,551,936	3,750,740
	<hr/>	<hr/>
	<u>3,551,936</u>	<u>3,930,740</u>

As at 31 December 2023, the long and short term borrowings of the Group which remained

	2023	2022
	HK\$'000	
Fixed interest rates	1,456,876	1,689,583
Floating interest rates	2,095,060	2,241,157
	3,551,936	3,930,740

was as follows:

	2023	2022
	HK\$'000	
Bank loans repayable:		
Within one year or on demand	161,700	50,392
In the second year	33,775	152,856
	—	35,386
	195,475	238,634
Other loans repayable:		
Within one year or on demand	3,323,349	1,338,582
In the second year	—	333,147
	33,112	2,020,377
	3,356,461	3,692,106
	3,551,936	3,930,740

The 12% per annum convertible bonds in the aggregate principal amount of HK\$1,150,000,000 due in December 2022 issued by the Company had been fully redeemed after the Company redeemed the remaining balance of such bonds in the aggregate principal amount of approximately J M&63.934.222"fwtkpi"vjg"Łtuv"jcnh"qh" [gct"42450

As at 31 December 2023, the gearing ratio (calculated as interest-bearing bank and other dqttqykpiu."qxgt"gswkv{"cvtkdwcdng"vq"qypgtu"qh"vjg"Eqo rcp{"+cpf"vjg"ewttgpv"tcvkq"*ecnewncvgf" as current assets over current liabilities) of the Group were 114% (31 December 2022: 99%) and 0.8x (31 December 2022: 1.9x) respectively. These ratios are key performance indicators used by the management of the Group to measure the Group's level of leverage to ensure the Group has the nkswkfkv{"vq"oggv"kvu"Łpcpekc"qdnki cvkqpu"cv"cn"vk"oguo"Vjg" I tqwr" yknn"uvtkxg"vq"ko r tqxg"kvu"nkswkfkv{" by expediting the collection and/or disposal of its outstanding loan receivables and the disposal qh"kvu"hkpcpekc"cuugv"kp xguv"ogpvu"*kpenwfkpi"kvu"gswkv{"kpxguv"ogpvu"cpf"pqp/rgthqt okpi"cuugvu" portfolio).

As at 31 December 2023, the Group had cash and bank balances of approximately HK\$57 million and the Group's interest-bearing bank and other borrowings with an aggregate carrying amount of approximately HK\$3,485 million are due to be repaid within 12 months from the end of the reporting period, including (i) borrowing of approximately HK\$195 million which has not been repaid according to the scheduled repayment date before the end of the reporting period; and (ii) borrowings of approximately HK\$3,007 million with original maturity dates of over one year from the end of the reporting period which have been reclassified to current liabilities due to the delay in the payment of interest of certain borrowings and which has been repaid after year gp f0"Hwtvjgt o qtg."uwdugswgpv"vq"vjg"gp f"qh"vjg"tgrqtvkpi"rgtkqf."cpqvjgt"dqttqykpi"qh"vjg" I tqwr" with a principal amount of approximately HK\$131 million has not been repaid according to the scheduled repayment date. Up to the date of approval of this announcement, the Group has not received any demand for immediate repayment of these and other borrowings, and the Group has been actively negotiating with the lenders for extension of the repayment date of certain of the aforesaid borrowings.

In view of the above circumstances, the Directors have given careful consideration to the Group's hwwwtg"nkswkfkv{"tgswtg"ogpvu."qrgtcvkpi"rgthqt"ocpeg"cpf"cxckncdng"uqwtegu"qh"hkpcpekp i"kp" assessing the Group's ability to continue operating as a going concern. The following plans and o gcuwtgu"ctg"ht o wncvgf"vq"ocpcig"vjg"yqtmkpi"ecrkcn"cpf"ko r tqxg"vjg"Łpcpekc"rqukvkqp"qh"vjg" Group:

- (i) the Group will continue to implement measures for the disposal of the outstanding loan receivables and loan interest receivables;

The Directors have reviewed the Group's cash flow projections prepared by management, which cover a period of not less than 12 months from 31 December 2023. They are of the opinion that, taking into account the above-mentioned plans and measures, the Group will have sufficient yqtmkpi "ecrkvcn"vq"Łpcpeg"kvu"qrgtcvkqpu"cpf"vq" o gg v"kvu"Łpcpekcn"qdnki cvkqpu"cu"cpf" y jgp"vjg{ "hcm" due within 12 months from 31 December 2023. Accordingly, the Directors are satisfied that it is cr rtrtkcvg"vq"rtgrctg"vjg"eqpuqnkfcvgf"Łpcpekcn"uvcvg o gpvu"qh"vjg" I tqwr"qp"ci qkpi "eqpegtp"dcuku0

CORPORATE GOVERNANCE PRACTICES

The Company is committed to establishing and maintaining a standard of corporate governance that is consistent with market practices. The Company complied with all the applicable code provisions set out in the Corporate Governance Code (“**CG Code**”) contained in Appendix 14 (renumbered as Appendix C1 with effect from 31 December 2023) to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**Listing Rules**”) then in

Code provision C.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be separate and should not be the same individual. During the year under review, the Company did not have a separate chairman and chief executive officer as Mr. Chu Hing Tsung. The Board believes that vesting both the roles of the chairman and the co-chief executive officer

FORMATION OF SPECIAL INVESTIGATION COMMITTEE

On 18 March 2024, an independent special investigation committee (“**Special Investigation Committee**”), initially comprising Mr. Hung Muk Ming as chairman, Mr. Liang Qing and Mr. Zhang Lu as members, being all independent non-executive Directors, has been established pursuant to a resolution of the Board passed on 18 March 2024 for the purposes of, among other things, investigating on various matters and events relating to the loan agreements (“**Loan Agreements**”) in relation to the portfolio of loan receivables held by the Group (consisting of loan receivables in the aggregate principal amount and accrued interest of approximately RMB2,201 million as at 31 December 2023) (“**Loan Receivables**”), in particular, the approval process of the Loan Agreements, the background information of the related borrowers, the commercial rationale for entering into the Loan Agreements and the effectiveness of the internal control system of the Group in relation to the approval of the Loan Agreements and the collection of the Loan Receivables and the interest accrued thereon. On 18 March 2024, the Special Investigation Committee appointed a leading global professional services firm specialising in forensic accounting and investigations (“**Investigation Agency**”) to assist in conducting independent investigations into the Loan title. At the same time, the Special Investigation Committee

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