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Oshidori International Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock code: 622)

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023

The board of directors (the “**Board**”) of Oshidori International Holdings Limited (the “**Company**”) announces the audited consolidated annual results of the Company and its subsidiaries (collectively the “**Group**”) for the year ended 31 December 2023 (the “**Year**”) as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2023

	<i>Notes</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Revenue			
Advisory, commission income and other fee income		3,377	3,992
Net gain on sales of financial assets at fair value through profit or loss (“FVPL”)		419	25,085
Interest income		42,817	57,754
Dividend income		13,611	22,362
		<hr/>	<hr/>
Total revenue	3	60,224	109,193
Other income	4	22,870	21,168
Other net losses	6	(13,230)	(12,782)
Net unrealised fair value loss on financial assets at FVPL	8	(46,427)	(92,557)
Loss on disposal of loan receivables		–	(20,086)
Reversal of impairment loss in respect of loan receivables, net	20(c)	23,528	13,688
Depreciation and amortisation expenses	8	(29,375)	(31,067)
Employee benefits expenses	8	(16,900)	(24,534)
Other expenses	8	(46,617)	(59,935)
Share of results of associates	16	(37,899)	5,664
Share of results of a joint venture	17	14,651	34,853
Finance costs	7	(13,724)	(22,893)
		<hr/>	<hr/>
Loss before taxation	8	(82,899)	(79,288)
Income tax expense	9	(1,587)	(1,800)
		<hr/>	<hr/>
Loss for the year		(84,486)	(81,088)

	<i>Notes</i>	2023 HK\$'000	2022 HK\$'000
Other comprehensive (expense) income:			
<i>Items that will not be reclassified to profit or loss</i>			
Fair value change on equity investments measured at fair value through other comprehensive income (“ Designated FVOCI ”)	<i>14(a)</i>	(1,465,461)	(402,241)
Share of other comprehensive expense of an associate		<u>(15,756)</u>	<u>–</u>
		<u>(1,481,217)</u>	<u>(402,241)</u>
 <i>Items that are reclassified or may be reclassified subsequently to profit or loss</i>			
Exchange differences arising on translation to presentation currency		<u>(1,754)</u>	<u>611</u>
Total other comprehensive expense for the year		<u>(1,482,971)</u>	<u>(401,630)</u>
Total comprehensive expense for the year		<u>(1,567,457)</u>	<u>(482,718)</u>
		<i>HK cents</i>	<i>HK cents</i>
Loss per share	<i>11</i>		
Basic		<u>(1.38)</u>	<u>(1.33)</u>
Diluted		<u>(1.38)</u>	<u>(1.33)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2023

	<i>Notes</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Non-current assets			
Property and equipment		130,005	146,235
Investment property	<i>12</i>	86,530	102,750
Right-of-use assets	<i>13</i>	11,856	7,303
Designated FVOCI	<i>14</i>	1,971,977	3,186,010
Debt investment at amortised cost	<i>15</i>	30,000	100,000
Financial assets at FVPL	<i>21</i>	–	2,485
Interests in associates	<i>16</i>	327,009	173,682
Interests in a joint venture	<i>17</i>	164,504	149,853
Intangible assets	<i>18</i>	15,114	15,614
Other deposits	<i>19</i>	425	5,472
Loan receivables	<i>20</i>	6,521	31,917
		<hr/> 2,743,941	<hr/> 3,921,321
Current assets			
Trade, loan and other receivables	<i>20</i>	464,628	1,017,671
Income tax recoverable		2,041	6,264
Financial assets at FVPL	<i>21</i>	224,804	390,314
Bank balances – trust and segregated accounts		54,926	49,745
Short-term bank deposits		50,000	–
Cash and cash equivalents		348,050	368,819
		<hr/> 1,144,449	<hr/> 1,832,813
Current liabilities			
Trade and other payables	<i>22</i>	93,101	173,450
Lease liabilities	<i>23</i>	6,670	6,173
Income tax payable		1,016	862
Interest-bearing borrowings	<i>24</i>	51,235	294,023
		<hr/> 152,022	<hr/> 474,508
Net current assets		<hr/> 992,427	<hr/> 1,358,305
Total assets less current liabilities		<hr/> 3,736,368	<hr/> 5,279,626

	<i>Notes</i>	2023 HK\$'000	2022 <i>HK\$'000</i>
Non-current liabilities			
Lease liabilities	23	<u>5,323</u>	<u>1,311</u>
NET ASSETS		<u>3,731,045</u>	<u>5,278,315</u>
Capital and reserves			
Share capital		305,463	305,463
Reserves		<u>3,425,582</u>	<u>4,972,852</u>
TOTAL EQUITY		<u>3,731,045</u>	<u>5,278,315</u>

1. GENERAL

Oshidori International Holdings Limited (the “**Company**”) is a public limited company incorporated in Bermuda as an exempted company and its shares are listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

The Company and its subsidiaries (together the “**Group**”) principally engage in investment holdings, tactical and/or strategic investments, the provision of financial services including (i) securities brokerage services, (ii) margin financing services, (iii) placing and underwriting services, (iv) corporate finance advisory services, (v) investment advisory and asset management services, and the provision of credit and lending services.

Certain group entities are licenced under the Hong Kong Securities and Futures Ordinance with the following regulated activities:

Type 1: Dealing in securities

Type 2: Dealing in futures contracts

Type 4: Advising on securities

Type 6: Advising on corporate finance

Type 8: Securities margin financing

Type 9: Asset management

The consolidated financial statements are presented in Hong Kong dollars, which is the functional currency of the Company. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

2. PRINCIPAL ACCOUNTING POLICIES

Basis of preparation

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

The consolidated financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2022 consolidated financial statements except for the adoption of the following new/revised HKFRSs that are relevant to the Group and effective from the current year.

Adoption of new/revised HKFRSs

The Group has applied, for the first time, the following new/revised HKFRSs that are relevant to the Group:

Amendments to HKAS 1	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform– Pillar Two Model Rules

Amendments to HKAS 1: Disclosure of Accounting Policies

The amendments require companies to disclose their material accounting policy information rather than their significant accounting policies.

Amendments to HKAS 8: Definition of Accounting Estimates

The amendments clarify how companies should distinguish changes in accounting policies from changes in accounting estimates.

Amendments to HKAS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments narrow the scope of the recognition exemption in paragraphs 15 and 24 of HKAS 12 so that it no longer applies to transactions that, on recognition, give rise to equal taxable and deductible temporary differences.

Amendments to HKAS 12: International Tax Reform– Pillar Two Model Rules

The amendments provide entities with temporary relief from accounting for deferred taxes arising from the Organisation for Economic Co-operation and Development’s Pillar Two model rules. The Amendments also introduce targeted disclosure requirements to help investors understand an entity’s exposure to income taxes arising from the rules.

The adoption of the above amendments does not have any significant impact on the consolidated financial statements. Management has reviewed the disclosure of accounting policy information and considered it is consistent with the amendments.

3. REVENUE

	<i>Notes</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Advisory, commission income and other fee income	<i>(b)</i>	<u>3,377</u>	<u>3,992</u>
Net gain on sales of financial assets at FVPL	<i>(a)</i>	<u>419</u>	<u>25,085</u>
Interest income from:			
– margin clients		22,315	18,907
– loan receivables		14,614	33,680
– debt investment at amortised cost		<u>5,888</u>	<u>5,167</u>
		<u>42,817</u>	<u>57,754</u>
Dividend income from:			
– financial assets at FVPL		7,210	18,298
– Designated FVOCI		<u>6,401</u>	<u>4,064</u>
		<u>13,611</u>	<u>22,362</u>
		<u>60,224</u>	<u>109,193</u>

Notes:

- (a) The amount represented the proceeds from the sale of financial assets at FVPL of approximately HK\$5,152,000 (2022: approximately HK\$266,894,000) less relevant costs and carrying value of the investments sold of approximately HK\$4,733,000 (2022: approximately HK\$241,809,000).
- (b) In addition to the information shown in segment disclosures, the revenue from contracts with customers within HKFRS 15 is disaggregated as follows:

	Financial services <i>(as defined in note 5)</i>	
	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Timing of revenue recognition:		
Fee and commission income		
– at a point in time	1,416	2,288
Advisory and other fee income		
– over time	<u>1,961</u>	<u>1,704</u>
Total revenue from contracts with customers within HKFRS 15	<u>3,377</u>	<u>3,992</u>

4. OTHER INCOME

	<i>Notes</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Interest income on:			
– bank deposits		4,775	2,898
– financial assets arising from a financing arrangement	<i>21(b)</i>	5,500	11,000
– others		16	4
		10,291	13,902
Property licence fee income		1,600	2,400
Government subsidies		–	727
Handling fee income		1,013	332
Scrip fee income		444	816
Others		9,522	2,991
		22,870	21,168

5. SEGMENT INFORMATION

The Group determines its operating segment and measurement of segment profit based on the internal reports to executive directors, the Group's chief operating decision makers, for the purposes of resource allocation and performance assessment.

The Group's reportable and operating segments are as follows:

Financial services	Provision of securities brokerage, margin financing, placing and underwriting, investment advisory, assets management and corporate finance advisory services
Tactical and/or strategical investments	Investment in financial instruments
Credit and lending services	Provision of credit and lending services

Segment revenue and results

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

For the year ended 31 December 2023

	Financial services HK\$'000	Tactical and/or strategical investments HK\$'000	Credit and lending services HK\$'000	Consolidated HK\$'000
Revenue				
Advisory, commission income and other fee income	3,377	–	–	3,377
Net gain on sales of financial assets at FVPL	–	419	–	419
Interest income	22,315	5,888	14,614	42,817
Dividend income	–	13,611	–	13,611
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenue	25,692	19,918	14,614	60,224
Net unrealised fair value loss on financial assets at FVPL	–	(46,427)	–	(46,427)
	<hr/>	<hr/>	<hr/>	<hr/>
Segment revenue	<u>25,692</u>	<u>(26,509)</u>	<u>14,614</u>	<u>13,797</u>
	<hr/>	<hr/>	<hr/>	<hr/>
Segment profit (loss)	<u>7,520</u>	<u>(50,827)</u>	<u>26,204</u>	<u>(17,103)</u>
	<hr/>	<hr/>	<hr/>	<hr/>
Unallocated other income				20,008
Unallocated other net losses				(11,099)
Share of results of associates				(37,899)
Share of results of a joint venture				14,651
Unallocated finance costs				(3,366)
Central corporate expenses				(48,091)
				<hr/>
Loss before taxation				<u>(82,899)</u>
				<hr/>

For the year ended 31 December 2022

	Financial services <i>HK\$'000</i>	Tactical and/or strategical investments <i>HK\$'000</i>	Credit and lending services <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Revenue				
Advisory, commission income and other fee income	3,992	–	–	3,992
Net gain on sales of financial assets at FVPL	–	25,085	–	25,085
Interest income	18,907	5,167	33,680	57,754
Dividend income	–	22,362	–	22,362
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenue	22,899	52,614	33,680	109,193
Net unrealised fair value loss on financial assets at FVPL	–	(92,557)	–	(92,557)
	<hr/>	<hr/>	<hr/>	<hr/>
Segment revenue	<u>22,899</u>	<u>(39,943)</u>	<u>33,680</u>	<u>16,636</u>
	<hr/>	<hr/>	<hr/>	<hr/>
Segment profit (loss)	<u>8,815</u>	<u>(73,866)</u>	<u>5,311</u>	<u>(59,740)</u>
	<hr/>	<hr/>	<hr/>	<hr/>
Unallocated other income				17,257
Unallocated other net losses				(12,455)
Share of results of associates				5,664
Share of results of a joint venture				34,853
Unallocated finance costs				(1,770)
Central corporate expenses				<u>(63,097)</u>
				<hr/>
Loss before taxation				<u><u>(79,288)</u></u>

Segment revenue includes revenue from financial services, tactical and/or strategical investments and credit and lending services. In addition, the chief operating decision makers also consider net unrealised fair value loss on financial assets at FVPL as segment revenue.

The accounting policies of the segment reporting are set out as the Group's accounting policies in note 2. Segment result represents the loss incurred or profit earned by each segment without allocation of certain other income, certain other net losses, share of results of associates and a joint venture, certain finance costs and the central corporate expenses. This is the measure reported to the chief operating decision makers for the purposes of resource allocation and performance assessment.

6. OTHER NET LOSSES

		2023	2022
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Bad debts written off		(330)	–
Fair value loss on investment property	12	(16,220)	–
Gain on bargain purchase from acquisition of an associate		–	1,748
Gain on disposal of an associate		638	–
Gain on deemed disposal of an associate		125	734
Gain on deregistration of subsidiaries		1,520	–
Gain on disposal of financial assets arising from a financing arrangement	21(b)	4,562	–
Loss on redemption of financial assets at FVPL		(52)	–
Net exchange loss		(3,473)	(15,264)
		<u>(13,230)</u>	<u>(12,782)</u>

7. FINANCE COSTS

	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Bank interest expense	3	–
Interest on bank loan	2,963	1,251
Interest on other loans	7,362	12,804
Interest on margin financing	2,993	8,318
Imputed interest on lease liabilities	403	520
	<u>13,724</u>	<u>22,893</u>

8. LOSS BEFORE TAXATION

This is stated after charging:

	<i>Notes</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Employee benefits expenses (including directors' emoluments)			
Salaries and other benefits		14,356	22,100
Retirement benefit scheme contributions		419	309
Share-based payment expenses		2,125	2,125
		<u>16,900</u>	<u>24,534</u>
Net unrealised fair value loss on financial assets at FVPL			
		<u>46,427</u>	<u>92,557</u>
Depreciation and amortisation expenses			
Depreciation on property and equipment		22,075	22,995
Depreciation on right-of-use assets	<i>13</i>	6,800	7,572
Amortisation on intangible assets	<i>18</i>	500	500
		<u>29,375</u>	<u>31,067</u>
Other expenses			
Auditor's remuneration			
– Audit fee		2,320	2,310
– Non-audit fee		338	330
Business development expenses		1,167	8,158
Business registration fee, statutory fees and listing fees		1,315	1,192
Financial information charge		1,744	1,780
Handling and settlement expenses		965	809
Investment transaction cost		498	2,381
Legal and professional fees		4,192	8,306
Marketing expenses		10,570	8,502
Other operating expenses		5,446	8,105
Share-based payment expenses to service providers		18,062	18,062
		<u>46,617</u>	<u>59,935</u>

9. INCOME TAX EXPENSE

The profits tax rate for the first HK\$2,000,000 assessable profits arising from Hong Kong of qualifying entities will be taxed at 8.25%, and assessable profits arising from Hong Kong above HK\$2,000,000 will be taxed at the rate of 16.5%. As only one of the subsidiaries in the Group is eligible to elect the two-tiered profits tax rates, profits of the remaining subsidiaries of the Group will continue to be taxed at a flat rate of 16.5%.

For the years ended 31 December 2023 and 2022, Hong Kong Profits Tax is calculated in accordance with the two-tiered profits tax rates regime.

	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current tax		
Hong Kong Profits Tax		
– Current year	1,902	1,456
– (Over) Under provision in prior year	(315)	344
	<hr/>	<hr/>
Income tax expense	<u>1,587</u>	<u>1,800</u>

10. DIVIDENDS

The directors of the Company do not recommend the payment of any dividends for the year ended 31 December 2023 (2022: Nil).

11. LOSS PER SHARE

The calculation of the basic and diluted loss per share is based on loss attributable to the equity holders of the Company and the weighted average number ordinary shares in issue during the year as follows:

Loss

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Loss for the year attributable to equity shareholders of the Company, for the purpose of basic and diluted loss per share	<u>(84,486)</u>	<u>(81,088)</u>

Number of shares

	2023	2022
Weighted average number of ordinary shares, for the purpose of basic and diluted loss per share	<u>6,109,259,139</u>	<u>6,109,259,139</u>

	<i>HK cents</i>	<i>HK cents</i>
Basic loss per share	<u>(1.38)</u>	<u>(1.33)</u>
Diluted loss per share	<u>(1.38)</u>	<u>(1.33)</u>

Note:

The computation of diluted loss per share for the year ended 31 December 2023 and 2022 did not assume the exercise of certain share option and the issue of certain shares under the share award scheme since their assumed exercise and issue for both years would have an anti-dilutive effect on the basic loss per share amount presented.

12. INVESTMENT PROPERTY

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
At fair value		
At the beginning of the reporting period	102,750	102,750
Change in fair value recognised in profit or loss	<u>(16,220)</u>	<u>–</u>
At the end of the reporting period	<u>86,530</u>	<u>102,750</u>

At the end of the reporting period, the investment property of HK\$86,530,000 located in Hong Kong is held with the remaining lease term of 103 (2022: 104) years.

The property interests in investment properties thereon (including the whole or part of undivided share in the underlying land) in Hong Kong is held by the Group as the registered owner. Those property interests were acquired from the previous registered owners by making lump sum payments at the upfront. Except for the variable amounts to be charged by the government subsequently that are reviewed regularly with reference to the rateable values, for example, there are no ongoing payments to be made under the terms of the land lease.

The fair value of the investment property is determined by the valuation performed by an independent professional valuer by adopting the direct comparison method based on price information of comparable properties and adjusted to reflect the locations of the subject property.

The investment property was pledged to the bank to secure the bank loan as at 31 December 2023. Details are set out in note 24(a).

Leasing arrangement – as licensor

The Group's investment property interests held under leases to earn rentals or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment property.

During the year ended 31 December 2022, the Group granted a licence to the licensee to use the investment property for residential use for a licence period of 3 months with renewal in every 3 months. The licence does not include purchase or termination options. The licence income from investment property are set out in note 4. Upon the expiry of the licence agreement in August 2023, no further licence agreement was signed.

The investment property is subjected to residual value risk. The licence agreement, as a result, includes a provision on residual value guarantee based on which the Group has the right to charge the licensee for any damage to the investment property at the end of the licence period.

At 31 December 2023, there was no undiscounted licence fees (2022: HK\$400,000) to be received from the investment property within one year as at the end of the reporting period.

13. RIGHT-OF-USE ASSETS

	Buildings <i>HK\$'000</i>
Reconciliation of carrying amount – year ended 31 December 2022	
At beginning of the reporting period	10,554
Additions	4,321
Depreciation	<u>(7,572)</u>
At the end of the reporting period	<u><u>7,303</u></u>
Reconciliation of carrying amount – year ended 31 December 2023	
At beginning of the reporting period	7,303
Additions	9,264
Reassessment of lease liabilities	2,089
Depreciation	<u>(6,800)</u>
At the end of the reporting period	<u><u>11,856</u></u>
At 31 December 2022	
Cost	27,865
Accumulated depreciation	<u>(20,562)</u>
Net carrying amount	<u><u>7,303</u></u>
At 31 December 2023	
Cost	15,673
Accumulated depreciation	<u>(3,817)</u>
Net carrying amount	<u><u>11,856</u></u>

The Group leases various premises for its daily operations. Lease terms are 2 years with renewal option.

Commitments under leases

The Group had no commitment for any short-term leases for both years.

14. DESIGNATED FVOCI

	<i>Notes</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Equity securities – listed			
Listed in Hong Kong		1,220,886	2,417,797
Listed in the United States		30,144	24,670
	(a)	1,251,030	2,442,467
Equity securities – unlisted	(a)	645,727	673,543
Deferred day-one losses	(e)	75,220	70,000
		720,947	743,543
		1,971,977	3,186,010

Notes:

- (a) At the date of initial recognition, the Group irrevocably designated certain investments in equity securities as Designated FVOCI because these equity securities represent investments that the Group intends to hold for long-term strategic purposes.

During the year ended 31 December 2023, the net unrealised fair value loss on Designated FVOCI of approximately HK\$1,465,461,000 (2022: approximately HK\$402,241,000) was recognised in other comprehensive income.

During the year ended 31 December 2023, Designated FVOCI with fair value of approximately HK\$69,783,000 (2022: HK\$187,251,000) was disposed which is in line with the Group's inherent investment strategy. The cumulative loss of approximately HK\$84,935,000 (2022: cumulative loss of approximately HK\$24,554,000) that was previously included in the investment revaluation reserve (non-recycling) was transferred directly to retained earnings during the year ended 31 December 2023.

- (b) At the end of the reporting period, the Group holds 17.81% (2022: 17.81%) equity interest of Future Capital Group Limited (“**Future Capital**”). Future Capital and its subsidiaries principally engage in property investments. During the year, the fair value loss on investment in Future Capital of approximately HK\$140,000,000 (2022: approximately HK\$31,000,000) was recognised in other comprehensive income.

- (c) At the end of the reporting period, the Group holds 7.88% (2022: 2.18%) equity interest of Co-Lead Holdings Limited (“**Co-Lead**”). Co-Lead and its subsidiaries principally engage in securities trading and investments holding business in Hong Kong. During the year, the fair value loss on investment in Co-Lead of approximately HK\$9,877,000 (2022: approximately HK\$21,510,000) was recognised in other comprehensive income.
- (d) On 11 August 2023, the Group entered into a sale and purchase agreement with an independent third party to acquire 14.90% equity interest of Green River Associates Limited (“**Green River**”) at a consideration of HK\$65,000,000 which was settled by cash. Green River is incorporated in the Marshall Islands and principally engages in securities trading and investments holding business. The transaction was completed on the same day. The Group irrevocably designated the investment in Green River as Designated FVOCI because the Group intends to hold for long term strategic purposes. During the year, the fair value gain on investment in Green River of approximately HK\$2,281,000 was recognised in other comprehensive income.
- (e) The day-one losses arising from acquisition of unlisted equity investments represents the difference between the consideration and the fair value at the initial recognition, which was determined based on valuation carried out by independent professional valuer. As the fair value determination of unlisted equity securities is not evidenced by a quoted price in an active market or based on a valuation technique that uses only data from observable markets, the day-one losses should be deferred and will be recognised to profit or loss until (i) the fair value is evidenced by a quoted price in active market, (ii) the valuation can be determined using market observable inputs or (iii) realised through settlement. During the year, the increase in day-one loss of HK\$5,220,000 was arise from the addition of unlisted equity securities as mentioned in note 14(c) and note 14(d), on the initial recognition date.

15. DEBT INVESTMENT AT AMORTISED COST

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Senior notes	<u>30,000</u>	<u>100,000</u>

On 16 June 2023, the senior notes with principal amount of HK\$70,000,000 was repurchased by its issuer. As at 31 December 2023, the Group held senior notes issued by a company listed in Hong Kong which bear interest at 9.5% (2022: 9.5%) per annum payable semi-annually and will be due on 30 June 2025 (2022: 30 June 2025).

16. INTERESTS IN ASSOCIATES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Unlisted shares		
Shares of net assets	<u>327,009</u>	<u>173,682</u>

Details of the associates at the end of the reporting period are as follows:

Name of entities	Place of incorporation/ operation	Class of shares held	Proportion of value of issued share capital directly held by the Group		Principal activities
			2023 %	2022 %	
Eternal Billion Holding Group Limited (“ Eternal ”)	BVI	Ordinary	–	25	Investment holding
Hope Capital Limited (“ Hope Capital ”)	BVI	Ordinary	22.39	23.19	Engaged in securities investment and financial services business through its subsidiaries
HEC Securities Company Limited (“ HEC Securities ”)	BVI	Ordinary	25	25	Engaged in securities investment and financial services business through its subsidiaries

17. INTERESTS IN A JOINT VENTURE

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Unlisted shares		
Shares of net assets	<u>164,504</u>	<u>149,853</u>

Details of the joint venture at the end of the reporting period are as follows:

Name of entities	Place of incorporation/ operation	Class of shares held	Proportion of value of issued share capital directly held by the Group		Principal activities
			2023 %	2022 %	
Golden Thread Investments Limited (“ Golden Thread ”)	Republic of the Marshall Islands	Ordinary	35	35	Engaged in a single purpose project for property assets-based financing business

18. INTANGIBLE ASSETS

	Trading rights HK\$'000 <i>(Note a and c)</i>	Membership debenture HK\$'000 <i>(Note b and c)</i>	Club membership HK\$'000 <i>(Note d)</i>	Total HK\$'000
Reconciliation of carrying amount – year ended 31 December 2022				
At the beginning of the reporting period	5,408	–	4,458	9,866
Additions	–	6,248	–	6,248
Amortisation	–	–	(500)	(500)
	<u>5,408</u>	<u>6,248</u>	<u>3,958</u>	<u>15,614</u>
At the end of the reporting period	<u><u>5,408</u></u>	<u><u>6,248</u></u>	<u><u>3,958</u></u>	<u><u>15,614</u></u>
Reconciliation of carrying amount – year ended 31 December 2023				
At the beginning of the reporting period	5,408	6,248	3,958	15,614
Amortisation	–	–	(500)	(500)
	<u>5,408</u>	<u>6,248</u>	<u>3,458</u>	<u>15,114</u>
At the end of the reporting period	<u><u>5,408</u></u>	<u><u>6,248</u></u>	<u><u>3,458</u></u>	<u><u>15,114</u></u>
At 31 December 2022				
Cost	5,408	6,248	5,000	16,656
Accumulated amortisation and impairment losses	–	–	(1,042)	(1,042)
	<u>5,408</u>	<u>6,248</u>	<u>3,958</u>	<u>15,614</u>
At 31 December 2023				
Cost	5,408	6,248	5,000	16,656
Accumulated amortisation and impairment losses	–	–	(1,542)	(1,542)
	<u>5,408</u>	<u>6,248</u>	<u>3,458</u>	<u>15,114</u>

Notes:

- (a) Trading rights that confer eligibility on the Group to trade on the Stock Exchange and the Futures Exchange. The trading rights have no foreseeable limit to the period over which the Group can use to generate cash flows. As a result, the trading rights are considered by the management of the Group as having indefinite useful lives because they are expected to contribute to net cash inflows indefinitely. The trading rights will not be amortised until its useful life is determined to be finite.
- (b) The membership debenture has no foreseeable limit to the period over which the Group can use to generate cash flows. As a result, membership debenture is considered by the management of the Group as having indefinite useful life. The membership debenture will not be amortised until its useful life is determined to be finite.
- (c) No impairment losses on trading rights and membership debenture have been recognised for both years.
- (d) Club membership has a validity of 10 years and the Group has determined that this asset has a useful life of 10 years. It is tested for impairment where an indicator of impairment appears.

19. OTHER DEPOSITS

	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Statutory and other deposits with exchanges and clearing houses	425	5,472

The deposits are non-interest bearing.

20. TRADE, LOAN AND OTHER RECEIVABLES

	<i>Notes</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Trade receivables			
Trade receivables arising from the business of securities brokerage			
– cash clients		114	98
– margin clients	<i>(b)</i>	164,937	668,167
– Others		<u>–</u>	<u>2,121</u>
	<i>(a)</i>	<u>165,051</u>	<u>670,386</u>
Loan receivables			
Loan and interest receivables from independent third parties			
		283,634	340,648
Less: Loss allowance		<u>(11,122)</u>	<u>(34,650)</u>
	<i>(c)</i>	272,512	305,998
Less: Non-current portion		<u>(6,521)</u>	<u>(31,917)</u>
Current portion		<u>265,991</u>	<u>274,081</u>
Other receivables			
Deposits with securities brokers	<i>(d)</i>	1,878	9,663
Other receivables, deposits and prepayments		<u>31,708</u>	<u>63,541</u>
		<u>33,586</u>	<u>73,204</u>
	<i>(e)</i>	<u>464,628</u>	<u>1,017,671</u>

Notes:

- (a) No aging analysis by invoice date is disclosed as in the opinion of the directors of the Company, the aging analysis does not give additional value in view of the nature of brokerage business. The Group offsets certain trade receivables and trade payables when the Group currently has a legally enforceable right to set off the balances; and intends to settle on a net basis or to realise the balances simultaneously.
- (b) Trade receivables from margin clients are repayable on demand and bear interest ranging from 8% to 30% (2022: 8% to 30%) per annum for year ended 31 December 2023. The loans are secured by pledged marketable securities with a total fair value of approximately HK\$461,096,000 (2022: approximately HK\$1,927,536,000). The Group is permitted to sell or repledge the marketable securities if the customers default on the payment when requested by the Group. During the years ended 31 December 2023 and 2022, no margin loans were granted to the directors of the Company or directors of subsidiaries.

- (c) As at 31 December 2023, the Group's net loan receivables included both fixed and variable rate loan advances to independent third parties of which approximately HK\$14,751,000 (2022: approximately HK\$70,790,000) were secured by the pledge of certain collaterals and personal guarantees, bearing interest ranging from HKD Prime Rate plus 2.75% to 9% (2022: 5% to 15%) per annum and had contractual loan period between 12 months and 18 months (2022: between 12 months and 7 years) under the Group's credit and lending services. The remaining balance included fixed rate (2022: fixed rate) loan advances to independent third parties of which approximately HK\$257,761,000 (2022: HK\$235,208,000) were unsecured, bearing interest ranging from 5% to 8% (2022: 5% to 15%) per annum. The contractual loan period for majority of the unsecured loan receivables from third parties is between 3 months and 5 years (2022: between 6 months and 5 years).

Aging analysis

Aging analysis of loan receivables (net of loss allowance) prepared based on loan commencement date set out in the relevant contracts is as follows:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Less than 1 month	–	12,290
1 to 3 months	14,810	9,902
4 to 6 months	54,085	19,746
7 to 12 months	132,206	160,615
Over 12 months	71,411	103,445
	<u>272,512</u>	<u>305,998</u>
At the end of the reporting period	<u>272,512</u>	<u>305,998</u>

Aging analysis of loan receivables (net of loss allowance) prepared based on contractual due date is as follows:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Not yet past due	272,512	245,598
7 to 12 months past due	–	60,400
	<u>272,512</u>	<u>305,998</u>
At the end of the reporting period	<u>272,512</u>	<u>305,998</u>

The amount granted to individuals and corporates depends on management's assessment of credit risk of the customers by evaluation on background check (such as their background, and financial position for individual borrowers and their industry and financial position for corporate borrowers) and repayment abilities. During the year ended 31 December 2023, net reversal of impairment loss of approximately HK\$23,528,000 (2022: net reversal of impairment loss of approximately HK\$13,688,000) was recognised for the loan receivables.

- (d) Deposits with securities brokers represented the funds deposited with the brokers' houses for securities trading purpose.
- (e) The trade, loan and other receivables are expected to be recovered within one year, except for the deposits of approximately HK\$10,168,000 (2022: approximately HK\$10,168,000).

21. FINANCIAL ASSETS AT FVPL

	<i>Notes</i>	2023 HK\$'000	2022 HK\$'000
Mandatorily measured at FVPL			
– Listed shares in Hong Kong		152,849	183,353
– Listed shares in the United States		7,098	865
– Unlisted investment funds	<i>(a)</i>	64,857	103,143
– Financial assets arising from a financing arrangement	<i>(b)</i>	–	105,438
		224,804	392,799
Analysed as:			
Non-current		–	2,485
Current		224,804	390,314
		224,804	392,799

Notes:

- (a) The unlisted investment funds are mainly subscribed from independent financial institutions in overseas. The portfolios of these funds mainly comprise securities listed in overseas and unlisted debt and equity securities in Asia-Pacific region. The funds are redeemable at the discretion of the Group from time to time and the intention of holding them was for short-term investment, except for certain unlisted investment funds which was held for long-term investment.
- (b) The amount represented the transfer of assets related to the acquisition of the entire interest of Siston Holdings Limited and its wholly owned subsidiary (together the “**Siston Group**”) which does not satisfy the requirement of HKFRS 15 to be accounted for as a sales and purchase of assets and the relevant financial assets including the transfer proceeds together with the call option are accounted for under financial assets at FVPL. Details are set out in note 26(b) to the consolidated financial statements for the year ended 31 December 2022.

On 8 August 2023, the Group entered into a sale and purchase agreement with an independent third party to dispose of the entire interest of the Siston Group (the “Disposal”) at a consideration of HK\$110,000,000. The transaction was completed on the same day. The relevant agreements under the option arrangement, which have been extended during the year, were also terminated. The Disposal resulted in a gain of HK\$4,562,000 recognised in profit or loss during the year. Details of the Disposal were set out in the announcement of the Company dated 8 August 2023.

During the year ended 31 December 2023, licence fee of HK\$5,500,000 (2022: HK\$11,000,000) was classified as interest income from financial asset at FVPL.

22. TRADE AND OTHER PAYABLES

	<i>Notes</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Trade payables			
Trade payables arising from the business of securities			
brokerage			
– cash clients	<i>(a)</i>	818	808
– margin clients	<i>(a)</i>	54,118	46,147
– HKSCC	<i>(b)</i>	4,613	7,684
		<hr/>	<hr/>
	<i>20(a)</i>	59,549	54,639
Secured margin loans from securities brokers	<i>(c)</i>	10,065	101,028
		<hr/>	<hr/>
		69,614	155,667
Other payables			
Other payables and accrued charges		23,487	17,783
		<hr/>	<hr/>
		93,101	173,450
		<hr/> <hr/>	<hr/> <hr/>

Notes:

- (a) Trade payables to cash and margin clients are repayable on demand. In the opinion of the directors of the Company, no aging analysis is disclosed as the aging analysis does not give additional value.
- (b) The settlement terms of trade receivables and payables arising from the provision of securities brokerage business with HKSCC are usually two days after trade date. No aged analysis is disclosed as in the opinion of directors of the Company, the aged analysis does not give additional value in view of the nature of brokerage business.
- (c) For secured margin loans from securities brokers, the loans are repayable on demand (except certain balances arising from trades pending settlement or margin deposits) and are interest-bearing at HIBOR 1 month rate +3.8% with floating rate (2022: a range from 3.35% to 8% per annum). The total market value of equity securities classified as financial assets at FVPL and Designated FVOCI pledged as collateral in respect of the loans was approximately HK\$129,266,000 (2022: approximately HK\$505,697,000) as at 31 December 2023.

23. LEASE LIABILITIES

As at 31 December 2023, the weighted average discount rate applied was 6.55% (2022: 5.99%) per annum. The interest expenses on lease liabilities are set out in note 7.

Commitments and present value of lease liabilities:

	Minimum lease payments 2023 HK\$'000	Present value of minimum lease payments 2023 HK\$'000
Amounts payable:		
Within one year	7,247	6,670
In the second to fifth years inclusive	5,469	5,323
	<u>12,716</u>	<u>11,993</u>
Less: future finance charges	(723)	–
Total lease liabilities	<u>11,993</u>	<u>11,993</u>
	Minimum lease payments 2022 HK\$'000	Present value of minimum lease payments 2022 HK\$'000
Amounts payable:		
Within one year	6,419	6,173
In the second to fifth years inclusive	1,330	1,311
	<u>7,749</u>	<u>7,484</u>
Less: future finance charges	(265)	–
Total lease liabilities	<u>7,484</u>	<u>7,484</u>

24. INTEREST-BEARING BORROWINGS

	<i>Notes</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Secured bank loan	<i>(a)</i>	51,235	53,199
Unsecured other loans	<i>(b)</i>	<u>–</u>	<u>240,824</u>
		<u>51,235</u>	<u>294,023</u>

Notes:

- (a) At the end of the reporting period, the bank loan is interest bearing at Hong Kong Interbank Offered Rate plus 1.3% (2022: Hong Kong Interbank Offered Rate plus 1.3%) per annum and secured by the Group's investment property with carrying value of HK\$86,530,000 (2022: HK\$102,750,000) and corporate guarantees provided by the Group's subsidiaries. The bank loan with a clause in their terms that gives the bank an overriding right to demand for repayment without notice or with notice period of less than 12 months at their sole discretion are classified as current liabilities even though the Directors do not expect that the banks would exercise their right to demand repayment.

The maturity terms of the bank loan based on repayment schedule pursuant to the loan facility letters (ignoring the effect of any repayment on demand clause) are as follows:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Within one year	2,619	2,644
In the second to fifth year	10,219	10,321
Over five years	<u>47,111</u>	<u>49,628</u>
	<u>59,949</u>	<u>62,593</u>

- (b) The loans from independent third parties and an associate as at 31 December 2022 were unsecured, interest bearing ranging from 4% to 7.5% per annum and repayable within 1 year. The loans were fully settled or netted off during the year.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group principally engages in investment holdings, tactical and/or strategic investments (including property investments), provision of financial services including the Securities and Futures Commission (the “SFC”) regulated activities namely Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 6 (advising on corporate finance), Type 8 (securities margin financing) and Type 9 (asset management); and provision of credit and lending services regulated under the Money Lenders Ordinance.

A. Financial Services

The Group is licensed by the SFC to conduct regulated activities including Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 6 (advising on corporate finance), Type 8 (securities margin financing) and Type 9 (asset management).

Brokerage commission income generated from the Group’s securities brokerage services decreased by 47.8% to HK\$1.2 million for the Year (Previous Year: HK\$2.3 million). Interest income generated from provision of margin financing services increased by 18.0% to HK\$22.3 million for the Year (Previous Year: HK\$18.9 million).

B. Credit and Lending Services

(i) *Business Model*

The Company, through its wholly owned subsidiaries, namely, Oshidori WW Resources Limited and Oshidori Citizens Money Lending Corporation Limited (“**Citizens**”), conducts credit and lending business under the Money Lenders Ordinance, Chapter 163 of the Laws of Hong Kong.

The Group maintains readily available funds and equips itself with sufficient lending capacities for capturing potential business opportunities. The Group finances its credit and lending business with its existing general working capital. The Group’s credit and lending business has a unique business model with emphasis on the provision of sizeable loans to both corporate and individual clients with good financial standing and low credit risk (such as listed companies and individuals holding marketable assets).

The Group targets a niche market of high-profile borrowers (i.e. (a) listed companies; (b) companies with well-established businesses; (c) companies or individuals holding marketable assets; and (d) individuals whose occupations are executives, businessmen or professionals) in need of sizeable loans, who have a proven track record of making repayments. The Group grants loans only to recognised and creditworthy customers. The Group grants loans only to the customers (a) who are third parties and not connected with the Group; (b) who are introduced by the Group’s directors, senior management, business partners or existing/previous borrowers; and (c) whose creditworthiness and loan collateral are evaluated and approved by the credit committee (the “**Credit Committee**”) of the Group.

The management team of the Group’s credit and lending business comprises the Credit Committee and 2 managers. During the year ended 31 December 2023, the Credit Committee consisted of two directors of the Group, who had more than 30 years and around 20 years of experience in finance, investment and credit and lending industries, respectively. The Credit Committee has the power and authority to review and approve the loan applications. The Credit Committee is responsible for (i) assessing credit risks; (ii) overseeing the approval of credit applications and loan approvals; and (iii) managing customer relationships. The managers are responsible for (i) reviewing loan documentations, (ii) identifying potential problems; and (iii) recommending mitigating factors.

(ii) Internal Control Procedures

The Group has taken the following internal control measures in carrying out the credit and lending services business:

Credit risk assessment of customers

Potential customers are required to disclose and provide the Group with a list of information required for a loan application. The Group will then assess the creditworthiness of the potential customers and their repayment abilities, including legal due diligence. In particular, the following information is requested and considered as part of the process of assessing creditworthiness:

- a) the potential customers’ background and statutory information;
- b) the potential customers’ proof of income, including bank statements;
- c) the amount and purpose of the loan;

- d) the results of legal searches, such as litigation (or the absence of), on the potential customers; and
- e) whether the Group and the potential customers have any prior dealings and, if so, the credit history of any such prior arrangements.

In making the approval decision, the Credit Committee considers the information set out above and assesses the potential customers' credit risk, the loan-to-value ratio and the proposed interest rate. The operations of the Credit Committee are subject to review by the Executive Directors of the Company.

Mechanism in determining loan terms

The request from each potential customer is unique. The loan terms are determined based on the potential customers' financial needs (e.g. type of loan, capital needs and loan tenure), credit risk assessment of potential customers and their financial repayment abilities. The loan interest rate is determined based on the result of credit risk assessment and reference to the market interest rate.

Approval process for granting loans

Application and approval process are as follows:

- a) collection of potential customer's information;
- b) preliminary loan assessment and approval (if disapproved, reject loan application and inform the potential customer);
- c) credit assessment – 3C's Assessment (i.e. character, capacity, and collateral):
 - character is defined by credit and loan repayment history;
 - capacity measures income and ability to service a loan or line of credit;
 - collateral refers to asset(s) that could be leveraged for payment;
- d) determine the terms of the loan and obtain approval from the Credit Committee (if disapproved, reject loan application and inform the potential customer);

- e) prepare board minutes to approve the loan and notify the potential customer of the loan approval;
- f) prepare all relevant loan documents and explain the terms of the loan and the associated loan documents to the potential customer;
- g) execution of the relevant loan documents and prepare loan disbursement; and
- h) review and file the loan documents in the filing cabinets.

Monitoring loan repayment and recovery

The status of outstanding loan principals and interest collection is monitored by the Credit Committee, two managers and accounting department on a daily basis by reviewing daily reports. On the maturity date, the Credit Committee communicates with borrowers by phone regarding their financial conditions and source of repayment to ascertain whether borrowers have any difficulty in making their repayments on time; and the Credit Committee also reminds borrowers to make timely repayments of their loans. When borrowers request for loan extension, the Credit Committee would request the managers and accounting department to ascertain and review the borrowers' financial condition through publicly available information (such as the Stock Exchange's website and press media, etc) so as to assess the recoverability of loans. In the event that there is no such publicly available information, the Credit Committee would request the respective borrowers for their updated financial information.

Taking actions on delinquent loans

When a loan is overdue, the Group will contact the borrower and guarantor (if any) to remind them of the possible enforcement action(s) and timing of repayment and seeking reasons for the delay in repayment. The Group will also issue demand letter(s) to the borrowers. If the Group does not receive any favourable reply from the borrowers, the Group will instruct legal advisers to take legal actions for recovery of outstanding loan principal and accrued interest.

The action plans are determined based on the individual situation on a case by case basis. In general, the Group takes into account factors such as whether the pledged assets provided by the borrowers are sufficient in value; and whether there are any bona fide settlement offers made by the borrowers.

In case the market value of pledged assets falls below the outstanding loan amount, the Group may request the borrowers to increase the pledged assets. In case the borrowers can provide the Group with bona fide settlement proposal, the Group may consider withholding legal action against the borrowers and accept the settlement proposal in order to save legal costs and time.

(iii) Major Terms of Loans

As at 31 December 2023, the Company's credit and lending services business had 11 customers (all of them are independent third parties) and the total net loan receivables including both fixed and variable rate loan advances was HK\$272.5 million (2022: HK\$306.0 million).

Among these loan receivables, totalling HK\$14.8 million (2022: totalling HK\$70.8 million) were secured by the pledge of certain collateral and personal guarantees (2022: the pledge of securities and personal guarantees), and bearing interests ranging from HKD Prime Rate plus 2.75% to 9% (2022: 5% to 15%) per annum and had contractual loan period between 12 months and 18 months (2022: between 12 months and 7 years).

The remaining balance of HK\$257.7 million (2022: HK\$235.2 million) were unsecured, and bearing interests ranging from 5% to 8% (2022: 5% to 15%) per annum. Out of these unsecured loan receivables, HK\$228.7 million has contractual loan period between 3 months and 1 year, HK\$28.0 million has contractual loan period between 2 years and 5 years and HK\$1.0 million has contractual loan period over 5 years (2022: between 6 months and 5 years and over 5 years).

During the year ended 31 December 2023, the Group offered attractive interest rate to borrowers (as low as 6.5% per annum) as special promotion and on ad hoc basis. Such interest rate would be offered when the Group obtained surplus financial resources upon receipt of unexpected early repayment from borrowers. Such interest rate was offered as a special promotion to maintain amicable business relationship with our borrowers whose credit assessment were of satisfactory results.

Interest income from loan receivables for the Year was HK\$14.6 million (Previous Year: HK\$33.7 million), which was decreased by 56.7% as compared with the Previous Year. The decrease was due to the Group's prudent approach in carrying out its credit and lending services business.

(iv) Top Five Borrowers

As at 31 December 2023, the loan and interest receivables from the largest borrower was HK\$70.6 million (representing approximately 25.9% of the total loan and interest receivables of the Group) while the loan and interest receivables from the five largest borrowers together was HK\$223.7 million (representing approximately 82.1% of the total loan and interest receivables of the Group).

C. Tactical and/or Strategic Investments

The Group engages in tactical and/or strategic investments of a diversified portfolio overseen by a professional investment team that holds Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities) and Type 9 (asset management) licences under the Securities and Futures Ordinance. Negative income from this segment amounted to HK\$26.5 million for the Year (Previous Year: HK\$39.9 million)

The Group's vision is to implement its corporate strategy through building a successful portfolio of investments that is resilient, sound and of value to the shareholders of the Company.

The Group strives to achieve excellent results and performance through the Group's tactical and/or strategic investments segment – creating value through investment selection and disposal, and demonstrates resilience in adverse market conditions. The Group has formulated a criteria to identify appropriate investments, established the basis for evaluation, and categorized such investments to reflect their significance and contribution to the Group. The holding size and holding periods are dependent upon the reasons for the acquisition, the strategic value of the investments, and the potential returns. The Group may consider realizing certain investments based on the internal resources' requirements, the increase/decrease in valuations that trigger the threshold for disposal, and the availability of alternative investment opportunities that may be superior in returns compared to existing holdings from time to time.

SIGNIFICANT INVESTMENTS

An investment with a carrying value of 5% or more of the total assets of the Group is considered as a significant investment, or jointly as significant investments of the Group in this announcement. A breakdown of such significant investments as at 31 December 2023 is set out below:

Name of investments	Number of shares held as at 31 Dec 2023	Percentage of shareholding held as at 31 Dec 2023	Unrealised gain/loss for the year ended 31 Dec 2023 HK\$'000	Unrealised gain/loss through other comprehensive income for the year ended 31 Dec 2023 HK\$'000	Dividends received for the year ended 31 Dec 2023 HK\$'000	Approximate % to the Group's total assets as at 31 Dec 2023	Investment cost HK\$'000	Fair value as at 31 Dec 2023 HK\$'000
Listed shares in Hong Kong								
- Shengjing Bank Co., Ltd. (stock code: 2066)	293,034,000	12.52%	(15,959)	(1,525,400)	-	5.88%	1,972,015	228,567
- ZhongAn Online P & C Insurance Co., Ltd. (stock code: 6060)	14,479,000	1.02%	-	(52,993)	-	6.64%	408,777	258,305
- Hao Tian International Construction Investment Group Limited (stock code: 1341)	246,832,000	3.24%	-	181,422	-	6.60%	51,835	256,705
- Imagi International Holdings Limited (stock code: 585)	141,882,200	17.10%	23,287	139,168	-	5.36%	116,644	208,567
Unlisted shares								
- Future Capital Group Limited	3,750	17.81%	-	(140,000)	-	13.09%	750,000	509,000
- Hope Capital Limited	480	22.39%	-	-	2,243	6.37%	291,200	247,620

The performance and prospects of such significant investments during the Year were as follows:

1. Shengjing Bank Co., Ltd. (“Shengjing”) (Stock Code: 2066)

Shengjing and its subsidiaries principally engage in the provision of corporate and personal deposits, loans and advances, settlement, treasury business and other banking services as approved by the China Banking and Insurance Regulatory Commission.

According to the interim report of Shengjing for the six months ended 30 June 2023, the total assets of Shengjing amounted to RMB1,095.165 billion, the total loans and advances to customers amounted to RMB620.285 billion, the operating income amounted to RMB7,144 million and the net profit amounted to RMB790 million.

In the second half of 2023, Shengjing's shareholders approved a very substantial disposal transaction proposed by Shengjing. Upon completion of this transaction, Shengjing's asset quality was expected to be enhanced.

From a long-term perspective, Shengjing appears to have good prospects and the Company considers its investment in Shengjing has strategic investment value.

2. ZhongAn Online P & C Insurance Co., Ltd. (“ZhongAn”) (Stock Code: 6060)

ZhongAn and its subsidiaries are principally engaged in FinTech business, which mainly provides internet insurance services and insurance information technology services to customers.

According to the annual results announcement of ZhongAn for the year ended 31 December 2023, ZhongAn group recorded total income of approximately RMB33,539 million, net profit of approximately RMB3,845 million, total assets of RMB42,864 million and net assets of RMB20,073 million.

From a long-term perspective, ZhongAn appears to have good prospects and the Company considers its investment in ZhongAn has strategic investment value.

3. Hao Tian International Construction Investment Group Limited (“Hao Tian”) (Stock Code: 1341)

Hao Tian and its subsidiaries principally engage in securities investment, provision of securities brokerage and other financial services, asset management, rental and trading of construction machinery, provision of repair and maintenance and transportation service, property development and money lending.

According to the annual report of Hao Tian for the year ended 31 March 2023, Hao Tian group recorded total revenue of approximately HK\$246 million, profit of approximately HK\$108 million, total assets of approximately HK\$3,489 million and net assets of approximately HK\$1,864 million.

From a long-term perspective, Hao Tian appears to have good prospects and the Company considers its investment in Hao Tian has strategic investment value.

4. Imagi International Holdings Limited (“Imagi”) (Stock Code: 585)

Imagi and its subsidiaries principally engage in integrated financial services, investment holdings, computer graphic imaging business and entertainment business. The integrated financial services comprises of provision of securities brokerage and related financial advisory services, margin financing services, asset management services, corporate finance advisory services, money lending services, listed and unlisted securities investments and proprietary trading.

According to the annual results announcement of Imagi for the year ended 31 December 2023, Imagi recorded total revenue of approximately HK\$49 million, net loss of approximately HK\$15 million, total assets of approximately HK\$869 million and net assets of approximately HK\$833 million.

Pursuant to Imagi’s annual results announcement for the year ended 31 December 2023, Imagi will strive to make more progress in its principal core business of integrated financial services and is confident that there will be improvement in performance for the coming year.

From a long-term perspective, Imagi appears to have good prospects and the Company considers its investment in Imagi has strategic investment value.

5. Future Capital Group Limited (“Future Capital”)

Future Capital was incorporated in the Cayman Islands with limited liability and it principally engages in property investments.

In 2023, the property and investment markets in Hong Kong experienced a slower-than-expected improvement, primarily due to persistent high interest rates and a global economic slowdown. As a result, the road to recovery in 2024 is expected to be challenging and filled with obstacles.

From a long-term perspective, Future Capital appears to have good prospects and the Company considers its investment in Future Capital has strategic investment value.

6. Hope Capital Limited (“Hope Capital”)

Hope Capital was incorporated in the British Virgin Islands with limited liability. Hope Capital and its subsidiary principally engage in financial services business.

Hong Kong’s government is on a drive to attract more family offices to the city and the new capital investment entrant scheme is launched to attract more new capital to Hong Kong and strengthen the development of financial services sector in Hong Kong.

From a long-term perspective, Hope Capital appears to have good prospects and the Company considers its investment in Hope Capital has strategic investment value.

Going forward, the Group will continue to implement its corporate strategy through building a successful portfolio of investments that is resilient, sound and of value for our shareholders. Although the market sentiment is expected to gradually improve, the overall economic outlook still remains uncertain. The Group will continue to adopt prudent capital management and liquidity risk management policies and practices to preserve adequate capital to meet the challenges ahead. The Group did not have any plan for material investments or capital assets as at 31 December 2023.

FINANCIAL REVIEW

Review of Results

The Group recorded a total revenue of HK\$60.2 million for the Year, representing a decrease of 44.9% as compared with the amount of HK\$109.2 million for the Previous Year. Income from financial services segment amounted to HK\$25.7 million (Previous Year: HK\$22.9 million). Income from tactical and/or strategical investments segment amounted to HK\$19.9 million (Previous Year: HK\$52.6 million). Income from credit and lending services segment amounted to HK\$14.6 million (Previous Year: HK\$33.7 million).

The Group recorded a net loss of HK\$84.5 million for the Year (Previous Year: net loss of HK\$81.1 million). Basic and diluted loss per share for the Year were HK cents 1.38 and HK cents 1.38 respectively (Previous Year: basic and diluted loss per share of HK cents 1.33 and HK cents 1.33 respectively). The net profit of financial services segment was HK\$7.5 million (Previous Year: HK\$8.8 million). The net loss of tactical and/or strategical investments segment was HK\$50.8 million (Previous Year: net loss of HK\$73.9 million). The net profit of credit and lending services segment was HK\$26.2 million (Previous Year: HK\$5.3 million).

Capital structure

The Company has not conducted any equity fund raising activities during the Year. As at 31 December 2023, the Company has 6,109,259,139 shares in issue.

The total asset value of the Group as at 31 December 2023 was HK\$3,888.4 million (2022: HK\$5,754.1 million). The net asset value of the Group as at 31 December 2023 was HK\$3,731.0 million (2022: HK\$5,278.3 million). The net asset value per share as at 31 December 2023 was HK\$0.61 (2022: HK\$0.86). Apart from financial assets being held by the Group for its tactical and/or strategical investments, the Group also holds substantive assets which mainly comprise tangible assets such as cash and bank balances and trade, loan and other receivables.

Charges on group assets

As at 31 December 2023, the Group's borrowings included margin loans of HK\$10.1 million (2022: HK\$101.0 million), no unsecured loan from an independent third party (2022: HK\$240.8 million) and a secured bank loan of HK\$51.2 million (2022: HK\$53.2 million). The bank loan is secured by a property, the book value of which as at 31 December 2023 was HK\$86.5 million. The margin loans are secured by pledge of equity securities to securities brokers as collaterals, with total market value of HK\$129.3 million as at 31 December 2023 (2022: HK\$505.7 million). As at 31 December 2023, the Group's borrowings are interest bearing at HIBOR plus 1.3% per annum or at HIBOR 1 month rate +3.8% with floating rate (2022: HIBOR plus 1.3% per annum or at a range from 3.35% to 8.0% per annum) and repayable on demand or within 1 year (2022: repayable on demand or within 1 year).

Liquidity and financial resources

The Group's cash and cash equivalents as at 31 December 2023 was HK\$348.1 million (2022: HK\$368.8 million). The cash and cash equivalents and financial assets at fair value through profit or loss in aggregate as at 31 December 2023 were HK\$572.9 million (2022: HK\$761.6 million).

The liquidity of the Group remained strong with a current ratio of 7.5 as at 31 December 2023 (2022: 3.9). The Group had loan payables of HK\$51.2 million as at 31 December 2023 (2022: HK\$294.0 million) and the gearing ratio of the Group (expressed as a percentage of total loan payables over total equity) as at 31 December 2023 was 1.4% (2022: 5.6%). The decrease in gearing ratio manifests better liquidity position and efficient financial management of the Group.

Exposure to fluctuation in exchange rates and related hedges

Save for certain bank balances that are denominated in Renminbi (“**RMB**”) and United States dollar (“**USD**”), most of the Group's business transactions, assets and liabilities are denominated in Hong Kong dollar. As at 31 December 2023, the bank balances denominated in RMB and USD amounted to HK\$176.9 million and HK\$42.7 million respectively. Therefore, the Group's exposure to the risk of foreign exchange rate fluctuations is not material. For the Year, the Group did not have any derivatives for hedging against the foreign exchange rate risk. The directors of the Company (the “**Directors**”) will continue to monitor the foreign exchange exposure and will consider appropriate action to mitigate such risk, when necessary.

Capital commitments

The Group did not have any capital commitments in respect of the acquisition of property and equipment as at 31 December 2023 (2022: Nil).

Contingent liabilities

The Group did not have any material contingent liabilities as at 31 December 2023 (2022: Nil).

OUTLOOK AND CORPORATE STRATEGY

The global business and investment environment is still full of challenges and uncertainties. The economic rebound in Hong Kong appears to need more time to return to the pre-COVID-19 level.

The Group will maintain a prudent approach in carrying out and monitoring its business, but adopt a wait and see approach in tackling the adverse environment.

Dealing with the future challenges, the Management will review and adjust business strategies on a regular basis with a prudent and balanced risk management approach. The Group will focus on ensuring a healthy balance sheet.

MATERIAL TRANSACTIONS

On 4 May 2023, a wholly owned subsidiary of the Company entered into a sale and purchase agreement with a third party in respect of the acquisition of the entire issued share capital of, and all outstanding shareholder's loan owing by, CUCNP Holdings Limited which is the sole registered and beneficial owner of a property (the "**Acquisition**"). The consideration for the Acquisition was HK\$220 million. On 17 May 2023, the aforesaid parties entered into a termination agreement to terminate the Acquisition. For further details, please refer to the announcements of the Company dated 4 and 17 May 2023.

On 8 August 2023, a wholly owned subsidiary of the Company entered into a sale and purchase agreement with a third party in respect of the disposal of the entire issued share capital of, and all outstanding shareholder's loan owing by, Siston Holdings Limited (the "**Disposal**"). The consideration for the Disposal was HK\$110 million which was received on the same day. For further details, please refer to the announcement of the Company dated 8 August 2023.

SIGNIFICANT EVENTS AFTER THE YEAR

There are no major subsequent events since the end of the Year and up to the date of this announcement.

LITIGATION

Citizens, a wholly owned subsidiary of the Company, was a party to a receivership proceedings concerning Celebrate International Holdings Limited, a company previously listed in Hong Kong with stock code 8212. Southwest Securities (HK) Brokerage Limited ("**Southwest**") is a local corporation and Fong Siu Wai (also known as Louis Fong) (together with Southwest, the "**Defendants**") is a former employee of Southwest. On 19 June 2020, the Defendants maliciously published a letter to the High Court which contained false and defamatory statements against Citizens. On 30 September 2020, Citizens served a Writ of Summons and Statement of Claim to the Defendants, suing them for libel and malicious falsehood. Southwest and Fong Siu Wai (also known as Louis Fong) have reached separate settlements in June 2023 and July 2023 respectively, which include the payment of monetary damages as a full and final settlement of all claims made by Citizens against them. Additionally, Citizens received a letter from Fong Siu Wai (also known as Louis Fong) expressing his sincere apologies for his actions.

FINAL DIVIDEND

The Board does not recommend payments of any final dividend for the Year (2022: Nil).

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2023, the Group employed 23 (31 December 2022: 29) full time employees for its principal activities. The Group recognises the importance of high calibre and competent staff and continues to provide remuneration packages to employees with reference to prevailing market practices and individual performance. Remuneration packages consisted of salary as well as discretionary bonus. Other benefits include medical and retirement benefits, contribution to the mandatory provident fund and share options.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SHARES

There was no purchase, sale or redemption of the Company’s listed shares by the Company or any of its subsidiaries during the Year.

AUDIT COMMITTEE

The audit committee (the “**Audit Committee**”) of the Company was established in accordance with the requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) for the purposes of reviewing and providing supervision over the Group’s financial reporting process and internal controls. As at the date of this announcement, the Audit Committee comprises four Independent Non-Executive Directors. The Audit Committee is chaired by Mr. Yu Chung Leung and the members of the Audit Committee are Hon. Chan Hak Kan, Mr. Hung Cho Sing and Mr. Lam John Cheung-wah. The Audit Committee meets regularly with the Company’s senior management and the Company’s auditor to consider the Company’s financial reporting process, the effectiveness of internal controls, the audit process and risk management.

The annual results of the Group for the Year had been audited by the Company’s auditor, Mazars CPA Limited, and had been reviewed by the Audit Committee.

CORPORATE GOVERNANCE

The Board is committed to maintaining high standards of corporate governance. During the Year, the Company has complied with the code provisions of the Corporate Governance Code as set out in Appendix C1 to the Listing Rules except code provision C.2.1.

Code provision C.2.1 requires that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Following the resignation of Mr. Alejandro Yemenidjian as Non-Executive Chairman and Non-Executive Director of the Company on 6 October 2022, the duties of the chairman were undertaken by the Independent Non-Executive Directors who led the Board and had to ensure that the Board works effectively whereas the Executive Directors continued performing the role of the Chief Executive Officer collectively. The Board was of the view that under such board structure, there was a clear division of the responsibilities of chairman and chief executive, thus the balance of power and authority could be ensured. Such deviation had been rectified upon the re-designation of Mr. Sam Hing Cheong from a Non-Executive Director to an Executive Director and Chairman of the Company with effect from 1 July 2023.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 to the Listing Rules as the code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all Directors, the Company confirmed that in respect of the Year, all Directors have complied with the required standard set out in the Model Code.

ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

The 2024 annual general meeting (“**AGM**”) of the Company is scheduled to be held on Thursday, 13 June 2024. The notice of AGM will be published on the Company’s website at www.oshidoriinternational.com and the designated website of the Stock Exchange at www.hkexnews.hk in due course.

For determining the qualification as members of the Company to attend and vote at the AGM, the Company’s register of members will be closed from Friday, 7 June 2024 to Thursday, 13 June 2024, both dates inclusive, during which period no transfers of shares will be registered. In order to qualify as members to attend and vote at the AGM, investors are required to lodge all transfer documents accompanied by the relevant share certificates with the Company’s branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Thursday, 6 June 2024.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to express our gratitude to all staff for their devoted efforts and hard work.

By Order of the Board
Oshidori International Holdings Limited
Sam Hing Cheong
Chairman & Executive Director

Hong Kong, 28 March 2024

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

Executive Directors:

Mr. Sam Hing Cheong (*Chairman*)

Ms. Wong Wan Men

Mr. Wong Yat Fai

Independent Non-Executive Directors:

Hon. Chan Hak Kan, *S.B.S., J.P.*

Mr. Hung Cho Sing, *B.B.S.*

Mr. Lam John Cheung-wah

Mr. Yu Chung Leung