

PHOENICIAN INTERNATIONAL LIMITED

(Incorporated in the Cayman Islands, IC-268614)

Annual Report 2022



Phoenixian
富理基

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CORPORATE PROFILE

Trusted | Innovative | International

Who
we
Are

The Group

Phoenician International Limited ("Phoenician") is a publicly listed investment firm headquartered in Hong Kong, dedicated to providing wealth management, investment management and investment banking services to a select group of private, institutional, and corporate clients.

Our Strategy

Phoenician help innovators, entrepreneurs, industry leaders achieve their financial goals by serving as a bridge between China and the West, while connecting leading foreign institutional investors with markets in Asia.

Our Business

From managing wealth for successful individuals and institutions to helping businesses fulfil their ambition, Phoenician's comprehensive suite of solutions empowers our clients to make the most of global opportunities.

Trusted by the Most Demanding Clients

We manage wealth for highly sophisticated, multi-jurisdiction private clients and family offices with global investment interests

We offer a comprehensive suite of bespoke portfolio management solutions combined with high-touch, personalized approach to client needs across products and jurisdictions.

Our discretionary and non-discretionary investment solutions are combined with state-of-the-art market connectivity across 50 markets and over 30 currencies.

As most of our clients are successful entrepreneurs, we also provide best-in-class corporate advisory services to facilitate monetization of their business interests.



Independent Minds Delivering Performance Through “Dual World” Innovative Solutions

We offer our clients a constant stream of high-performance investable ideas actionable across the East/West divide, specifically tailored to their financial circumstances

As an independent investment firm, Phoenician has the ability to work with leading platforms and service providers worldwide in order to offer clients best-in-class advisory services and trading capabilities across asset classes, with major benefits on portfolio diversification.

Our key focus is to address the ever-increasing demand for multi-national cross-border investment flows between China/ASEAN financial markets and the rest of the world.

We leverage on our global network of clients and relationships coupled with our decade long presence in the Greater China region to offer clients global access to exclusive investment opportunities across multiple jurisdictions.



International Footprint Delivering Local Insights

Across our Regional Offices, we have Built a Network of Reputable Local Professionals who Speak the Language, Know the Culture and Have First-Hand Knowledge of Clients' Needs

As a result of our relationship-based approach to private and institutional clients, Phoenician has the ability to scout co-investment opportunities in promising early-stage ventures, especially within the Greater China region, that are generally not available for investment by the general public;

As a result of its deep connection with local communities both globally and within Greater China, over time we have hired and developed outstanding talent to enhance our client service and expand our private, institutional and corporate client network;

Phoenician management team is constantly involved in local communities' activities, with substantial benefits in terms of employee loyalty and client trust.



Our Offices



CORPORATE INFORMATION

BOARD OF DIRECTORS

Directors

Mr Kwan Chan
Mr Yiu Man Lo
Mr James Stephen Barrie

COMPANY SECRETARY

James Stephen Barrie
210 Hotham Street
Elsternwick, Victoria, 3185
Australia

REGISTERED OFFICE PROVIDER

International Corporation Services Ltd
Harbour Place, 2nd Floor
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George Town
Grand Cayman, KY1-1106
Cayman Islands

AUDITOR

RSM Hong Kong
29th Floor, Lee Garden Two,
28 Yun Ping Road,
Causeway Bay, Hong Kong

LEGAL ADVISORS

Steinepreis Paganin
Level 6, 99 William Street
Melbourne VIC 3000
Australia

TICKER

PHI. NSX

COMPANY ADDRESS

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Tel +852 3519 2870
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Email:
administration@phoeniciangroup.com

Representative Office in Shanghai

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288 South Shan'xi Road,
Xuhui District, Shanghai, China

Beijing Representative Office

31/F, North Tower of CP Center,
No. 20 Jinhedong Road, Chaoyang
District, Beijing 100020 PR. China

Zurich Representative Office

Seestrasse 39, CH-9700 Kusnacht,
Zurich, Switzerland

Australia Registered Office

RSM Australia Pty Ltd
Level 21, 55 Collins Street
Melbourne VIC 3000
Australia

Cayman Registered Office

Harbour Place, 2nd Floor 103 South
Church Street George Town
Grand Cayman, KY1-1106 Cayman
Islands

LETTER FROM THE BOARD

Dear Shareholders,

2022 marks a historic year in the development of Phoenician. We achieved yet another major milestone in the history of our firm when our shares got listed and commenced trading on the National Stock Exchange of Australia on the 12th of October 2022.

The successful listing of Phoenician not only builds a solid foundation of long-term development of our group, but also marks the beginning of a new phase of strong growth for Phoenician in all aspects. It also marks the culmination of many years of hard work and thoughtful planning to make Phoenician the innovative, private-client-focused investment bank that we are today.

Challenges remain. As the global COVID 19 pandemic is gradually phasing out, the world economies are now focusing on post-pandemic recovery. When geopolitical tensions developed quickly earlier in the year, the combined effect was not only escalating global inflation expectations to a record level but also a deterioration of the global economic outlook.

At Phoenician, we are well prepared for both good and challenging times thanks to our risk balanced approach to asset allocation. Our vision on the outlook of China and other ASEAN economies remains bullish and we believe our sound and proven China and ASEAN focused approach and sophisticated business model will ensure we achieve long-term goal and mission in capitalizing on the increasing cross border investment opportunities generated by ever increasing capital flows between China/ASEAN economies and the rest of the world.

After decades of high economic growth, China is expected to continue on its robust economic development trajectory as a result of the lifting of COVID restrictions and clear advantages over other major economies in terms of technology and infrastructure development and major governmental support policies such as the Belt and Road Initiative. Therefore, the

East Asia region, led by China and other ASEAN economies, will remain the key growth engine for the world economy and will continue to offer the most significant cross-border investment opportunities in the near to mid-term for our international client base, at a time of global asset dislocation in the rest of the world.

We would like to thank the entire Phoenician team for a strong performance in 2022 and to make our listing possible. Combining the long-term vision of our founder and the entrepreneurial culture of our team, we are committed to continue providing unparalleled, strategic, highly specialized investment solutions to our client, focusing on meeting and achieving their long-term investment goals, while creating long-term value for our shareholders.

Yours faithfully



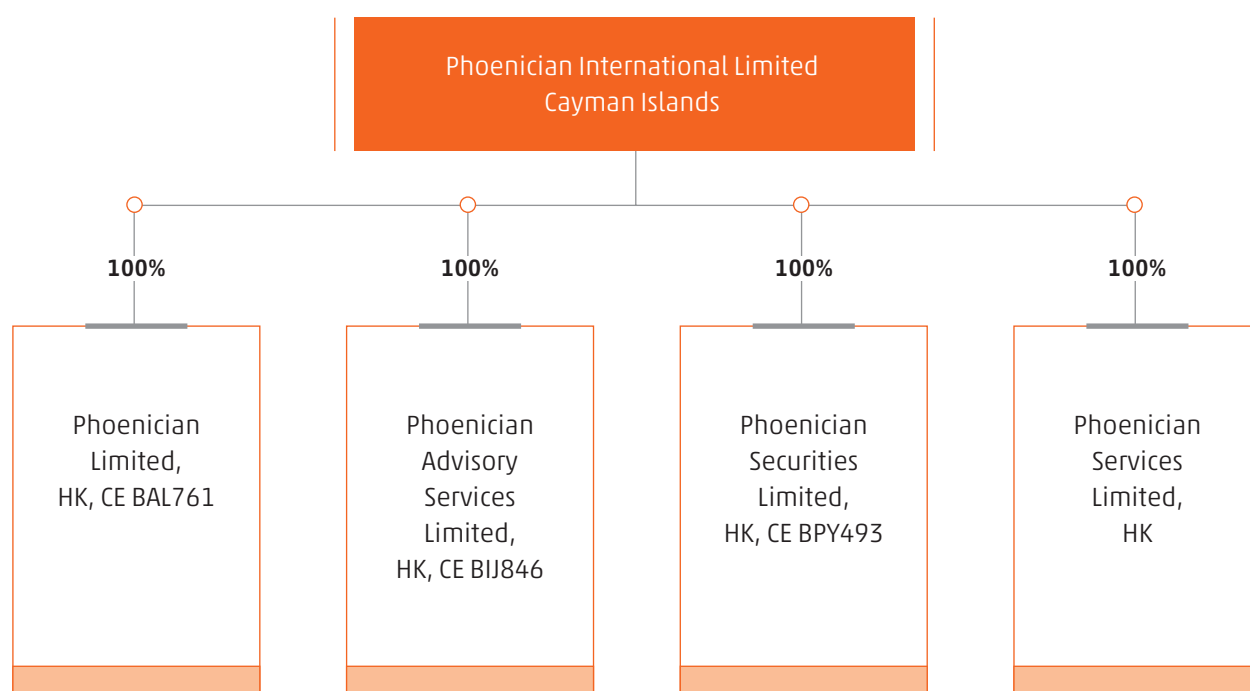
Kwan Chan

Yiu Man Lo

James Stephen Barrie

GROUP STRUCTURE AND BUSINESS SEGMENTS

The group structure of the Company is set out below:



Phoenixian International Limited, is the group holding company incorporated in the Cayman Islands in May 2012.

Phoenixian Securities Limited ("Phoenixian Securities" or "PS") is a licensed corporation accredited by the Securities & Futures Commission of Hong Kong ("SFC") to conduct Type 1 – Dealing in Securities activities with Central Entity Number ("CE No.") BPY493 since May 2021.

Phoenixian Advisory Services Limited ("Phoenixian Advisory Services" or "PAS") is a licensed corporation accredited the SFC to conduct Type 1 – Dealing in Securities and Type 6 – Advising on Corporate Finance activities with CE No. BIJ846 since May 2017.

Phoenixian Limited ("Phoenixian Limited" or "PI") is a licensed corporation accredited the SFC to conduct Type 4 – Advising on Securities and Type 9 – Asset Management activities with CE No. BAL761 since September 2015 and March 2013 respectively.

Phoenixian Services Limited ("Phoenixian Services") is a non-regulated entity incorporated in Hong Kong in December 2021.

We operate through three business units: Wealth Management, Investment Management and Investment Banking, each with distinctive capabilities but managed in an integrated and client-centric fashion.

GROUP STRUCTURE AND BUSINESS SEGMENTS

Wealth Management

Phoenician's wealth management unit is specialised in advising a selected group of private and institutional clients including high net worth individuals and family offices to preserve and manage their wealth and achieve their financial goals.

Through its comprehensive suite of bespoke portfolio management solutions, Phoenician provides non-discretionary investment advisory services and discretionary portfolio management services. Phoenician Wealth Management also invests our own funds on selected investment strategies.

We derive management fees and net investment gains from our wealth management business.

Investment Management

Our investment management unit manages funds on behalf of our institutional and private clients under discretionary mandates to capture global investment opportunities across global markets, with specific focus on cash equity and equity derivative products across mining, life sciences and technology related sectors.

The investment management unit also deploys our own funds by investing in outstanding niche companies with the potential to be transformed into global leaders, through selected investments in private equity and public markets transactions. Phoenician's multi-national investment team works across multiple industries with key focus on companies/issuers operating across China and ASEAN economies.

We derive management fees, performance fees and net investment gains from our investment management business.

Investment Banking

Our Investment Banking unit advises first-tier corporate clients on complex international transactions and global private and public fundraisings and provides sales, trading, brokerage and research services to our institutional and private clients.

Specifically, the Phoenician advisory team offers financial advice to corporate clients on acquisitions, divestitures and corporate restructuring and executes capital raising transactions, either through public offerings or through private placements.

In addition, through its broker/dealer and research platforms, Phoenician broking team offers its institutional and private clients the ability to execute transactions in cash equity and other selected investment products by providing global access to financial markets and trade facilitation services, supported by in-depth research coverages and reports on key investment topics.

We derive transaction fees, advisory fees and net investment gains from our investment banking business.

FINANCIAL HIGHLIGHTS

	For the Year Ended December 31,	
	2022 HK\$'000	2021 HK\$'000
Total Revenues	3,192	14,536
Total Net Investment (Loss)/Gains	(179,765)	408,831
Total Operating Costs	(19,736)	(14,735)
Total Operating (Loss)/Profit	(196,309)	408,632

Operating (Loss)/Profit by Segment	For the Year Ended December 31,	
	2022 HK\$'000	2021 HK\$'000
Business Segments		
Wealth Management	(34,148)	27,755
Investment Management	(116,346)	390,622
Investment Banking	(45,815)	(9,745)
Total Operating (Loss)/Profit	(196,309)	408,632

	For the Year Ended December 31,	
	2022 HK\$'000	2021 HK\$'000
Key Business Drivers		
– Assets Under Custody (AuC)	579,824	784,000

KEY INVESTMENT TRENDS

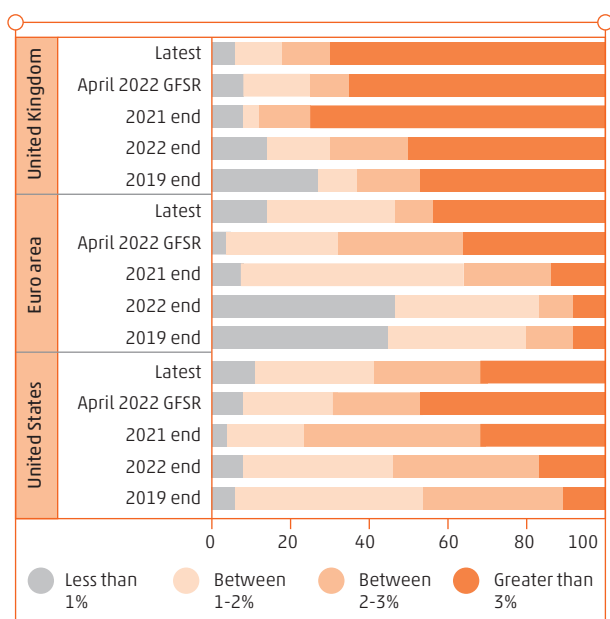
We are a leading private-client-focused wealth-management company and investment bank with best-in-class advisory services and trading capabilities. By targeting the ever increasing cross-border investment opportunities with capital flows between China/ASEAN economies and the rest of the world we aim to understand how the world evolves and where the opportunities arise, so that we are able to quickly adapt and react to the evolving investment landscape.

Inflation Expectations

The western economies are experiencing stubbornly high inflation, a challenge it has not faced for decades. To avoid inflationary pressures from becoming entrenched, central banks confronting stubbornly high inflation have had to accelerate monetary policy tightening. What's more, advanced and emerging economies alike also face magnified risks and vulnerabilities across different sectors and regions.

Global inflation is forecast to rise from 4.7% in 2021 to 8.8% in 2022 but to decline to 6.5% in 2023 and to 4.1% by 2024.

Inflation Prediction by Investors' Survey (Probability in %)



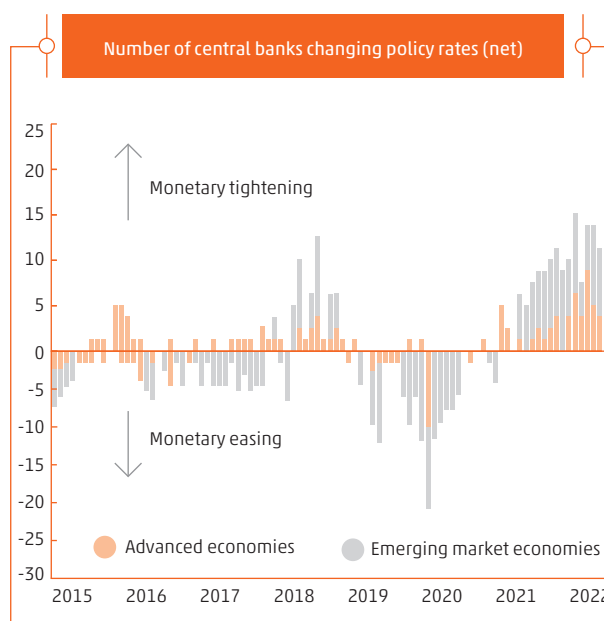
Source: Bloomberg, IMF

With the cost-of-living crisis and inflation higher than seen in several decades, a smart monetary policy and structural reforms are needed to support the fight against inflation by improving productivity and easing supply constraints.

Raising interest rates

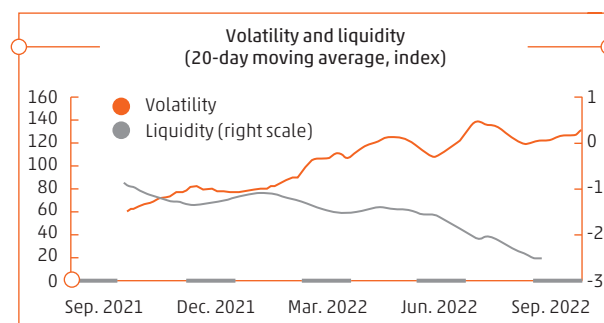
High inflation is causing a substantial rise in interest rates.

Central banks are aggressively hiking rates to contain high inflation



Source: Bloomberg, IMF

Not only Interest rates are higher but interest rate volatility has risen exacerbated by low liquidity



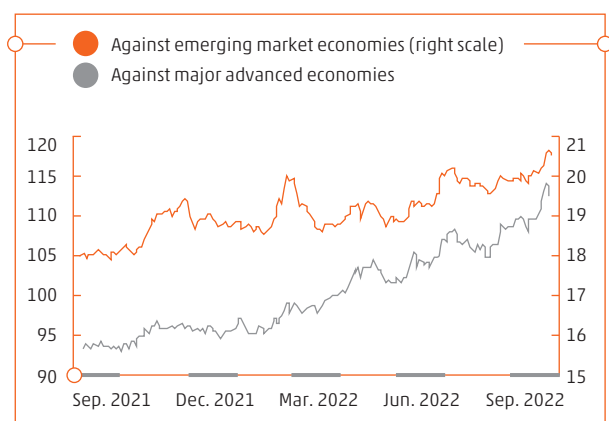
Source: Bloomberg, IMF

We expect monetary policy to stay the course to restore price stability in Western economies, with a limited accommodation from fiscal policy to alleviate the cost-of-living pressures, to maintain a sufficiently tight stance aligned with monetary policy to fight inflation.

US Dollar Appreciation

The US Dollar has appreciated sharply against both emerging and advanced economies' currencies, but we think a US Dollar weakening will occur in the short term, due to a rebound in emerging market economic growth and the deteriorating fiscal budget situation in the US.

US Dollar has appreciated sharply

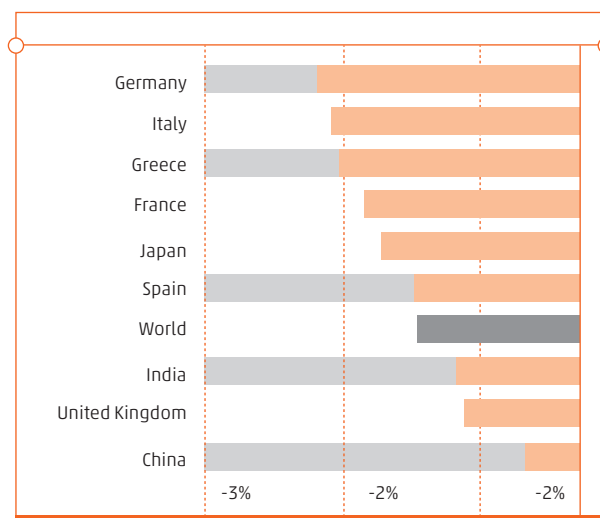


Policymakers face an unusually challenging financial stability environment. Though no globally systemic event has materialized so far, they should contain further buildup of vulnerabilities by adjusting selected macroprudential tools to tackle any pockets of risk. In this highly uncertain environment, striking a balance between containing these potential threats and avoiding a disorderly tightening of financial conditions will be critical.

Geopolitics and Potential uncertainties

The war in Ukraine has triggered a costly series of crisis and economic damages from the conflict will contribute to a significant slowdown in global growth in 2023 and add to inflation. Fuel and food prices have increased rapidly. Global growth is projected to slow from an estimated 6.0 % in 2021 to 3.2% in 2022 and 2.1% 2023. Beyond 2023, global growth is forecast to remain well below 3% over the medium term. War-induced commodity price increases and broadening price pressures have led to 2022 inflation projections of 5.7% in advanced economies.

Change in forecast gross domestic product (GDP) growth worldwide due to the war in Ukraine in 2022



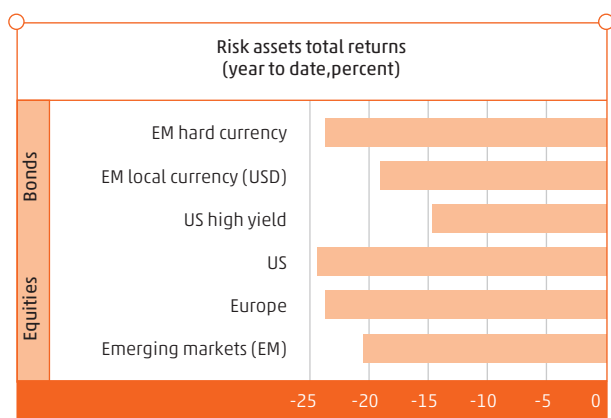
Source: Statista

Amid the highly uncertain global environment risks to financial stability have increased substantially. Increasing uncertainties are surrounding the various asset classes. Equity market took the biggest hit in years during the past 12 months and lost some 25% of its entire value in a matter of months globally. The challenging macroeconomic environment is also putting pressure on the global corporate sector. Credit spreads have widened substantially, and high costs are eroding corporate profits. For small firms, bankruptcies have already started to increase because of higher borrowing costs and diminished fiscal support.

KEY INVESTMENT TRENDS

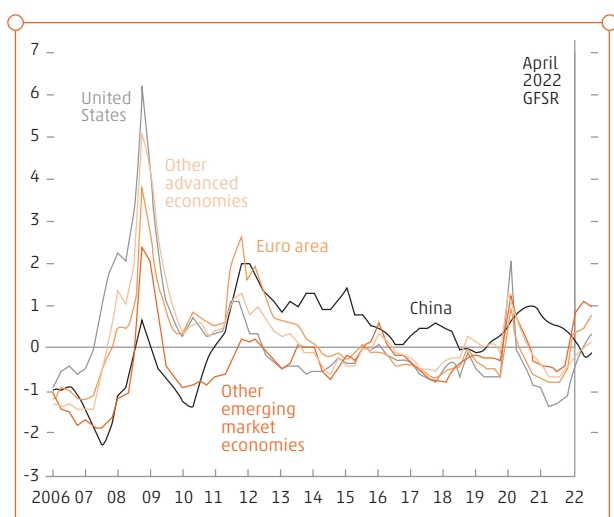
In addition, financial conditions have tightened as central banks globally continue to hike interest rates. However, among major economies, China has notably lower financial volatility compares to others with the real estate sector weakness having been addressed timely with supportive, ad-hoc fiscal and monetary policies.

Total Return of Stock and Bond Assets (YTD, %)



Source: Bloomberg

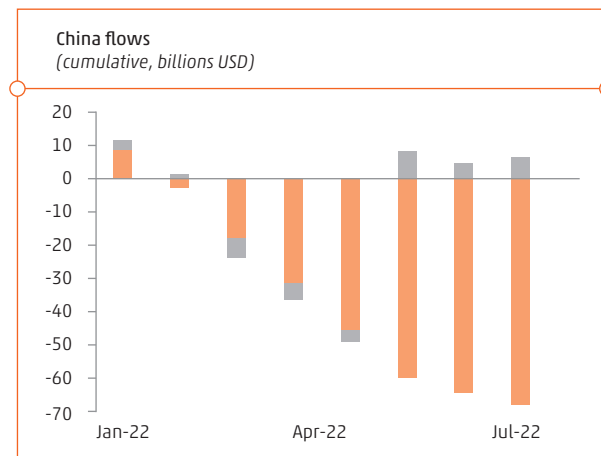
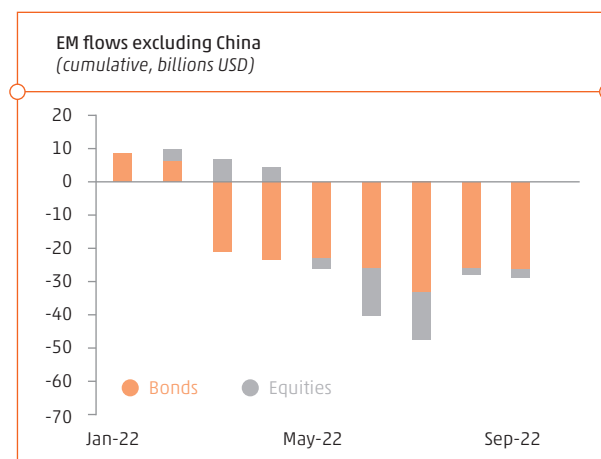
Global Financial Conditions (STD)



Source: IMF

However, challenge do remain. Recent hike in COVID cases in China may post some uncertainties in China's gradual recovery and diminished demand is observed globally (including China), has confirmed a slowing down economy growth globally in near terms, even though foreign investors are showing more interest in emerging markets, investment flows have not fully recovered yet.

Capital Flows of Emerging Markets

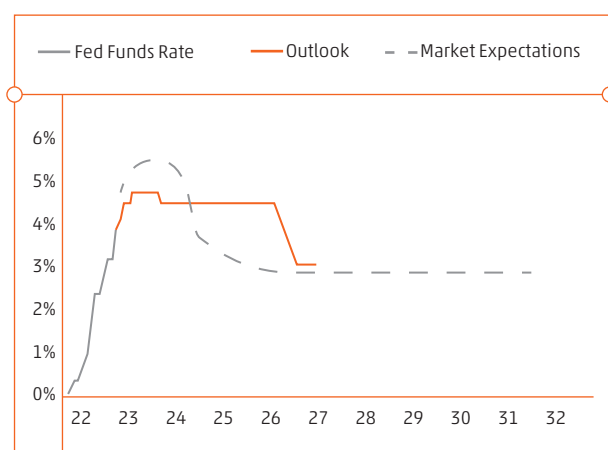


Source: Bloomberg and IMF

Geopolitics and Potential uncertainties

Overall, the market expects a long term policy rate above 3% for the next decade, a constant challenge for fighting inflation. We expect policy rates above 4% for the next 2-4 years.

US Cash Rates: Phoenician Outlook vs Market Expectations



In conclusion, major issues facing financial systems include inflation at multi-decade highs, continuing deterioration of the economic outlooks in many regions, and persistent geopolitical risks are the main challenges in the overall economic environment. Global markets are showing strains as investors have recently become more risk-averse amid heightened economic and policy uncertainty. Financial asset prices have fallen as monetary policy has tightened, the economic outlook has deteriorated, recession fears have grown, borrowing in hard currency has become more expensive, and stress in some nonbank financial institutions has accelerated. Bond yields are rising broadly across credit ratings, with borrowing costs for many countries and companies already rising to the highest levels in a decade or more. However, by focusing on economies that are most likely to first recover from this global difficult period, it will also be an opportunity for Phoenician by setting our investment strategies right, as we did in the past.



MANAGEMENT DISCUSSION AND ANALYSIS

In the two reporting periods, the group operated through three reportable operating segments (a) wealth management; (b) investment management; (c) investment banking. All three segments have experienced positive revenue but a significant slowdown in growth. However, operating profit turned negative for the year ended December 31, 2022, mainly due to significant net investment losses during the year.

In particular, in 2022 wealth management and investment management revenues remained flat, while investment banking revenues contracted substantially due to lower transaction volumes in Asia and globally. In addition, due to deterioration in global economic conditions and in particular, tough market environment faced by the investment management business, net investment losses on our own invested funds recorded a total of HKD 180.9 million, though these losses are essentially unrealized changes in fair value of financial assets based on financial test, and are not realized cash losses. As a result, on

a consolidated basis, our group also has a negative operating profit of HKD 196.3 million for the year ended December 31, 2022, down substantially from a positive operating profit of HKD 408.6 million for the year ended December 31, 2021.

The main contributor to such losses is the change in fair value of PYX Resources Limited shares held by the group, whose share price experienced a correction in the past 12 months due to increased volatility in mining companies share price performance globally. Pyx Resources holds the world second largest producing deposit of Zircon in terms of inferred resources. Despite the significant market correction in its share price, the fundamentals of the PYX Resources Ltd remain robust, with zircon prices experiencing strong increase during the course of 2022.

The following table sets forth a breakdown of revenue and net investment (loss)/gain by reporting segment for the years indicated.

For the Year Ended December 31,				
Revenue	2022 HKD '000	2021 HKD '000	Change HKD '000	Change %
Business Segments				
Wealth Management	40	40	0	0%
Investment Management	47	47	0	0%
Investment Banking	3,105	14,449	(11,344)	-79%
Total Revenue	3,192	14,536	(11,344)	-78%

For the Year Ended December 31,				
Net Investment (Loss)/Gain	2022 HKD '000	2021 HKD '000	Change HKD '000	Change %
Business Segments				
Wealth Management	(31,712)	30,577	(62,289)	(204)%
Investment Management	(104,415)	393,068	(497,483)	(127)%
Investment Banking	(43,638)	(14,814)	(28,824)	195%
Total Net Investment (Loss)/Gain	(179,765)	408,831	(588,596)	(144)%

For the Year Ended December 31,				
Revenue & Net Inv. (Loss)/Gain	2022 HKD '000	2021 HKD '000	Change HKD '000	Change %
Business Segments				
Wealth Management	(31,672)	30,617	(62,289)	(203)%
Investment Management	(104,368)	393,115	(497,483)	(127)%
Investment Banking	(40,533)	(365)	(40,168)	11005%
Total Revenue & Net Inv. (Loss)/Gain	(176,573)	423,367	(599,940)	(142)%

The following table sets forth a breakdown of operating expenses by reporting segment for the years indicated.

For the Year Ended December 31,				
Operating Expenses	2022 HKD '000	2021 HKD '000	Change HKD '000	Change %
Business Segments				
Wealth Management	(2,476)	(2,862)	386	(13)%
Investment Management	(11,978)	(2,493)	(9,485)	380%
Investment Banking	(5,282)	(9,380)	4,098	(44)%
Total Operating Expenses	(19,736)	(14,735)	(5,001)	34%

The following table sets forth a breakdown of operating (loss)/profit by reporting segment for the years indicated.

For the Year Ended December 31,				
Operating (Loss)/Profit	2022 HKD '000	2021 HKD '000	Change HKD '000	Change %
Business Segments				
Wealth Management	(34,148)	27,755	(61,903)	(223)%
Investment Management	(116,346)	390,622	(506,968)	(130)%
Investment Banking	(45,815)	(9,745)	(36,070)	370%
Total Operating (Loss)/Profit	(196,309)	408,632	(604,941)	(148)%

MANAGEMENT DISCUSSION AND ANALYSIS

Segment Revenues and Net Investment Gains

Our Wealth Management business recorded a weak performance for the year ended December 31, 2022 with a total net investment loss of HKD 31.7 million, down from a net investment profit of HKD 30.6 million in the previous year, primarily due to changes in fair value of financial assets based on financial test.

Our investment management segment concluded the year with a significant total net investment loss of HKD 104.4 million for the year ended December 31, 2022 (2021: HKD 393 million net investment gain). The net investment losses from the investment management business mainly represents fair value loss of financial assets based on financial test.

Our investment banking segment recorded a weak performance for the year ended December 31, 2022 with a total revenue of HKD 3.1 million, down from HKD 14 million in the previous year. This decrease in revenues was primarily due to tough market environment faced by the investment banking industry. However, revenues are offset by a significant net investment losses of HKD 43.6 million as a result of fair value loss of financial assets based on financial test.

Segment Operating Expenses

Operating expenses for the Wealth Management business decreased from HKD 2.9 million to HKD 2.5 million, as a result of decreased personnel expenses.

For the investment management segment, however, we recorded a larger increase in operating expenses from HKD 2.5 million to HKD 12 million due to an increase in administrative expenses mainly as a result of the listing on the National Stock Exchange of Australia and allowance for expected credit loss on other receivables.

For the investment banking segment, segment operating expenses decreased significantly from HKD 9.4 million to HKD 5.3 million, in line with the corresponding decrease in investment banking segment revenue incomes as a result of tough market environment faced by the investment banking industry.

Segment Operating Profit

All our business segments experienced significant losses in the year ended December 31, 2022.

Our Wealth Management segment recorded a net operating loss of HKD 34.1 million for the year ended December 31, 2022, down from a net operating profit of HKD 27.8 million for the year ended December 31, 2021.

Our Investment Management segment recorded an operating loss of HKD 116.3 million for the year ended December 31, 2022, down from an operating profit of HKD 390.6 million for the year ended December 31, 2021.

The Investment Banking segment recorded an operating loss of HKD 45.8 million for the year ended December 31, 2022, up from a relatively minor net loss of HKD 9.7 million for the year ended December 31, 2021.

KEY BUSINESS DRIVERS AND METRICS

Each of our three business segments has unique business fundamentals and faces different risks. As a result, we identify different drivers for each of the three segments.

For our Wealth Management, the key business driver is the Assets under Advisory (AuA). This is the total assets on which we provide wealth advisory, and can be held in custody by us or by third party.



For our Investment Management segment, the key business driver is the Assets under Management (AuM) metric, which is the aggregate amount of net asset value of securities and investment products for which Phoenician has provided discretionary investment management services to our clients as investment advisor or as investment manager.

For our Investment Banking segment, the key business driver is the Assets under Custody (AuC) metric, which is the total value of all financial assets which we hold on behalf of our clients as broker/custodian.

The following table sets forth the key metrics our segments activities as of the dates indicated.

	For the Year Ended December 31,	
	2022 HK\$ '000	2021 HK\$ '000
Key Business Drivers		
– Assets Under Management (AuM)	277,838	458,908
– Assets Under Advisory (AuA)	15,600	15,500
– Assets Under Custody (AuC)	579,824	784,000

As of December 31, 2022, Phoenician had approximately HK\$580 million of asset under custody for our Investment Banking business, HK\$16 million of asset under advisory for our Wealth Management unit and HK\$278 million of asset under management within our Investment Management

unit, including financial assets held by the group.

The decreases in AuM and AuC are mainly due to changes in fair value of financial assets based on financial test.

DIRECTORS' REPORT

Your directors present their report on Phoenixian International Limited ("PHI" or the "Company") and its controlled entities, (the "Group") for the financial year ended 31 December 2022.

The names of Directors of the Company, in office at any time during the period and up to the date of this report, are set out below. Directors were in office for this entire period unless otherwise stated.

Kwan Chan (Executive Chair) - appointed 24 April 2020.
Yiu Man Lo (Independent Non-Executive Director) - appointed 22 April 2022.
James S. Barrie (Independent Non-Executive Director and Company Secretary)- appointed 15 July 2022.

The length of service of each director is as follows:

Name	Length of Service
Kwan Chan	32 months
Yiu Man Lo	8 months
James S. Barrie	5 months

Kwan Chan (Executive Chair)

Mr Chan, Executive Director of Phoenixian, has more than 15 years of experience in the financial service industry.

Mr Chan joined Phoenixian in 2012 as the Finance Director, and since his appointment has taken charge of the Group treasury operations and has led all the financial reporting activities. In 2020, Mr Chan was promoted to the role of Executive Director, in charge of implementing the Company's founder strategic vision and growth plans, handling relationship with Shareholders and overall

business leadership across the business units. Under the leadership of Mr Chan, the Company has substantially developed its private equity investment business.

Prior to joining Phoenixian, Mr Chan was a Senior Accountant at North China Shipping Holdings, where he was responsible for the group finance and accounting function. Mr Chan started his career at Intertrust HK Ltd as a consultant in their Corporate Client Services.

Mr Chan holds a Bachelor of Business Administration (Finance) degree from City University of Hong Kong.

Yiu Man Lo (Independent Non-Executive Director)

Mr Lo, Non-Executive Director of Phoenixian, has more than 20 years of experience in the financial service industry.

Up to November 2021, Mr Lo was the Senior Finance Manager at uSmart Securities Limited, a large retail focused securities firm in Hong Kong.

Previously Mr Lo held various senior positions at various financial services firms in Hong Kong, including CMBC Capital Holding Limited, Core Pacific Yamaichi International, China Securities (International) Finance Holdings, Bank of China International, Standard Chartered Bank and East Asia (Securities) Company, a subsidiary of Bank of East Asia.

Mr Lo holds a Bachelor of Science (Honours) in Applied Mathematics from the Hong Kong Polytechnic University, a Master of Science in Mathematics for Finance and Actuarial Sciences from the City University of Hong Kong and a Master in Corporate Governance from the Hong Kong Polytechnic University and is a Qualified CPA in Australia.

James S. Barrie (Independent Non-Executive Director and Company Secretary)

Mr Barrie, Non-Executive Director and Company Secretary of Phoenician, has more than 20 years of professional experience in a wide range of executive and board roles across multiple industries.

Mr Barrie is currently a Non-Executive Director and Company Secretary for A2A GN Ltd (NSX:A2A) and West Coast Aquaculture Group Limited (SSX:833), the Company Secretary for TTA Holdings Ltd (ASX:TTA), Boadicea Resources Ltd (ASX:BOA), Global Health Ltd (ASX:GLH) and Jupiter Energy Ltd (ASX:JPR), along with being a director and/or Company Secretary for several unlisted companies.

Mr Barrie is also the founder of Fernville Group, which provides professional advisory services to pre-IPO and small-cap listed companies seeking to list on Australian exchanges.

Mr Barrie is a graduate of the Australian Institute of Company Directors, and holds a Bachelor of Business from the Queensland University of Technology and a Diploma of Investor Relations from the Australian Investor Relations Association.

Directors' Shareholdings

The following table sets out each current Director's relevant interest in shares of the Company or a related body corporate as at the date of this report.

Company Directors and Associated Entities		Received During			Shares Closing Balance
		Shares Opening Balance	Year on Exercise of Performance Rights	Net Change Other	
Kwan Chan	2022	—	—	—	—
	2021	—	—	—	—
Yiu Man Lo	2022	—	—	—	—
	2021	—	—	—	—
James S. Barrie	2022	—	—	2,000	2,000
	2021	—	—	—	—
Marco Arosti*	2022	9,800,000	—	—	9,800,000
	2021	9,800,000	—	—	9,800,000

* Held through fully owned investment vehicle High Noble Investments Limited

DIRECTORS' REPORT



Unissued Shares and Options

During the year the Company offered 320,000 (2021: Nil) Performance Rights which were eventually granted in January 2023, out of which 100,000 Performance Rights (2021: Nil) were awarded to directors. Of the total Performance Rights on issue, no Performance Right (2021: Nil) vested during the year.

Company Directors and Associated Entities		Perf Rights Opening Balance	Received During Year	Converted/ Expired	Closing Balance*
Kwan Chan	2022	—	—	—	—
	2021	—	—	—	—
Yiu Man Lo	2022	—	—	—	—
	2021	—	—	—	—
James S. Barrie	2022	—	—	—	—
	2021	—	—	—	—
Marco Arosti*	2022	—	—	—	—
	2021	—	—	—	—

During the December 2022 financial year, the Company issued no options (2021: Nil).

Performance Rights and Option holders do not have any rights to participate in any issues of shares or other interests of the Company or any other entity.

Dividends

No dividend has been paid during the financial year and no dividend is recommended for the current period.

Directors' Meetings

The table below sets out the number of Directors' meetings held during the period and the number of meetings attended by each as a Director.

Name	No. Eligible to Attend	No. Attended
Board Meetings		
Kwan Chan	2	2
Yiu Man Lo	1	1
James S. Barrie	1	1
Audit and Risk Committee Meetings		
Kwan Chan	Nil	N/A
Yiu Man Lo	Nil	N/A
James S. Barrie	Nil	N/A
People and Remuneration Committee Meetings		
Kwan Chan	1	1
Yiu Man Lo	1	1
James S. Barrie	1	1

Principal Activities

The principal activities of the Group (through its subsidiaries) is to provide wealth management, investment management and investment banking services to a select group of private, institutional and corporate clients, focusing on capitalizing on the increasing cross border investment flows between China/ASEAN economies and the rest of the world.

On 12 October 2022, the Company had its shares listed and commenced trading on the National Stock Exchange of Australia.

Significant Changes in the State of Affairs

Other than as discussed in the Review of Operations and noted below, there have been no significant changes in the Company's state of affairs during the period.

Review and Results of Operations

The profit after income tax and other comprehensive income of the Group for the year ended 31 December 2022 was a loss of HK\$196,309,000 (31 December 2021: net profit HK\$408,632,000).

A detailed review of the operations of the Group is set out on page 16.

DIRECTORS' REPORT

Events After the Reporting Period

(a) Performance rights

On 22 December 2022, the Board of Directors of the Company has resolved to approve the issue of unlisted performance rights to certain eligible participants in accordance with the Company's Employee Share Option Plan (ESOP) as approved by the shareholders at the General Meeting held on 22 April 2022.

The offers of the performance rights have been accepted by the eligible participants on 13 January 2023 (the grant date).

The unlisted performance rights have been granted to the following eligible participants:

Eligible participants	Number of unlisted performance rights
Mr. Kwan Chan, Director	50,000
Mr. Yiu Man Lo, Director	50,000
A non-controlling shareholder	120,000
Others	100,000
	320,000

Up to the date of authorisation of this annual report, the estimation on the effect of financial impact from the issue of performance rights has not yet been made.

(b) Financial assets at fair value through profit or loss

On the date of authorisation of this annual report, the market value of the financial assets at fair value through profit or loss has declined by approximately HK\$178,628,000 compared with the market value as at 31 December 2022, which resulted in fair value losses of HK\$178,628,000.

Likely Developments and Results

The Directors believe that likely developments in the preparations of the Group and expected return from the operations have been adequately disclosed in this report.

The total number of unlisted performance rights granted is 320,000. Conversion of the performance rights to shares is subject to achievement of certain vesting conditions, specifically continuous employment or engagement of the eligible participants. In particular each performance right will vest into one ordinary share. Vesting of the performance rights will occur in three tranches on 31 December 2023, 31 December 2024 and 31 December 2025. After vesting, the Company will seek quotation of the resultant new ordinary shares, which will rank *pari-passu* with all existing ordinary shares on issue.

Proceedings on Behalf of the Company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company or its controlled entities, or to intervene in any proceedings to which the Company or its controlled entities are a party, for the purposes of taking responsibility on behalf of the Company or its controlled entities for all or part of those proceedings.

Indemnifying Officers and Auditors

The Group has not, during or since the financial year, indemnified or agreed to indemnify an officer or auditor of the Group against a liability incurred as such an officer or auditor.



Non-Audit Services

An amount of HK\$286,000 (2021: HK\$26,200) was paid to the external auditor during the year for non-audit services. The Directors are satisfied that any non-audit services provided during the year ended 31 December 2022 did not compromise the general principles relating to auditor independence in accordance with International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants.

This report is presented in accordance with a resolution of the Board of Directors and is signed for and on behalf of the Directors by:

Other Compliance with NSX Listing Rules

No published forecast has been made, hence NSX Listing Rule 6.9(4) does not apply.

Directors of the Company each have service agreements. In accordance with Rule 27 of the Company's Memorandum of Association, directors appointed by the Company must retire and, being eligible, stand for re-election at the next Annual General Meeting ("AGM") of the Company. Further,

a minimum of 1/3rd of directors must retire by rotation at each AGM. As the Company's AGM to be held later in 2023 will be the first since listing on the NSX, all three (3) directors of the Company will be seeking re-election at that AGM.

No arrangement has been made under which a director has waived or agreed to waive any emoluments.

No arrangement has been made under which a shareholder has waived or agreed to waive any dividend.

As this is the first year the Group has traded, a 5-year summary table is not applicable.

Kwan Chan
Executive Chair

Hong Kong, 8 March 2023

DIRECTORS' REPORT

REMUNERATION REPORT

The Remuneration Report sets out the remuneration arrangements for Phoenician International Limited for year ended 31 December 2022. The Remuneration Report forms part of the Directors' Report.

The remuneration report is set out under the following main headings:

- A. Remuneration Philosophy
- B. Remuneration Structure
- C. Remuneration Approvals
- D. Remuneration and Performance
- E. Details of Directors' Remuneration
- F. Compensation Performance Rights and Options Granted, Exercised or Lapsed During the Financial Year
- G. Share-based Compensation
- H. Equity Instruments Issued on Exercise of Remuneration Performance Rights and Options
- I. Other Transactions with KMP and/or their Related Parties
- J. Shareholding of KMP

The remuneration arrangements detailed in this report are for the Executive Chair, Chief Executive Officer and Non-Executive Directors during the financial year as follows:

- Kwan Chan (Executive Chair)
- Marco Arosti (MD/Chief Executive Officer)
- Yiu Man Lo (Independent Non-Executive Director)
- James S. Barrie (Independent Non-Executive Director and Company Secretary)

This will be the first Remuneration Report to be submitted by the Company for approval at the Annual General Meeting.

A Remuneration Philosophy

Key management personnel ("KMP") have authority and responsibility for planning, directing and controlling the activities of the Group. Key management personnel comprise the Directors of the Company and its MD/Chief Executive Officer. The performance of the Group depends upon the quality of its key management personnel. To prosper, the Group must attract, motivate and retain appropriately skilled directors and executives.

The Group's broad remuneration policy is to ensure the remuneration package properly reflects the person's duties and responsibilities and that remuneration is competitive in attracting, retaining, and motivating people of the highest quality. During the year, the Company adopted a Stock Incentive Plan to:

- a. establish a method by which directors or employees of the Company (Eligible Persons) can participate in the future growth and profitability of the Company;

- b. provide an incentive and reward for Eligible Persons for their contributions to the Company; and
- c. attract and retain a high standard of managerial and technical personnel for the benefit of the Company.

Performance rights were offered to Mr Kwan Chan (50,000 Performance Rights) and Mr Yiu Man Lo (50,000 Performance Rights) under the Employee Stock Incentive Plan which were accepted in January 2023.

The Performance rights will vest in 3 tranches (31 December 2023, 31 December 2024 and 31 December 2025), subject to continuous employment/engagement of the participants.

Of the total Performance rights on issue to the two directors, zero Performance Rights were converted to shares during the year ended on 31 December 2022. No other remuneration performance rights, options or shares have been issued to Directors or KMP.

A remuneration consultant has not been employed by the Group to provide recommendations in respect of the remuneration, given the size of the Group and its current structure.

B Remuneration Structure

Executive Chair

The Group has entered into an agreement with Mr Chan for the purposes of discharging his role as Executive Chair. Under the agreement, Mr Chan is entitled to a base remuneration of HK\$960,000 per annum (including employer contributions required to be paid in accordance with the Mandatory Provident Fund Schemes Ordinance (chapter 485 of the Laws of Hong Kong)). Starting from 1 January 2023, Mr Chan base remuneration was increased to HK\$1,050,000 per annum and in addition he will receive a director fee equal to AU\$20,000 per annum.

MD/Chief Executive Officer

The Group has entered into an agreement with Mr Arosti, for the purposes of discharging his role as Chief Executive Officer. Under this agreement, Mr Arosti is entitled to a base remuneration of US\$325,000 per annum (including employer contributions required to be paid in accordance with the Mandatory Provident Fund Schemes Ordinance (chapter 485 of the Laws of Hong Kong)). Starting from 1 January 2023, Mr Arosti base remuneration will increase to USD350,000 per annum.

DIRECTORS' REPORT

Non-Executive Directors

There are formal agreements with the non-executive Directors. Appointment shall cease if a non-executive director is not re-elected as a director by shareholders, resigns or ends their term in accordance with the Company's Constitution.

On 22 April 2022, Mr Lo entered into an agreement with the Company confirming his appointment as Non-Executive Director of the Company. The agreement is in standard form and details the nature of Mr Lo's appointment, his duties and his remuneration. Mr Lo is entitled to receive a total annual fee of AU\$20,000 paid quarterly in arrears. This fee covers all duties Mr Lo may be required to perform, Mr Lo is also entitled to be paid expenses properly and reasonably incurred in performing duties as Director.

On 15 July 2022, Mr Barrie entered into an agreement with the Company confirming his appointment as Non-Executive Director and a services agreement confirming his appointment as Company Secretary of the Company. Both agreements are in standard form and detail the nature of Mr Barrie's appointments, his duties and his remuneration. Mr Barrie is entitled to receive a total annual fee of AU\$20,000 paid quarterly in arrears for his role as Non-Executive Director. This fee covers all duties Mr Barrie may be required to perform, Mr Barrie is also entitled to be paid expenses properly and reasonably incurred in performing duties as Director. Mr Barrie is entitled to receive a total annual fee of AU\$5,000 (AU\$10,000 starting from the first anniversary of his appointment as Company Secretary), paid monthly in arrears for his role as Company Secretary. This fee covers all duties Mr Barrie may be required to perform. Services provided out of scope of duties are to be charged at AU\$175 per hour (excluding GST).

No other agreements with key management personnel or their controlled entities during the financial year have been entered into.

The Group currently does not offer any variable remuneration incentive plans or bonus schemes to Non-Executive Directors or any retirement benefits and, as such, there are no performance related links to the existing remuneration policies.

Performance Rights are normally awarded to eligible participants based on individual achievements and performance contribution to the group, on the basis of recommendations by the Remuneration and Nomination Committee.

C Remuneration Approvals

The Board of Directors approved to grant the performance rights under the Company's Stock Incentive Plan. These performance rights were set at levels to reflect market conditions and non-market conditions and to encourage continued service.

D Remuneration and Performance

None of the remuneration package of the Executive Chair, MD/Chief Executive Officer and the Non-Executive Director remuneration are currently not linked to either long-term or short-term performance conditions. The Board is of the view that current remuneration is a sufficient, long-term incentive to align the goals of the Directors with those of the shareholders to maximise shareholder wealth, and as such, has not set any performance conditions for Executive Chair, Chief Executive Officer and the Non-Executive Directors of the Company. The Board will continue to monitor this policy to ensure that it is appropriate for the Group in future years.

E Details of Directors' Remuneration

	Short-Term					Long-term	Share-based Payments ***	TOTAL	% performance related
	Salary fees*	Employer's contribution to a retirement benefit scheme	Cash bonus	Non-monetary	Other fees	Incentive plans			
2022									
Directors									
Kwan Chan	HK\$ 960,000	HK\$ 15,000	—	—	—	—	—	HK\$ 975,000	—
Yiu Man Lo	AUD 20,000**	—	—	—	—	—	—	AUD 20,000	—
James S. Barrie	AUD 25,000**	—	—	—	—	—	—	AUD 25,000	—
Other key management									
Personal									
Marco Arosti	HK\$ 2,502,500	HK\$ 15,000	—	—	—	—	—	HK\$ 2,517,500	—

* Including compensation by Phoenician Management Services Limited which has entered into a management service agreement with the group subsidiaries for the provision of his services to the group.

** Annualized compensation.

*** Performance Rights, effective date 31 December 2022

	Short-Term					Long-term	Share-based Payments	TOTAL	% performance related
	Salary fees**	Employer's contribution to a retirement benefit scheme	Cash bonus	Non-monetary	Other fees	Incentive plans			
2021									
Directors									
Kwan Chan	HK\$ 848,700	—	—	—	—	—	—	HK\$ 848,700	—
Yiu Man Lo	—	—	—	—	—	—	—	—	—
James S. Barrie	—	—	—	—	—	—	—	—	—
Other key management									
Personal									
Marco Arosti	HK\$ 2,226,250	—	—	—	—	—	—	HK\$ 2,226,250	—

** Including compensation by Phoenician Management Services Limited which has entered into a management service agreement with the group subsidiaries for the provision of his services to the group.

DIRECTORS' REPORT

F. Compensation Performance Rights and Options Granted, Exercised, Converted or Lapsed During the Financial Year

Performance rights were offered to Mr Kwan Chan (50,000 Performance Rights) and Mr Yiu Man Lo (50,000 Performance Rights) under the Employee Stock Incentive Plan which were accepted in January 2023.

There were no options issued to Directors as part of their remuneration in the past 12 months. There were no compensation options that were exercised or lapsed during the year. There were no compensation options issued or outstanding during 2022 or 2021.

G Share-based Compensation

The Company may reward Directors for their performance and align their remuneration with the creation of shareholder wealth by issuing performance rights, share options and/or shares. Share-based compensation is at the discretion of the Board and no individual has a contractual right to participate in any share-based plan or to receive any guaranteed benefits. No share-based compensation in respect of Directors or the Key Management Personnel occurred during the 2022 financial year, with the exception of the Performance Rights offered to Mr Kwan Chan and Mr Yiu Man Lo as mentioned above.

(i) Performance Rights

Performance rights were offered to Mr Kwan Chan (50,000 Performance Rights) and Mr Yiu Man Lo (50,000 Performance Rights) under the Employee Stock Incentive Plan.

(ii) Options

There were no options granted to Directors during the financial year, nor were shares issued upon exercise of options. As at the date of this report there are no director options on issue and no options have been exercised.

(iii) Shares

No Shares were issued to KMPs during the financial year upon conversion of performance rights.

(iv) Link to Performance

The Company did not implement any variable remuneration incentive plan for the Directors and the Key Management Personnel during the year by issuing performance rights, except for the performance rights mentioned in this section. The Company does not offer any other variable remuneration incentive plans or bonus schemes to Executive Directors and Key Management Personnel.

H Equity Instruments Issued on Exercise of Remuneration Performance Rights and Options

No shares were issued during the financial year to Directors or Key Management Personnel as a result of exercising remuneration options.

I Other Transactions with KMP and/or their Related Parties

No other transactions with KMP and/or related parties were undertaken during the year ended on 31 December 2022, except what has been disclosed on note 30 to the consolidated financial statements.

J Shareholding of KMP

The number of shares in the Company held by directors or other key management personnel of the Company, including their associated entities at the end of the financial year are as follows:

Company KMPs		Opening Balance	Received During Year on Exercise of Performance Rights	Net Change Other	Closing Balance
Kwan Chan	ED	—	—	—	—
Yiu Man Lo	NED	—	—	—	—
James S. Barrie	NED	—	—	2,000	2,000
Marco Arosti*	MD/CEO	9,800,000	—	—	9,800,000

* Held through fully owned investment vehicle High Noble Investments Limited

Corporate Governance

The Board of Directors of Phoenician International Limited (the "Company" or "PHI") is responsible for the corporate governance of the Company. The Board guides and monitors the business and affairs of PHI on behalf of the shareholders, by whom they are elected and to whom they are accountable.

The Company's corporate governance practices are based on principles and recommendations set out in Corporate Governance Council's Principles and Recommendations (4th edition) issued by the Australian Securities Exchange Corporate Governance Council. Corporate Governance

Council's principles are summarised as follows:

Principle 1	Lay solid foundations for management and oversight
Principle 2	Structure the board to be effective and add value
Principle 3	Instill a culture of acting lawfully, ethically and responsibly
Principle 4	Safeguard the integrity of corporate reports
Principle 5	Make timely and balanced disclosure
Principle 6	Respect the rights of security holders
Principle 7	Recognise and manage risk
Principle 8	Remunerate fairly and responsibly

DIRECTORS' REPORT

This statement outlines the main corporate governance practices in place during the year ended 31 December 2022, which comply with the ASX Corporate Governance Council recommendations, except where noted.

This Corporate Governance Statement is current as at 31 December 2022 and has been adopted by the Board.

BOARD OF DIRECTORS

The Board is responsible for the corporate governance of the Company. The Board develops strategies for the Company, reviews strategic objectives, and monitors performance against those objectives. The goals of the corporate governance processes are to:

- maintain and increase Shareholder value;
- ensure a prudential and ethical basis for the Company's conduct and activities; and
- ensure compliance with the Company's legal and regulatory objectives.

In order to be consistent with these goals, the Board assumes the following responsibilities:

- to develop initiatives for profit and asset growth;
- to review the corporate, commercial and financial performance of the Company on a regular basis;
- to act on behalf of, and being accountable to, the Shareholders; and
- to identify business risks and implementing actions to manage those risks and corporate systems to assure quality.

The Company is committed to the circulation of relevant materials to Directors in a timely manner to facilitate Directors' participation in the Board discussions on a fully-informed basis.

COMPOSITION OF THE BOARD

Election of Board members is substantially the province of the Shareholders in general meeting. However, subject thereto, the Company is committed to the following principles:

- the Board is to comprise persons with a blend of skills, experience and attributes appropriate for the Company and its business; and
- the principal criterion for the appointment of new directors is their ability to add value to the Company and its business.

The Board currently comprises two non-executive directors and one executive director. Where a casual vacancy arises during the year, the Board has procedures to select the most suitable candidate with the appropriate experience and expertise to ensure a balanced and effective Board. Any Director appointed during the year to fill a casual vacancy or as an addition to the Board, holds office until the next general meeting and is then eligible for re-election by the Shareholders.

Each Director has confirmed to the Company that he anticipates being available to perform his duties as a non-executive director or executive director without constraint from other commitments.

The Directors consider an independent Director to be a non-executive director who is free of any interest, position, association or relationship that might influence, or reasonably be perceived to influence his or her capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of the Company and its security holders generally. The Directors will consider the materiality of any given relationship on a case-by-case basis and reviews the independence of each Director, in light of interests disclosed to the Board from time to time. Messers Lo and Barrie are considered to be independent directors. The length of service of each director is contained in the Directors' Report.

The Company's Board Charter sets out guidelines of materiality for the purpose of determining independence of Directors and has adopted a definition of independence that is based on that set out in the Corporate Governance Council's Principles and Recommendations (4th edition).

The Board will consider whether there are any factors or considerations which may mean that a Director's interest, position, association or relationship might influence, or reasonably be perceived to influence, the capacity of the Director to bring an independent judgement to bear on issues before the Board and to act in the best interests of the Company and its Shareholders generally.

IDENTIFICATION AND MANAGEMENT RISK

The Board's collective experience enables accurate identification of the principal risks that may affect the Group's business. Key operational risks and their management are recurring items for deliberation at Board meetings.

The Board is responsible for overseeing the establishment of and approving risk management strategies, policies, procedures and systems of the Group. The Group's management is responsible for establishing the Group's risk management framework.

The Group regularly undertakes reviews of its risk management procedures to ensure that it complies with its legal obligations, including assisting the MD/Chief Executive Officer to provide required declarations.

ETHICAL STANDARDS

The Company carries on business honestly and fairly, acting only in ways that reflect well on the Company and in compliance with all laws and regulations.

The Board has adopted a policy document which outlines employees' obligations of compliance with the Code of Conduct and explains how the Code interacts with the Company's other corporate governance policies. The responsibilities incorporated in the Code of Conduct include protection of the Company's business, using the Company's resources in an appropriate manner, protecting confidential information and avoiding conflicts of interest.

INDEPENDENT PROFESSIONAL ADVICE

Subject to the Chairman's approval (not to be unreasonably withheld), the Directors, at the Company's expense, may obtain independent professional advice on issues arising in the course of their duties.

SECURITIES TRADING POLICY

The Board has adopted a Securities Trading Policy for Directors, senior managers and employees in relation to securities dealings which is appropriate for a company with securities traded on NSX.

Under the Securities Trading Policy, Directors and employees are prohibited from dealing in the Company's securities if they have in their possession information that they know, or ought reasonably to know, is inside information.

The Securities Trading Policy sets out a notification procedure which is required to be followed prior to any dealing in the Company's securities.

DIRECTORS' REPORT

DISCLOSURE POLICY

The Company's disclosure policy is to assist with continuous disclosure obligations of the Australian regimes so as to provide the Company's shareholders, the NSX with timely, direct and equal access to information issued by the Company and to promote investor confidence in the integrity of the Company and therefore to maintain an orderly market in its securities.

EXTERNAL AUDIT

The Company in general meetings is responsible for the appointment of the external auditors of the Company, and the Board from time to time will review the scope, performance and fees of those external auditors.

AUDIT COMMITTEE

The Audit Committee is comprised of Yiu Man Lo (Chair), Kwan Chan and James S. Barrie (Members).

The Company has adopted an Audit Committee Charter. The Audit Committee assists the Company in meeting its financial reporting obligations and other tasks, including but not limited to, monitoring and reviewing any matters of significance affecting financial reporting and compliance, the integrity of the financial reporting of the Company, the Company's internal financial control system and risk management systems and the external audit function.

REMUNERATION & NOMINATION COMMITTEE

The Remuneration Nomination committee is comprised of Yiu Man Lo (Chair), Kwan Chan and James S. Barrie (Members).

The Board has adopted a Remuneration Committee Charter to assist with remuneration of Directors, executives and key employees. The Company recognises that formal and transparent remuneration and nomination policies assist in promoting understanding and confidence in remuneration and nomination decisions.

The People and Remuneration Nomination Committee's responsibility is to assist the Board in fulfilling its responsibilities for corporate governance and overseeing the Company's people and remuneration strategies and policies. This includes reviewing and making recommendations to the Board on remuneration packages and policies related to the Directors and senior management. In addition, the People and Remuneration Committee is responsible for reviewing and making recommendations in relation to the composition of the Board and ensuring that adequate succession plans are in place. Independent advice will be sought where appropriate.

The Company has established a remuneration policy that states:

- non-executive Directors are to receive fees which are determined by the Board within the aggregate limit set by the shareholders at a general meeting; and
- executive Directors' remuneration is determined by the Board with reference to current market rates and remuneration paid to executives in comparable listed companies determined by the size and nature of operations.

Remuneration levels are set by the Board in accordance with industry standards to attract suitable qualified and experienced directors and senior management. The process of periodically evaluating the performance of the board, its committees and individual directors and senior executives is set out in the Company's Process for Performance Evaluations policy. Performance evaluations have been completed for the December 2022 financial year.

In relation to Board nominations, the Committee reviews and makes recommendations to the Board in relation to:

- a. Board succession planning generally;
- b. induction and continuing professional development programs for directors;
- c. the development and implementation of a process for evaluating the performance of the Board, its committees and directors;
- d. the process for recruiting a new director, including evaluating the balance of skills, knowledge, experience, independence and diversity on the Board and, in the light of this evaluation, preparing a description of the role and capabilities required for a particular appointment;
- e. the appointment and re-election of directors; and

- f. ensuring there are plans in place to manage the succession of senior executives.

DIVERSITY POLICY

The Board has adopted a diversity policy. The Company aims to achieve, amongst other things, a diverse and skilled workforce, a workplace culture characterised by inclusive practices and behaviours for the benefit of all staff, improved employment and career development opportunities for women and a work environment that values and utilises the contributions of employees with diverse backgrounds, experiences and perspectives.

The Board consists of three male directors. The Company has the following appointments by gender as at 31 December 2022:

Position *	Female	Male	Total
Directors	—	3	3
Senior executives	—	1	1

* Includes personnel who contract their services to the Company

** Senior executives comprise the MD/Chief Executive Officer

ANTI-SLAVERY AND HUMAN TRAFFICKING POLICY

There is a zero-tolerance approach to modern slavery both within the Company and within its supply chain. This policy underpins the Company's approach to prevent slavery and human trafficking taking place in any part of the business or supply chains.

To underpin the Company's compliance with practical steps, the Company aims to implement the following:

- a. conduct risk assessments to determine which parts of our business and which suppliers are most at risk of modern slavery so that efforts can be focused on those areas;
- b. engage with suppliers both to convey to them the Anti-Slavery and Human Trafficking Policy and to gain an understanding of the measures taken by them to ensure modern slavery is not occurring in their businesses and their supply chain;
- c. introduce supplier pre-screening (for example as part of our tender process) and self-reporting for suppliers on safeguarding controls;

DIRECTORS' REPORT

- d. introduce contractual provisions for suppliers to confirm their adherence to this policy and accept the right for the Company to audit their activities and (where practicable) relationships, both routinely and at times of reasonable suspicion.

HEALTH, SAFETY AND ENVIRONMENT (HSE) POLICY

The Company is committed to operating its business in a responsible and appropriate manner, that protects the environment and ensures the safety of its employees and contractors and protects the members of the communities in which it operates.

The purpose of the HSE Policy is to assist the Company and its Directors to monitor and review the health, safety, environmental and sustainable development policies, principles, practices and processes, and monitor and review current and future regulatory issues relating to health, safety, the environment and sustainable development.

The Company is committed to, and the Board will monitor and review the Company's compliance with, the following principles and practices including but not limited to:

- Acknowledging that the management of health, safety, and environmental issues is an integral part of the Company's business, and should be incorporated into business planning and decision making processes.
- Implementing and maintaining a systematic approach to risk management in order to achieve the objectives outlined in the HSE Policy.
- The Company and its subsidiaries complying with all applicable laws and regulations as a minimum standard, and applying responsible standards consistent with the principles and policies outlined in this policy where laws do not exist.
- Working collaboratively and proactively with stakeholders to develop and advance effective approaches to HSE management, and communicating openly on HSE related issues.

- Continuously seeking ways to minimize the impact of the Group's exploration and production activities on the environment.
- Continuously identifying, reporting and evaluating risks, threats, hazards and impacts to company operations that have the potential to adversely affect the environment or the health, safety and security of employees, contractors or the community, and implementing appropriate control and contingency measures to minimise and manage them to a responsible level.
- Monitoring, reviewing and setting targets for ongoing improved HSE performance.
- Committing to employee participation in the Health and Safety process and welcoming the opportunities presented by Employee Forums to expedite the high standards the HSE Policy represents.
- Providing sufficient and competent human resources to manage the Company's HSE commitments.
- Selecting and engaging contractors and suppliers whose HSE management systems are acceptable to the Company and consistent with the principles and policies outlined in the policy.
- Including a HSE performance assessment and requiring a demonstration of continuous commitment to the principles and policies outlined in the policy in the appraisal of the Company's personnel and suppliers.
- Providing training, instruction and supervision to personnel to enable them to attain the knowledge and skill levels necessary to perform their work incident free.
- Committing to re-use waste as much as is economically feasible to minimise the amounts of waste.

RISK MANAGEMENT POLICY

The Company's Risk Management Policy provides a framework to identify, assess, monitor, and manage the risks associated with the Company's business.

In accordance with the Risk Management Policy, the Board assessed the need to form a risk committee in conjunction with the necessity to form an audit committee.

The Risk Management Policy identifies that the Company will regularly consider the following main areas of risk to the Company:

- a. exploration and development;
- b. fluctuating commodity prices and exchange rates;
- c. political and economic climate in its areas of operation; and
- d. continuous disclosure obligations.

The Company adopted an internal control framework to assist the Board in identifying, assessing, monitoring and managing risk. The framework includes financial reporting, continuous disclosure, regular operations reviews and investment appraisals.

ANTI-BRIBERY AND CORRUPTION POLICY

The Company has adopted an anti-bribery and corruption policy to ensure the Company conducts all business fairly, honestly and openly by ensuring compliance with all applicable anti-corruption laws and regulations, and to ensure that the Company conducts business in a socially responsible manner. The policy sets out the responsibilities of the Company, the Board, the Company personnel and the Company's associated persons. The policy specifically addresses facilitation payments or gifts and hospitality, dealings with public officials, political donations, and charitable donations.

WHISTLEBLOWER POLICY

The Company is committed to promoting and supporting a culture of honest and ethical behaviour, corporate compliance and good corporate governance. As part of that commitment, the Company has adopted a Whistleblower Policy.

This Policy is an important tool for helping the Company to identify wrongdoing that may not be uncovered unless there is a safe and secure means for disclosing wrongdoing. The Company encourages those who are aware of possible wrongdoing to report it in accordance with this policy. Any material breaches of the Whistleblower Protection Policy are to be reported to the Board or a committee of the Board.

ASX CORPORATE GOVERNANCE COUNCIL PRINCIPLES AND RECOMMENDATIONS

The Company has adopted comprehensive systems of control and accountability as the basis for the administration of corporate governance. The Board is committed to administering the policies and procedures with openness and integrity, pursuing the true spirit of corporate governance commensurate with the Company's needs.

The Board is committed to best practice corporate governance. To the extent applicable, the Company has adopted The Corporate Governance Principles and Recommendations (4th Edition) as published by ASX Corporate Governance Council. In light of the Company's size and nature, the Board considers the current board a cost effective and practical method of directing and managing the Company. As the Company's activities develop in size, nature and scope, the size of the Board and the implementation of additional corporate governance policies and structures will be reviewed.

A copy of the Company's Corporate Governance Policies is able to be accessed on the Company's website www.phoeniciangroup.com.

DEPARTURES FROM CORPORATE GOVERNANCE COUNCIL'S RECOMMENDATIONS

The Company will report any departures from the Recommendations in its annual financial report as part of its Corporate Governance Statement.

DIRECTORS' REPORT

The Company's departures from the Recommendations are set out below. A copy of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations

is available at: <http://www.asx.com.au/regulation/corporate-governance-council.htm>.

Best Practice Recommendation	Nature and Explanation for Departure
1.5 Set measurable objectives for achieving gender diversity in the composition of the entity's board, senior executives and workforce generally and disclose in relation to each reporting period the measurable objectives set for that period to achieve diversity and the entity's progress towards achieving those objectives.	The Company's general policy when choosing Employees and Board members is to recruit and manage on the basis of competence and performance regardless of age, nationality, race, gender, religious beliefs, sexuality, physical ability or cultural background.
1.7 A listed entity should: (a) have and disclose a process for periodically evaluating the performance of its senior executives at least once every reporting period; and (b) disclose for each reporting period whether a performance evaluation was undertaken in accordance with that process during or in respect of that period	The Board did not conduct a performance evaluation of senior executives during the last 12 months and has not adopted a performance evaluation policy. The Company believes that the small size of the executive team and the current scale of the Company's activities make the establishment of a formal performance evaluation procedure unnecessary. Performance evaluation is a discretionary matter for consideration by the entire Board. In the normal course of events the Board reviews performance of senior management and the Board as a whole. Achievement of goals and business development and compliance issues are evaluated regularly on an informal basis.
2.5 The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	Mr. Kwan Chan is the Executive Chair of the Company. Mr. Marco Arosti is the Chief Executive Officer of the Company. The Company is mindful of the need to have strong independent Board representation and anticipates that as the Company grows and its projects expand it will be appropriate to appoint an independent non-executive as chairman, either from the existing Directors or via a new appointment.
7.3 A listed entity should disclose: (a) if it has an internal audit function, how the function is structured and what role it performs; or (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its governance, risk management and internal control processes.	The Company is committed to understanding and managing risk and to establishing an organisational culture that ensures risk management is included in all activities, decision making and business processes. The Company does not have a formal internal audit function due to its size and business needs. Under the Company's Audit and Risk Committee Charter, the Audit and Risk Committee is charged with the review of the Company's internal controls and monitoring the need for a formal internal audit function. A copy of the Company's Audit and Risk Committee Charter and the Risk Management Policy is available on the Company's website.

NSX CORPORATE GOVERNANCE POLICIES AND PROCEDURES

intended to act as a guideline for listed entities' corporate governance.

The NSX has developed suggested content for corporate governance policies and procedures which is set out on NSX's Practice Note 14 (Practice Note 14). The content outlined in Practice Note 14 is not prescriptive, but is

The policies and procedures that listed entities may adopt as suggested by Practice Note 14, and the approach adopted by the Company to comply with such guidelines, is listed below:

Suggested content and scope	Company policy
A. Policies and procedures adopted to ensure that the issuer acts according to law, including satisfying its reporting obligations under the Corporations Act and the Listing Rules.	<p>Code of Conduct</p> <p>The Code of Conduct prescribes standards of ethical behaviour expected from the board, management and employees. All directors, officers, managers and employees are required to meet certain standards of ethical behaviour including acting honestly, in good faith and in the best interests of the Company as a whole, and avoiding conflicts of interest and managing conflicts of interest appropriately if they arise.</p> <p>Audit Committee Charter</p> <p>The Board has adopted an Audit Committee Charter which outlines appropriate structures are in place to ensure ongoing compliance with Listing Rules and other regulatory compliance.</p>
B. Policies and procedures adopted to ensure that the Issuer's board acts with due care and diligence and in the interests of shareholders	<p>Board Charter</p> <p>The Company has adopted a Board Charter which sets out the principles for operation of the Company board of directors. The board is accountable to shareholders for performance of the Company.</p> <p>Securities Trading Policy</p> <p>This policy acts as a guide to dealing in the Company's securities. It discusses insider trading provisions and trading restrictions.</p>
C. Policies and procedures adopted to adequately identify and deal with conflicts of interest at board, management and employee levels.	<p>Code of Conduct</p> <p>The Company's Code of Conduct addresses conflicts of interest which may arise in the Company.</p>

DIRECTORS' REPORT

Suggested content and scope	Company policy
D. Policies and procedures adopted to protect shareholder interests, including: access to information, voting rights, share of profits, and equitable treatment.	<p>Disclosure Policy</p> <p>The Company has adopted a disclosure policy which addresses the Company's continuous disclosure obligations. It states that the Company has formed policies and procedures to discharge the Company's disclosure requirements to ensure information is released to the market in a timely manner.</p> <p>In terms of shareholder communication, the Company aims, amongst other things, to maintain an up to date website containing all information announced, and operate an email register.</p> <p>Risk Management Policy</p> <p>The Company's risk management policy provides a framework to identify, assess, monitor and manage the risks associated with the Company's business. The Company's risk management is focused on the areas of financial reporting, continuous disclosure (as provided in the disclosure policy), and operations review.</p>
E. Policies and procedures adopted to protect the interests of stakeholders including: employees, creditors and the wider community.	<p>The remuneration of directors is decided by the Board in its capacity as the Remuneration and Nomination Committee. The Remuneration and Nomination Committee is to review and make recommendations and to ensure that the remuneration policies and practices are consistent with the Company's strategic goals and human resources objectives. Refer Code of Conduct in Section A above.</p>



INDEPENDENT AUDITOR'S REPORT

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**TO THE MEMBERS OF
PHOENICIAN INTERNATIONAL LIMITED
(FORMERLY KNOWN AS PHOENICIAN GROUP LIMITED)
(Incorporated in Cayman Islands with limited liability)**

Opinion

We have audited the consolidated financial statements of Phoenixian International Limited (the "Company") and its subsidiaries (the "Group") set out on pages 47 to 92, which comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis for Opinion

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

INDEPENDENT AUDITOR'S REPORT

Key Audit Matters

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

Impairment assessment on other receivables

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>Impairment assessment on other receivables</p> <p>Refer to notes 4(q), 5(b), 6(c), and 19 to the consolidated financial statements</p> <p>The Group had other receivables amounted to HK\$15,051,908, net of allowance for expected credit loss ("ECL") of HK\$4,500,000 as at 31 December 2022.</p> <p>For assessing the recoverability of other receivables, the Group has applied general approach in calculating the ECL for other receivables. The measurement of ECL requires estimation of the amount and timing of future cash flows, and the assessment of significant increase in credit risk. The estimations and assumptions applied in the ECL model include (i) the selection of inputs which the Group used in the ECL model including loss given default and possibility of default; and (ii) the selection of forward-looking information.</p> <p>We focused on this area due to the inherent risk in relation to the impairment assessment of other receivables under the ECL model is considered significant due to significant management judgements and estimates involved in determining the collectability of other receivables and selecting data for the calculation of loss allowance.</p>	<p>Our audit procedures were designed to challenge the assumptions and critical judgements of the Group's forward-looking ECL model on impairment assessment of other receivables. Our audit procedures included:</p> <p>We understood and evaluated the key control procedures over management's impairment assessment of other receivables, and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors such as complexity, subjectivity, changes and uncertainty.</p> <p>We assessed the appropriateness of the ECL provisioning methodology and discussed with management to understand the management's identification of significant increase in credit risk, defaults and credit-impaired receivables, corroborated management's explanation with supporting evidence.</p> <p>We assessed the reasonableness of key assumptions, including possibility of default rate and loss given default rate for ECL, with assistance of our internal valuation expert.</p> <p>We evaluated whether the historical loss rates are appropriately adjusted based on current economic conditions and forward-looking information.</p>

Other Information

The directors are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

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

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

Responsibilities of Directors and Audit Committee for the Consolidated Financial Statements

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

The Audit Committee assists the directors in discharging their responsibilities for overseeing the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (Continued)

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (Continued)

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

The engagement partner on the audit resulting in this independent auditor's report is Mr. Wong Wo Cheung.



RSM Hong Kong
Certified Public Accountants

8 March 2023

DIRECTORS' DECLARATION

The directors of the Company declare that:

1. The consolidated financial statements and notes for the year ended 31 December 2022 as set out on pages 47 to 92,
 - a. are in accordance with International Financial Reporting Standards; and
 - b. give a true and fair view of the consolidated financial position as at 31 December 2022 and the consolidated financial performance for the year ended on that date of the Group.
2. In the directors' opinion, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



Mr. Kwan Chan,
Executive Chair

Hong Kong, 8 March 2023

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022 HK\$	2021 HK\$
Revenue	8	3,191,830	14,535,825
Other income	9	8,551	37
Other gains and losses	10	(179,773,130)	408,831,562
Allowance for expected credit loss		(4,500,000)	—
Administrative and other operating expenses		(11,093,720)	(10,874,363)
(Loss)/profit from operations		(192,166,469)	412,493,061
Finance costs - loan interest		(4,142,368)	(3,860,825)
(Loss)/profit before tax		(196,308,837)	408,632,236
Income tax expense	12	—	—
(Loss)/profit for the year	13	(196,308,837)	408,632,236
Other comprehensive income for the year, net of tax		—	—
Total comprehensive income for the year		(196,308,837)	408,632,236
Attributable to:			
Owners of the Company		(196,308,837)	408,632,236
(Loss)/earnings per share			
Basic	15	(1.94)	4.09
Diluted		N/A	N/A

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

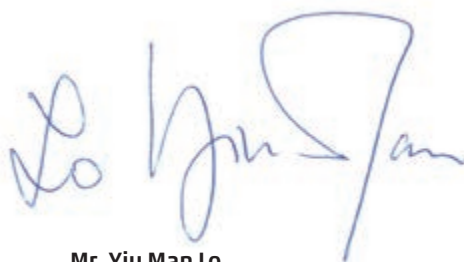
AT 31 DECEMBER 2022

	Note	2022 HK\$	2021 HK\$
Non-current assets			
Property, plant and equipment	16	—	—
Current assets			
Trade and client receivables	18	4,868,133	8,844,495
Prepayments and other receivables	19	15,051,908	204,424
Financial assets at fair value through profit or loss	20	277,837,518	458,907,707
Bank and cash balances	21	8,873,084	15,224,733
		306,630,643	483,181,359
Current liabilities			
Trade and client payables	22	8,054,306	7,552,965
Accruals and other payables	23	1,271,841	2,750,797
		9,326,147	10,303,762
Net current assets		297,304,496	472,877,597
Total assets less current liabilities		297,304,496	472,877,597
Non-current liabilities			
Unsecured loan	24	89,182,656	93,538,865
NET ASSETS		208,121,840	379,338,732
Capital and reserves			
Share capital	25	86	78
Reserves	27	208,121,754	379,338,654
TOTAL EQUITY		208,121,840	379,338,732

Approved by the Board of Directors on 8 March 2023 and are signed on its behalf by:



Mr. Kwan Chan



Mr. Yiu Man Lo

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2022

	Share capital HK\$	Share premium account HK\$	(Accumulated losses)/ retained profits HK\$	Total HK\$
At 1 January 2021	78	—	(29,293,582)	(29,293,504)
Total comprehensive income for the year	—	—	408,632,236	408,632,236
At 31 December 2021 and 1 January 2022	78	—	379,338,654	379,338,732
Total comprehensive income for the year	—	—	(196,308,837)	(196,308,837)
Issue of shares (note 25)	8	25,091,937	—	25,091,945
At 31 December 2022	86	25,091,937	183,029,817	208,121,840

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022 HK\$	2021 HK\$
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss)/profit before tax		(196,308,837)	408,632,236
Adjustments for:			
Interest income	9	(3,551)	(37)
Fair value losses on financial assets at fair value through profit or loss	10	180,890,163	90,107,561
Gain on disposal of a subsidiary	10	—	(499,033,669)
Allowance for expected credit loss		4,500,000	—
Finance costs		4,142,368	3,860,825
Operating (loss)/profit before working capital changes		(6,779,857)	3,566,916
Decrease/(increase) in trade and client receivables		3,976,362	(8,610,495)
Increase in prepayments and other receivables		(19,347,484)	(179,326)
Decrease/(increase) in financial assets at fair value through profit or loss		180,026	(13,368,249)
Decrease/(increase) in client trust monies		2,456,029	(6,352,474)
Increase in trade and client payables		501,341	7,552,965
(Decrease)/increase in accruals and other payables		(1,478,956)	1,779,381
Net cash used in operating activities		(20,492,539)	(15,611,282)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		3,551	37
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of unsecured loan		(13,400,000)	(600,530)
Raised from unsecured loan		4,901,423	20,778,273
Net proceeds from issue of shares		25,091,945	—
Net cash generated from financing activities		16,593,368	20,177,743
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(3,895,620)	4,566,498
CASH AND CASH EQUIVALENTS AT 1 JANUARY		8,872,259	4,305,761
CASH AND CASH EQUIVALENTS AT 31 DECEMBER		4,976,639	8,872,259
ANALYSIS OF CASH AND CASH EQUIVALENTS			
Bank and cash balances		8,873,084	15,224,733
Less: Client trust monies	21	(3,896,445)	(6,352,474)
		4,976,639	8,872,259

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

1. GENERAL INFORMATION

Phoenician International Limited (the "Company") was incorporated in Cayman Islands with limited liability. The address of its registered office is PO Box 472, Harbour Place, 2nd Floor, 103 South Church Street, George Town, Grand Cayman, KY1-1106, Cayman Islands. The Company's shares are listed on National Stock Exchange of Australia Limited (the "NSX") on 12 October 2022.

Pursuant to a written resolution of the members of the Company passed on 22 April 2022, the name of the Company was changed from Phoenician Group Limited to Phoenician International Limited.

The Company is an investment holding company. The principal activities of its subsidiaries are set out in note 17 to the consolidated financial statements.

In the opinion of the directors of the Company, Zurich Capital Partners Limited, a company incorporated in Hong Kong, is the immediate and ultimate parent and Mr. Mauricio Castroparedes Merino is the ultimate controlling party of the Company.

2. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with all applicable International Financial Reporting Standards ("IFRSs"). IFRSs comprise International Financial Reporting Standards ("IFRS"); International Accounting Standards ("IAS"); and Interpretations. Significant accounting policies adopted by the Group are disclosed in note 4.

The International Accounting Standards Board (the "IASB") has issued certain new and revised IFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

3. ADOPTION OF NEW AND REVISED IFRSs

(a) Application of new and revised IFRSs

The Group has applied the following amendments to IFRSs issued by the IASB for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2022 for the preparation of the consolidated financial statements:

Amendments to IAS 16	Property, Plant and Equipment: Proceeds before Intended Use
Amendments to IAS 37	Onerous Contracts - Cost of Fulfilling a Contract
Amendments to IFRS 3	Reference to the Conceptual Framework
Annual Improvements Project	Annual Improvements to IFRS Standards 2018-2020

The Group did not change its accounting policies or make retrospective adjustments as a result of adopting the abovementioned amended standards or annual improvements.

(b) New and revised IFRSs in issue but not yet effective

The Group has not applied any new standard, amendments to standards and interpretations that have been issued but are not yet effective for the financial year beginning 1 January 2022. The new standard, amendments to standards and interpretation include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to IAS 1 - Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to IAS 1 - Non-current Liabilities with Covenants	1 January 2024
Amendments to IAS 1 and IFRS Practice Statement 2 - Disclosure of Accounting Policies	1 January 2023
Amendments to IAS 8 - Definition of Accounting Estimates	1 January 2023
Amendments to IAS 12 - Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction	1 January 2023

The Group is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared under the historical cost convention, unless mentioned otherwise in the accounting policies below (e.g. certain financial instruments that are measured at fair value).

The preparation of consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 5.

The significant accounting policies applied in the preparation of these consolidated financial statements are set out below.

(a) Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 December. Subsidiaries are entities over which the Group has control. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group has power over an entity when the Group has existing rights that give it the current ability to direct the relevant activities, i.e. activities that significantly affect the entity's returns.

When assessing control, the Group considers its potential voting rights as well as potential voting rights held by other parties. A potential voting right is considered only if the holder has the practical ability to exercise that right.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date the control ceases.

The gain or loss on the disposal of a subsidiary that results in a loss of control represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that subsidiary and (ii) the Company's share of the net assets of that subsidiary plus any remaining goodwill and any accumulated foreign currency translation reserve relating to that subsidiary.

Intragroup transactions, balances and unrealised profits are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Separate financial statements

In the Company's statement of financial position, investments in subsidiaries are stated at cost less impairment loss. Cost includes direct attributable costs of investments. The results of subsidiaries are accounted for by the Company on the basis of dividend received or receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

(c) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency.

(ii) Transactions and balances in each entity's financial statements

Transactions in foreign currencies are translated into the functional currency on initial recognition using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the exchange rates at the end of each reporting period. Gains and losses resulting from this translation policy are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. The transaction date is the date on which the Group initially recognises such non-monetary assets or liabilities. Non-monetary items that are measured at fair value in foreign currencies are translated using the exchange rates at the dates when the fair values are determined.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Foreign currency translation (Continued)

(iii) Translation on consolidation

The results and financial position of all foreign operations (none of which has the currency of hyperinflationary economy) that have a functional currency different from the Company's presentation currency are translated into the Company's presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- Income and expenses are translated at average exchange rates for the period (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the exchange rates on the transaction dates); and
- All resulting exchange differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve.

On consolidation, exchange differences arising from the translation of monetary items that form part of the net investment in foreign entities are recognised in other comprehensive income and accumulated in the foreign currency translation reserve. When a foreign operation is sold, such exchange differences are reclassified to consolidated profit or loss as part of the gain or loss on disposal.

(d) Property, plant and equipment

Property, plant and equipment held for use in the supply of services, or for administrative purposes are stated in the consolidated statement of financial position at cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised in profit or loss during the period in which they are incurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Property, plant and equipment (Continued)

Depreciation of property, plant and equipment is calculated at rates sufficient to write off their cost less their residual values over the estimated useful lives on a straight-line basis. The principal annual rate is as follows:

Leasehold improvements	Over the term of the lease
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The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

(e) Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss ("FVTPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Debt investments

Debt investments held by the Group are classified as amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the investment is calculated using the effective interest method.

Equity investments

An investment in equity securities is classified as FVTPL. Dividends from an investment in equity securities are recognised in profit or loss as other income.

(g) Trade, client and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognised before the Group has an unconditional right to receive consideration, the amount is presented as a contract asset.

Trade and client receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade and client receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method less allowance for credit losses.

(h) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Cash and cash equivalents are assessed for expected credit losses ("ECL").

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument under IFRSs. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

(j) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

(k) Trade, client and other payables

Trade, client and other payables are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

(l) Equity instruments

An equity instrument is any contract that evidence a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Revenue and other income

Revenue is recognised when service is rendered to the customer, at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes.

Corporate advisory fees income, investment advisory fees income and investment management fees income are recognised over time as the customers simultaneously receive and consume the benefits provided by the Group's performance as the Group performs.

Commission fees income and placement fees income are recognised at the point in time when the services are rendered to the customer.

Interest income is recognised as it accrues using the effective interest method. For financial assets measured at amortised cost that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset.

(n) Employee benefits

(i) Employee leave entitlements

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the end of the reporting period.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(ii) Pension obligations

The Group contributes to defined contribution retirement schemes which are available to all employees. Contributions to the schemes by the Group and employees are calculated as a percentage of employees' basic salaries. The retirement benefit scheme cost charged to profit or loss represents contributions payable by the Group to the funds.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Employee benefits (Continued)

(iii) Termination benefits

Termination benefits are recognised at the earlier of the dates when the Group can no longer withdraw the offer of those benefits, and when the Group recognises restructuring costs and involves the payment of termination benefits.

(o) Borrowing costs

Borrowing costs are recognised in profit or loss in the period in which they are incurred.

(p) Taxation

Income tax represents the sum of the current tax and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit recognised in profit or loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused tax losses or unused tax credits can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Taxation (Continued)

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends either to settle its current tax assets and liabilities on a net basis, or to realise the asset and settle the liability simultaneously.

(q) Impairment of financial assets

The Group recognises a loss allowance for ECL on trade, client and other receivables and bank and cash balances. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade and client receivables. The ECL on these financial assets are assessed.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) Impairment of financial assets (Continued)

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) Impairment of financial assets (Continued)

Significant increase in credit risk (Continued)

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

- (i) the financial instrument has a low risk of default,
- (ii) the debtor has a strong capacity to meet its contractual cash flow obligations in the near term, and
- (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group considers a financial asset to have low credit risk when the asset has external credit rating of "investment grade" in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of "performing". Performing means that the counterparty has a strong financial position and there is no past due amounts.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) Impairment of financial assets (Continued)

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the counterparty;
- a breach of contract, such as a default or past due event;
- the lender(s) of the counterparty, for economic or contractual reasons relating to the counterparty's financial difficulty, having granted to the counterparty a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the counterparty will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, including when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade and client receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

For financial assets, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) Impairment of financial assets (Continued)

Measurement and recognition of ECL (Continued)

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

(r) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow is remote.

(s) Events after the reporting period

Events after the reporting period that provide additional information about the Group's position at the end of the reporting period are adjusting events and are reflected in the consolidated financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES

In applying the Group's accounting policies, which are described in note 4, the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying accounting policies

In the process of applying the accounting policies, the directors have made the following judgements that have the most significant effect on the amounts recognised in the consolidated financial statements (apart from those involving estimations, which are dealt with below).

(a) Business model assessment

Classification and measurement of financial assets depends on the results of the solely payments of principal and interest and the business model test. The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Group monitors financial assets measured at amortised cost that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Group's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets. No such changes were required during the periods presented.

(b) Significant increase in credit risk

As explained in note 4, ECL are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Group takes into account qualitative and quantitative reasonable and supportable forward looking information.

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES (CONTINUED)

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

(a) Income taxes

Significant estimates are required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. During the year, no income tax was charged to profit or loss based on the estimated profit (2021: Nil).

(b) Impairment of trade, client and other receivables

The management of the Group estimates the amount of impairment loss for ECL on trade, client and other receivables based on the credit risk of trade, client and other receivables. The amount of the impairment loss based on ECL model is measured as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition. Where the future cash flows are less than expected, or being revised downward due to changes in facts and circumstances, a material impairment loss may arise.

As at 31 December 2022, the carrying amount of trade, client and other receivables are HK\$19,920,041 (net of allowance for ECL of HK\$4,500,000) (2021: HK\$9,027,495 (net of allowance for ECL of HK\$Nil)).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

6. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: foreign currency risk, price risk, credit risk, liquidity risk and interest rate risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Foreign currency risk

The Group has certain exposure to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in Hong Kong dollars, Australian dollars ("AUD"), British pound ("GBP") and United States dollars ("USD"). The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group monitors its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise. The directors do not expect significant foreign exchange risk arising from USD denominated items in view of the Hong Kong dollar pegged system to the USD.

At 31 December 2022, if the Hong Kong dollar had weakened 5 per cent against the AUD with all other variables held constant, consolidated loss after tax for the year would have been approximately HK\$786,000 lower (2021: consolidated profit after tax for the year would have been approximately HK\$37,000 higher), arising mainly as a result of the foreign exchange gains on other receivables and bank balances denominated in AUD. If the Hong Kong dollar had strengthened 5 per cent against the AUD with all other variables held constant, consolidated loss after tax for the year would have been approximately HK\$786,000 higher (2021: consolidated profit after tax for the year would have been approximately HK\$37,000 lower), arising mainly as a result of the foreign exchange losses on other receivables and bank balances denominated in AUD.

At 31 December 2022, if the Hong Kong dollar had weakened 5 per cent against the GBP with all other variables held constant, consolidated loss after tax for the year would have been approximately HK\$13,916,000 lower (2021: consolidated profit after tax for the year would have been approximately HK\$22,939,000 higher), arising mainly as a result of the foreign exchange gains on financial assets at FVTPL denominated in GBP. If the Hong Kong dollar had strengthened 5 per cent against the GBP with all other variables held constant, consolidated loss after tax for the year would have been approximately HK\$13,916,000 higher (2021: consolidated profit after tax for the year would have been approximately HK\$22,939,000 lower), arising mainly as a result of the foreign exchange losses on financial assets at FVTPL denominated in GBP.

(b) Price risk

The Group is exposed to equity price risk mainly through its investment in equity securities. The Group's equity price risk is mainly concentrated on equity securities quoted on The London Stock Exchange ("LSE").

The sensitivity analyses below have been determined based on the exposure to equity price risk at the end of the reporting period.

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Price risk (Continued)

If equity prices had been 10% higher/lower (2021: 10% higher/lower), loss after tax for the year ended 31 December 2022 would decrease/increase by approximately HK\$27,784,000 (2021: profit after tax would increase/decrease by approximately HK\$45,891,000). This is mainly due to the changes in fair value of held-for-trading investments.

(c) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade and client receivables) and from its financing activities, including deposits with banks and financial institutions, and other financial instruments. The Group's exposure to credit risk arising from cash and cash equivalents is limited because the counterparties are banks and financial institutions with high credit-rating assigned by international credit-rating agencies, for which the Group considers to have low credit risk. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

Trade and client receivables

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade and client receivables are due from the date of billing. Normally, the Group does not obtain collateral from customers.

The Group reviews the recoverable amount of each individual debt at the end of each reporting period to ensure that adequate loss allowance is made for irrecoverable amounts on trade and client receivables. ECL on trade and client receivables are assessed individually. The assessment is based on the internal credit ratings, ageing, repayment history and/or past due status of the respective customers.

The Group's exposure to credit risk and ECL for trade and client receivables as at 31 December 2022 and 31 December 2021 are insignificant.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Credit risk (Continued)

Other receivables

The other receivables mainly consist of receivables from various brokers. The directors of the Company consider the probability of default upon initial recognition of other receivables and whether there has been significant increase in credit risk on an ongoing basis. To assess whether there is a significant increase in credit risk, the Group compares risk of a default occurring on the assets as at the reporting date with the risk of default as at the date of initial recognition. Especially the following indicators are incorporated:

- (i) actual or expected significant adverse change in business, financial economic conditions that are expected to cause a significant change to the Cayman broker's ability to meet its obligations; and
- (ii) significant changes in the expected performance and behaviour of the Cayman broker, including changes in the payment status of the Cayman broker.

The Group has applied general approach in calculating the ECL for other receivables. The management considers the credit risk on the receivables from a Cayman broker of HK\$19,348,697 (2021: HK\$Nil) (note 19) after considering its financial conditions and concludes that there is no significant increase in credit risk, and the ECL is limited to 12-month ECL. Management has estimated the ECL for receivables from the Cayman broker with reference to Moody's study: default rate of 35.23% and recovery rate of 38.30% after considering the current economic environment and the forward-looking economic factors.

Movement in the loss allowance for other receivables during the year is as follows:

	2022 HK\$	2021 HK\$
At 1 January	—	—
Allowance for ECL recognised at initial recognition	6,147,000	—
Reversals	(1,647,000)	—
At 31 December	4,500,000	—

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

The maturity analysis based on contractual undiscounted cash flows of the Group's financial liabilities is as follows:

	Less than 1 year HK\$	Between 1 and 2 years HK\$	Between 2 and 5 years HK\$	Total HK\$
At 31 December 2022				
Trade and client payables	8,054,306	—	—	8,054,306
Accruals and other payables	1,271,841	—	—	1,271,841
Unsecured loan	—	97,762,830	—	97,762,830
At 31 December 2021				
Trade and client payables	7,552,965	—	—	7,552,965
Accruals and other payables	2,750,797	—	—	2,750,797
Unsecured loan	—	—	107,357,439	107,357,439

(e) Interest rate risk

The Group's unsecured loan bears interest at a fixed interest rate and therefore is subject to fair value interest rate risks.

(f) Categories of financial instruments at 31 December

	2022 HK\$	2021 HK\$
Financial assets:		
Financial assets at FVTPL:		
Mandatorily measured at FVTPL - Held for trading	277,837,518	458,907,707
Financial assets at amortised cost	28,793,125	24,252,228
Financial liabilities:		
Financial liabilities at amortised cost	98,508,803	103,842,627

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

(g) Fair values

The carrying amounts of the Group's financial assets and financial liabilities as reflected in the consolidated statement of financial position approximate their respective fair values.

7. FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following disclosures of fair value measurements use a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value:

Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2 inputs: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs: unobservable inputs for the asset or liability.

Disclosures of level in fair value hierarchy at 31 December:

Fair value measurements using:				
Description	Level 1 HK\$	Level 2 HK\$	Level 3 HK\$	Total 2022 HK\$
Recurring fair value measurements:				
Financial assets				
Financial assets at FVTPL				
Listed equity securities	277,837,518	—	—	277,837,518

Fair value measurements using:				
Description	Level 1 HK\$	Level 2 HK\$	Level 3 HK\$	Total 2021 HK\$
Recurring fair value measurements:				
Financial assets				
Financial assets at FVTPL				
Listed equity securities	458,907,707	—	—	458,907,707

8. REVENUE

Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major service lines for the year is as follows:

	2022 HK\$	2021 HK\$
Revenue from contracts with customers within the scope of IFRS 15		
Disaggregated by major service lines		
– Corporate advisory fees (note (a))	2,808,000	10,218,000
– Commission fees (note (b))	297,030	91,440
– Investment advisory fees (note (c))	40,000	40,000
– Investment management fees (note (c))	46,800	46,800
– Placement fees (note (a))	—	4,139,585
	3,191,830	14,535,825

Notes:

- (a) Corporate advisory fees and placement fees were received from an investee company (note 20) in respect of financial advisory and placement services provided respectively (2021: HK\$14,357,585).
- (b) Included in commission fees were amounts totalling HK\$287,476 (2021: HK\$63,889) received from non-controlling shareholders of the Company.
- (c) Investment advisory fees and investment management fees were received from a non-controlling shareholder (prior to 24 February 2022: ultimate controlling party) of the Company (2021: HK\$86,800).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

8. REVENUE (CONTINUED)

Disaggregation of revenue (Continued)

The Group derives revenue from the rendering of services over time and at a point in time in the following major service lines and geographical regions:

For the year ended 31 December	Corporate advisory fees		Commission fees		Investment advisory fees		Investment management fees		Placement fees		Total	
	2022 HK\$	2021 HK\$	2022 HK\$	2021 HK\$	2022 HK\$	2021 HK\$	2022 HK\$	2021 HK\$	2022 HK\$	2021 HK\$	2022 HK\$	2021 HK\$
Primary geographical markets												
- Hong Kong	-	-	297,030	91,440	-	-	-	-	-	-	297,030	91,440
- Australia	2,808,000	10,218,000	-	-	-	-	-	-	4,139,585	4,139,585	2,808,000	14,357,585
- Others	-	-	-	-	40,000	40,000	46,800	46,800	-	-	86,800	86,800
	2,808,000	10,218,000	297,030	91,440	40,000	40,000	46,800	46,800	-	4,139,585	3,191,830	14,555,825
Timing of revenue recognition												
Services transferred at a point in time	-	-	297,030	91,440	-	-	-	-	-	4,139,585	297,030	4,231,025
Services transferred over time	2,808,000	10,218,000	-	-	40,000	40,000	46,800	46,800	-	-	2,894,800	10,304,800
	2,808,000	10,218,000	297,030	91,440	40,000	40,000	46,800	46,800	-	4,139,585	3,191,830	14,555,825

9. OTHER INCOME

	2022 HK\$	2021 HK\$
Interest income	3,551	37
Sundry income	5,000	—
	8,551	37

10. OTHER GAINS AND LOSSES

	2022 HK\$	2021 HK\$
Fair value losses on financial assets at FVTPL (note (a))	(180,890,163)	(90,107,561)
Gain on disposal of a subsidiary (note (b))	—	499,033,669
Net foreign exchange gains/(losses) except gains/losses arising from financial assets at FVTPL	1,117,033	(94,546)
	(179,773,130)	408,831,562

Notes:

- (a) Fair value losses on financial assets at FVTPL include foreign exchange losses of HK\$57,158,507 (2021: HK\$48,407,802) arising from the re-translation of foreign currency fair value.
- (b) Phoenix Management Limited ("PML"), a company incorporated in the Cayman Islands in 2017, was previously held by the general manager of the Group who was also a non-controlling shareholder of the Company. The 100% equity interest of PML was transferred to the Group from the general manager with a consideration of HK\$1 on 12 April 2021. PML was dormant at the date of transfer.

On 30 April 2021, PML entered into a memorandum of understanding with an independent party (the "Potential Seller") to acquire from the Potential Seller all beneficial rights associated with a call option on 100% share capital of a company which owned mining rights in a coal project in Australia. The Potential Seller subsequently became a non-controlling shareholder of the Company in August 2021.

On 23 November 2021, the Group disposed of its entire 100% equity interest of PML to a company (the "Buyer"). The consideration of this transaction was 51,638,685 shares ("Consideration Shares") of a listed company and the fair value of the Consideration Shares was HK\$499,033,670 on the date of disposal. The gain on disposal of a subsidiary which represented the consideration less the net assets value of HK\$1 of PML at the date of disposal was HK\$499,033,669 and was recognised in profit or loss in 2021. The Consideration Shares were recognised as financial assets at FVTPL (note 20) on the date of transfer.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

11. SEGMENT INFORMATION

The chief operating decision maker has been identified as the directors of the Company. The directors review the Group's internal reporting for the purposes of resource allocation and assessment of segment performance which focused on the category of services provided to external customers. The Group has identified three reportable segments as follows:

- | | | |
|-----------------------|---|---|
| Wealth management | – | The wealth management unit is specialised in advising private and institutional clients to preserve and manage their wealth and achieve their financial goals. |
| Investment management | – | The investment management unit manages discretionary accounts on behalf of the institutional and private clients to capture global investment opportunities leveraging on both the investment professionals and external investment managers. |
| Investment banking | – | The investment banking unit advises corporate clients on complex international transactions and global private and public fundraisings and provides sales, trading, brokerage and research services to institutional and private clients. |

The Group's reportable segments are strategic business units that offer different services. They are managed separately because each business requires different marketing strategies.

The accounting policies of the operating segments are the same as those described in note 4 to the consolidated financial statements.

11. SEGMENT INFORMATION (CONTINUED)

Information about operating segment profit or loss, assets and liabilities:

	Wealth management HK\$	Investment management HK\$	Investment banking HK\$	Total HK\$
Year ended 31 December 2022				
Revenue	40,000	46,800	3,105,030	3,191,830
Segment loss	(34,147,947)	(116,345,664)	(45,815,226)	(196,308,837)
Interest income	1	—	3,550	3,551
Finance costs	729,840	2,423,252	989,276	4,142,368
Other material non-cash item: Allowance for ECL	—	4,500,000	—	4,500,000
Fair value losses on financial assets at FVTPL	(31,689,887)	(105,854,558)	(43,345,718)	(180,890,163)
As at 31 December 2022				
Segment assets	49,484,498	177,381,463	79,764,682	306,630,643
Segment liabilities	89,651,786	512,499	8,344,518	98,508,803
Year ended 31 December 2021				
Revenue	40,000	46,800	14,449,025	14,535,825
Segment profit/(loss)	27,754,583	390,621,597	(9,743,944)	408,632,236
Interest income	2	—	35	37
Finance costs	678,446	2,257,962	924,417	3,860,825
Other material item of income and expense: Gain on disposal of a subsidiary	—	499,033,669	—	499,033,669
Other material non-cash item: Fair value gains/(losses) on financial assets at FVTPL	30,660,227	(105,965,623)	(14,802,165)	(90,107,561)
As at 31 December 2021				
Segment assets	81,309,240	268,408,748	133,463,371	483,181,359
Segment liabilities	95,197,070	256,000	8,389,557	103,842,627

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

11. SEGMENT INFORMATION (CONTINUED)

Geographical information:

The Group's revenue from external customers by location of operations are detailed below:

	2022 HK\$	2021 HK\$
Hong Kong	297,030	91,440
Australia	2,808,000	14,357,585
Others	86,800	86,800
Consolidated total	3,191,830	14,535,825

Revenue from major customers:

Revenue from one customer of the Group's investment banking segment represents HK\$2,808,000 (2021: HK\$14,357,585) which has contributed to 10% or more of the Group's total revenue.

12. INCOME TAX EXPENSE

Pursuant to the rules and regulations of the Cayman Islands and Australia, the Company is not subject to any income taxes in the Cayman Islands and Australia.

No provision for Hong Kong Profits Tax has been made in the consolidated financial statements since the Group has sufficient tax losses brought forward to set off against current year's assessable profit or certain of its income is derived from overseas sources which is not liable to Hong Kong Profits Tax.

12. INCOME TAX EXPENSE (CONTINUED)

The reconciliation between the income tax expense and the product of (loss)/profit before tax multiplied by the Hong Kong Profits Tax rate is as follows:

	2022 HK\$	2021 HK\$
(Loss)/profit before tax	(196,308,837)	408,632,236
Tax at the Hong Kong Profits Tax rate of 16.5%	(32,390,958)	67,424,319
Tax effect of income that is not taxable	(586)	(83,805,724)
Tax effect of expenses that are not deductible	32,150,131	16,349,232
Tax effect of temporary differences not recognised	(6,600)	(6,600)
Tax effect of utilisation of tax losses not previously recognised	(103,329)	(145,524)
Tax effect of tax losses not recognised	351,342	184,297
Income tax expense	—	-

At the end of the reporting period the Group has unused tax losses of approximately HK\$5,345,000 (2021: HK\$3,851,000) available for offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams. The tax losses may be carried forward indefinitely.

13. (LOSS)/PROFIT FOR THE YEAR

The Group's (loss)/profit for the year is stated after charging the following:

	2022 HK\$	2021 HK\$
Auditor's remuneration		
Current	620,000	450,000
Under-provision in prior year	—	125,000
	620,000	575,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

14. EMPLOYEE BENEFITS EXPENSE

	2022 HK\$	2021 HK\$
Employee benefits expense:		
Salaries, bonuses and allowances	4,177,213	—
Retirement benefit scheme contributions	64,315	—
	4,241,528	-

15. (LOSS)/EARNINGS PER SHARE

The calculation of the basic (loss)/earnings per share is based on the following:

	2022 HK\$	2021 HK\$
(Loss)/earnings		
(Loss)/earnings for the purpose of calculating basic (loss)/earnings per share	(196,308,837)	408,632,236

	2022 HK\$	2021 HK\$
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic (loss)/earnings per share	101,410,959	100,000,000

No diluted loss/earnings per share has been presented as there were no potential dilutive shares outstanding for the years ended 31 December 2022 and 31 December 2021.

16. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK\$
Cost	
At 1 January 2021, 31 December 2021, 1 January 2022 and 31 December 2022	1,000,000
Accumulated depreciation	
At 1 January 2021, 31 December 2021, 1 January 2022 and 31 December 2022	1,000,000
Carrying amount	
At 31 December 2022	—
At 31 December 2021	—

17. INVESTMENTS IN SUBSIDIARIES

Particulars of the subsidiaries as at 31 December 2022 are as follows:

Name	Country of incorporation/Kind of legal entity	Particular of issued share capital	Percentage of ownership interest/ voting power/ profit sharing		Principal activities
			Direct	Indirect	
Phoenician Limited	Hong Kong/Limited liability company	38,451,800 ordinary shares	100%	—	Provision of asset management services
Phoenician Advisory Services Limited	Hong Kong/Limited liability company	5,000,000 ordinary shares	100%	—	Provision of advisory services
Phoenician Securities Limited	Hong Kong/Limited liability company	129,680,800 ordinary shares	100%	—	Provision of securities dealing services
Phoenician Services Limited	Hong Kong/Limited liability company	1 ordinary share	100%	—	Provision of professional services

The above list contains the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

18. TRADE AND CLIENT RECEIVABLES

	2022 HK\$	2021 HK\$
Trade and client receivables	4,868,133	8,844,495

The aging analysis of trade and client receivables, based on the invoice date, is as follows:

	2022 HK\$	2021 HK\$
0 to 90 days	4,868,133	8,844,495

The carrying amounts of the Group's trade and client receivables are denominated in the following currencies:

	2022 HK\$	2021 HK\$
AUD	1,038,034	—
GBP	3,596,099	1,200,495
USD	234,000	7,644,000
	4,868,133	8,844,495

Included in trade and client receivables were receivables from brokers on behalf of clients totalling HK\$792,025 (2021: HK\$1,200,495).

19. PREPAYMENTS AND OTHER RECEIVABLES

	2022 HK\$	2021 HK\$
Receivable from a Cayman broker (note)	19,348,697	—
Allowance for ECL	(4,500,000)	—
	14,848,697	—
Receivables from other brokers	98,211	78,000
Prepayments and deposits	105,000	126,424
	15,051,908	204,424

Note:

The receivable from a Cayman broker represented the proceeds received from issue of the Company's shares during the year ended 31 December 2022, after the payment of operating expenses and partial repayment of the unsecured loan. The Cayman broker is an Excluded Person registered in accordance with the Securities Investment Business Law (2004 Revision) of the Cayman Islands from the Cayman Islands Monetary Authority ("CIMA") and is exempted from obtaining a licence from CIMA to conduct securities investment business. Mr. Kwan Chan, a director of the Company, is also a director of the Cayman broker.

The carrying amounts of the Group's prepayments and other receivables are denominated in the following currencies:

	2022 HK\$	2021 HK\$
AUD	14,901,873	—
GBP	43,151	—
Hong Kong dollars	106,884	204,424
	15,051,908	204,424

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

20. FINANCIAL ASSETS AT FVTPL

	2022 HK\$	2021 HK\$
Equity securities, at fair value Listed outside Hong Kong	277,837,518	458,907,707
Analysed as: Current assets	277,837,518	458,907,707

The carrying amounts of the above financial assets are mandatorily measured at FVTPL in accordance with IFRS 9.

Included in the financial assets at FVTPL was investment with carrying value of HK\$277,638,640 (2021: HK\$458,770,916) in a listed company, the shares of which are dual listed on the NSX and LSE (the "Shares"). As at 31 December 2022, the Group held 14.11% (2021: 14.58%) interest in this listed company. The fair values of the Shares are based on current bid prices of LSE, in which the directors considered LSE to be the principal market of trading of these listed securities.

The fair values of other listed securities are based on current bid prices.

The investments offer the Group the opportunity for return through dividend income and fair value gains. They have no fixed maturity or coupon rate.

The fair values of the financial assets at FVTPL are denominated in the following currencies:

	2022 HK\$	2021 HK\$
AUD	198,878	136,791
GBP	277,638,640	458,770,916
	277,837,518	458,907,707

21. BANK AND CASH BALANCES

The carrying amounts of the Group's bank and cash balances are denominated in the following currencies:

	2022 HK\$	2021 HK\$
AUD	1,756,263	3,147,331
GBP	2,635,751	3,447,821
USD	101,602	101,601
Hong Kong dollars	4,326,799	8,527,980
Euro	52,669	—
	8,873,084	15,224,733

As at 31 December 2022, the Group held client trust monies of HK\$3,896,445 (2021: HK\$6,352,474) in segregated bank accounts.

22. TRADE AND CLIENT PAYABLES

	2022 HK\$	2021 HK\$
Trade and client payables	8,054,306	7,552,965

The aging analysis of trade and client payables, based on the invoice date, is as follows:

	2022 HK\$	2021 HK\$
0 to 90 days	8,054,306	7,552,965

The carrying amounts of the Group's trade and client payables are denominated in the following currencies:

	2022 HK\$	2021 HK\$
AUD	2,066,039	2,536,968
GBP	5,592,104	4,648,313
Hong Kong dollars	347,177	367,684
Euro	48,986	—
	8,054,306	7,552,965

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

23. ACCRUALS AND OTHER PAYABLES

Included in accruals and other payables were amounts due to a related company and directors of HK\$292,607 (2021: HK\$1,989,451) and HK\$95,784 (2021: HK\$Nil) respectively.

The amounts due to a related company and directors are unsecured, interest-free and have no fixed repayment terms.

24. UNSECURED LOAN

The unsecured loan represents a borrowing from a non-controlling shareholder of the Company. It is interest-bearing at 4.7% per annum and repayable on 31 December 2024.

The carrying amount of the Group's unsecured loan is denominated in Hong Kong dollars.

During the year, the Group paid loan interest of HK\$4,142,368 (2021: HK\$3,860,825) to the non-controlling shareholder of the Company.

25. SHARE CAPITAL

	2022		2021	
	Number of shares	Amount US\$	Number of shares	Amount US\$
Authorised ordinary shares of US\$0.0000001 (2021: US\$0.01) each:				
At 1 January	5,000,000	50,000	5,000,000	50,000
Cancellation of shares (note (a))	(4,990,000)	(49,900)	—	—
Shares split (note (a))	999,990,000	—	—	—
At 31 December	1,000,000,000	100	5,000,000	50,000
Issued and fully paid ordinary shares:				
At 1 January	1,000	10	1,000	10
Shares split (note (a))	99,999,000	—	—	—
Issue of shares (note (b))	5,000,000	1	—	—
At 31 December	105,000,000	11	1,000	10
Equivalent to		HK\$86		HK\$78

25. SHARE CAPITAL (CONTINUED)

Notes:

- (a) On 22 April 2022, the Company cancelled 4,990,000 authorised ordinary shares and reduced the authorised share capital to US\$100. It divided each ordinary share (including both issued and unissued share) into 100,000 ordinary shares. The number of authorised ordinary shares and issued ordinary shares became 1,000,000,000 and 100,000,000 respectively.
- (b) On 20 September 2022, the Company issued 5,000,000 shares at consideration of AUD1 each, totalling AUD5,000,000 (equivalent to HK\$25,127,000). The premium on the issue of shares, less related transaction costs, amounting to HK\$25,091,937 (note 26(b)) was credited to the Company's share premium account.

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maximise the return to the shareholders through the optimisation of the debt and equity balance.

The Group sets the amount of capital in proportion to risk. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the payment of dividends, issue new shares, buy-back shares, raise new debts, redeem existing debts or sell assets to reduce debts.

The externally imposed capital requirements for the Group to maintain its listing on the NSX is to have a public float of at least 25% of the shares.

The Group receives a report from the share registrars on request on substantial share interests showing the non-public float and it demonstrates continuing compliance with the 25% limit throughout the year. As at 31 December 2022, 32.19% of the shares were in public hands.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

26. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

(a) Statement of financial position of the Company

	Note	2022 HK\$	2021 HK\$
Non-current assets			
Investments in subsidiaries		115,350,267	160,733,497
Current assets			
Prepayments and other receivables		14,848,697	21,424
Due from subsidiaries		3,988,702	3,500,289
Financial assets at FVTPL		162,532,688	268,387,246
Cash balance		78	78
		181,370,165	271,909,037
Current liabilities			
Accruals and other payables		415,213	256,000
Due to subsidiaries		8,187,894	1
		8,603,107	256,001
Net current assets		172,767,058	271,653,036
Total assets less current liabilities		288,117,325	432,386,533
Non-current liabilities			
Unsecured loan		89,182,656	93,538,865
NET ASSETS		198,934,669	338,847,668
Capital and reserves			
Share capital		86	78
Reserves	26(b)	198,934,583	338,847,590
TOTAL EQUITY		198,934,669	338,847,668

26. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY (CONTINUED)

(b) Reserve movement of the Company

	Note	Share premium account HK\$	(Accumulated losses)/ retained profits HK\$	Total HK\$
At 1 January 2021		—	(32,549,254)	(32,549,254)
Total comprehensive income for the year		—	371,396,844	371,396,844
At 31 December 2021 and 1 January 2022		—	338,847,590	338,847,590
Total comprehensive income for the year		—	(165,004,944)	(165,004,944)
Issue of shares	25(b)	25,091,937	—	25,091,937
At 31 December 2022		25,091,937	173,842,646	198,934,583

27. RESERVES

(a) Group

The amounts of the Group's reserves and movements therein are presented in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of changes in equity.

(b) Nature and purpose of reserves

Share premium account

Share premium represents an amount equal to the amount or value of the premium paid on the issue of any share or capital contributed or such other amounts required by the Companies Act of the Cayman Islands.

The following amounts shall be debited to the share premium account:

- (i) on the redemption or purchase of a share, the difference between the nominal value of that share and the redemption or purchase price; and
- (ii) any other amount paid out of a share premium account as permitted by the Companies Act of the Cayman Islands.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

28. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	1 January 2022 HK\$	Cash flows HK\$	Interest expenses HK\$	31 December 2022 HK\$
Unsecured loan (note 24)	93,538,865	(8,498,577)	4,142,368	89,182,656

	1 January 2021 HK\$	Cash flows HK\$	Interest expenses HK\$	31 December 2021 HK\$
Unsecured loan (note 24)	69,500,297	20,177,743	3,860,825	93,538,865

29. CONTINGENT LIABILITIES

As at 31 December 2022, the Group did not have any significant contingent liabilities (2021: Nil).

30. RELATED PARTY TRANSACTIONS

- (a) In addition to those related party transactions and balances disclosed elsewhere in the consolidated financial statements, the Group had the following transactions with its related parties during the year:

	2022 HK\$	2021 HK\$
Investment advisory fees received from the former ultimate controlling party	5,000	40,000
Investment management fees received from the former ultimate controlling party	5,850	46,800
Key management personnel services expenses paid to a related company	566,498	3,674,989
Assignment fees paid to a related company	788,815	786,916

30. RELATED PARTY TRANSACTIONS (CONTINUED)

- (b) The remuneration of directors and other members of key management personnel during the year was as follows:

	2022 HK\$	2021 HK\$
Short-term benefits	3,597,660	3,674,989
Post-employment benefits	30,000	—
	3,627,660	3,674,989

31. EVENTS AFTER THE REPORTING PERIOD

(a) Performance rights

On 22 December 2022, the Board of Directors of the Company has resolved to approve the issue of unlisted performance rights to certain eligible participants in accordance with the Company's Employee Share Option Plan (ESOP) as approved by the shareholders at the General Meeting held on 22 April 2022.

The offers of the performance rights have been accepted by the eligible participants on 13 January 2023 (the grant date).

The total number of unlisted performance rights granted is 320,000. Conversion of the performance rights to shares is subject to achievement of certain vesting conditions, specifically continuous employment or engagement of the eligible participants. In particular each performance right will vest into one ordinary share. Vesting of the performance rights will occur in three tranches on 31 December 2023, 31 December 2024 and 31 December 2025. After vesting, the Company will seek quotation of the resultant new ordinary shares, which will rank pari-passu with all existing ordinary shares on issue.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

31. EVENTS AFTER THE REPORTING PERIOD (CONTINUED)

(a) Performance rights (Continued)

The unlisted performance rights have been granted to the following eligible participants:

Eligible participants	Number of unlisted performance rights
Mr. Kwan Chan, Director	50,000
Mr. Yiu Man Lo, Director	50,000
A non-controlling shareholder	120,000
Others	100,000
	320,000

Up to the date of authorisation of this annual report, the estimation on the effect of financial impact from the issue of performance rights has not yet been made.

(b) Financial assets at FVTPL

On the date of authorisation of this annual report, the market value of the financial assets at FVTPL (note 20) has declined by approximately HK\$178,628,000 compared with the market value as at 31 December 2022, which resulted in fair value losses of HK\$178,628,000.

ADDITIONAL INFORMATION

Additional information required by the National Stock Exchange of Australia Limited not shown elsewhere in this Annual Report is as follows. The information is as at 31 December 2022.

SHAREHOLDER INFORMATION AS AT MOST RECENT BALANCE DATE (31 DECEMBER 2022)

TEN LARGEST SHAREHOLDERS (AS AT 31 DECEMBER 2022)

Ordinary Shareholders	Number of Ordinary Shares Fully Paid	Percentage
ZURICH CAPITAL PARTNERS LIMITED	61,400,000	58.48%
HIGH NOBLE INVESTMENTS LIMITED	9,800,000	9.33%
BNP PARIBAS NOMS PTY LTD	5,128,000	4.88%
ROSE HASBANI	4,700,000	4.48%
UNICO HOLDINGS LIMITED	4,300,000	4.09%
EDELWEISS PARTNERS LIMITED	4,000,000	3.81%
CITICORP NOMINEES PTY LIMITED	3,204,000	3.05%
SINOWIDE INTERNATIONAL LIMITED	3,000,000	2.86%
CEDRUS INTERNATIONAL LIMITED	3,000,000	2.86%
AUGMENT HOLDINGS LIMITED	2,900,000	2.76%
	101,432,000	96.60%

DISTRIBUTION OF SHARE HOLDERS (AS AT 31 DECEMBER 2022)

SPREADS OF HOLDINGS	NUMBER OF HOLDERS	NUMBER OF UNITS
1 - 1,000	0	0
1,001 - 5,000	41	103,000
5,001 - 10,000	1	10,000
10,001 - 100,000	4	174,000
100,001 - 999,999,999,999	14	104,713,000
TOTAL	60	105,000,000

ADDITIONAL INFORMATION

SHAREHOLDER INFORMATION AS AT 31 DECEMBER 2022

VOTING RIGHTS

Each member entitled to vote may vote in person or by proxy or by attorney and on a show of hands.

Every person who is a member or a representative or a proxy of a member shall have one vote and on a poll every member present in person or by proxy or attorney or other authorised representative shall have one vote for each share held.

NUMBER OF HOLDERS OF EQUITY SECURITIES ORDINARY SHAREHOLDERS

There are 105,000,000 fully paid ordinary shares on issue, held by 60 individual shareholders as at 31 December 2022.

SUBSTANTIAL SHAREHOLDERS

As at 31 December 2022, the following shareholders were recorded in the Register as a Substantial Shareholder.

Ordinary Shareholders	Number of Ordinary Shares Fully Paid	Percentage
ZURICH CAPITAL PARTNERS LIMITED	61,400,000	58.48%
HIGH NOBLE INVESTMENTS LIMITED	9,800,000	9.33%

OPTIONS

As at 31 December 2022 the Company had no listed or unlisted options on issue.

PERFORMANCE RIGHTS

As at 1 January 2023 the Company had offered 320,000 Performance Rights to eligible participants of the Employee Share Option Plan (ESOP), converting into a maximum of 320,000 Shares, subject to the continuous employment/engagement of the eligible participants. These were eventually granted to eligible participants in January 2023.

RESTRICTED SECURITIES

As at 31 December 2022 restricted securities are as follows:

- Zurich Capital Partners Limited, 61,400,000 Shares. Restricted for 4 months from quotation (23 February 2023)
- High Noble Investments Limited, 9,800,000 Shares. Restricted for 12 months from quotation (12 October 2023)
- Rose Hasbani, 4,700,000 Shares. Restricted for 12 months from quotation (12 October 2023)

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