華富建業國際金融有限公司

QUAM PLUS INTERNATIONAL FINANCIAL LIMITED

(Incorporated in Bermuda with limited liability) (於百慕達註冊成立之有限公司)

Stock Code 股份代號: 952

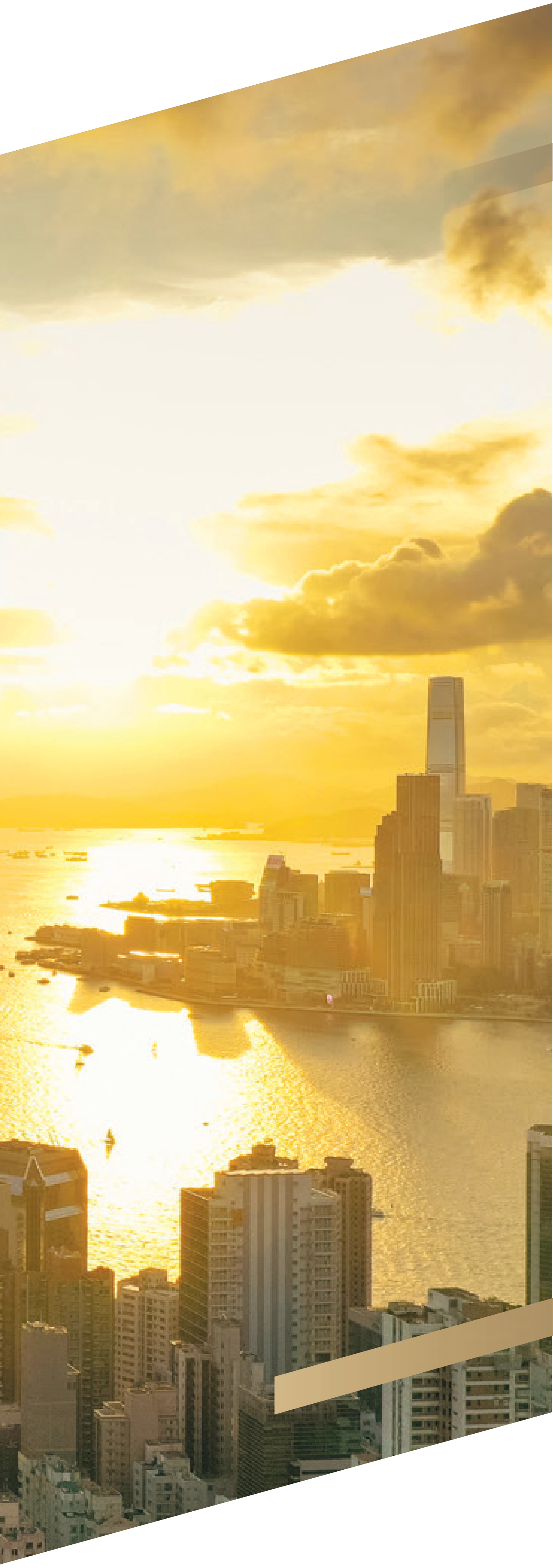
迎變而生 創新立業

FLOURISH IN THE CHANGING WORLD

2023 年報

Annual Report

This report is printed on environmentally friendly paper 本報告以環保紙印製



Contents

Definitions

"Audit Committee"	means	the audit committee of the Company
"Board"	means	the board of Directors
"Bye-laws"	means	the bye-laws of the Company, as amended from time to time
"China Oceanwide"	means	China Oceanwide Holdings Limited (in liquidation), a company incorporated in Bermuda with limited liability and an indirect subsidiary of Oceanwide Holdings, the shares of which are listed on the Stock Exchange (Stock Code: 715)
"Company"	means	Quam Plus International Financial Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange (Stock code: 952)
"Director(s)"	means	the director(s) of the Company
"Executive Committee"	means	the executive committee of the Company
"Group"	means	the Company and its subsidiaries
"HK$"	means	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	means	the Hong Kong Special Administrative Region of the PRC
"Listing Rules"	means	the Rules Governing the Listing of Securities on the Stock Exchange
"Model Code"	means	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
"Mr. HAN"	means	Mr. HAN Xiaosheng, the Co-Chairman of the Board and executive Director
"Mr. LAM"	means	Mr. Kenneth LAM Kin Hing, the Co-Chairman of the Board, executive Director and Chief Executive Officer of the Group
"Nomination Committee"	means	the nomination committee of the Company
"Oceanwide Holdings"	means	Oceanwide Holdings Co., Ltd.* (泛海控股股份有限公司), a joint stock company incorporated in the PRC with limited liability, the shares of which were previously listed on the Shenzhen Stock Exchange (Previous Stock Code: 000046 and delisted in February 2024)
"Oceanwide Holdings IF"	means	Oceanwide Holdings International Financial Development Co., Ltd., a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of Oceanwide Holdings
"PRC"	means	the People's Republic of China, which for the purpose of this annual report, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"Quam Tonghai Holdings"	means	Quam Tonghai Holdings Limited, a company incorporated in Hong Kong with limited liability, which is beneficially owned as to 51% by Mr. LAM and 49% by Mr. HAN
"Remuneration Committee"	means	the remuneration committee of the Company
"SFO"	means	the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)
"Share(s)"	means	ordinary share(s) in the share capital of the Company
"Shareholder(s)"	means	holder(s) of the Shares
"Share Award Scheme"	means	Restricted Share Award Scheme of the Company adopted on 19 August 2010
"Share Option Scheme"	means	Share Option Scheme of the Company adopted on 23 September 2020
"Stock Exchange"	means	The Stock Exchange of Hong Kong Limited
"Takeovers Code"	means	The Codes on Takeovers and Mergers and Share Buy-backs issued by the Securities and Futures Commission
"%"	means	per cent.

For the purpose of this annual report, unless otherwise specified or the context requires otherwise, "" denotes an English translations of a Chinese name and is for identification purposes only. In the event of any inconsistency, the Chinese names shall prevail.*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Corporate Information

BOARD OF DIRECTORS

Mr. HAN Xiaosheng *(Co-Chairman)*
Mr. Kenneth LAM Kin Hing *(Co-Chairman and Chief Executive Officer)*
Mr. LIU Hongwei
Mr. LAM Wai Hon
Mr. FANG Zhou^
Mr. Roy LO Wa Kei#
Mr. LIU Jipeng#
Ms. Cindy KONG Siu Ching#

^ *Non-Executive Director*
# *Independent Non-executive Director*

EXECUTIVE COMMITTEE

Chairman: Mr. Kenneth LAM Kin Hing
Vice-Chairman: Mr. HAN Xiaosheng
Members: Mr. LIU Hongwei
Mr. LAM Wai Hon

AUDIT COMMITTEE

Chairman: Mr. Roy LO Wa Kei
Members: Mr. LIU Jipeng
Ms. Cindy KONG Siu Ching

REMUNERATION COMMITTEE

Chairman: Mr. LIU Jipeng
Members: Mr. LIU Hongwei
Ms. Cindy KONG Siu Ching

NOMINATION COMMITTEE

Chairman: Mr. HAN Xiaosheng
Members: Mr. Kenneth LAM Kin Hing
Mr. Roy LO Wa Kei
Mr. LIU Jipeng
Ms. Cindy KONG Siu Ching

COMPANY SECRETARY

Ms. Hortense CHEUNG Ho Sze

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

5/F and 24/F (Rooms 2401 and Room 2412)
Wing On Centre
111 Connaught Road Central
Hong Kong

AUDITOR

HLB Hodgson Impey Cheng Limited
Certified Public Accountants and Public Interest Entity Auditor registered in accordance with the Accounting and Financial Reporting Council Ordinance

HONG KONG LEGAL ADVISER

Howse Williams

BERMUDA LEGAL ADVISER

Conyers Dill & Pearman

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Corporate Services (Bermuda) Limited
Clarendon House
2 Church Street
Hamilton HM11
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Tengis Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
China Minsheng Banking Corp., Ltd. Hong Kong Branch
Chong Hing Bank Limited
Fubon Bank (Hong Kong) Limited
Nanyang Commercial Bank, Limited
Shanghai Commercial Bank Limited
Standard Chartered Bank (Hong Kong) Limited
The Bank of East Asia, Limited

STOCK CODE

952

WEBSITE OF QUAM PLUS FINANCIAL GROUP

www.quamplus.com

INVESTOR RELATIONS

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Email : ir@quamgroup.com

Chairman's Statement

Dear Shareholders,

On behalf of the board of directors of the Company, I would like to present to you the annual report of Quam Plus International Financial Limited (the "Group") for the year ended 31 December 2023.

The Group recorded the profit before tax of HK$118 million for 2023. The significant increase in profit before tax of 2023 was mainly attributable to the improvement in the operating performance, the reduction of net investment loss and the reversal of net expected credit losses on our loans portfolio. The Group's revenue also increased to HK$346 million in 2023.

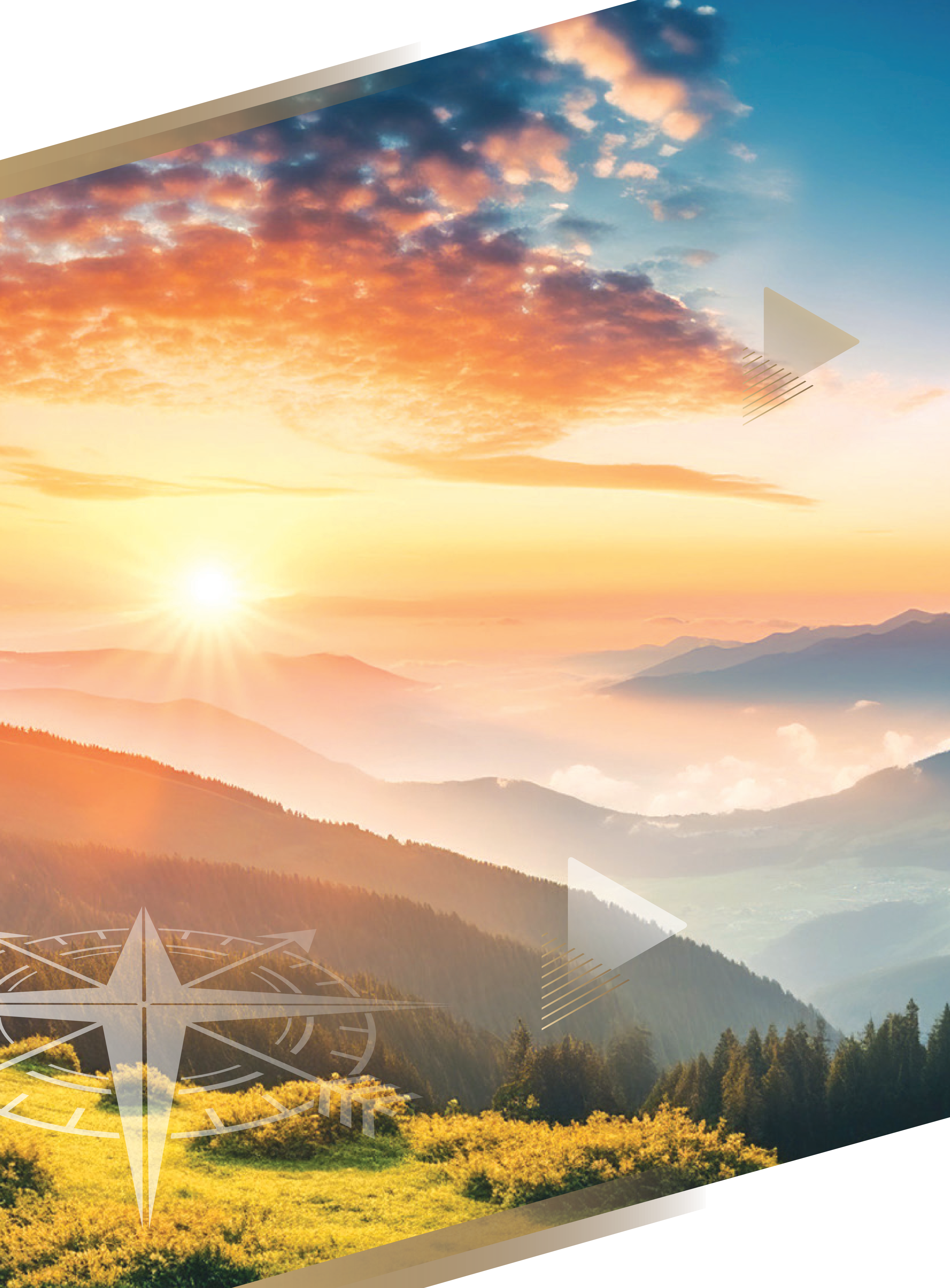
During the year 2023, the mandatory unconditional cash offer following by the change of control was completed in May 2023, the name of the Company was formally changed to Quam Plus International Financial Limited, the composition of the board of directors of the Company was reconstituted including the appointment of a female director and the Group was relocated to a new business address which houses all our operating businesses on the same floor.

Amid these corporate changes and the end of the COVID-19 restrictions, the momentum of various group businesses has been accelerated with renewed impetus and enhanced confidence. The Group will continue to formulate new business strategies to optimize the Group's resources and to achieve sustainable long-term growth. And to proactively seek out and explore appropriate potential business opportunities with a view to diversifying the Group's earnings base and enhancing returns for the shareholders of the Company.

On behalf of the Board, I would like to extend my sincere gratitude to all employees for their dedication and their commitment to overcome challenges and to adapt to rapid changes in our ever-changing environment. I would also like to appreciate our shareholders and stakeholders for their continual support. We shall look forward to continue working together and to create long-term value for our investors and stakeholders of the Company.

HAN Xiaosheng
Co-Chairman

Hong Kong, 26 March 2024



Chief Executive Officer's Review

Dear Shareholders,

We are pleased to announce that our 952.HK now has changed its name to Quam Plus International Financial Limited, completed its mandatory unconditional cash offer in May 2023, and has returned to profit. The performance recovery in 2023 is visible, though slow, and definitely needs the close monitoring along with the uncertain macro environments which prevails, likely to continue throughout 2024.

We have reported a consolidated profit before tax of approximately HK$118 million for the year of 2023, a slight improvement from the interim results 2023 of approximately HK$115 million hindered by the trading suspension of a major counter in our margin portfolio resulting in the required provision in the second half.

Following the announcement of our interim results for the six months ended 30 June 2023, we have also paid a special dividend of HK1.1 cents per Share, fulfilling our standing philosophy to return to our shareholders after the interim results announcement.

As of the date of this report, we are still assessing the macro risks factors challenging our industry, and judiciously planning and monitoring business investments to seek optimum measures in supporting our continuing business and strategic developments.

We believed that macro environment tend to accentuate market volatility. In addition, the prevailing overhang geopolitical tensions (and in particularly, the Sino-US relations), shall continue to have its negative effects on China's export driven economy. We are also mindful of the threats of the ongoing regional wars and any potential fallout or widening of conflicts; the introduction of government and economic correction and any resultant pendulum effects measures would, by themselves or collectively, impacting the flow of investment capitals, and the restoring of market confidence to in the private enterprises in China.

Amidst these overhanging and lingering uncertainties, Quam Plus Financial has recorded a net total income increased to HK$506 million in 2023 (2022: a negative HK$101 million) and returned the overall profit before tax of HK$118 million (2022: loss before tax of HK$1,584 million). We have, through the organisation restructure that we spoke of last year, achieved improvements in the overall operating performance of our licensed corporations, and the efforts that our colleagues have put in the value recoveries of our financial assets.

In brief, our divisional performance could be highlighted below:

1. The newly formed Wealth Management division comprised our Asset Management Company, our Insurance Broking business, our Wealth Management Information portal, Quamnet, and our newly added unit of Multi Family Office conducting External Assets Management business.

   For that, we have now 7 professional managers joined since last year. Our banking reach has now included DBS, Standard Chartered Bank, Credit Agricole Indosuez and Julius Bear. Total AUM has grown from US$116 million to now US$146 million. Along with the new business development, we also have successfully obtained the Authorised Fund status by SFC over our Global Alliance Partners Funds SICAV — Quam Plus Greater China UCITS Fund, and also obtained a Virtual Assets license for carrying out Types 1, 4 and 9 regulated activities under SFO.

This budding Wealth Management Group division of Quam Plus Financial has a history of about a year. We expect the continuing business building shall allow us to widen investment products coverage, and to improve asset allocation, leading to higher investment returns for our clients.

2. Our "Equities Chain" concept which I first mentioned in my report last year essentially streamlining the combined strengths of our Corporate Finance and our Securities businesses, has shown visible and encouraging results, with projects in the pipeline built up in accordance with expectations. Despite the slow market, we have also completed successfully 2 listed IPOs. Trading volume is still low as the market is non-directional. We also made a new initiative started in the participation of the new issues in the US Market with steady business volume increase. To take advantage of business momentum, we are in the process of applying our Broker Dealer license with the U.S. Financial Industry Regulatory Authority (FINRA). This strategic move, when implemented, shall further reinforce our ability to market and service our China based customers, and provide them the enhanced flexibility of financing options (e,g, public listings or asset allocations), both in Asia or in the US markets, where the U.S. dollars as core currencies and continues to be vital reserve components of the developing countries in Asia.

   Another initiative that we shall embark on a joint effort between our Securities and Asset Management divisions, shall be the marketing for new investing clients under the new Capital Investment Entrant Scheme. This scheme was officially launched by the HKSAR Government on 1 March 2024 with a hurdle requirement of HK$30 million ultimately leading to residence rights in Hong Kong. Quam Plus Financial, being both a home-grown, public listed company and an active Asset Manager, sees this scheme as a potent and dominant impetus to bring liquidity and interest to the Hong Kong capital market, and where Quam Plus is well positioned to serve.

3. Our China and Special Opportunities division moved slowly in 2023. The onerous news, and happenings of business failures in Hong Kong and China compelled caution, which we exercised, and prudently adopting a "gained by doing little" approach. Perhaps the more fruitful efforts shown are in those loans recovered that had hurt us before, hence putting back the needed liquidity into our system. China would however, remain as our core market, hence opportunities. We are patient in the development of this division.

Given the uncertainties which had happened in the second half of 2023, and are prevailing, and the fact that the special dividends we paid last year has reached almost 60% of our profit before taxation, the Board has resolved not to recommend the payment of a final dividend for the year ended 31 December 2023 (2022:Nil).

It is however, our mission to thank and reward our shareholders with balancing views towards the ongoing economic environment, business advancements and our liquidity, we shall assess our situation from time to time to make the recommendations when appropriate.

Kenneth LAM Kin Hing
Co-Chairman and Chief Executive Officer

Management Discussion and Analysis

Macro Environment

During 2023, the inflation in USA cooled and the USA economy remained solid despite the first-quarter regional banking incident, which sparked fears of a credit crunch. While the central bank raised interest rates four times over the year, at their December meeting, officials signaled that no additional increases are expected and they will likely lower rates in 2024. The S&P 500 index ended the year with a 24.2% gain. The Dow Jones Industrial Average rose 13.8% in 2023, and the Nasdaq soared 43.4%, driven by a surge in generative artificial intelligence. Regarding the sector performance of S&P 500, technology, communication services, and consumer discretionary were the outperformers, with utilities, energy and consumer staples losing ground.

In Mainland China, the economy grew by 5.2% in 2023, slightly exceeded the official target. Expectation of a strong post-COVID recovery quickly fizzled as the year progressed, followed by concerns over the deepening PRC property crisis and mounting deflationary risks.

Hong Kong Market Review

In January 2023, the Hong Kong stock market reached its peak for the year, as hopes for reopening boosted investors' sentiment. However, the market was on a downward trend for the remainder of the year. Initially, uncertainties arising from the USA regional banking incident and the outlook for Federal Reserve rates impacted market confidence. Subsequently, concerns over China's economy further exacerbated the market's decline. In 2023, the Hang Seng Index and the Hang Seng China Enterprises Index were down 13.8% and 14.0% respectively. The average daily turnover in Hong Kong securities market amounted to HK$105 billion in 2023, decreased by 16% year-on-year. Hong Kong's IPO market slowed significantly through 2023, with a total of 73 new issuers. Total funds raised by these IPOs stood at HK$46.3 billion, down 55.8% year-on-year. The market capitalisation of the securities market reached HK$31,039 billion at the end of 2023, down 13.0% year-on-year.

Results and Overview

For the year ended 31 December 2023, the Group recorded profit before tax of HK$118 million (2022: loss before tax of HK$1,584 million). The significant increase in profit before tax of 2023 was mainly attributable to the improvement in the operating performance, the reduction of net investment loss and the reversal of net expected credit losses on our loans portfolio.

The Group's net aggregate revenue increased to HK$346 million in 2023, representing an increase of HK$374 million year-on-year from a negative HK$28 million in 2022. If we exclude the fair value change on investment in financial assets of HK$218 million loss (2022: HK$579 million) which are recorded as part of our revenue, our adjusted recurring revenue would be HK$564 million (2022: HK$551 million), representing an increase of HK$13 million year-on-year.

The Group does not recommend the payment of any final dividend for 2023 (2022: Nil).

Business Review

During 2023, we have observed increasing market confidence in us and our sustained financial stability, despite the early months of the uncertain phase of the COVID recovery and tight liquidity management. Following the completion of the general offer in early May 2023, the quality of earning has been enhanced both by creating new source of income and reducing unnecessary cost. During 2023, we have added experienced talents in our corporate finance and securities business as well as our asset management business. New talents have helped the Group to develop our business and expand our products. Through the establishment of our External Asset Management (EAM) model and the ensuing distribution capabilities, we have expanded our product pipelines and brought better prospects for the group's businesses.

Financial Review

The following table summarized the revenue breakdown of the Group's principal businesses. Overall and except for the significant decrease in net investment loss of HK$218 million (2022: HK$579 million), the revenue generated by all other businesses were comparable to last year with corporate finance registering the highest year-on-year 63% increase.

Revenue	**2023 HK$ million**	**2023 Proportion**	2022 HK$ million	2022 Proportion	Favourable/ (unfavourable) change
Corporate finance business	**31**	**12%**	19	7%	63%
Asset management business	**11**	**4%**	12	5%	(8%)
Brokerage business	**81**	**30%**	93	36%	(13%)
Interest income from brokerage business	**145**	**54%**	135	52%	7%
	226		228		
Total revenue for core operating business	**268**	**100%**	259	100%	3%
Interest income from non-brokerage business	**290**		284		2%
Financial media service fee income	**6**		8		(25%)
Net investment loss	**(218)**		(579)		62%
Total revenue	**346**		(28)		1,336%

Corporate Finance Business

The Group's corporate finance business primarily comprises sponsorship for listing, financial advisory, financing consultation service, and equity capital market. Revenue from corporate finance business increased by approximately 63% from HK$19 million in 2022 to HK$31 million in 2023 mainly due to increase in financial advisory fee income and sponsorship fee income from 2 IPO listing as compared to 2022.

Asset Management Business

Consistent with the trend of market downturn and the consequent impact of companies' valuation in 2023, year-on-year revenue generated from our Asset management business and its AUM also registered decreases comparable to the market.

Management Discussion and Analysis

Brokerage Business

In 2023, total income from brokerage business was about HK$81 million, a decrease of 13% from HK$93 million in 2022. The drop was mainly due to the decrease in commission income from dealing in Hong Kong securities and Hong Kong and Global futures products. The average daily market turnover of the secondary market at the Hong Kong Stock Exchange has dropped by 16% year-on-year.

Interest Income from Brokerage Business

The interest income from brokerage business has increased by 7% from HK$135 million in 2022 to HK$145 million in 2023 mainly due to the increase in interest income from improved treasury management, offset by the decrease in margin loan interest income. The decrease in margin loan interest income mainly due to the drop in average outstanding margin loan to clients.

Interest Income from Non-Brokerage Business

The interest income from non-brokerage business has slightly increased by 2% from HK$284 million in 2022 to HK$290 million in 2023 mainly due to the increase in interest income of credit loans and bonds.

Financial Media Service Fee Income

Financial media service fee income was around HK$6 million in 2023 as compared to HK$8 million in 2022.

Net Investment loss

The net investment loss of HK$218 million in 2023 (2022: HK$579 million) comprised of mark-to-market loss on margin loans of HK$107 million (2022: HK$254 million) (where certain clients' collateral market value falls below their outstanding margin loans, counted on client-by-client basis) and loss in investments in financial assets of HK$111 million (2022: HK$325 million) due to the fair value loss on certain financial investment assets.

Other Income/(Loss)

In 2023, other income was about HK$160 million, which turns around from a loss of HK$73 million in 2022. The other income mainly comprises of HK$111 million gain arising through the terms modification on a contractual loan previously entered between the Company and the relevant counterparty.

Expenses

In 2023, as a result of better resources streamlining, the group's direct costs were about HK$94 million, representing a 10% decrease from HK$104 million in 2022. The decrease was mainly due to the decrease in commission expense of our brokerage business as a result of reduction in gross commission income. In 2023, staff costs recorded HK$174 million, representing an 5% increase from HK$166 million in 2022 as a result of performance-based bonuses for our dedicated colleagues and share option expense recognised for the share option scheme.

Finance costs in 2023 was HK$49 million, representing a 2% slightly drop from HK$50 million in 2022 as a result of lower amount of average borrowings outstanding despite the increase in interest rate.

Impairment Loss

In 2023, the Group recognised expected credit loss ("ECL") net reversal of approximately HK$62 million (2022: ECL net charges of HK$1,066 million) and were mainly arisen from ECL net reversal of HK$411 million (2022: ECL net charges of HK$345 million) to credit loans and bonds of former connected parties mainly due to receipt of repayment (for further details, please refer to the shareholders circular issued on 28 June 2023), offset by ECL net charges of HK$377 million (2022: HK$667 million) to credit loans to independent third parties.

In the following, the Company listed out the loans with material ECL net reversal/(charges), which with reference to over 1% of total asset value of HK$4,064 million of the Group as at 31 December 2023 (i.e. over HK$40 million). The Company consider that such materiality level is appropriate for this purpose. As such, out of total ECL net reversal of HK$62 million, ECL net reversal of HK$411 million for credit loans and bonds of former connected parties and ECL net charges of HK$337 million for credit loans of other independent third parties were explained below.

(a) Details of loans to former connected parties with ECL net reversal of HK$411 million in 2023

The borrowers below are the subsidiaries of Tohigh Holdings Co., Ltd.* (通海控股有限公司), Oceanwide Holdings Co., Ltd.* (泛海控股股份有限公司), and China Oceanwide Holdings Limited which are former connected parties of the Company.

	Identities of borrowers	Principal amount HK$ million	Net carrying amount as at 31 December 2023 HK$ million	(Reversal of impairment)/ impairment loss for the year 2023 HK$ million	Interest/ coupon rate	Loans granted date/date of subscription	Tenure	Ultimate beneficial owner	Latest status of repayment as at 31 December 2023
Credit loans									
a1	China Oceanwide International Investment Company Limited and Minyun Limited	511	100	(576)	7.88%–10.5%	5 Dec 2019– 29 Jan 2021	Within 2 years	Mr. LU Zhiqiang	Overdue
a2	Oceanwide Holdings International Development III Co., Ltd	691	109	67	11%–12%	1 Jan 2021– 6 Aug 2021	Within 1 year	Mr. LU Zhiqiang	Overdue
a3	China Oceanwide Holdings Limited	480	67	32	12%	22 Dec 2020– 1 Apr 2021	Within 1 year	Mr. LU Zhiqiang	Overdue
Unlisted debt securities									
a4	Oceanwide Holdings International Development III Co., Ltd	803	136	66	11.8%	2 Jun 2021– 26 Apr 2022	Within 1 year	Mr. LU Zhiqiang	Overdue
		2,485	412	(411)					

No additional loan was granted to the above former connected parties. For the credit loans to Oceanwide Holdings International Development III Company Limited, repayment of interest amounted to HK$6 million was received in 2023. For credit loans to China Oceanwide International Investment Company Limited, settlement of all outstanding interest accrued up to completion date of settlement agreement and partial outstanding amount of principal has been made in 2023. Details of the settlement arrangement were set out in the Company's circular dated 28 June 2023 and announcement dated 23 August 2023.

(b) Details of loans to other independent third parties with material ECL net charges of HK$337 million in 2023

Identities of borrowers	Principal amount HK$ million	Net carrying amount as at 31 December 2023 HK$ million	(Reversal of impairment)/ Impairment loss for the year 2023 HK$ million	Interest rate	Loans granted date	Tenure	Details of personal guarantee	Their ultimate beneficial owners	Latest status of repayment as at 31 December 2023
b1 Corporate Client 1	308	—	103	8%–9.75%	24 Aug 2021– 1 Apr 2022	Within 1 year	Principal of HK$234 million was guaranteed by Mr. HAN Lei (Note 1)	Mr. HAN Lei	Overdue
b2 Corporate Client 2	275	—	91	8.75%–9.75%	20 Dec 2021– 1 Apr 2022	Within 1 year	Principal of HK$250 million was guaranteed by Mr. Wong Pui Hoi (Note 2)	Mr. Wong Pui Hoi	Overdue
b3 Corporate Client 3	181	—	62	8.25%	11 Feb 2022– 1 Apr 2022	Within 1 year	Principal of HK$121 million was guaranteed by Mr. Cheng Kwok Yue (Note 3)	Mr. Cheng Kwok Yue (Note 3)	Overdue
b4 Corporate Client 4	164	—	51	9.75%	28 Jun 2020	Within 1 year	By Mr. SHI Yuzhu (Note 4)	Note 5	Overdue
b5 Corporate Client 5	116	29	(46)	12%	8 Mar 2019	Within 2 year	By Mr. Zhang Zhixiang (Note 6)	Independent third party	Overdue
b6 Corporate Client 6	90	23	76	8.5%	17 Jan 2022	Within 1 year	N/A	Independent third party	Overdue
	1,134	52	337						

Note 1: The ultimate beneficial owner and the personal guarantor of Corporate Client 1 were set out in the page 22 of the Company's respective circular dated 27 May 2022.

Note 2: The ultimate beneficial owner and the personal guarantor of Corporate Client 2 were set out in the page 19 of the Company's respective circular dated 27 May 2022.

Note 3: The ultimate beneficial owner and the personal guarantor of Corporate Client 3 were set out in the page 5 of the Company's respective announcement dated 12 May 2022.

Note 4: The details of personal guarantee and ultimate beneficial owners of Corporate Client 4 were set out in the page 17 of the Company's respective circular dated 25 January 2021.

Note 5: Corporate Client 4 was a company indirectly wholly-owned by an irrevocable discretionary trust which Mr. SHI Yuzhu and his family members are the beneficiaries and no individual beneficiary holds more than 10% vested interest in the trust and the trustee was Wickhams Cay Trust Company Limited.

Note 6: The personal guarantor of Corporate Client 5 was set out in the page 16 of the Company's respective circular dated 27 May 2022.

No additional loan was granted to above Corporate Clients. For the loans to Corporate Client 5, settlement of HK$124 million, of which HK$71 million attributable to the Group, from the assignee for the assignment arrangement has been made during 2023. Details of the assignment arrangement were set out in the Company's announcement dated 6 June 2023. For the loan to Corporate Client 6, repayment of HK$50 million for principal and interest was received in 2023.

(c) Reasons for the impairment

The Group adopted the requirements in respect of ECL assessment set forth in HKFRS 9 issued by the HKICPA in determining the impairment loss allowance for its loans.

The Group has taken into account the following factors on the impairment assessment for the outstanding loans and unlisted debt securities due from the former connected parties and independent third parties in accordance with the HKFRS 9:

(i) the probability of default and the likelihood that the borrowers may fail to pay back the loans. The Group will perform due diligence on the financial statements and consider the macro-environment and the latest announcements of the borrowers. The repayment history of the borrowers will also be taken into account;

(ii) the loss given default and the expected cash shortfall between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive. The Group will consider the value of the collaterals pledged for the loans, if any; and

(iii) forward-looking market data such as gross domestic product will also impact to the recoverability of the loans.

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.

(d) Key assumptions and basis in determining the amount of the impairment

For the purpose of impairment assessment, credit loans and unlisted debt securities of the Group are classified as stage 1, 2 and 3. According to the prevailing accounting standard, stage 1 are loans with no significant increase in credit risk of the financial instrument since their initial recognition. Stage 2 are loans with increase in credit risk of the financial instrument since their initial recognition. Stage 3 loans has significant increase in credit risk of the financial instrument since initial recognition and considered as credit-impaired. Impairment was assessed for each of the loans and the ECL model for internal impairment assessment has taken into account the following: 1) expected life and contractual terms of a financial instrument; 2) market probability of default; 3) market loss given default or discounted recovery rate; and 4) forward-looking market data.

Details of accumulative provision rates for the above are summarized below:

	Identities of borrowers	Type	Gross amount as at 31 December 2023 HK$ million	Accumulated provision as at 31 December 2023 HK$ million	Carrying amount as at 31 December 2023 HK$ million	Accumulative ECL %	Stage
a1	China Oceanwide International Investment Company Limited and Minyun Limited	Credit loan	546	(446)	100	82%	3
a2	Oceanwide Holdings International Development III Co., Ltd	Credit loan	1,009	(900)	109	89%	3
a3	China Oceanwide Holdings Limited	Credit loan	729	(662)	67	91%	3
a4	Oceanwide Holdings International Development III Co., Ltd	Unlisted debt securities	1,018	(882)	136	87%	3
b1	Corporate Client 1	Credit loan	382	(382)	—	100%	3
b2	Corporate Client 2	Credit loan	338	(338)	—	100%	3
b3	Corporate Client 3	Credit loan	224	(224)	—	100%	3
b4	Corporate Client 4	Credit loan	226	(226)	—	100%	3
b5	Corporate Client 5	Credit loan	214	(185)	29	86%	3
b6	Corporate Client 6	Credit loan	99	(76)	23	77%	3
			4,785	(4,321)	464		

All the above credit loans and unlisted debt securities were classified as stage 3 in ECL model. All loans were overdue and all the due interests were not timely and fully settled in 2023. The loans were considered as default.

Regarding loans to former connected parties, namely, China Oceanwide International Investment Company Limited, Minyun Limited, Oceanwide Holdings International Development III Co., Ltd and China Oceanwide Holdings Limited, with reference to the announcements of Oceanwide Holdings Co., Ltd published on the website of the Shenzhen Stock Exchange and liquidation announcement of China Oceanwide Holdings Limited, they experienced a series of credit default events such as debt defaults and lawsuit since the year of 2021, which indicated concerns about their liquidity and ability to refinance.

Regarding loans to Corporate Client 1, 2, 3 and 4, the loans were classified as stage 3 as the loans were overdue and no settlement received during 2023. The loans were considered as default. 100% ECL provision was made as no recovery was expected from these loans.

Regarding the loan to Corporate Client 5, the loan was classified as stage 3 as the outstanding loan has been overdue since March 2021 according to the original contract and is considered as default. As at 31 December 2023, despite that 52% of the consideration of assignment has been received according to the payment term, there is risk of no settlement on the remaining balance of consideration after 2023 year end.

Regarding loan to Corporate Client 6, the loan was classified as stage 3 as the loans were overdue and only partial late settlement received during 2023. The loans were considered as default.

For the year of 2023, independent impairment assessment was performed for loans to former connected parties by an independent valuer, Masterpiece Valuation Advisory Limited which is a professional business consulting company established in Hong Kong with a branch office in the Greater China area. The consulting teams are formed by experienced professionals from accounting, finance and real estate with well-recognised qualifications including but not limited to HKICPA, Chartered Financial Analyst, member of the Hong Kong Institute of Surveyors, Registered Professional Surveyors, Financial Risk Manager and Certified Public Valuer.

The loans to former connected parties and Corporate Clients 5 and 6 with less than 100% ECL provision were treated as default loans and 100% was used as the probability of default in the ECL model. Hence, in applying the accounting standard, the below formula was used in assessing their respective ECL provisions:

ECL = EAD × PD × (1 – PV of (Recovery Rate × FLF))

1. Exposure at Default (the "EAD") is the principal and interest outstanding that are at risk of default.

2. Probability of Default (the "PD") of 100% is used as the counterparties defaulted or very likely to default.

3. Recovery Rate sourced from "Average debt recovery rates measured by ultimate recoveries" published by Moody's, a reputable credit agency.

4. Forward-looking factor (the "FLF") is served as adjustment to recovery rate basing on the recent and forecasted data related to assets of the borrowers. GDP growth data were selected as the appropriate macro factor ("Z") according to the assets location of the counterparties. And for counterparties located in PRC, broad measure of money supply (M2) was also included to make relevant forward-looking adjustments to Recovery rate.

5. Present Value ("PV") of (Recovery Rate × FLF) = (Recovery rate × FLF)/(1 + effective interest rate)^ Time to Recover. For loans to former connected parties, time to recover is prolonged to be 5–7 years from the reporting date, after considering the repayment history and reasonable time for unfreezing assets. For loans to Corporate Clients 5 and 6, time to recover is expected to be 2–4 years from the reporting date, based on the management's expected time on repayment pattern.

Identities of borrowers	Type	EAD before overdue interest A HK$ million	PD B	Recovery Rate C	Interest Rate D	Time to Recover E	FLF F	Recovery Rate × FLF G=C×F	PV of (Recovery Rate × FLF) H=G/(1+D)^E	ECL before overdue interest I=A×B× (1–H) HK$ million	Overdue interest (Note 1) J HK$ million	Accumulated ECL% K=(I+J)/(A+J)
a1 China Oceanwide International Investment Company Limited and Minyun Limited	Credit loan	516	100%	38.93%	7.88%–10.5%	5 years	80.67%	31.40%	19.06%–21.50%	416	30	81%–82%
a2 Oceanwide Holdings International Development III Co., Ltd	Credit loan	768	100%	38.93%	11%–12%	7 years	80.67%	31.40%	14.2%–15.12%	659	241	88%–90%
a3 China Oceanwide Holdings Limited	Credit loan	539	100%	38.93%	12%	7 years	70.33%	27.38%	12.39%	472	190	90%–91%
a4 Oceanwide Holdings International Development III Co., Ltd	Unlisted debt securities	943	100%	38.93%	11.8%	7 years	80.67%	31.40%	14.38%	807	75	87%
b5 Corporate Client 5	Credit loan	116	100%	38.93%	12%	2 years	80.67%	31.40%	25.03%	87	98	86%
b6 Corporate Client 6	Credit loan	90	100%	38.93%	8.5%	4 years	89.00%	34.65%	25.00%	67	9	77%

Note 1: Overdue interest receivables were 100% impaired.

For above loans, there were no changes in valuation method.

Key parameters input including probability of default and expected recovery rate from loss given default rate are adjusted to reflect the current and future conditions and attribute to the increase of the ECL as at 31 December 2023 by comparing previous year.

- Probability of default:

  The adopted probability of default for both years were derived from "Average cumulative issuer-weighted global default rates by Alphanumeric Rating", Corporate Default and Recovery Rates, published by Moody's. For defaulted counterparties, 100% was adopted as at 31 December 2023.

  Certain counterparties were treated as defaulted for the year 2023 as the principals and interests were overdue.

- Expected recovery rate from loss given default rate:

  The expected recovery rate for both years were derived from "Average debt recovery rates measured by ultimate recoveries" published by Moody's and further adjusted with the security status of the Loans (secured/unsecured) and the future assets recoverability of the counterparties, if any.

  Given the deteriorating economy and the property market is vulnerable to the changes in general economic fundamental factors and asset prices would fluctuate and become more volatile as compared to previous periods, the expected recovery decreased compared to previous period.

(e) Recovery Actions

The risk management department ("RMD") monitors the risk level of the loan portfolio regularly and provide monthly updates to senior management. Senior management also frequently discussed, at least on monthly basis, with the Executive Committee on the recovery actions.

Loans to former connected parties

For loans to former connected parties, the Group sent payment reminders to former connected parties before the maturity date, and thereafter further payment reminders were sent to former connected parties. RMD monitors the risk level of the loan portfolio regularly and provide updates to senior management on a monthly basis. The Company acknowledged the liquidity difficulties of the former connected parties and is still in frequent discussions with them to pursue settlement.

In respect of the credit loans to China Oceanwide International Investment Company Limited (a1 in the above table), the Group has entered a settlement agreement with subsidiaries of Tohigh Holdings Co., Ltd during 2023 for the settlement of all outstanding interest accrued up to 22 August 2023, (being completion date of settlement agreement), and partial outstanding amount of principal by way of shares transferred. The remaining outstanding principal amounts at HK$446 million was remained as credit loans of the Group upon the completion date of settlement agreement.

For loans to Oceanwide Holdings International Development III Co., Ltd (a2 and a4 in the above table) and China Oceanwide Holdings Limited (a3 in the above table), there was a plan to recover the debts by way of the conditional settlement arrangements announced on 24 August 2021 which did not proceed to completion due to unfulfilment of the settlement conditions. The Company has since in discussions to explore alternative feasible options to enhance the recovery of loans to Oceanwide Holdings International Development III Co., Ltd and China Oceanwide Holdings Limited by assessing the feasibility of obtaining offshore assets of these borrowers and their holding companies.

Corporate Client 1, Corporate Client 2 and Corporate Client 3

The Group sent payment reminder to Corporate Client 1, 2 and 3 before maturity date and demand letters were sent following the one month overdue. For Corporate 1 and 3, the group has contacted with the borrowers but no settlement plan has concluded so far. No repayment has been received up to the date of this report.

Corporate Client 4

For credit loans to Corporate Client 4, statutory demand has been served by external lawyer to Corporate Client 4 during 2021. In 2023, external lawyer was engaged regarding a winding up petition against Corporate Client 4. No repayment has been received up to the date of this report.

Corporate Client 5

For credit loans to Corporate Client 5, as mentioned above, the outstanding loan was assigned to an independent party by a deed of assignment, settlement of HK$124 million (represent 52% of the consideration of assignment), of which HK$71 million attributable to the Group, from the assignee for the assignment arrangement has been made during 2023.

Corporate Client 6

The Group sent payment reminder to Corporate Client 6 before maturity date and demand letters were sent following the one month overdue. Partial repayment of HK$50 million for principal and interest was received in 2023. A two years settlement plan was reached with Corporate Client 6 in January 2024.

Money Lending

(i) Company's money lending business and credit risk assessment policy

The Company's money lending business offers both secured and unsecured loans to borrowers comprising individuals and corporations. The money lending business generates revenue and profit by way of providing loans to earn interest income.

The Company has adopted a credit risk policy to manage its money lending business which covers factors such as compliance with all applicable laws and regulations, credit assessment on potential borrower and his/its assets, the credibility of the potential borrower, the necessity in obtaining collaterals, assessment of the use of proceeds and the source of repayment.

The scope of money lending services provided by the money lending business generally includes personal loans, business loans and mezzanine loans. The Company tries to diversify the loan portfolio by providing to different borrowers to lower the concentration risk. We do not have a rigid risk appetite or fixed criteria for loan acceptance and risk assessment are made on a case-by-case basis and typically involves reviewing the financials of borrowers, the borrower's repayment and credit history including any prior insolvency history. Within a loan category, the interest rates, the duration of the loan and repayment terms of the loan varies individually. The determination of the loan terms reflects the perceived risk level after the risk is determined to be within an acceptable and controllable level.

Provision of loans is one of the principal businesses of the Group. Management's discussion on the movements in material loans for renewal of existing loans or newly granting of the loans have been disclosed in the relevant announcement or shareholders circular. For loans to former connected parties, they have to fall within the Framework Agreements and the relevant annual caps of the continuing connected transactions were approved by the then independent Shareholders at the special general meetings of the Company held on 20 November 2017, 11 October 2019 and 26 February 2021. For loans to independent third parties, the summary of relevant Company's announcement made in the year of 2023 were set out below:

Identity of borrower	Loan amounts disclosed in announcement HK$ million	Respective announcement
Filled Converge Limited	187	Pages 2–7 of announcement dated on 6 June 2023

(ii) Major terms of loans granted (including details of the collaterals), size and diversity of clients and concentration of loans on major clients

To diversify the clients and lower the concentration of loans portfolio, our borrowers included individuals, listed companies and companies from different industries such as securities investment, real estate and consultation service. As at 31 December 2023, the Group has 21 borrowers, of which 15 unlisted corporate borrowers, 2 listed corporate borrowers and 4 individual borrowers.

As at 31 December 2023, the Group has 38 credit loans with principal amounts ranged from HK$2 million to HK$446 million with interest rate ranged from 2.5% to 12%. The loans portfolio fell with the following bands:

Loan size of Principal	Number of credit loans fall into the band
Above HK$100 million–HK$500 million	12
Above HK$50 million–HK$100 million	6
Above HK$10 million–HK$50 million	12
Above HK$5 million–HK$10 million	4
HK$0–HK$5 million	4
	38

Out of the 38 credit loans, 1 loan was secured by shares of listed and private companies and assets of private companies with personal guarantee (3% of the total principal amount of the Group's credit loan portfolio), 2 loans were secured by shares of private companies with personal guarantee (7% of the total principal amount of the Group's credit loan portfolio), 3 loans were secured by assets of borrowers and unguaranteed (1% of the total principal amount of the Group's credit loan portfolio), 10 unsecured loans with personal or company's guarantee (48% of the total principal amount of the Group's credit loan portfolio) and the remaining 22 loans are unsecured and unguaranteed (41% of the total principal amount of the Group's credit loan portfolio).

As at 31 December 2023, the top five borrowers constituted 67% of the total principal amount of the Group's credit loan portfolio.

(iii) Reasons for loan impairments (and write-offs)

Management's discussion and the underlying reasons for the movements in loan impairments are that the ECL recognised primarily represented the credit risk involved in collectability of certain loans determined under the Company's loan impairment policy, with reference to factors including the credit history, financial conditions of the borrowers and forward-looking information. In accordance with the Group's loan impairment policy, the Group will apply the prevailing accounting standard to make such impairment. Therefore, the amount of ECL is updated at each reporting date to reflect the changes in credit risk on loan receivables since initial recognition.

As at 31 December 2023, the gross amounts of credit loans have decreased by HK$838 million from HK$4,680 million at 2022 year ended to HK$3,842 million. The net carrying amount after ECL provisions of credit loan has changed from HK$1,159 million at 2022 year ended to HK$422 million at 2023 year end.

(iv) Internal controls measures

Credit Approval

The Company's money lending business follows a stringent procedure. Due diligence and credit assessments are performed by the respective lending department to assess the credit quality of the potential borrowers. These assessments include the identity, creditability, and financial background of the borrowers, and the value and characteristics of the collaterals to be pledged.

A loan proposal is then prepared by the designated loan officer and submitted to RMD for their comment. This comment is attached to the final submission of the proposal and presented to the Business Assessment Committee (BAC) either through a physical meeting or in an email for their approval.

The BAC may comment, add conditions, or seek improve the terms and conditions before giving their final approval. A Transaction Approval Form (TAF) is signed off by the Department Head of the respective lending department, the approval members, and the Chief Operating and Risk Officer to complete the approval process and for company record.

Subject to the size of the loan/total exposure of each borrower and its related parties, different approval authority is applied, where higher authority is required for the approval of larger loans. Till the end of 2023, the Company has long established this hierarchy of Approval Authority, the details of which are stated below:

Loan size/total exposure of each borrower and its related parties (HK$)	Approval authority
Above HK$1,000 million	Board of Directors
Above HK$500 million – HK$1,000 million	Executive Committee (ExCom.)
Above HK$100 million – HK$500 million	3 members in ExCom. (must include Chairman of ExCom.)
Above HK$50 million – HK$100 million	Business Assessment Committee (BAC)
Above HK$10 million – HK$50 million	3 members of BAC (must include Chief Executive Officer)
Above HK$5 million – HK$10 million	3 members of BAC (must include Chief Financial Officer or Chief Operating and Risk Officer)
Above HK$0 million – HK$5 million	2 members of BAC (must include Chief Financial Officer or Chief Operating and Risk Officer)

Note:

1) Business Assessment Committee comprises of Chief Executive Officer, Chief Financial Officer, Chief Investment Officer, Chief Operating and Risk Officer and Deputy Chief Risk Officer.

Continuous loan monitoring

The Company's designated loan officer to closely monitors the Group's loan portfolio, include regular communication with the individual borrowers to update and review their financial position from time to time, and to determine appropriate actions for recovery of the relevant loans at the earliest time.

Also, RMD will review the risk level of each of the loans on a daily basis and submit written monthly report to the Executive Committee with their recommendation. From time to time, RMD alerts our senior management and/or the Executive Committee on specific events (e.g. failed repayment) and advise its recommended actions. In parallel, our accounts department and treasury department also keep track of the repayment schedule constantly and make relevant alerts to senior management in case of failed or late repayment.

Recoverability and Collection

At each month end, the designated loan officer checks if there is overdue balances or late payment and RMD will perform an independent review on the loans portfolio and closely monitor the status and report to the senior management.

Usually there would be internal discussions on a case-by-case basis on what recovery actions to be taken so that the Company could recover the most in a timely fashion. Means like phones calls, seizure of collaterals, statutory demand letter and further legal actions would be discussed. Demand letter and statutory demand letter will be issued to the borrower when consider appropriately if there is overdue repayment. Where appropriate, legal action will be initiated against the borrower for the recovery of the amount due and taking possession of the collateral pledged. Seizure of collaterals and realization of underlying collaterals would also be taken if necessary. Where appropriate, the Company will also petition to the court for winding-up/bankruptcy of the borrower and/or guarantor. Again, the recovery and collection decisions and processes are included in the monthly risk management report to the Executive Committee.

Other Information

Capital Structure, Liquidity and Financial Resources

The Group generally finances its operations with internally generated cash flow as well as through the utilisation of banking facilities and short-term loans and notes from non-bank entities. The Group's cash level at the end of 2023 was around HK$122 million (2022: HK$195 million).

At the end of 2023, the Group's total borrowings amounted to HK$674 million, decreased by 26% from HK$906 million at the end of 2022. Borrowings mainly consisted of two components.

— The first component was utilised bank facilities of around HK$453 million (2022: HK$543 million), of which the Group had available aggregate banking facilities of around HK$556 million (2022: HK$837 million).

— The second component was private notes issued by our listed company and loans from other parties (non-bank financial institutions), which amounted to HK$221 million at the end of 2023 (2022: HK$363 million).

At the end of 2023, the net assets of the Group was HK$2,061 million (2022: HK$2,012 million). The Group's gearing ratio (leverage) was 33% (2022: 45%), being calculated as total borrowings over net assets. The management has applied prudent risk and credit management on the borrowings. In addition, the Group is required to strictly follow regulatory re-pledging ratios and prudent bank borrowing benchmarks that govern the extent of bank borrowings in the securities margin lending business.

Material acquisitions, disposals and significant investments

For 2023, the Group had not made any material acquisitions and disposals of subsidiaries and associated companies other than that has been announced and disclosed in notes 23 and 45. As at the end of 2023, the Group did not hold any significant investments.

Charges on the Group's assets

At the end of 2023, assets of HK$514 million (2022: HK$441 million) were charged to banks and other lenders for facilities.

Employees and remuneration policies

On 31 December 2023, the Group had 193 full time employees (2022: 190) in Hong Kong and 22 full time employees (2022: 23) in Mainland China. In addition, the Group has 60 self-employed sales representatives (2022: 82). Competitive total remuneration packages are offered to employees by reference to industry remuneration research reports, prevailing market practices and standards and individual merit. Salaries are reviewed annually, and discretionary bonuses are paid with reference to individual performance appraisals, prevailing market conditions and the Group's financial performance. Other benefits offered by the Group include a mandatory provident fund scheme, medical and health insurance.

Risk management

The Group's business is closely related to the economy and market fluctuations of Hong Kong and China, and indirectly affected by financial markets across the globe. To cope with unpredictable market fluctuations and minimize risks, the Group takes preventive measures and established a three-tier risk management system. At the front line, there are the relevant business departments who conduct the initial risk assessments. RMD and Legal & Compliance Department then reviews and provide comments on identified risks, if any. RMD is responsible for risk identification and analysis, the setting and monitoring of risk limits and parameters, and produce timely risk reports to the senior management. The Legal & Compliance Department also comment and monitor the legal risks involved as required. The Internal Audit Department conduct thorough checks periodically to ensure that any procedural and potential risks can be eradicated, concluding the final stem of our Group's comprehensive risk control.

Credit risk

Credit risk is the potential risk in respect of loss arising from incompetence of a borrower, counterparty or issuer of financial instruments to meet its obligation, or potential deterioration of credit ratings. The Group has an established Credit Approval Policy and Procedure for pre-lending approval and a post-lending monitoring system in place for all business applications and proposals with potential credit risks. The credit risks of the Group mainly arise from five business areas: corporate finance business, asset management business, brokerage business, interest income business and propriety investment business. Advance IT systems are also utilised by the Group to conduct daily monitoring on credit and concentration risk limits.

Market risk

Market risk refers to potential losses due to market price movement of investment positions held, which includes interest rates risk, equity prices risk and foreign exchange rates risk. RMD is responsible for setting up market risk limits and investment guidelines for the Group's various business functions and their investment activities. Investments with potential market risks are, where appropriate, assessed and approved by RMD. Monitoring and assessments of market risks positions are conducted timely, and significant risks are reported to senior management to ensure the market risks of the Group are controlled within an acceptable level. The Group continues to modify the market risk models through periodic back-testing and stress scenarios tests.

Liquidity risk

Liquidity risk refers to the risk that the Group might face in obtaining sufficient capital and funds in a timely manner to meet its payment obligations and capital requirements for normal business activities. Treasury Department is responsible for the sourcing, management and allocation of funds for the Group. Finance Department has a monitoring system to ensure compliance to relevant rules, including Financial Resources Rules and financial covenants of lending banks. In addition, the Group has maintained good relationships with banks to secure stable channels for short-term financing such as borrowings and repurchases. The Group may also raise short-term working capital through public and private offerings of corporate bonds. The Group has also established a liquidity system to ensure it has sufficient liquid assets to meet any emergency liquidity needs.

Operational risk

Operational risk is the risk of financial loss arises mainly from negligence or omission of internal procedural management, information system failures or personnel misconduct of staffs. The Group actively schedules briefing sessions to improve risk awareness amongst employees, and instructs all departments to establish internal procedural and control guidelines. There is an Operational Risk Events Reporting procedure to ensure that all risk events are timely reported to the Risk Management, Legal & Compliance and IT Department for immediate implementation of remedial action. The Group has a Business Continuity Policy and has a special committee to deal with whatever emergency situations may arise which could pose operational risks to us.

Regulatory compliance risk

As a financial group operating regulated businesses, we endeavor to meet the stringent and evolving regulatory requirements, including but not limited to those related to investor interest protection and market integrity and stability maintenance. Our Legal & Compliance team works continuously to monitor, review, and reduce the regulatory risks of the Group.

Prospects

As discussed in Business Review, we are in a much healthier position to develop and expand our business. We are quietly optimistic with our prospect given the added talent, expanded products and increasing pipeline. However, the sentiment of the Hong Kong securities market is still low, and the global macro environment is still unstable. We will continue to put our financial stability as top priority and adopt a cautious approach to business.

Environmental, Social and Governance Report

ABOUT THIS REPORT

The Group is pleased to present its eighth Environment, Social and Governance Report (the "ESG Report"). The ESG Report outlines the Group's management approaches, policies and practices in environmental, social and governance ("ESG") aspects for its key stakeholders.

REPORTING BOUNDARY

The ESG Report covers the material ESG performance from 1 January 2023 to 31 December 2023 (the "Year") of five core business operations of the Group in Hong Kong, including corporate finance, asset management, brokerage, interest income, investments and others. The reporting scope represents the majority of its business operations and remains the same as last year.

REPORTING STANDARDS

The ESG Report is prepared in compliance with the Environmental, Social and Governance Reporting Guide (the "ESG Guide") set out in Appendix C2 of the Listing Rules. The Group adhered to four reporting principles, including materiality, quantitative, balance, and consistency, in the ESG Guide during the preparation of the ESG Report.

Reporting Principles	The Group's Application
Materiality	The Group identified material issues for key disclosures through stakeholder engagement and materiality assessment during the Year.
Quantitative	Quantifiable key performance indicators ("KPIs") are disclosed in the ESG Report where feasible, with comparative data and information on the standards, methodologies and assumptions adopted for the calculation.
Balance	The ESG Report presents objective facts and unbiased narrative description for a comprehensive overview of the Group's ESG performance.
Consistency	Unless otherwise stated, the Group adopts consistent methodologies and KPIs as far as practical for delivering meaningful comparison of ESG performance.

REPORT APPROVAL

The Group acknowledges its responsibility to ensure the accuracy and reliability of the ESG Report. All information in this ESG Report is sourced from the official documents and statistical data of the Group, which is presented in a fair and transparent manner. The Board has reviewed and approved this ESG Report.

REPORT PUBLICATION AND CONTACT

The Report is prepared in both Chinese and English and is available on the websites of The Hong Kong Exchanges and Clearing Limited (the "HKEX") (www.hkexnews.hk) and the Company (www.quamplus.com).

The Group welcomes and values all feedback and suggestions on the ESG Report or its ESG performance.

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Environmental, Social and Governance Report

OUR APPROACH TO ESG

ESG Governance

As a responsible corporate, the Group aims to balance sustainable business growth with stakeholder interests, acknowledging the importance of effective ESG management for long-term progression. We are committed to prudent corporate governance and high ethical standards, integrating ESG into its strategic development.

Governance Structure

The Board

The Board, as the highest governing body of the Group, bears the overall responsibility for ESG and climate-related matters and oversees pertinent decisions. The Board also sets the ESG strategy, goals, and targets, and monitors the progress towards these goals and targets.

The Environmental, Social and Governance Working Group

The ESG Working Group, chaired by the Company Secretary, assists the Board in managing the Group's ESG and climate-related matters. Its roles and responsibilities include:

- formulating ESG goals and targets
- implementing ESG policies and practices
- assessing ESG performance and proposing enhancement plans
- regularly reporting on ESG-related progress and performance to the Board

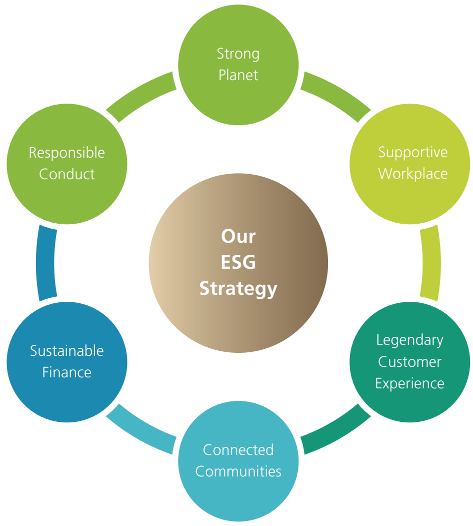
ESG Policies

The Group, in its commitment, has developed a set of ESG-related policies that highlights its stance on ESG-related matters. These include environmental protection, climate change, employment practices, occupational health and safety, labour standards, supply chain management, product responsibility and community investment. All business operations and employees are expected to adhere to these policies. The Group will periodically revisit these policies for necessary updates.

- Environmental Protection Policy Statement
- Climate Change Policy
- Employment and Labour Policy Statement
- Supply Chain Management, Product Responsibility and Anti-corruption Policy Statement
- Community Investment Policy Statement

ESG Strategy

The Group is dedicated to fostering sustainable growth through the comprehensive integration of ESG into all aspects of our business operations. Our mission is deeply rooted in sustainable growth, making sustainability an integral part of our core values. We have developed an ESG strategy that encompasses six core pillars: "Strong Planet", "Supportive Workplace", "Legendary Customer Experience", "Connected Communities", "Sustainable Finance", and "Responsible Conduct". This strategy acts as a roadmap to building a sustainable and resilient business. We are in the progress of developing the targets and indicators under the core pillars, guiding both the Group and employees towards ongoing ESG improvements and resource allocation.



Strong Planet

- To encourage the responsible and efficient use of resources
- To support the transition to a low-carbon economy

Supportive Workplace

- To support employees on their career journeys and support women into leadership
- To foster workplace health and safety

Legendary Customer Experience

- To deliver exceptional customer experience

Connected Communities

- To build inclusion through focused giving
- To promote financial education

Sustainable Finance

- To offer sustainable financial programs and services across business lines
- To manage climate-related risks and opportunities
- To embed the environment into our financing decisions

Responsible Conduct

- To protect our business and stakeholders from a variety of risks in the financial services sector
- To foster responsible conduct and compliance

ESG Risk Management

The Group has integrated ESG-related risks into its risk management system to foster ESG governance and management. The Board consistently oversees the Group's risk management and internal control systems to maintain their effectiveness. In its risk management system, the Group vigilantly tracks the daily operations of all departments. It also routinely reviews, evaluates, prioritises, and manages material ESG risks.

For more details on the Group's corporate governance practices, please refer to the "Corporate Governance Report" section of this annual report.

Stakeholder Engagement

The Group appreciates the invaluable contributions of stakeholders, recognising their pivotal role in uplifting its ESG management and performance. Their involvement is vital for the growth of our business and sustainable development. We consistently engage with stakeholders, striving not just to understand, but to genuinely connect with their expectations and concerns. We value their opinions, treating them as precious insights that inform our day-to-day operations and help shape our strategic priorities, enabling us to continually enhance our performance and deliver excellence.

During the Year, the Group engaged its stakeholders in open and regular communication through a diverse range of channels:

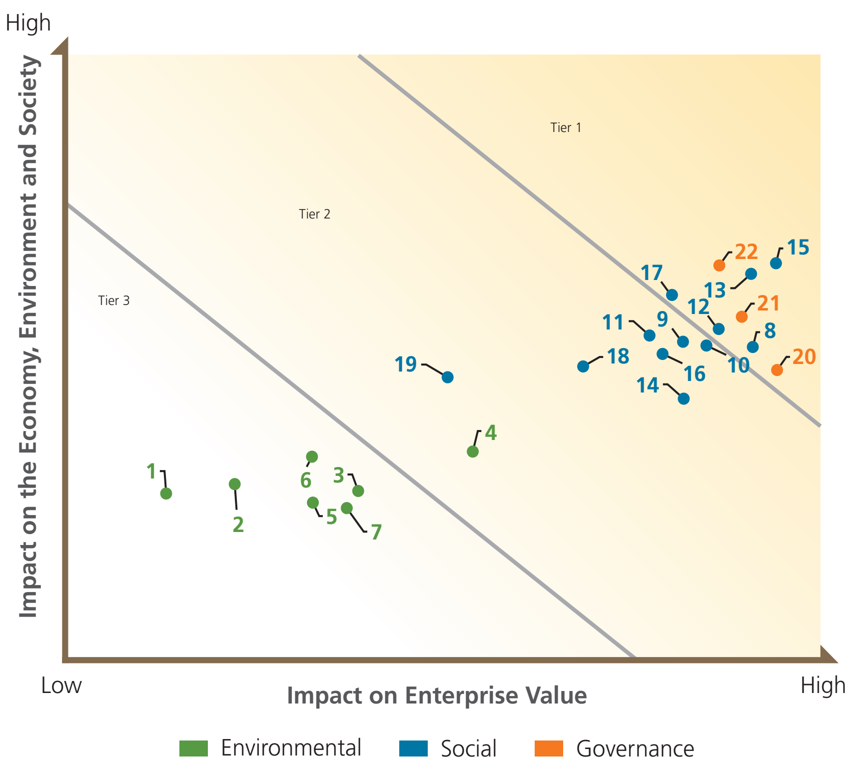
Value Chain	Key Stakeholder Group	Main Focus	Communication Channel
Upstream	Business Partners, Suppliers	• Quality of partnerships • Business ethics, culture, and integrity	• Business meetings and forums • Regular evaluation
Employees		• Industry and corporate trends • Employees' rights, welfare & benefit • Training and development	• Performance evaluation • Operational meetings and dialogues • Feedback and whistleblowing channels • Employee training and activities • Company announcements and publications
Downstream	Shareholders	• Investment returns and interests • Risk management • Information disclosure • Corporate governance	• Annual General Meeting and other special meetings • Annual Report and Interim Report • Company website • Announcements and notices
	Customers	• Product quality • Customer services • Customer privacy and information security	• Customer service hotline and email • Online chat bot • Customer complaint channel
	Communities	• Community Development	• Community programs and activities • Volunteer activities
	Regulatory authorities	• Operational compliance	• Direct enquiries through calls or emails • Public consultations

Materiality Assessment

The Group adopted a three-step approach to materiality assessment, which was facilitated by an independent third-party consultancy. The approach was refined by applying the concept of double materiality, which considers both financial and impact materiality. With the results, the Group identifies the ESG issues that are key for advancing its ESG strategy and performance.

Step 1 Identify	• 22 relevant ESG issues were identified with reference to the ESG Guide, reporting trends and industry peers.
Step 2 Prioritise	• The Group invited internal and external stakeholders to participate in an online survey to rate the materiality of the ESG issues. • Views on the impact on the Group's enterprise value of issues and the Group's impact on the economy, environment and society were gathered and assessed to determine the overall materiality level of each issue. • A materiality matrix was developed, accompanied by a list of prioritised issues.
Step 3 Validate	• The results of the materiality assessment were reviewed by the ESG Working Group and the Board.

The following matrix provides a clear representation of the overall materiality of the 22 ESG issues. It plots the impact these issues have on the Group's business value and the Group's impact on the economy, environment, and society. The issues situated in the top right corner of the matrix are deemed most crucial to the Group, and are therefore the key focus of our disclosures in this ESG Report.



Environmental, Social and Governance Report

Under the new materiality assessment approach, eight issues were identified as material this Year.

Issue (in descending order of materiality)		Tier	Materiality
15	Privacy and Data Security	1	Material
13	Product and Service Responsibility		
22	Protection of Intellectual Property Rights		
21	Risk Management		
8	Employment Practices		
20	Business Ethics		
17	Responsible Investment		
12	Labour Standards		
10	Training and Development	2	Moderate
9	Diversity and Equal Opportunity		
11	Occupational Health and Safety		
16	Responsible Marketing		
14	Customer Engagement		
18	Responsible Supply Chain Management		
19	Community Engagement and Investment		
4	Energy		
3	Waste	3	Monitored
6	Materials		
7	Climate Change and Resilience		
5	Water		
2	Greenhouse Gas Emissions		
1	Air Emissions		

Material Issue		Relevant Section in the Report
21	Risk Management	Our Approach to ESG — ESG Governance
8	Employment Practices	Supportive Workplace — Talent Management
12	Labour Standards	
13	Product and Service Responsibility	Legendary Customer Experience
17	Responsible Investment	Sustainable Finance
15	Privacy and Data Security	Responsible Conduct — Data Privacy and Cybersecurity
22	Protection of Intellectual Property Rights	Responsible Conduct — Intellectual Property Rights
20	Business Ethics	Responsible Conduct — Business Ethics and Integrity

STRONG PLANET

The Group acknowledges its responsibility to blend business growth with environmental stewardship. Recognising the global momentum towards combating climate change and realising carbon neutrality, we have embarked on a journey of fostering low-carbon operations. This is achieved to minimise our environmental footprint and tackle climate risks with a proactive and caring approach.

Our unwavering commitment towards environmental conservation and climate resilience is embodied in our Environmental Protection Policy Statement and Climate Change Policy. As a provider of comprehensive financial services with office-based operations, we proactively manage our emissions, resources usage, and climate risks and opportunities. We provide our employees with practical steps to adopt green practices in the workplace and motivate our business partners to enhance their environmental performance.

The Group is committed to seeking innovative methods to integrate sustainability principles into our business operations, embracing sustainable and green finance, to actively support efforts in carbon reduction and environmental preservation. We are monitoring our environmental KPIs for setting targets and improving performance. More details will be disclosed at a later stage.

Transition to a Low-carbon Economy

Climate Change and Resilience

The Group believes that managing climate risk, along with climate adaptation and resilience, contributes to the long-term sustainability of its business. The Group firmly believes that identification and effective management of climate risk and opportunities is an integral part of its business strategy. This will enable us to develop strategic responses to climate-related issues and capitalise on emerging opportunities in the market.

During the Year, the Group conducted an analysis of United Nations Environment Programme Finance Initiative (UNEPFI) climate risk related reports and its peers' climate risk analysis results, to identify climate risks relevant to its industry.

Risk Type		Description	Industry Impact
Transition Risk	Policy and legislation	• More carbon taxes and other carbon costs hitting the market • Regulatory bodies are introducing more laws and regulations related to the environment and climate • The growing regional and national commitments to carbon neutrality are increasing pressure on all industries to strive for carbon neutrality	• Further driving up carbon prices, thereby increasing operating costs • Increasing pressures and costs associated with corporate compliance • This could potentially affect the company's existing operating methods and increase operational costs
	Technology	• The market share of low carbon products and technologies is gradually increasing	• Increasing uncertainty in revenues and profits
	Market	• Capital flows favour low carbon industries, sunk assets in high carbon industries may cause market fluctuations	• Affects the stability of the company's revenue generation and profitability
	Reputation	• Consumer preferences change	• Operations need to consider sustainable development and climate change factors, otherwise, they may gradually lose market share • If the company does not promptly respond to consumer and shareholder expectations for sustainable development, production processes, and information disclosure, it may suffer reputational damage
Physical Risk	Acute	• Extreme weather damages the company or its collateral assets	• Loss due to damage to assets • Increasing related insurance expenses
	Chronic	• Sea level rise • Increase in extremely hot/cold days	• The increasing risk of flooding in coastal areas may lead to asset loss and a rise in related insurance expenses • The increased use of cooling/heating equipment leads to higher energy costs, thereby increasing the company's operating costs

Going forward, the Group will carry out more in-depth analysis to identify and prioritise material climate risks relevant to its operations and assess their impacts. This will allow us to discuss and develop necessary practices to identify appropriate responses and measures to address these risks.

Carbon Reduction and Management

We believe that as a part of the global community, it is our responsibility to take decisive action towards low-carbon transition. We have been actively pursuing a proactive and robust strategy aimed at reducing our carbon footprint. This has involved the implementation and adoption of an array of measures to reduce emissions and enhance efficiency in resource usage. These measures are not only beneficial to the environment, but they also contribute to our sustainable growth and ongoing commitment to environmental responsibility. They include:

— Leverage tele-conferencing and video-conferencing as much as possible to reduce unnecessary business travel

— Promote the use of railways and sea transport over air travel for short trips

— Confirm the necessity, appropriateness of frequency, and choice of travel mode for business travels

— Give priority to direct flights to reduce emissions when business travel is unavoidable

The Group has regularly monitored and assessed its greenhouse gas ("GHG") emissions to reinforce its carbon emissions management. During the Year, the total GHG emissions of the Group was 26.07 tonneCO_2e and the intensity was 210.89 tonneCO_2e/staff.

GHG Emissions[1]	Unit	2023	2022	% Change
Scope 1 — Direct emissions[2]	tonneCO_2e	3.88	3.2	21%
Scope 2 — Energy indirect emissions[3]	tonneCO_2e	180.94	267.6	–32%
Scope 3 — Other indirect emissions[4]	tonneCO_2e	26.07	0	—
Total GHG emissions	tonneCO_2e	210.89	270.8	–22%
GHG intensity (by staff)	tonneCO_2e/staff	1.09	1.43	–24%

1 GHG emissions were calculated based on "Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purposes) in Hong Kong". Emission factors were adopted from "Hong Kong Electric Sustainability Report 2023" by The Hongkong Electric Company, Limited and "CLP 2023 Sustainability Report" by the CLP Holdings Limited.

2 Scope 1 emissions include emissions from combustion of diesel from vehicle.

3 Scope 2 emissions include emissions from purchased electricity. The electricity consumed by most of the Group's offices is supplied by The Hongkong Electric Company, Limited. There is only one office located in New East Ocean Centre that purchases electricity from CLP Holdings Limited.

4 Scope 3 emissions include emissions from business travel.

During the Year, air pollutants generated by the Group were mainly from vehicle fuel combustion, including 0.86 kg nitrogen oxides, 0.02 kg sulphur oxides and 0.06 kg respiratory suspended particles.

Air Emissions[5]	Unit	2023	2022	% Change
Nitrogen oxides (NO_x)	kg	0.86	0.65	32%
Sulphur oxides (SO_x)	kg	0.02	0.02[6]	—
Respiratory suspended particles (RSP)	kg	0.06	0.05	20%

Responsible Resources Management

Energy

The Group is committed to implementing a wide range of energy efficiency strategies, initiatives, and actions aimed at reducing energy consumption. To promote energy conservation, the Group has implemented energy-efficient measures to manage its energy consumption. As its energy consumption are mainly sourced from purchased electricity, the Group has continued to ensure reasonable energy usage through the following measures:

— Routine upkeep of filters and fan coils for the best performance of ventilation systems

— Keeping the indoor temperature at the optimal level

— Opting for energy-efficient equipment, such as Grade 1 Energy Label electronic appliances and LED lighting systems

— Boosting employees' energy-saving mindset with reminders to turn off unnecessary electronics when not in use

During the Year, the total energy consumption of the Group was 283.17 MWh and the intensity was 1.00 MWh/staff.

Energy	Unit	2023	2022	% Change
Direct energy consumption				
Petrol	MWh	0	0	—
Diesel	MWh	15.71	12.8	23%
Indirect energy consumption				
Purchased electricity	MWh	267.46	379.8	–30%
Total energy consumption	MWh	283.17	392.6	–28%
Energy intensity (by staff)	MWh/staff	1.00	2.07	–52%

5 Air emissions were mainly contributed by combustion of diesel from vehicle. Air emissions were calculated according to "Appendix 2: Reporting Guidance on Environmental KPIs" by HKEX. Emission factors were adopted from "Appendix 2: Reporting Guidance on Environmental KPIs" and "Emission Factors for Greenhouse Gas Inventories" by United States Environmental Protection Agency.

6 The emissions of sulphur oxides in 2022 have been restated due to refined calculation.

Water

Acknowledging the increasing demand for water resources, the Group is proactively seeking ways to boost its water conservation efforts. To curtail water usage and promote responsible water use, the Group continuously oversees and promote its water-saving and management practices. These include displaying reminders about water conservation to raise awareness and conducting monthly inspections of water faucets and pipelines to prevent leaks.

Throughout the Year, the Group obtained potable water from municipal supplies without experiencing any issues in sourcing water suitable for its intended use. The total water consumption of the Group was 129 m^3 and the intensity was 0.67 m^3/staff. The significant decrease in water consumption compared with last year's figures primarily stems from the property management of the leased locations not providing us with water consumption data after we moved to the new offices.

Water Consumption[7]	Unit	2023	2022	% Change
Total water consumption	m^3	129	528	–76%
Water intensity (by staff)	m^3/staff	0.67	2.78	–76%

Waste

The Group strictly follows the waste hierarchy principles, known as the "4Rs": Reduce, Reuse, Recycle, and Replace. To achieve the goal of minimising waste, we actively seek various strategies to encourage reuse, optimise recycling and promote proper disposal. These include reducing the use of single-use products, and providing recycling bins to encourage waste sorting and recycling practices.

Promoting Paperless Office

Reduce

- Implementing an Office Automation system for smoother operations
- Opting for electronic delivery of corporate brochures and internal quarterly E-Newsletters
- Advocating for double-sided printing to save paper

Reuse

- Promoting the reuse of folders and envelopes for internal communications

Recycle

- Utilising a certified service provider for the collection and recycling of confidential paper documents
- Partnering with Baguio Green Group to collect and recycle used glass

Replace

- Procuring eco-friendly papers and materials, including PEFC-certified papers

7 Two operating sites were excluded due to lack of water consumption data from the office rental landlord.

We are committed to ensuring proper waste management, consistently implementing procedures to handle and dispose of waste appropriately. After sorting, the waste is collected and managed by property management. Non-hazardous waste is transferred to garbage collection points for disposal, while hazardous waste is recycled by professional service providers.

During the Year, the Group generated a total of 5.84 tonnes non-hazardous waste, which was mainly domestic waste. A total of 0.03 tonnes hazardous waste was produced, which mainly involved fluorescent light tubes from office operation.

Waste	Unit	2023	2022	% Change
Total hazardous waste produced	tonne	0.03	0.01	200%
Hazardous waste intensity (by staff)	tonne/'000 staff	0.16	0.1	60%
Total non-hazardous waste produced	tonne	5.84	5.6	4%
Non-hazardous waste intensity (by staff)	tonne/staff	0.03	0.03	0%

SUPPORTIVE WORKPLACE

To achieve successful operations and development in the long run, the Group values the role of its employees with their expertise, capability, dedication, and loyalty at work. To maintain a harmonious relationship with its employees and build a competitive talent team, it makes every effort to create a fair and supportive working atmosphere for its employees. The Employment and Labour Policy Statement sets out our commitment and operating principles for employment and labour practices, development and training, and employee health and safety.

Talent Management

The Group protects its employees' interests with a comprehensive employment management system. We have in place employment-related policies and procedures that cover recruitment and dismissal, promotion and transfer, compensation, benefits and welfare, working hours and rest periods, equal opportunity, diversity, anti-discrimination, labour standards, and other employment practices. These are also detailed in the Staff Manual which is communicated to all employees.

Talent Attraction and Retention

To keep our skilled employees on board and attract new talents, we provide a competitive compensation package. This includes a fair base salary, bonus opportunities, allowances, a mandatory provident fund scheme, and other forms of compensation. Our employees can enjoy various benefits, including paid leaves, discretionary bonuses, medical insurance, health checks, training and educational allowances. As part of the Group's Performance Evaluation System, we conduct an annual salary review and performance appraisal at the close of each year.

Diversity and Equal Opportunity

The Group promotes equal opportunity and diversity in the workplace, aiming to foster an inclusive, fair, and respectful corporate culture. We firmly uphold fairness in all aspects of employment, providing equal employment treatment to all, irrespective of gender, age, ethnicity, religion, nationality, sexual orientation, or marital status. The Group does not tolerate any form of harassment or discrimination. Decisions regarding recruitment, promotion and transfer, compensation are based on objective and work-related criteria.

Labour Rights and Standards

As a responsible employer, the Group upholds and promotes ethical standards and human rights in the workplace. Our Staff Manual and employment contracts clearly outline the terms and conditions of employment to protect the interest of both the Group and employees. The Group adheres to appropriate and legal procedures for resignations and terminations to ensure employees are treated fairly.

We prohibit child labour, forced labour, and any other unlawful employment practices. The Human Resources Department is tasked with preventing unethical employment practices by verifying the authenticity of identity documents during recruitment, thus ensuring the eligibility of candidates for work. If instances of child or forced labour are found, the Group will promptly formulate effective remedial measures to protect the rights of employees and children.

Employee Engagement

The Group fosters a positive and cooperative work environment. To facilitate this, it has established numerous communication channels, such as operational meetings and dialogues, performance evaluations, to collect employees' viewpoints and suggestions. To promote team building and a sense of belonging, we circulate quarterly e-newsletters and organise activities for employees, such as annual dinner, festive party, and floral tea online workshop. These activities help reduce work-related stress and foster a cohesive corporate environment, thus creating a caring workplace.

A grievance mechanism is in place to address and prevent discrimination, harassment, and other unethical or unlawful practices in the workplace. Reports can also be submitted to the Head of Internal Audit through a private email channel. These will then be forwarded to the Human Resources Department for a thorough and confidential review or investigation and follow-up.

Talent Development

Recognising that employee growth and development are paramount to sustainable business growth, the Group is committed to promoting talent development. It provides ample and equal training and promotion opportunities for all employees.

Nurturing Employees

The Group encourages employees to acquire and improve their professional knowledge and skills. We offer in-house training programs and external sponsorships to cater to their training and career development needs. We firmly support our employees in their lifelong learning and self-improvement quests. As an incentive, we provide training and educational allowances, supporting them in attending external courses and examinations.

On-board Training	
• To ensure that employees understand the Group's mission, values, culture, and policies • To clarify the expectations and responsibilities of the employee's role	
• Orientation • Corporate culture and background	• Product training • Compliance training

On-the-job Training	
• To provide employees with the necessary skills and knowledge related to their job functions • To ensure consistency in performing tasks and maintaining quality standards	
• Compliance and regulatory updates • Anti-money laundering • Risk management and internal control	• Product and services • Cybersecurity • Professional development for eligible employees

External Training	
• To foster a culture of continuous learning and development • To ensure that the organisation and its employees stay updated with the latest trends in the industry	
• Professional training by Securities and Futures Commission (SFC)	• Anti-corruption seminar by Independent Commission Against Corruption (ICAC)

Grooming Talents

The Group prioritises the career development of its employees. During annual performance appraisals, we assess employees' work performance, leadership, and teamwork skills to identify and provide promotion opportunities for outstanding individuals.

Employee Health and Safety

The Group places a high priority on occupational health and safety in its operations. It strives to create a safe and healthy work environment for all its employees. The Group aims for zero work-related injuries and continuously works to enhance occupational health and safety. This commitment is demonstrated in the Employment and Labour Policy Statement and through the implementation of various safety practices.

In the workplace, potential health and safety risks are identified. Employees have access to appropriate protective gear, and fire drill is provided to improve their safety awareness. Safety incident reporting and handling mechanisms are in place to manage and lessen safety risks. Business continuity plan is developed to ensure that we are prepared to respond effectively to any incidents and circumstances that may cause serious business disruption.

To care for employees' well-being, we arranged flu vaccination during the Year. There were no work-related fatalities recorded in the past three reporting years, including the Year. There were no work-related injuries during the Year.

LEGENDARY CUSTOMER EXPERIENCE

We are deeply committed to product and service quality, and we prioritise the customer experience and satisfaction above all else. As a provider of financial services, we understand the crucial role that trust and reliability play in our relationship with our customers. We take a customer-centric approach, tailoring our financial services to meet the unique needs of each individual. Our team is committed to providing exceptional service, ensuring that our customers feel valued and satisfied with their experience with us. Our commitment and operating principles are clearly outlined in the Supply Chain Management, Product Responsibility and Anti-corruption Policy Statement.

Product and Service Quality

The Group is committed to enhancing customer service experience and satisfaction through quality assurance and after-sales management. We have set up the Product and Risk Committee to oversee product quality and customer services. This committee evaluates new products before their launch. By conducting regular reviews, the Group analyses the present and future market conditions for ongoing improvement.

We greatly appreciate our customers' input and have established numerous channels for feedback, including customer service hotline and email, online chatbot, and complaint channel. The Group ensures efficient management of customer feedback and complaints to foster open communication. We are dedicated to promptly responding to customer queries, analysing their feedback, and formulating strategies and plans that incorporate their viewpoints.

If any customer complaints are filed, the relevant business units will investigate the issues raised, respond appropriately, and take necessary follow-up actions in a timely manner. During the Year, the Group received no customer complaints.

Responsible Marketing Practices

Maintaining trustworthy marketing communications is key for the Group's reputation, business longevity, and customer relationships. It commits to accountable marketing communication, aligning offerings with customer expectations. The Group provides accurate and transparent product and service information to protect customer interests. The Legal and Compliance Department reviews relevant marketing materials for authenticity, accuracy, and regulatory compliance.

SUSTAINABLE FINANCE

As a company providing financial services, we recognise our crucial role in promoting sustainable economic growth and development. We understand that our financial decisions have a profound impact on the world, and we strive to make choices that support environmental sustainability, social responsibility, and economic stability. We are dedicated to integrating these principles into our core business strategies, and to promoting sustainable finance within our business operations and the industry.

We strive to ensure that our products and services not only meet the needs of our customers, but also contribute positively to society and have minimal impact on the environment. We seek to offer sustainable financial programs and services across business lines, and aim to increase the proportion of revenues from products and services that contribute to the green economy, with a particular focus on capital market solutions. Environmental considerations are embedded into our financing decisions, and the environmental performance of funds is routinely evaluated.

We will continue to engage with clients to promote best practices and market standards for sustainable finance. Taking a step forward, we plan to review our portfolio's sensitivity to climate change to understand and mitigate potential risks.

Mr. Stacey WONG, our Chief Operating and Risk Officer, attended ESG and Green Finance Opportunities Forum 2023 and served as the moderator for the panel discussion on "Regulatory Updates on ESG Reporting and Climate Risks Disclosures"

CONNECTED COMMUNITIES

The Group aspires to be a "Growth Partner" for sustainable business development, creating value for all stakeholders. Therefore, it consistently focuses on societal well-being. Guided by the Community Investment Policy Statement and ESG strategy, we actively seek opportunities to understand stakeholder needs and support community development through various means, such as sponsorships, donations, volunteer services and collaborations. Our employees are also encouraged to take part in community and educational activities.

Community Outreach Food Assistance Service

Organiser: Food Angel

18 volunteers prepared and delivered over 2,000 meal boxes, food packs and loving care to the vulnerable elderly and people in need of food assistance, contributing to 54 volunteer hours

Blood Donation

Organiser: Hong Kong Red Cross

More than 50 colleagues participated in blood donation as a support to the organisation's blood transfusion service

Charity Sale

Organiser: Hong Kong Red Cross

Supported the charity sale to make donation, supporting the organisation's humanitarian works

RESPONSIBLE CONDUCT

Responsible business conduct forms a cornerstone of our operations, guiding us to act ethically and consider the impacts of our actions on our community and all our stakeholders. This approach not only ensures our compliance with laws and regulations but also fosters a culture of transparency, accountability, and sustainable growth.

Business Ethics and Integrity

The Group has a zero-tolerance policy towards corruption, bribery, extortion, money laundering, and other fraudulent activities. Our stance is clearly set out in our commitment and operating principles outlined in the Supply Chain Management, Product Responsibility and Anti-corruption Policy. Aiming to minimising the risks of bribery and money laundering, the Group has developed a Compliance Manual outlining business ethics policies and procedures.

The Group places great emphasis on professional integrity to protect the financial system. The Staff Dealing Policy within the manual details dealing requirements for all securities and derivative contracts, promoting professional integrity.

Disciplinary procedures are also in place to manage any incidents of non-compliance. The Legal and Compliance Department maintains records of all non-compliance incidents involving employees. These records are reviewed during the annual performance appraisal.

Anti-corruption

The Staff Manual's Code of Conduct and the Compliance Manual's Anti-Bribery Policy detail controls and standards to prevent bribery, fraud, and corruption. Detailed definitions are provided to guide ethical business conduct. For example, employees are not allowed to solicit or accept advantages from any parties. All employees must sign the Staff Declaration Form to confirm they understand these requirements and that there is no possible conflict of interest regarding their investment dealing accounts. During the Year, there were no legal cases involved in corruption and money laundering against the Group or its employees.

The Group invited the ICAC to host a seminar named "Professional Ethics — Key to Success" to heighten the employees' comprehension and consciousness of anti-corruption. This seminar, aimed at management and employees, covered corruption reporting and latest legal cases, underlining the significance of professional integrity. Anti-corruption training is also provided to Board members on a regular basis.

Anti-money Laundering

Dedicated to maintaining customer confidence, the Group strictly adheres to Anti-Money Laundering and Counter-Financing of Terrorism (AML/CFT) regulations and actively prevents any associated activities. The Group has outlined an Anti-Money Laundering and Counter-Terrorist Financing Policy in the Compliance Manual and implemented a robust AML/CFT program to bolster effective money laundering management. Additionally, the Group employs a risk-based approach to client due diligence and ongoing monitoring.

Identify	Assess	Screen	Report
Identify different red flags through the deployment of regulatory technology and the exercise of professional judgement	Perform initial and ongoing assessment of customers' money laundering risk through the detailed due diligence process	Restrict dubious customer activities (e.g., third party payments, operation of multiple accounts)	Report suspicious transactions to the relevant authorities on a timely basis

Continued Efforts in AML/CTF Training and Compliance Surveillance

To increase employee awareness, the Group has utilised a combination of training techniques and tools for delivering AML/CTF training. This includes in-person training and self-study of training materials, alongside learning assessments, all aimed at enhancing the employees' ability to identify suspicious transactions and screen high-risk customers.

The Legal and Compliance Department regularly monitors and maintains training records to ensure training effectiveness. Apart from closely following the latest regulatory updates, the Group will continue reviewing and enhancing its surveillance system to broaden the scope of illicit activity detection and improve its reporting quality.

Whistleblowing

The Group promotes a culture of transparency by encouraging employees to report any misconduct, malpractice, or irregularities. To facilitate this, a Whistleblowing Policy has been established. This policy provides various reporting channels, such as email, post, or in-person meetings with the Head of Internal Audit. It also offers guidance on how to report potential irregularities.

The policy ensures protection for whistleblowers against unfair treatment and guarantees confidentiality. All reports are handled with care and the concerns of whistleblowers are treated fairly, diligently, and properly. Upon receiving a report, the Whistleblowing Committee evaluates its validity and relevance. If necessary, an investigation team is appointed to examine the issue and take appropriate actions. During the Year, no whistleblowing incidents related to malpractice or illegal activities within the Group were reported.

Data Privacy and Cybersecurity

The Group understands the significance of customer privacy protection and cybersecurity in maintaining its professional integrity within the financial trading industry. As stated in the Supply Chain Management, Product Responsibility and Anti-corruption Policy Statement, we are dedicated to gathering, storing, utilising, and processing personal data legally and responsibly. Employees are strictly forbidden from disclosing, exploiting, or using confidential information, either directly or indirectly, without appropriate authorisation.

The Group has implemented internal measures and guidelines to maintain data security. Protocols related to the use of computers and electronic communication devices are laid out in the Staff Manual. The Acceptable Use Policy describes the approved use of the Group's computer equipment to provide effective security against virus attacks, network system compromises, legal issues, and more.

The Group has committed resources and effort to bolster its cybersecurity management, focusing on two strategic areas: the advancement of cybersecurity technologies and the enhancement of cybersecurity awareness. On one hand, it has proactively upgraded its protection system by investing in cutting-edge technologies. On the other hand, it has fostered a cybersecurity culture by providing training to its management and employees who work closely with the IT Department to maintain high vigilance.

Optimising the network monitoring system	• New generation of anti-virus and networking activity monitoring systems for protection against zero-day threats and ransomware • Instant detection and blockage of any unauthorized internal network devices connected to the network • 24-hour security operation centre and threat intelligence for round the clock detection and the fastest response possible against malicious activities • Cyber threats real-time AI analysis deduce time to mitigation of up to 90% • Full compliance with latest regulatory requirements
Upgrading the email firewall	• Reduced the number of spammed emails by over 99% successful blocking • Increased performance of 70% successful block rate in comparison to the previous version • Protection against zero-day attacks and ransomware
Conducting regular scanning and penetration tests	• Carried out routine internal and external network and applications scanning and penetration tests to detect loopholes ahead • Adopted the standard practice of scanning in-house developed source code on a regular basis and before application deployment

Reinforcing internal policies and controls	• Conducted periodic review and updates on internal policies and guidelines, including but not limited to VPN access, work-from-home, cybersecurity guidelines, vulnerability handling procedures • Adopted dual-factor authentication for remote access • Encrypted all sensitive and vulnerable information
Promoting awareness on cybersecurity and customer privacy protection	• Stipulated cybersecurity awareness training as a part of the mandatory staff on-boarding processes • Sent out regular phishing email tests and reminder at random intervals throughout the year to raise the cautiousness • Organized customized cybersecurity trainings for virtual meetings and video-conference users with regard to the spike in virtual meetings • Provided employees with periodic training and latest update on cybersecurity and customer privacy protection

During the Year, no incident related to data privacy and security occurred within the Group. Considering the growing dependence on technology and the internet due to the digitisation of financial operations, the Group will continue to allocate ample resources to improve cybersecurity protection. In the near future, the Group plans to offer more diverse training sessions, including both classroom and virtual cybersecurity training for staff. The aim is to achieve at least 90% training coverage in the next year.

Intellectual Property Rights

The Group acknowledges the importance of intellectual property rights and dedicates significant effort to secure the confidentiality of proprietary information, as demonstrated in the Supply Chain Management, Product responsibility and Anti-corruption Policy Statement. Any activities that might risk the vesting, maintenance, or enforcement of intellectual property rights are strictly forbidden. To prevent any infringement or misappropriation, the Group employs protective measures, such as maintaining and monitoring trademarks, seeking consent for information from external sources, and consulting third parties for professional advice and assistance as necessary.

Supply Chain Management

The Group has established a Procurement Policy to standardise procurement requirements and procedures. This policy also defines the role of the Procurement Panel, which is reviewed and certified annually. The Group employs a fair and transparent selection process, conducting objective evaluations and making reasonable judgments in supplier selection.

The Group is also committed to assessing and managing the environmental and social risks of our supply chain, as stated in the Supply Chain Management, Product responsibility and Anti-corruption Policy Statement. Regular communication and evaluation with suppliers are conducted to enhance their performance and ensure they meet our expectations on ESG.

The Group prioritises the purchase of environmental friendly products or services,where applicable, to promote sustainable procurement. Taking office supplies as an example, the purchase of soy ink and FSC-certified papers are prioritised. Policies and guidelines will be formulated for employees and suppliers to continue monitoring and managing any environmental and social risks that may arise along the supply chain.

Compliance Management

The Group strictly adheres to all applicable laws and regulations, fully aware that any violation may result in adverse impacts on its operations, performance, financial status, and reputation. The Group has adopted robust internal control measures to ensure stringent compliance of its business operations with these legal and regulatory requirements.

In the Year, as far as the Board and management have been aware, there was no material breach of, nor non-compliance with, the applicable laws and regulations in relation to ESG by the Group and had any significant impact on its business and operations.

Aspect	Relevant Laws and Regulations with Significant Impacts
Emissions	• Air Pollution Control Ordinance (Cap. 311) • Waste Disposal Ordinance (Cap. 354) • Water Pollution Control Ordinance (Cap. 358)
Employment and Labour Standards	• Employment Ordinance (Cap. 57) • Minimum Wage Ordinance (Cap. 608) • Employment of Children Regulations (Cap. 57B)
Occupational Health and Safety	• Air Pollution Control Ordinance (Cap. 311) • Occupational Safety and Health Ordinance (Cap. 509) • Employee Compensation Ordinance (Cap. 282)
Product Responsibility	• Personal Data (Privacy) Ordinance (Cap. 486)
Anti-corruption	• Prevention of Bribery Ordinance (Cap. 201) • Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Cap. 615)

APPENDIX

Key Statistics

Environmental Performance

Key Performance Indicators	Unit	2023	2022	2021
A1 Emissions				
Air Emissions[8]				
Nitrogen oxides (NO_x)	kg	0.86	0.65	0.55
Sulphur oxides (SO_x)	kg	0.02	0.02[9]	0.02
Respiratory suspended particles (RSP)	kg	0.06	0.05	0.04
GHG Emissions[10]				
Scope 1 — Direct emissions[11]	tonneCO_2e	3.88	3.2	2.8
Scope 2 — Energy indirect emissions[12]	tonneCO_2e	180.94	267.6	324.4
Scope 3 — Other indirect emissions[13]	tonneCO_2e	26.07	0	7.3
Total GHG emissions	tonneCO_2e	210.89	270.8	334.5
GHG intensity (by staff)	tonneCO_2e/staff	1.09	1.43	1.51
Waste				
Total hazardous waste produced	tonne	0.03	0.01	0.05
Hazardous waste intensity (by staff)	tonne/'000 staff	0.16	0.1	0.2
Total non-hazardous waste produced	tonne	5.84	5.6	12.1
Non-hazardous waste intensity (by staff)	tonne/staff	0.03	0.03	0.05

8 Air emissions were mainly contributed by combustion of diesel from vehicle. Air emissions were calculated according to "Appendix 2: Reporting Guidance on Environmental KPIs" by HKEX. Emission factors were adopted from "Appendix 2: Reporting Guidance on Environmental KPIs" and "Emission Factors for Greenhouse Gas Inventories" by United States Environmental Protection Agency.

9 The emissions of sulphur oxides in 2022 have been restated due to refined calculation.

10 GHG emissions were calculated based on "Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purposes) in Hong Kong". Emission factors were adopted from "Hong Kong Electric Sustainability Report 2022" by The Hongkong Electric Company, Limited and "CLP 2022 Sustainability Report" by the CLP Holdings Limited.

11 Scope 1 emissions include emissions from combustion of diesel from vehicle.

12 Scope 2 emissions include emissions from purchased electricity. The electricity consumed by most of the Group's offices is supplied by The Hongkong Electric Company, Limited. There is only one office located in New East Ocean Centre that purchases electricity from CLP Holdings Limited.

13 Scope 3 emissions include emissions from business travel.

Key Performance Indicators	Unit	2023	2022	2021
A2 Use of Resources				
Energy				
Direct energy consumption				
Petrol	MWh	0	0	9.7
Diesel	MWh	15.71	12.8	0
Indirect energy consumption				
Purchased electricity	MWh	267.46	379.8	454.3
Total energy consumption	MWh	283.17	392.6	463.9
Energy intensity (by staff)	MWh/staff	1.00	2.07	2.09
Water				
Total water consumption[14]	m^3	129	528	577
Water intensity (by staff)	m^3/staff	0.67	2.78	2.60

Social Performance

Key Performance Indicators		Unit	2023[15]	2022[16]	2021[17]
B1 Employment					
Number of staff[18]					
Total			**193**	**190**	**228**
By gender	Male		114	111	127
	Female		79	79	101
Be age group	Under 30		27	30	45
	30–50		123	124	150
	Over 50		43	36	33
By staff grade	Board and Senior management	person	7	4	4
	Middle management		29	29	34
	General staff		157	157	190
By geographical region	Hong Kong		193	190	228

14 Two operating sites were excluded in 2023 and 2022 due to lack of water consumption data from the office rental landlord.

15 In 2023, the number of staff only included full-time staff, the data of part-time staff (4 part-time staff) are excluded.

16 In 2022, the number of staff only included full-time staff, the data of part-time staff (8 part-time staff) are excluded.

17 In 2021, the number of staff included both full-time and part-time staff (including 222 full-time staff and 6 part-time staff).

18 Total number of employees at the end of the Year, all of which are full-time employees in Hong Kong. Other workers, such as cleaning staff and technician, are not included.

Key Performance Indicators		Unit	2023[15]	2022[16]	2021[17]
Number of other workers[19]					
Total			**71**	**98**	**103**
By type	Self-employed — Market trading services[20]	person	60	82	85
	Self-employed — Office cleaning services	person	3	4	4
	Contractual workers — Consultant	person	3	3	2
	Contractual staff — Intern, Part-time staff	person	5	9	12
Number and rate of new staff[21]					
Total			**38 (19.7%)**	**37 (19.5%)**	**52 (22.8%)**
By gender	Male	person (%)	21 (18.4%)	19 (17.1%)	23 (18.1%)
	Female	person (%)	17 (21.5%)	18 (22.8%)	29 (28.7%)
By age group	Under 30	person (%)	13 (48.1%)	8 (26.7%)	20 (44.4%)
	30–50	person (%)	17 (13.8%)	25 (20.2%)	29 (19.3%)
	Over 50	person (%)	8 (18.6%)	4 (11.1%)	3 (9.0%)
By staff grade	Board and Senior management	person (%)	3 (42.9%)	—	—
	Middle management	person (%)	4 (13.8%)	—	—
	General staff	person (%)	31 (19.7%)	—	—
By geographical region	Hong Kong	person (%)	38 (19.7%)	37 (19.5%)	52 (22.8%)

19 In accordance with the "How to prepare an ESG Report Appendix 3: Reporting guidance on Social KPIs" published by the HKEX, "other workers" refer to agents/contractors/suppliers hired by the issuer to perform work at a workplace controlled by the issuer or in a public area and/or to deliver work/services at the workplace of a client of the issuer; and interns/volunteers performing unpaid work for the issuer.

20 The marketing trading services included the account executive, relationship manager, and financial consultant.

21 Rate of new staff = number of new employees of the category/total number of employees of the category at the end of the Year x 100%.

Key Performance Indicators		Unit	2023[15]	2022[16]	2021[17]
Number and rate of staff turnover[22]					
Total			**44 (22.8%)**	**74 (38.9%)**	**74 (32.4%)**
By gender	Male	person (%)	21 (18.4%)	37 (33.3%)	40 (31.4%)
	Female		23 (29.1%)	37 (46.8%)	34 (33.6%)
By age group	Under 30		10 (37.0%)	14 (46.7%)	14 (31.1%)
	30–50		26 (21.1%)	47 (37.9%)	54 (36.0%)
	Over 50		8 (18.6%)	13 (36.1%)	6 (18.1%)
By staff grade	Board and Senior management		0 (0%)	—	—
	Middle management		6 (20.7%)	—	—
	General staff		38 (24.2%)	—	—
By geographical region	Hong Kong		44 (22.8%)	74 (38.9%)	74 (32.4%)

Key Performance Indicators		Unit	2023	2022	2021
B2 Occupational Health and safety					
Staff	Number of work-related fatalities	person	0	0	0
	Rate of work-related fatalities (per'00 staff)	fatalities/ '00 staff	0	0	0
	Number of work-related injuries	person	0	1	2
	Rate of work-related injuries (per'00 staff)[23]	injuries/ '00 staff	0	0.5	0.9
	Number of lost days due to work-related injuries	day	0	1.5	7.5
	Number of work-related fatalities	person	0	0	0
Other workers	Number of work-related fatalities	person	0	0	0
	Rate of work-related fatalities (per'00 other workers)	fatalities/ '00 other workers	0	0	0
	Number of work-related injuries	person	0	0	0
	Rate of work-related injuries (per'00 other workers)	injuries/ '00 other workers	0	0	0
	Number of lost days due to work-related injuries	day	0	0	0

22 Rate of staff turnover = number of turnover of the category/total number of employees of the category at the end of the Year x 100%.

23 Work-related injury rate per 100 employees = number of work-related injuries/total number of employees at the end of the Year x 100.

Key Performance Indicators		Unit	2023	2022	2021
B3 Training and Development					
Rate of staff trained[24]					
Total			**46**	**51**	**46**
By gender	Male	%	52	60	49
	Female		37	37	43
By employment level	Board and Senior management		71	75	—
	Middle management		66	66	—
	General staff		41	47	—
Average training hours[25]					
Total			**5.6**	**6.6**	**10.7**
By gender	Male	hour/person	6.6	8.3	32.8
	Female		4.1	4.3	—
By employment level	Board and Senior management		9.3	12.5	—
	Middle management		8.0	8.4	—
	General staff		5.0	6.1	20.5

Key Performance Indicators		Unit	2023	2022	2021
B5 Supply Chain Management					
Number of suppliers					
Total			**77**	**31**	**78**
By geographical region	Hong Kong	number of supplier	77	23	76
	Mainland China		0	1	2
	Other region		0	7	0

Key Performance Indicators	Unit	2023	2022	2021
B6 Product responsibility				
Number of products and service-related complaints received	number of complaint	0	2	15

24 Employee trained rate = number of employees trained in the category/total number of employees of the category at the end of the Year x 100%.

25 Average training hours = total hours of training received by employees of the category/total number of employees of the category at the end of the Year.

Key Performance Indicators		Unit	2023	2022	2021
B7 Anti-corruption Training					
Rate of staff received anti-corruption training[26]					
By staff grade	Board and Senior management	%	100	—	—
	Middle management	%	69	—	—
Average anti-corruption training hours[27]					
By staff grade	Board and Senior management	hour/person	1	1.15	—
	Middle management	hour/person	0.69	1	—

26 Rate of staff received anti-corruption training = number of employees received anti-corruption training in the category/total number of employees of the category at the end of the Year x 100%.

27 Average anti-corruption training hours = total hours of anti-corruption training received by employees of the category/total number of employees of the category at the end of the Year.

HKEX ESG GUIDE CONTENT INDEX

Aspects, General Disclosure and KPIs	Description	Page/Remark
Mandatory Disclosure Requirements		
Governance Structure	(i) A disclosure of the board's oversight of ESG issues. (ii) The board's ESG management approach and strategy, including the process used to evaluate, prioritise and manage material ESG-related issues (including risks to the issuer's businesses). (iii) How the board reviews progress made against ESG-related goals and targets with an explanation of how they relate to the issuer's businesses.	28
Reporting Principles	Materiality: The ESG report should disclose: (i) the process to identify and the criteria for the selection of material ESG factors; (ii) if a stakeholder engagement is conducted, a description of significant stakeholders identified, and the process and results of the issuer's stakeholder engagement. Quantitative: Information on the standards, methodologies, assumptions and/or calculation tools used, and source of conversion factors used, for the reporting of emissions/energy consumption (where applicable) should be disclosed. Consistency: The issuer should disclose in the ESG report any changes to the methods or KPIs used, or any other relevant factors affecting a meaningful comparison.	27
Reporting Boundary	A narrative explaining the reporting boundaries of the ESG report and describing the process used to identify which entities or operations are included in the ESG report.	27
A1 Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	35–38, 47

Aspects, General Disclosure and KPIs	Description	Page/Remark
A1.1	The types of emissions and respective emissions data.	35–36
A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions and intensity.	35–36
A1.3	Total hazardous waste produced and intensity.	37–38
A1.4	Total non-hazardous waste produced and intensity.	37–38
A1.5	Description of emission target(s) set and steps taken to achieve them.	29, 33
A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	29, 33
A2 Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	35–37, 47
A2.1	Direct and/or indirect energy consumption by type in total and intensity.	36
A2.2	Water consumption in total and intensity.	37
A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	29, 33
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	37
A2.5	Total packaging material used for finished products and per unit produced.	Due to the nature of the Group's business, packaging material is not a significant issue for us and thus no relevant details are disclosed.
A3 The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	Due to nature of the business, we do not involve any significant environmental impacts activities.
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	

Aspects, General Disclosure and KPIs	Description	Page/Remark
A4 Climate Change		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	33–35
A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	33–35
B1 Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	38–39, 47
B1.1	Total workforce by gender, employment type, age group and geographical region.	49–50
B1.2	Employee turnover rate by gender, age group and geographical region.	51
B2 Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	40–41, 47
B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	51
B2.2	Lost days due to work injury.	51
B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	40–41

Aspects, General Disclosure and KPIs	Description	Page/Remark
B3 Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	40
B3.1	The percentage of employees trained by gender and employee category.	52
B3.2	The average training hours completed per employee by gender and employee category.	52
B4 Labour Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	38–39, 47
B4.1	Description of measures to review employment practices to avoid child and forced labour.	39
B4.2	Description of steps taken to eliminate such practices when discovered.	39
B5 Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	46
B5.1	Number of suppliers by geographical region.	52
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	46
B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	46
B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	46

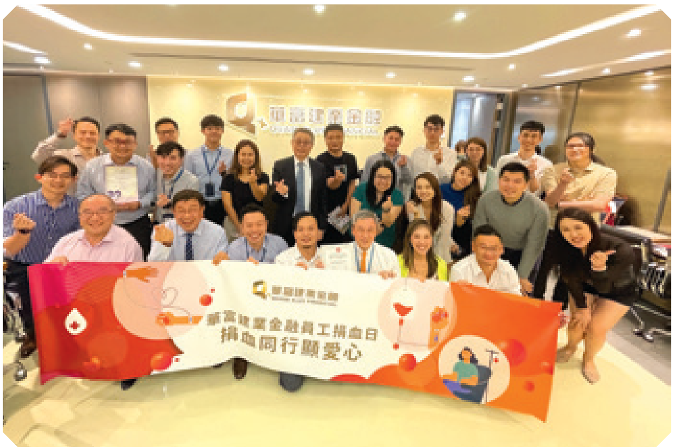
Aspects, General Disclosure and KPIs	Description	Page/Remark
B6 Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	41–42, 47
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Given its business nature, the Group did not involve in any product production.
B6.2	Number of products and service-related complaints received and how they are dealt with.	41, 52
B6.3	Description of practices relating to observing and protecting intellectual property rights.	46
B6.4	Description of quality assurance process and recall procedures.	Given its business nature, the Group did not involve in any quality assurance process and recall procedures for product production.
B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	45–46
B7 Anti-corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	43–45
B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	43
B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	44–45
B7.3	Description of anti-corruption training provided to directors and staff.	40, 53

Aspects, General Disclosure and KPIs	Description	Page/Remark
B8 Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	42–43
B8.1	Focus areas of contribution.	42–43
B8.2	Resources contributed to the focus area.	42–43

Corporate Events

20 Jul
2023

BLOOD DONATION DAY 2023



To celebrate our 30th anniversary along with the exciting rebranding initiative, the Group has once again arranged a Blood Donation Day in collaboration with Hong Kong Red Cross, which was held at our office for the first time. Blood is in constant demand and is used for so many reasons that affect the lives of all of us, from cancer treatments to child birth for example, and each donation collected can potentially save or improve up to three lives. More than 50 colleagues participated in this meaningful event and showed their enthusiasm in helping those in need. Thanks to all colleagues for their active participation and the Hong Kong Red Cross for providing the mobile blood donation service.

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21 Jul
2023

QUAM PLUS FINANCIAL UNVEILED NEW BRAND NAME EMBRACING THE FUTURE AND SETTING SIGHTS ON NEW DEVELOPMENT OPPORTUNITIES

The Group announced it was officially renamed on 21 July. The Group has organized the "Renaming Ceremony & Cocktail" at the Hong Kong Club in Central, Hong Kong, which marked the debut of a new brand name and signified the beginning of a new chapter in the development of the Group's business. The Group was hopeful it would grasp future growth opportunities and took the opportunity to show its gratitude for the long-term attention and support given by business partners and clients.

At the Renaming Ceremony & Cocktail, Dr. Kenneth LAM Kin Hing, Co-Chairman and Chief Executive Officer of Quam Plus International Financial Limited delivered speeches, followed by the unveiling of the new "Quam Plus Financial" brand together with Mr. Henry LIU and Mr. Ambrose LAM, Executive Directors; Mr. Stacey WONG, Chief Operating and Risk Officer; Mr. Chris WU, the then Chief Financial Officer; Mr. Army YAN, Chief Investment Officer; Mr. Christopher TANG, Chief Executive Officer of Quam Asset Management Limited; and Mr. Calvin CHIU, Deputy Chief Executive Officer of Quam Securities Limited. Under the leadership of the management team, the Group aimed to establish an all-rounded financial service with a new corporate image.

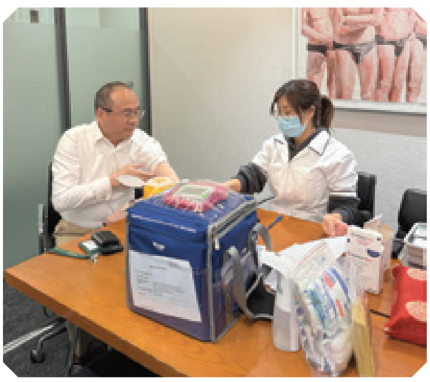
04 Oct
2023

PARTICIPATED IN "ESG AND GREEN FINANCE OPPORTUNITIES FORUM 2023"

Quam Plus Financial was honoured to be invited to the "ESG and Green Finance Opportunities Forum" organized by The Chamber of Hong Kong Listed Companies. Mr. Stacey WONG, Chief Operating and Risk Officer was a moderator at the forum and discussed the year's theme "Combating Climate-risks and Achieving a Sustainable Future: Transition Finance and Innovative Technology". The forum explored the strategies and means for corporations in Hong Kong and Greater Bay Area to combat climate change risks, attain low carbon operation and achieve sustainable growth. Experts in the fields were invited to examine the role of transition finance and innovation technology in reaching these goals. The forum has also looked at the progress made by the region's nations in pursuit of the Sustainable Development Goals proclaimed by the United Nations in 2015, and how social impact investments were making a difference.

ON SITE FLU VACCINATION 2023

17 Nov
2023



As the winter flu season was approaching, in order to reduce the risk of staff members contracting influenza and prevent its spread within the Company, the Company has launched a special influenza vaccine injection program this year, offered free influenza vaccinations to employees. The program has received registrations from 40 individuals. The Group has always placed great importance on employee well-being and was committed to safeguarding their health. In future, the Company would introduce more activities and welfare measures promoting a healthy lifestyle, thereby fulfilling its social responsibility and demonstrating care for its employees.

Corporate Events

29 Nov
2023

ONLINE ZOOM FLORAL TEA WORKSHOP

The Company was delighted to share the success of our recent corporate social responsibility (CSR) initiative, the "Floral Tea Workshop", where participants had the opportunity to learn about the art of blending and brewing their own floral tea creations. This engaging activity, in collaboration with the Advisory Committee on Mental Health, aimed to enhance well-being through the exploration of delicate botanical infusions. In line with our commitment to CSR, the workshop fostered a sense of community and camaraderie as participants discovered the rich cultural heritage behind floral tea traditions.

IN SUPPORT OF HONG KONG RED CROSS: PASS-IT-ON CAMPAIGN 2023

04 Dec
2023

Quam Plus Financial was thrilled to announce the successful conclusion of our Company's collaboration with the Hong Kong Red Cross for the Pass-it-On Campaign 2023. It was with great pride and gratitude that we shared the impact we had collectively made in our community through the meaningful event. Through the charity sale, we offered in-kind and cash donation that could be purchased or donated to the underprivileged. The generosity and support by our Quam Plus colleagues have made a tangible impact, providing hope and assistance to those in need. Together, we continue our commitment to giving back to the society, creating a brighter and sustainable future.

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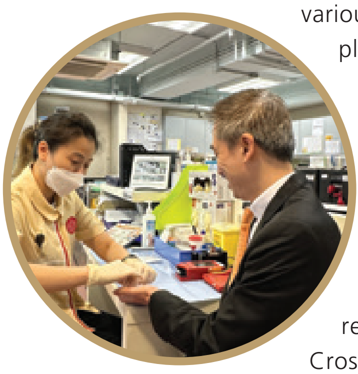
05 Dec
2023

BLOOD DONATION DAY

Quam Plus Financial recently collaborated with the Hong Kong Red Cross Blood Transfusion Service to organize a blood donation campaign. Blood transfusion is a vital aspect of healthcare and can be life-saving in various medical conditions. It played a significant role in saving countless lives every year, both in routine procedures and emergency situations. In response to the urgent appeal for blood inventory replenishment, the Group once again hosted a Blood Donation Day, rallying senior management and Quam Plus colleagues to join and provide support. We extended our sincere appreciation for the enthusiastic response from our staff, resulted in a substantial number of qualified blood donations to the Hong Kong Red Cross Blood Transfusion Service.



14 Dec
2023

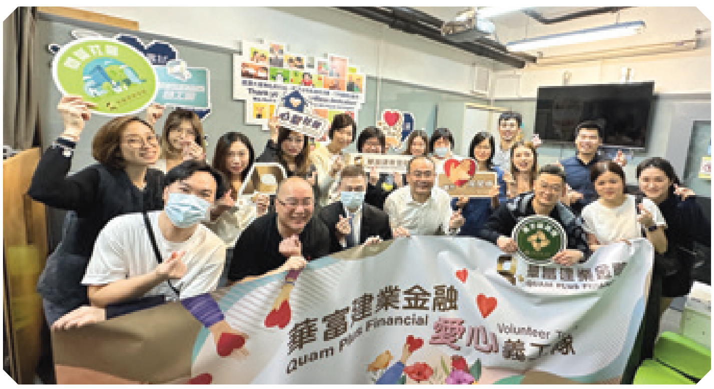
PROUDLY ASSUMES THE ROLE OF GOLD SPONSOR FOR THE 2023 HONG KONG CORPORATE GOVERNANCE & ESG EXCELLENCE AWARDS

Quam Plus Financial took great pride in being the Gold Sponsor of 2023 Corporate Governance & ESG Excellence Awards. Presented by The Chamber of Hong Kong Listed Companies, these awards recognised and honored listed companies that have demonstrated exceptional dedication to shareholder rights, compliance, integrity, fairness, responsibility, accountability, transparency, board independence & leadership, and ESG. The esteemed awards ceremony took place successfully at Grand Hyatt Hong Kong. Quam Plus Financial was represented by Dr. Kenneth LAM, Co-Chairman and Chief Executive Officer, Mr. Stacey WONG, Chief Operating and Risk Officer, Ms. May MAK, Chief Financial Officer, and Mr. Christopher TANG, Chief Executive Officer of Quam Asset Management, among others. Throughout the event, attendees shared their knowledge and insights in how a high level of corporate governance influenced investor confidence. The occasion brought together distinguished figures from the industry, resulted in a truly remarkable evening.

VOLUNTEER WITH FOOD ANGEL: COMMUNITY OUTREACH FOOD ASSISTANCE SERVICE

15 Dec
2023

Quam Plus Financial was delighted to share the remarkable success of our recent volunteering event, the Community Outreach Food Assistance Service, organized by Food Angel at its Sham Shui Po Kitchen. During the event, senior management and Quam Plus Financial colleagues represented and contributed by preparing food ingredients and assembling meal boxes, providing essential assistance to those in need. It was a wonderful opportunity for us to collaborate and demonstrated our commandment to social responsibility.



Profile of Directors, Senior Management, Senior Advisor and Key Executives

EXECUTIVE DIRECTORS

Mr. HAN Xiaosheng (韓曉生), aged 67, is the Co-Chairman and executive Director. He joined the Company in February 2017 and acted as the Chairman. He is also the chairman of nomination committee of the Company. He is a director and one of the controlling shareholders of Quam Tonghai Holdings, which is a substantial shareholder of the Company. He previously served as an executive director, the chairman of the board and chief executive officer of China Oceanwide Holdings Limited (in liquidation), whose shares are listed on the Stock Exchange (Stock Code: 715), the executive director and chief executive officer and the chairman of supervisory committee of Oceanwide Holdings Co., Ltd.*(泛海控股股份有限公司), whose shares were previously listed on the Shenzhen Stock Exchange (Previous Stock Code: 000046 and delisted in February 2024), the chairman of supervisory committee of China Oceanwide Holdings Group Co., Ltd.* (中國泛海控股集團有限公司), the director of Oceanwide Group Co., Ltd.* (泛海集團有限公司), the director of China Oceanwide Group Limited and the director of Oceanwide Holdings International Financial Development Co., Ltd. He obtained a master's degree in economics from Renmin University of China in July 1996 and a Ph.D in Management from Huazhong University of Science & Technology in June 2018. He is a senior accountant in the People's Republic of China.

Mr. Kenneth LAM Kin Hing (林建興), aged 70, joined the Company in 2001, and is currently the Co-Chairman of the Board, executive Director of the Company and Chief Executive Officer of the Group. He is a member of nomination committee of the Company. Since 1994, he has been the Managing Director of Dharmala Capital Holdings Group, a company which was subsequently amalgamated with the Company. Mr. LAM is a responsible officer for Types 1, 2, 4, 6 and 9 regulated activities under the SFO for Quam Securities Limited and a responsible officer for Types 1, 4 and 9 regulated activities under the SFO for Quam Asset Management Limited. He is a director and one of the controlling shareholders of Quam Tonghai Holdings Limited, which is substantial shareholder of the Company. Mr. LAM had worked for an international bank for 10 years as the head of its PRC and corporate banking operations. Mr. LAM has more than 40 years of experience in corporate finance and banking. He was an independent non-executive director of Hon Kwok Land Investment Company, Limited, a company listed in Hong Kong (March 2004 to August 2015) and a director of Seamico Securities Public Company Limited, a company listed in Thailand (September 1997 to August 2013). He is the vice chairman of the General Committee of The Chamber of Hong Kong Listed Companies since June 2021, and was the vice chairman and past chairman (2009 to 2010) of the Institute of Securities Dealers Limited. He holds a Bachelor of Science Degree in University of Western Ontario (now known as Western University) with a double major in Computer Science and Economic (1976), and a Master of Business Administration in the 3-Year MBA Program of The Chinese University of Hong Kong (1983). In 2012, he was conferred on Honorary Fellowship by Canadian Chartered Institute of Business Administration and Honorary Doctor of Laws by Lincoln University.

Mr. LIU Hongwei (劉洪偉), aged 57, is the executive Director with effect from 3 February 2017. He is a member of remuneration committee of the Company. He is also an executive director and deputy chairman of the board of China Oceanwide Holdings Limited (in liquidation), whose shares are listed on the Stock Exchange (Stock Code: 715). He is the director and vice-president of China Oceanwide Holdings Group Co., Ltd.* (中國泛海控股集團有限公司), director and president of China Oceanwide Group Limited. He previously served as a supervisor of Oceanwide Holdings Co., Ltd.* (泛海控股股份有限公司), whose shares were previously listed on the Shenzhen Stock Exchange (Previous Stock Code: 000046 and delisted in February 2024). He obtained a bachelor's degree in engineering from Dalian Ocean University (formerly known as Dalian Fisheries College) in July 1989 and a master's degree in management from Massey University in New Zealand in April 2006.

Mr. LAM Wai Hon (林懷漢), aged 70, is an executive Director appointed on 19 May 2023. He has served as Co-Chairman of Quam Capital (Holdings) Limited since January 2023. He is a responsible officer for Types 1 and 6 regulated activities under the SFO with Quam Capital Limited and a licensed representative for Types 1 and 4 regulated activities under the SFO with Quam Securities Limited.

Mr. LAM is a fellow member of The Institute of Chartered Accountants in England and Wales and a member of Hong Kong Institute of Certified Public Accountants. He holds a Bachelor of Arts (Honours) degree from University of Newcastle Upon Tyne in England. He has over 40 years of experience in professional accounting, merchant and investment banking, and financial services and has served in senior management roles in a number of major international banking and financial institutions.

Mr. LAM currently serves as a non-executive director of Sunac China Holdings Limited (Stock Code: 1918), an independent non-executive director of Far East Consortium International Limited (Stock Code: 35), Pacific Online Limited (Stock Code: 543) and Playmates Toys Limited (Stock Code: 869), each of which is a company whose shares are listed on the main board of the Stock Exchange.

In the past, Mr. Lam served as an independent non-executive director of the following publicly listed companies on the Stock Exchange, namely, China Agri-Industries Holdings Limited (Previous Stock Code: 606 and delisted in March 2020), Shenzhen Expressway Corporation Limited (Stock Code: 548) and Genting Hong Kong Limited (Previous Stock Code: 678 and delisted in May 2023).

NON-EXECUTIVE DIRECTOR

Mr. FANG Zhou (方舟), aged 53, is non-executive Director. He joined the Company in October 2020 as executive Director. He re-designated as a non-executive Director on May 2023. Mr. FANG is the chairman of the supervisory committee of China Minsheng Trust Co., Ltd.* (中國民生信託有限公司) from August 2020. Mr. FANG previously worked in the business department of the Hubei branch of China Construction Bank from 1993 to 1998. He also worked in China Minsheng Banking Corp., Ltd. ("China Minsheng Bank"), whose shares are listed on the main board of the Stock Exchange (Stock Code: 1988) and the Shanghai Stock Exchange (Stock Code: 600016) and held senior positions in various departments of head office and branch offices of China Minsheng Bank from April 1998 to April 2020. Mr. FANG was the chief director of the Office of the Board of China Minsheng Bank from April 2015 and the board secretary of China Minsheng Bank from February 2017 to April 2018. Mr. FANG served as a director of China Oceanwide Holdings Group Co., Ltd.* (中國泛海控股集團有限公司) from May 2021 to February 2023 and the vice chairman and president of Oceanwide Holdings Co., Ltd.* (泛海控股股份有限公司), whose shares were previously listed on the Shenzhen Stock Exchange (Previous Stock Code: 000046 and delisted in February 2024) from July 2021 to July 2022. He obtained a doctoral degree in economics from Wuhan University in 2008 and is an economist.

Profile of Directors, Senior Management, Senior Advisor and Key Executives

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Roy LO Wa Kei (盧華基), aged 52, is the independent non-executive Director with effect from 3 February 2017. He is the chairman of audit committee of the Company and a member of nomination committee of the Company. He is currently the independent non-executive director of G-Resources Group Limited, whose shares are listed on the Stock Exchange (Stock Code: 1051). He also serves as the managing partner of SHINEWING (HK) CPA Limited, the member of the Shanghai Pudong New Area Committee of the Chinese People's Political Consultative Conference (中國人民政治協商會議上海市浦東新區委員會), the president of the Hong Kong Independent Non-Executive Director Association (2021–2022), the councilor and past Divisional President 2019 — Greater China of CPA Australia. He previously served as an independent non-executive director of the following public companies whose shares are listed on the Stock Exchange, including Wan Kei Group Holdings Limited (Stock Code: 1718) from March 2017 to January 2024, China Oceanwide Holdings Limited (in liquidation, Stock Code: 715) from November 2014 to September 2023, Sheen Tai Holdings Group Company Limited (Previous Stock Code: 1335 and delisted in April 2023) from June 2012 to May 2020, Sun Hing Vision Group Holdings Limited (Stock Code: 125) from May 1999 to March 2021, China Zhongwang Holdings Limited (Stock Code: 1333) from October 2008 to October 2021 and Xinming China Holdings Limited (Stock Code: 2699) from June 2015 to November 2021. He obtained a bachelor's degree in business administration from University of Hong Kong in November 1993 and a master's degree in professional accounting from Hong Kong Polytechnic University in November 2000. An honorary fellowship was conferred on him by the Vocational Training Council in 2023. He is a certified public accountant in Hong Kong, a fellow member of the Hong Kong Institute of Certified Public Accountants, a fellow member of CPA Australia and a fellow of the Institute of Chartered Accountants in England and Wales.

Mr. LIU Jipeng (劉紀鵬), aged 67, is the independent non-executive Director with effect from 18 December 2017. He is the chairman of remuneration committee of the Company, a member of the audit committee and nomination committee of the Company. He is currently an independent director of CECEP Solar Energy Co., Ltd.* (中節能太陽能股份有限公司), whose shares are listed on the Shenzhen Stock Exchange (Stock Code: 000591) and Ucap Cloud Information Technology Co., Ltd.* (開普雲信息科技股份有限公司), whose shares are listed on Shanghai Stock Exchange (Stock Code: 688228). He previously served as independent non-executive director of China Minsheng Banking Corp., Ltd.* (中國民生銀行股份有限公司), whose shares are dually listed on the Stock Exchange (Stock Code: 1988) and the Shanghai Stock Exchange (Stock Code: 600016) from May 2016 to October 2023, independent non-executive director of China Oceanwide Holdings Limited (in liquidation), whose shares are listed on the Stock Exchange (Stock Code: 715) from November 2014 to September 2023, an independent director of Zhongjin Gold Corporation, Ltd.* (中金黃金股份有限公司), whose shares are listed on the Shanghai Stock Exchange (Stock Code: 600489) from May 2014 to March 2021, an independent director of Valiant Corporation Ltd.* (中節能萬潤股份有限公司), whose shares are listed on the Shenzhen Stock Exchange (Stock Code: 002643) from May 2020 to November 2021, an independent director of CECEP Guozhen Environmental Protection Technology Co., Ltd.* (中節能國禎環保科技股份有限公司), whose shares are listed on the Shenzhen Stock Exchange (Stock Code: 300388) from December 2020 to December 2021 and an independent director of Chongqing Changan Automobile Co., Ltd.* (重慶長安汽車股份有限公司), whose shares are listed on the Shenzhen Stock Exchange (Stock Code: 000625) from March 2016 to May 2022. He is a senior economist and certified public accountant in China. Mr. LIU obtained a Bachelor's degree in economics from Capital University of Economics and Business (formerly known as Beijing School of Economics) in July 1983 and a Master's degree in economics from Graduate School of Chinese Academy of Social Sciences in July 1986.

Ms. Cindy KONG Siu Ching (江小菁), aged 53, is the independent non-executive Director with effect from 18 August 2023. She is a member of the audit committee, remuneration committee and nomination committee of the Company. Ms. KONG is a practicing barrister in Hong Kong. Her practice area covers civil litigations, criminal prosecution and defence. Prior to becoming a barrister in 2014, Ms. KONG was a Chief Inspector of Police in Hong Kong Police Force which predominantly responsible for complex commercial crimes and serious crime investigation. She holds a Bachelor of Social Science degree from Chinese University of Hong Kong (1992), a Master of Business Administration from University of Western Ontario (now known as Western University) (2008), a Bachelor of Laws from Manchester Metropolitan University (2011) and a Postgraduate Certificate in Laws from University of Hong Kong (2013).

SENIOR MANAGEMENT

Mr. WONG Stacey Martin, aged 56, joined the Group in November 2017. He is the Chief Operating and Risk Officer of the Company, Chief Executive Officer of the securities & future business and the Chief Executive Officer of the corporate finance business of the Group. Mr. WONG has over 30 years of experience in the investment banking industry. He is a responsible officer for Types 1, 2, 4, 6 and 9 regulated activities under the SFO for Quam Securities Limited and a responsible officer for Types 1 and 6 regulated activities under the SFO for Quam Capital Limited. Prior to joining the Company, Mr. WONG was the Chief Operating Officer and a director of CMBC International Holdings Limited. Mr. WONG was the Head of Investment Banking of Piper Jaffray Asia Limited (formerly named as Goldbond Group Holdings Limited which was merged by Piper Jaffray Companies (NYSE: PJC) in July 2007) and also headed Bear Stearns Asia Limited's corporate finance team, worked as the Head of BNP Paribas Peregrine Capital Limited's infrastructure and public utility corporate finance team, and spent ten years with Peregrine Capital Limited. Mr. WONG holds a Bachelor of Arts degree and a Master of Arts degree from the University of Cambridge, the United Kingdom.

Mr. TANG Sei Kit, aged 50, joined the Group in March 2023 and is the Chief Executive Officer of wealth management business covering the newly set up of Multi Family Office, asset management, insurance brokerage, social media and finance channel. Mr. TANG started his career in professional services with Ernst & Young, and has over 20 years solid experience in the field of private banking spanning a number of multi-national banks namely BNP Paribas, Societe Generale, Vontobel and Citibank. His last position was Managing Director of BNP Paribas Wealth Management before joining Crosby Securities in January 2022 as the chief executive officer of its wealth management division. He is bringing his expertise to advance the offerings to ultra high net worth clients and family offices. Mr. TANG graduated from the University of Hong Kong with a master's degree in International and Public Affairs. He is also a Certified Public Accountant (USA). He is the founder of the SHOUT art hub and galleries in Asia and is serving on the board of Hong Kong Anti-Cancer Society.

Ms. MAK Mei Kuen, aged 47, joined the Company in December 2023 and is the Chief Financial Officer of the Company. Ms. MAK has over 20 years of experience in auditing, financial reporting, financial management and corporate governance practices. She holds a bachelor's degree in accountancy and a master's degree in laws specialising in common law. She is a certified public accountant in Hong Kong, a fellow member of the Association of Chartered Certified Accountants, a fellow member of The Hong Kong Institute of Certified Public Accountants, a fellow member of The Chartered Institute of Management Accountants, a fellow member of both The Chartered Governance Institute in the United Kingdom and The Hong Kong Chartered Governance Institute.

Profile of Directors, Senior Management, Senior Advisor and Key Executives

Mr. YAN Chi Kwan, aged 48, joined the Group in May 2018 and is the Chief Investment Officer of the Company. He has over 20 years of investment experience in the financial markets of the Asia-Pacific region. Mr. YAN is a responsible officer for Types 1, 4 and 9 regulated activities under the SFO for Quam Asset Management Limited and a responsible officer for Type 1 regulated activity under the SFO for Quam Securities Limited. Mr. YAN is an independent non-executive director of Infinities Technology International (Cayman) Holding Limited, whose shares are listed on the Stock Exchange (Stock Code: 1961). Prior to joining the Group, he was the Chief Investment Officer of CMBC International Holdings Limited, responsible for investment, financing and asset management. Mr. YAN has also set his footprints in other financial institutions. He was the Head of Product and Business Development in Shenwan Hongyuan Asset Management (Asia) Limited (formerly known as Shenyin Wanguo Asset Management (Asia) Limited) and Deputy Managing Director in Shenwan Hongyuan Securities (H.K.) Limited (formerly known as Shenyin Wanguo Securities (H.K.) Limited). Mr. YAN was also the managing director in a number of well-established asset management companies where he participated in investment management, research, business and product development. He holds the Doctorate degree in Arts from European Institute of Management and Technology, a Master degree in Economics and Bachelor degree in Finance from The University of Hong Kong. He is a CFA® charterholder. On personal front, Mr. YAN was a prominent speaker or lecturer in several university institutions. He conducted lectures at Hong Kong Metropolitan University (formerly known as The Open University of Hong Kong) and National Kaohsiung University of Applied Sciences (now known as National Kaohsiung University of Science and Technology).

Mr. Chris WU Kwok Choi, aged 50, joined the Company in June 2017 as Chief Financial Officer. He has resigned as the chief financial officer and becomes the Senior Advisor of the Group from 4 December 2023. Mr. WU has more than 20 years of finance and accounting experience in the Greater China region. Mr. WU graduated from the Hong Kong University of Science and Technology with a bachelor's degree in Business Administration. Mr. WU is a fellow member of the Association of Chartered Certified Accountants and a fellow member of The Hong Kong Institute of Certified Public Accountants.

SENIOR ADVISOR

Mr. Richard David WINTER, aged 71, has been the Senior Advisor of the Company since September 2017. He joined the Company in 2002 and was previously Deputy Chairman of the Company and Chief Executive Officer of corporate finance business of the Group. Mr. Winter has extensive experience in the investment banking and corporate finance advisory field in Hong Kong. He was managing director of Deloitte & Touche Corporate Finance Limited and before that Standard Chartered Asia Limited. He received an Honours Degree in Commerce from Edinburgh University. Mr. Winter is a member of the Takeovers and Mergers Panel and Takeovers Appeal Committee of the Securities and Futures Commission and a member of Listing Review Committee of the Hong Kong Exchanges and Clearing Limited. He is a senior fellow of Hong Kong Securities and Investment Institute, a fellow of the Institute of Chartered Accountants in England and Wales, a fellow of The Hong Kong Institute of Directors, a member of The Hong Kong Institute of Certified Public Accountants, treasurer of Outward Bound International and an executive committee member of The Outward Bound Trust of Hong Kong Limited.

KEY EXECUTIVES

Mr. Calvin CHIU Chun Kit, aged 53, is the Deputy Chief Executive Officer of the securities and futures businesses of the Group. He is a responsible officer for Types 1, 2, 4 and 9 regulated activities under the SFO for Quam Securities Limited. He joined the Group in 2002.

Mr. CHAN Tung Yuen, aged 54, joined the Group in May 2020 and is the Head of Corporate Finance of the Group. He is responsible for the overall management and overseeing the various business segments of Quam Capital Limited. He is a responsible officer for Types 1 and 6 regulated activities, sponsor principal under the SFO of Quam Capital Limited. Mr. CHAN has around 28 years of corporate finance experience in Hong Kong, including around 13 years of management experience as Head or Co-Head of department in different reputable financial institutions. Mr. CHAN specializes in IPO sponsorship of H-shares and red chips, financial advisory, takeover codes matters and M&A. Regarding public service, he was an honorary advisor (2019 to 2021) and a past director (2015 to 2019) of the Hong Kong Securities Association.

Mr. FOO Chi Ming, aged 58, joined the Group in September 2023, is the Chief Operating Officer of Quam Asset Management Limited. Mr. FOO has more than 25 years of experience in auditing, accounting, corporate finance and business consulting. Mr. FOO graduated from the City University of Hong Kong with a bachelor of art in accountancy.

Ms. Hortense CHEUNG Ho Sze, aged 49, is the Company Secretary of the Company. She joined the Group in 2007. Ms. CHEUNG has extensive experience in handling listed company secretarial matters and is an associate member of both The Chartered Governance Institute in the United Kingdom and The Hong Kong Chartered Governance Institute. She has completed the ESG Reporting Certification Course organized by the Hong Kong Chartered Governance Institute.

Mr. HUI John, aged 50, joined the Group in December 2018, is the Head of Institutional Sales of Quam Securities Limited, responsible for overseeing the Institutional Sales function. Mr. HUI has more than 20 years of experience in securities brokerage business, previously held senior positions in number of leading global investment banks and Chinese financial institutions. He is a responsible officer for Types 1, 2 and 4 under the SFO for Quam Securities Limited. Prior to joining the Group, Mr. HUI was the Managing Director of Institutional Sales at China Galaxy International Financial Holdings Limited, Head of Institutional Sales in CMBC International Holdings Limited and RHB Securities Hong Kong Limited. Mr. HUI received a Honor Bachelor of Commerce and Finance from University of Toronto.

Mr. Jackie LAM Chi Sun, aged 46, joined the Group in August 2019 as the Head of Internal Audit. He has over 15 years of audit experience in the financial services industry. Mr. LAM holds a Master of Investment Management from The Hong Kong University of Science and Technology. He is a fellow member of the Association of Chartered Certified Accountants and a member of the Hong Kong Institute of Certified Public Accountants.

Mr. Keith CHAN Chin Wang, aged 48, joined the Group in July 2018 and is the Chief of Legal and Compliance of the Group. Mr. CHAN was admitted as a solicitor of the High Court of Hong Kong Special Administrative Region in 2003. Mr. CHAN has also obtained the qualification to practice law in Greater Bay Area in 2022. Mr. CHAN has been a practising solicitor in Hong Kong for over 20 years specialised in corporate finance, merger and acquisition and regulatory compliance. Prior to joining the Group, Mr. CHAN was also appointed as the Company Secretary for a number of companies whose shares are listed on the Main Board and GEM of the Stock Exchange.

Profile of Directors, Senior Management, Senior Advisor and Key Executives

Mr. Philip CHOI Lai Sang, aged 62, is Head of Information Technology of the Group. He has worked in the Group for more than 10 years and rejoined the company in 2024. Mr. CHOI graduated from the University of Saskatchewan with a Bachelor of Science in Computer Science. He has more than 30 years of extensive experience in information technology industry.

Ms. YAN Ching Man, aged 38, is the Managing Director of the securities and futures businesses of the Group. She has worked in the Group for more than 10 years and rejoined the Company in 2021. Ms. Yan has extensive experience in the brokerage industry. She is responsible for overseeing operations of the securities and futures businesses and is a responsible officer for Types 1, 2, 4 and 9 under the SFO for Quam Securities Limited.

Mr. YIU Ding Hang, aged 61, joined the Group in June 2022. He is the Head of Compliance. Mr. YIU is qualified as a professional accountant and is a member of the Hong Kong Institute of Certified Public Accountants. He has obtained two master degrees respectively from the Hong Kong Polytechnic University and the University of Hong Kong. Mr. YIU has more than 30 years of experience in legal, compliance and company secretarial fields in the securities industry. Prior to joining the Group, he served as the Head of Legal and Compliance in several China-based investment banks and had also worked for the HKEX Group for 13 years.

The Board of Quam Plus International Financial Limited presents the annual report together with the audited financial statements of the Group for the year ended 31 December 2023 (the "Year").

PRINCIPAL ACTIVITIES

During the Year, the principal activity of the Company is investment holding and the principal activities of the subsidiaries are as follows:

a) corporate finance advisory and general advisory services;

b) fund management, discretionary portfolio management and portfolio management advisory services;

c) discretionary and non-discretionary dealing services for securities, futures and options, securities placing and underwriting services, margin financing, insurance broking and wealth management services;

d) money lending services;

e) financial media services; and

f) investing and trading of various investment products.

Particulars of the principal subsidiaries of the Company as at 31 December 2023 are set out in note 47 to the financial statements.

BUSINESS REVIEW

A review of the business of the Group during the Year, a discussion on the Group's future business development, possible risks and uncertainties that the Group may be facing, the environmental policies and performance, the relationship with key stakeholders of the Group and compliance with relevant laws and regulations that have a significant impact on the Group are set out in the section of "Chief Executive Officer's Review", "Management Discussion and Analysis", "Environmental, Social and Governance Report" and Notes to the Consolidated Financial Statements on pages 8 to 9, pages 10 to 25, pages 27 to 59 and pages 121 to 218 respectively of this annual report. In addition, details of the financial risk management of the Group are disclosed in note 40 to the financial statements.

SEGMENT INFORMATION

An analysis of the Group's revenue and results by business segment for the Year is set out in note 7 to the financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the Year and the financial position of the Company and the Group as at 31 December 2023 are set out in the financial statements on pages 114 to 218.

A special dividend of HK1.1 cents per Share amounting to HK$68,167,543.3 was paid on 6 October 2023.

No interim dividend was paid during the Year (2022: Nil).

The Board has resolved not to recommend the payment of a final dividend for the Year (2022: Nil).

FIVE-YEAR FINANCIAL SUMMARY

A summary of the published results and of the assets and liabilities of the Group for the past financial years, which was extracted from the audited financial statements and reclassified as appropriate, is set out on pages 219 and 220 of this annual report. This summary does not form part of the financial statements.

PROPERTY AND EQUIPMENT AND INVESTMENT PROPERTIES

Details of movements of the property and equipment and investment properties of the Company and the Group during the Year are set out in note 23 and note 27 to the financial statements respectively.

SHARE CAPITAL

Details of movements in the share capital of the Company during the Year are set out in note 33 to the financial statements.

BORROWINGS AND INTEREST CAPITALISED

Borrowings repayable on demand or within one year are classified under current liabilities. Details of the borrowings are set out in note 28 to the financial statements.

SHARE AWARD SCHEME

A Restricted Share Award Scheme was adopted by the Company on 19 August 2010. The shares to be awarded under the Share Award Scheme (the "Awarded Shares") will be acquired by the trustee of the Share Award Scheme (the "Trustee") from the market out of the cash contributed by the Group and shall hold such Shares until they are vested in accordance with the rules of Share Award Scheme and the trust deed. The Share Award Scheme is subject to the administration of the Board and the Trustee in accordance with the rules of Share Award Scheme and the provisions of the trust Deed. The Trustee shall not exercise the voting rights in respect of any Shares held under the trust.

I)	Purpose	:	The purpose of the Share Award Scheme is to recognise and motivate the contribution of certain employees and/or consultants and to provide incentives and help the Group in retaining its existing employees or consultants and recruiting additional employees or consultants and to provide them with a direct economic interest in attaining the long-term business objectives of the Company.

II)	Participants	:	Eligible participants of the Share Award Scheme include any employee (whether full-time or part-time) of any member of the Group (including without limitation any executive and non-executive director of any member of the Group), and any person or entity that provides research, development or technological support or other services to the Group, who, in the sole discretions of the Board, have contributed or may contribute to the Group.
III)	Maximum number of Awarded Shares available for allocation under the scheme	:	The total number of Awarded Shares under the Share Award Scheme must not exceed 94,798,451 shares, which representing (i) 10% of the total issued Shares as at the date of adoption of the Share Award Scheme on 19 August 2010 and (ii) 1.53% of the total issued Shares as at 26 March 2024.
IV)	Maximum entitlement of each participant	:	The maximum number of shares which may be awarded to a selected participant under the Share Award Scheme shall not exceed 1% of the issued share capital of the Company from time to time.
V)	The vesting period of Awarded Shares	:	The Board may from time to time while the Share Award Scheme is in force and subject to all applicable laws, determine such vesting criteria and conditions or periods for the award to be vested. Subject to the terms and conditions of the Share Award Scheme and the fulfilment of all vesting conditions to the vesting of the Awarded Shares on such selected participant, trustee shall cause the respective Awarded Shares of the Company to be transferred to such selected participant on the vesting date.
VI)	The amount payable upon acceptance of the Awarded Shares	:	Nil.
VII)	The basis of determining the purchase price of shares awarded	:	Not applicable as there is no purchase price under the Share Award Scheme.
VIII)	The remaining life of the scheme	:	Unless terminated earlier by the Board, the Share Award Scheme shall be valid and effective for an initial term of 10 years from the date of its adoption. However, the Board has the right to renew for the Share Award Scheme up to three times and each time for another 5-year terms. The Share Award Scheme had been renewed for five years from 19 August 2020 to 18 August 2025 (the "Renewal"). The Share Award Scheme should be retained until expiry of trust period or until informed by the Company.

As at 31 December 2023, a total of 51,172,002 Awarded Shares are now held by the trustee under the Restricted Shares Award Scheme Trust which is available for allocation. No Awarded Share has been granted as at 31 December 2023.

SHARE OPTION SCHEME

The Company adopted an employee Share Option Scheme on 23 September 2020. A summary of the principal terms of the Share Option Scheme is given below:

I)	Purpose	:	The purpose of the Share Option Scheme is to provide incentives or rewards to eligible participants for their contribution or would-be contribution to the Group to obtain an equity interest in the Company and to attract potential candidates to serve the Group for the benefit of the development of the Group.
II)	Participants	:	Eligible participants of the Share Option Scheme include all directors (whether executive or non-executive and whether independent or not), any employee (whether full-time or part-time), any consultant or adviser of or to the Company or the Group (whether on an employment or contractual or honorary basis and whether paid or unpaid), shareholders of the Company and any member of the Group, who, in the absolute opinion of the Board, have contributed or will contribute to the Company or the Group.
III)	Total number of shares available for issue under the scheme and percentage of issued share capital as at the date of this annual report	:	The number of shares available for issue under the Share Option Scheme mandate limit was 619,704,922 shares representing 10% of the issued Share as at the date of this annual report. On 21 July 2023, the Company granted 152,500,000 share options to certain Directors, directors of certain subsidiaries of the Company and the employees of the Group to subscribe for a total of 152,500,000 Shares pursuant to the Share Option Scheme at the exercise price at HK$0.2 per Share. The number of options available for grant under the Share Option Scheme as at the date of this annual report was 467,204,922 shares representing 7.54% of the issued Share as at the date of this annual report.
IV)	Maximum entitlement of each participant	:	The maximum number of shares issued and which may fall to be issued upon exercise of the options granted under the Share Option Scheme to each participant in any 12-month period up to and including the date of grant of the options shall not exceed 1% of the total number of shares in issue unless it is approved by Shareholders in general meeting of the Company, at which such participant and his close associates (or his associates if the participant is a connected person) shall abstain from voting.

Any share options propose to grant to a substantial Shareholder or an independent non-executive Director of the Company or to any of their respective associates, in the 12-month period up to and including the date of the grant representing in aggregate over 0.1% of the Shares in issue and having an aggregate value, based on the closing price of the Shares at the date of each grant, in excess of HK$5 million, are subject to approval by Shareholders in general meeting of the Company.

V)	The period within which the shares must be taken up under an option	:	The period within which the options must be exercised will be specified by the Company at the time of grant. This period shall not more than 10 years from the relevant date of grant of the options.
VI)	The minimum period for which an option must be held before it can be exercised	:	The Company may specify any minimum period(s) for which an option must be held before it can be exercised at the time of grant of the options. The Share Option Scheme does not contain any such minimum period.
VII)	The amount payable upon acceptance of the option	:	HK$10.0 is payable by each eligible participant as consideration for the grant of an option on acceptance of options within 21 days from the date of offer of the options.
VIII)	The basis of determining the subscription price	:	The subscription price must be at least the higher of: (i) the closing price of share as stated in the daily quotation sheet of the Stock Exchange on the date of grant, which must be a business day; (ii) the average closing prices of the shares as stated in the daily quotation sheet of the Stock Exchange for the five business days immediately preceding the date of offer; and (iii) the nominal value of a share.
IX)	The remaining life of the scheme	:	The Share Option Scheme shall be valid and effective until the close of business of the Company on the date which falls 10 years after the adoption date.

Movements of the share options under the Share Option Scheme during the Year are as follows:

		Number of Share Options									Closing Price of Shares	
Grantees	Date of Grant	As at 1 January 2023	Granted during the Year	Exercised during the Year	Cancelled during the Year	Lapsed during the Year	As at 31 December 2023	Exercisable at 31 December 2023	Exercise Period (Note 1)	Exercise Price of Options (per share)	Immediately before the date of grant	Immediately before the date of exercise
Directors, Chief Executive and Substantial Shareholder:												
Mr. LAM	21 July 2023	0	25,000,000	0	0	0	25,000,000	0	22 July 2024 to 21 July 2033 (Notes 1 and 2)	HK$0.20	HK$0.178	N/A
Mr. HAN	21 July 2023	0	12,500,000	0	0	0	12,500,000	0	22 July 2024 to 21 July 2033 (Notes 1 and 2)	HK$0.20	HK$0.178	N/A
Mr. LIU Hongwei	21 July 2023	0	12,500,000	0	0	0	12,500,000	0	22 July 2024 to 21 July 2033 (Notes 1 and 2)	HK$0.20	HK$0.178	N/A
Mr. LAM Wai Hon	21 July 2023	0	3,000,000	0	0	0	3,000,000	0	22 July 2024 to 21 July 2033 (Notes 1 and 2)	HK$0.20	HK$0.178	N/A
Mr. FANG Zhou	21 July 2023	0	3,000,000	0	0	0	3,000,000	0	22 July 2024 to 21 July 2033 (Notes 1 and 2)	HK$0.20	HK$0.178	N/A
Mr. Roy LO Wa Kei	21 July 2023	0	5,000,000	0	0	0	5,000,000	0	22 July 2024 to 21 July 2033 (Notes 1 and 3)	HK$0.20	HK$0.178	N/A
Mr. LIU Jipeng	21 July 2023	0	5,000,000	0	0	0	5,000,000	0	22 July 2024 to 21 July 2033 (Notes 1 and 3)	HK$0.20	HK$0.178	N/A
Employees												
In Aggregate	21 July 2023	0	86,500,000	0	0	0	86,500,000	0	22 July 2024 to 21 July 2033 (Notes 1 and 2)	HK$0.20	HK$0.178	N/A
Total:		**0**	**152,500,000**	**0**	**0**	**0**	**152,500,000**	**0**				

Notes:

1) The share options shall be vested and become exercisable in three tranches as set out in the table below:

Tranche	Vesting Date	Percentage of Share Options shall be vested
First	The first trading day after 12 months from the Date of Grant	25%
Second	The first trading day after 24 months from the Date of Grant	35%
Third	The first trading day after 36 months from the Date of Grant	40%

2) The vesting of 30% of each tranche of the share options to the grantees (except the independent non-executive Directors) is subject to satisfaction of performance targets to be determined by the Board. There is no performance target attached to the vesting of the remaining 70% of each tranche of the share options to the grantees (except the independent non-executive Directors).

3) There is no performance target attached to the share options granted to independent non-executive Directors.

4) Details of the fair value of the options at the date of grant (i.e. 21 July 2023) and accounting standard and policy adopted are set out in note 35 of the financial statements.

For the year ended 31 December 2023, options and awards to subscribe for a total of 152,500,000 Shares were granted under all share scheme of the Company, representing approximately 2.46% of the weighted average number of issued Shares of the Company.

Save as disclosed above, at no time during the Year was the Company or any of its subsidiaries a party to any arrangements to enable the Directors or any of their spouses or children under eighteen years of age to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Bye-laws of the Company or the laws of Bermuda which would oblige the Company to offer new shares on a pro rata basis to existing Shareholders.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

During the Year, neither the Company nor any of its subsidiaries had purchased, redeemed or sold any listed securities of the Company.

SHARE PREMIUM AND RESERVES

Details of movements in the share premium and reserves of the Company and the Group during the Year are set out in the consolidated statement of changes in equity, and in note 46 to the financial statements respectively.

DISTRIBUTABLE RESERVES

As at 31 December 2023, the Company's reserves available for cash distribution and/or distribution in specie to Shareholders, comprising the aggregate of contributed surplus and accumulated losses of the Company, amounted to HK$1,540 million. In accordance with the Companies Act 1981 of Bermuda (as amended), the contributed surplus of the Company is available for distribution to Shareholders. However, a company cannot declare or pay a dividend, or make a distribution out of contributed surplus, if there are reasonable grounds for believing that:

(i) the company is, or would after the payment be, unable to pay its liabilities as they become due; or

(ii) the realisable value of the company's assets would thereby be less than its liabilities.

CHARITABLE DONATIONS

During the Year, the total charitable donations made by the Group is Nil (2022: Nil).

MAJOR CUSTOMERS AND SUPPLIERS

During the Year, services provided to the Group's five largest customers accounted for 42% of the total turnover, excluding investment business, for the Year and services provided to the largest customer included therein amounted to 26%. Among the five largest customers (including the largest customer), 3 of them was subsidiaries of the holding companies of Oceanwide Holdings IF (the former controlling shareholder).

Services provided from the Group's five largest suppliers accounted for 23% of the total cost of services provided for the Year and services provided from the largest supplier included therein amounted to 5%.

Save as disclosed in the consolidated financial statements and the report therein, none of the Directors or any of their associates or any Shareholder (which, to the best knowledge of the Directors, owns more than 5% of the Company's issued share capital) had, at any time during the Year, a beneficial interest in any of the five largest customers and suppliers of the Group.

DIRECTORS

The Directors of the Company during the Year and up to the date of this annual report are:

Executive Directors

Mr. HAN *(Co-Chairman)*
Mr. LAM *(Co-Chairman)*
Mr. LIU Hongwei
Mr. LAM Wai Hon (Appointed on 19 May 2023)

Non-executive Directors

Mr. FANG Zhou (Re-designated on 19 May 2023)
Mr. LIU Bing (Resigned on 19 May 2023)
Mr. ZHAO Yingwei (Resigned on 19 May 2023)
Mr. ZHAO Xiaoxia (Resigned on 19 May 2023)

Independent Non-executive Directors

Mr. Roy LO Wa Kei
Mr. LIU Jipeng
Ms. Cindy KONG Siu Ching (Appointed on 18 August 2023)
Mr. KONG Aiguo (Resigned on 19 May 2023)
Mr. HE Xuehui (Resigned on 19 May 2023)
Mr. HUANG Yajun (Resigned on 19 May 2023)

In accordance with Bye-laws 87 and pursuant to code provision B.2.2 of part 2 of Appendix C1 of the Listing Rules, Mr. HAN, Mr. LIU Hongwei and Mr. LIU Jipeng will retire by rotation at the forthcoming annual general meeting. They are being eligible and will offer themselves for re-election at the forthcoming annual general meeting. In accordance with Bye-laws 86(2), Ms. Cindy KONG Siu Ching, the newly appointed independent non-executive Director, will hold office until the forthcoming annual general meeting and, being eligible, has offered herself for re-election as Director at the forthcoming annual general meeting.

Mr. LIU Bing, Mr. ZHAO Yingwei and Mr. ZHAO Xiaoxia resigned as non-executive Directors with effect from 19 May 2023 due to change of work arrangement. Mr. KONG Aiguo, Mr. HE Xuehui and Mr. HUANG Yajun resigned as independent non-executive Directors with effect from 19 May 2023 due to change of work arrangement.

DIRECTORS' REMUNERATION

Details of the emoluments of the Directors for the Year are set out in note 15 to the financial statements.

EMOLUMENT POLICY

The emolument policy of the Group, in general, is determined with reference to the financial position and operating results of the Company and the prevailing market condition and trends. On this basis, the emolument of the Directors is determined with reference to their individual performances, involvement in the Group's affairs, the Company's performance and profitability. For the executive Directors, their remuneration is reviewed by the Remuneration Committee. As for the independent non-executive Directors, remuneration is determined by the Board, upon the recommendation from the Remuneration Committee. A resolution will be proposed at the forthcoming annual general meeting to obtain Shareholders' authorisation for the Board to fix Directors' remuneration.

PROFILE OF DIRECTORS AND SENIOR MANAGEMENT

Biographical details of Directors and senior management of the Group are presented on pages 64 to 68 of this annual report.

DIRECTORS' SERVICE CONTRACTS

Particulars of the service contracts of the directors are as follows:

Mr. HAN has entered into a service agreement with the Company to act as executive Director for a term of three years commencing 3 February 2023, renewable following the expiration of the term, and is subject to retirement by rotation and re-election in accordance with the provisions of the Bye-laws. He did not receive any director's fee or bonus as remuneration for his services during the continuance of his directorship under his service agreement until 31 December 2023. He is entitled to receive a fixed monthly directors' fee of HK$80,000 with effect from 1 January 2024, which is determined with reference to his relevant experience and qualifications, his duties and responsibilities in the Company as well as the prevailing market condition.

Mr. LAM has entered into a service agreement with the Company to act as executive Director for a term of three years commencing 1 October 2023, renewable following the expiration of the term, and is subject to retirement by rotation and re-election in accordance with the provisions of the Bye-laws. He is entitled to receive a monthly salary of HK$433,334.

Mr. LIU Hongwei has entered into a service agreement with the Company to act as executive Director for a term of three years commencing 3 February 2023, renewable following the expiration of the term, and is subject to retirement by rotation and re-election in accordance with the provisions of the Bye-laws. He did not receive any director's fee or bonus as remuneration for his services during the continuance of his directorship under his service agreement until 31 December 2023. He is entitled to receive a fixed monthly directors' fee of HK$50,000 with effect from 1 January 2024, which is determined with reference to his relevant experience and qualifications, his duties and responsibilities in the Company as well as the prevailing market condition.

Mr. LAM Wai Hon has entered into a service agreement with the Company to act as executive Director for a term of three years commencing 19 May 2023, renewable following the expiration of the term, and is subject to retirement by rotation and re-election in accordance with the provisions of the Bye-laws. He shall not receive any director's fee or bonus as remuneration for his services as an executive Director of the Company under the service agreement. For his employment in the Group, Mr. LAM Wai Hon is entitled to receive a monthly salary of HK$250,000 and a discretionary bonus.

Mr. FANG Zhou has entered into a letter of appointment with the Company to act as non-executive Director for a term of one year commencing 16 October 2023, renewable following the expiration of the term, and is subject to retirement by rotation and re-election in accordance with the provisions of the Bye-laws. His monthly directors' fee adjusted from HK$246,000 to HK$50,000 with effect from 1 January 2024, which is determined with reference to his experience and qualifications, his duties and responsibilities in the Company as well as the prevailing market condition.

Mr. Roy LO Wa Kei has entered into a letter of appointment with the Company to act as an independent non-executive Director for a term of one year commencing 3 February 2024, renewable following the expiration of the term, and is subject to retirement by rotation and re-election in accordance with the provisions of the Bye-laws. He is entitled to receive a fixed annual director's fee of HK$250,000.

Mr. LIU Jipeng has entered into a letter of appointment with the Company to act as an independent non-executive Director for a term of one year commencing 18 December 2023, renewable following the expiration of the term, and is subject to retirement by rotation and re-election in accordance with the provisions of the Bye-laws. He is entitled to receive a fixed annual director's fee of HK$250,000.

Ms. Cindy KONG Siu Ching has entered into a letter of appointment with the Company to act as an independent non-executive Director for a term of one year commencing 18 August 2023, renewable following the expiration of the term, and is subject to retirement by rotation and re-election in accordance with the provisions of the Bye-laws. She is entitled to receive a fixed annual director's fee of HK$250,000.

Save as disclosed above, no Director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not terminable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as disclosed under "Continuing Connected Transaction" in this director's report and in note 39 to the financial statements, no Director had a material interest in any transactions, arrangements or contract of significance to the business of the Group subsisted at the end of the Year or at any time during the Year to which the Company or any of its subsidiaries was a party.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the Year.

DIRECTORS' INTERESTS

As at 31 December 2023, the interests and short positions of the Directors in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register kept by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

(i) Long Position in the Shares and the underlying Shares

Name of Directors	Capacity	Number of Shares/ underlying Shares held	Approximate percentage of shareholding in the Shares in issue (Note 1)
Mr. HAN	Interest of controlled corporation	4,216,809,571 (Note 2)	68.05%
	Beneficial owner	12,500,000 (Note 3)	0.20%
Mr. LAM	Beneficial owner	113,072,833	1.82%
	Interest of controlled corporation	4,216,809,571 (Note 2)	68.05%
	Beneficial owner	25,000,000 (Note 3)	0.40%
Mr. LIU Hongwei	Beneficial owner	12,500,000 (Note 3)	0.20%
Mr. LAM Wai Hon	Beneficial owner	3,000,000 (Note 3)	0.05%
Mr. FANG Zhou	Beneficial owner	3,000,000 (Note 3)	0.05%
Mr. Roy LO Wa Kei	Beneficial owner	5,000,000 (Note 3)	0.08%
Mr. LIU Jipeng	Beneficial owner	5,000,000 (Note 3)	0.08%

(ii) Long positions in the shares of associated corporation of the Company

(a) Quam Tonghai Holdings

Name of Directors	Capacity	Number of shares in Quam Tonghai Holdings	Approximate percentage of shareholding in Quam Tonghai Holdings (Note 4)
Mr. HAN	Beneficial owner	490	49%
Mr. LAM	Beneficial owner	510	51%

Notes:

1. The approximate percentage shown was the number of Shares the relevant Director was interested in expressed as a percentage of the total number of issued Shares as at 31 December 2023.

2. Quam Tonghai Holdings is the beneficial owner of 4,216,809,571 Shares and it is owned as to 51% by Mr. LAM and 49% by Mr. HAN, whose respective shares in Quam Tonghai Holdings are charged pursuant to a share charge dated 3 May 2022 (as supplemented by a supplemental deed dated 3 February 2023) in favour of Nautical League Limited (a company beneficially solely owned by Ms. LU Xiaoyun, the daughter of Mr. LU Zhiqiang). By virtue of the SFO, Mr. LAM and Mr. HAN are deemed to be interested in 4,216,809,571 Shares held by Quam Tonghai Holdings.

3. Details of interests in underlying shares in respect of share options granted by the Company are set out under the section headed "Share Option Schemes" of this Directors' Report.

4. The approximate percentage shown was the number of shares the relevant Director was interested in expressed as a percentage of the total number of issued shares of the relevant entity as at 31 December 2023.

Save as disclosed above, as at 31 December 2023, none of the Directors or their respective associates had or were deemed under the SFO to have any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be recorded in the register kept by the Company under section 352 of the SFO or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND OTHER PERSON'S INTERESTS

As at 31 December 2023, so far as were known to the Directors, the following persons (other than the Directors) who had interests and short positions in the shares, underlying shares and debentures of the Company as recorded in the register kept by the Company under section 336 of the SFO, or as otherwise notified to the Company, as being directly or indirectly interested or deemed to be interested in 5% or more of the shares in issue of the Company, were as follows:

Long Position in the Shares

Name of holder of Shares/ underlying Shares	**Capacity**	**Number of Shares and underlying Shares held**	**Approximate percentage of total interests in the Shares in issue** (Note 1)
Quam Tonghai Holdings	Beneficial owner	4,216,809,571 (Note 2)	68.05%
Mr. LU Zhiqiang ("Mr. LU")	Interest of controlled corporations	395,254,732 (Note 3)	6.38%
Tohigh Holdings Co., Ltd.* (通海控股有限公司)	Interest of controlled corporations	395,254,732 (Note 4)	6.38%
Oceanwide Group Co., Ltd.* (泛海集團有限公司)	Interest of controlled corporations	395,254,732 (Note 5)	6.38%
China Oceanwide Holdings Group Co., Ltd.* (中國泛海控股集團有限公司)	Interest of controlled corporations	395,254,732 (Note 6)	6.38%
Oceanwide Holdings	Interest of controlled corporations	395,254,732 (Note 7)	6.38%
China Oceanwide Group Limited	Interest of controlled corporations	395,254,732 (Note 7)	6.38%
Oceanwide Holdings IF	Beneficial owner	395,254,732 (Note 7)	6.38%
Haitong Securities Co., Ltd.	Interest of controlled corporations	4,100,000,000 (Note 8)	66.16%
Haitong International Holdings Limited	Interest of controlled corporations	4,100,000,000 (Note 9)	66.16%
Haitong International Securities Group Limited	Interest of controlled corporations	4,100,000,000 (Note 10)	66.16%
Haitong International Investment Solutions Limited (now known as "Spring Progress Investment Solutions Limited")	Security interest in shares	4,100,000,000	66.16%

Notes:

1. The approximate percentage shown was the number of Shares the relevant company/person was interested in expressed as a percentage of the total number of issued Shares as at 31 December 2023.

2. Quam Tonghai Holdings is the beneficial owner of 4,216,809,571 Shares and it is owned as to 51% by Mr. LAM and 49% by Mr. HAN.

3. Mr. LU held more than one third of the voting power at general meetings of Tohigh Holdings Co., Ltd.* (通海控股有限公司). By virtue of the SFO, Mr. LU is deemed to be interested in all the Shares in which Tohigh Holdings Co., Ltd.* (通海控股有限公司) is interested.

4. Tohigh Holdings Co., Ltd.* (通海控股有限公司) held the entire issued share capital of Oceanwide Group Co., Ltd.* (泛海集團有限公司). By virtue of the SFO, Tohigh Holdings Co., Ltd.* (通海控股有限公司) is deemed to be interested in all the Shares held by Oceanwide Group Co., Ltd.* (泛海集團有限公司).

5. Oceanwide Group Co., Ltd.* (泛海集團有限公司) held 98% interest in the issued share capital of China Oceanwide Holdings Group Co., Ltd.* (中國泛海控股集團有限公司). By virtue of the SFO, Oceanwide Group Co., Ltd.* (泛海集團有限公司) is deemed to be interested in all the Shares held by China Oceanwide Holdings Group Co., Ltd.* (中國泛海控股集團有限公司).

6. China Oceanwide Holdings Group Co., Ltd.* (中國泛海控股集團有限公司) directly and indirectly held 60.58% interest in the issued share capital of Oceanwide Holdings Co., Ltd.*(泛海控股股份有限公司). By virtue of the SFO, China Oceanwide Holdings Group Co., Ltd.* (中國泛海控股集團有限公司) is deemed to be interested in all the Shares held by Oceanwide Holdings Co., Ltd.*(泛海控股股份有限公司).

   Saved as disclosed in Note 6 above, 0.32% interest in the issued share capital of Oceanwide Holdings was directly and indirectly owned by Tohigh Holdings Co., Ltd.* (通海控股有限公司) (through Tohigh Property Investment Management Co., Ltd.* (通海置業投資管理有限公司), Huaxin Capital Investment Management Co., Ltd.* (華馨資本投資管理有限公司), Beijing Dongfeng Xinghuo Real Estate Co., Ltd.* (北京東風星火置業有限公司), Oceanwide Gardening Technique Engineering Co., Ltd* (泛海園藝技術工程有限公司), Beijing Oriental Oasis Sports & Leisure Co., Ltd* (北京東方綠洲體育休閒有限公司), Tohigh Investment Group Co., Ltd.* (通海投資集團有限公司) and Tohigh Equity Investment Co., Ltd (通海股權投資股份有限公司)).

7. Oceanwide Holdings IF is a wholly-owned subsidiary of China Oceanwide Group Limited, which in turn is a wholly-owned subsidiary of Oceanwide Holdings. By virtue of the SFO, China Oceanwide Group Limited and Oceanwide Holdings are deemed to be interested in 395,254,732 Shares.

8. Haitong Securities Co., Ltd held 100% interest in the issued share capital of Haitong International Holdings Limited. By virtue of the SFO, Haitong Securities Co., Ltd is deemed to be interested in all the Shares held by Haitong International Holdings Limited.

9. Haitong International Holdings Limited indirectly held 63.08% interest in the issued share capital of Haitong International Securities Group Limited. By virtue of the SFO, Haitong International Holdings Limited is deemed to be interested in all the Shares held by Haitong International Securities Group Limited.

10. Haitong International Investment Solutions Limited (now known as "Spring Progress Investment Solutions Limited") is an indirect subsidiary of Haitong International Securities Group Limited. By virtue of the SFO, Haitong International Securities Group Limited is deemed to be interested in all the Shares held by Haitong International Investment Solutions Limited.

Save as disclosed above, as at 31 December 2023, the Company had not been notified by any other person (other than the Directors) who had interests or short positions in the shares or underlying shares of the Company which were required to be recorded in the register maintained by the Company under section 336 of the SFO.

DIRECTORS' INTEREST IN A COMPETING BUSINESS

As at 31 December 2023, none of the Directors or their respective associates was interested in any business which was considered to compete or was likely to compete, either directly or indirectly, with the business of the Group as required to be disclosed pursuant to Rule 8.10(2) of the Listing Rules.

CONTINUING CONNECTED TRANSACTIONS

The continuing connected transactions undertaken by the Group during the Year are included in the transactions and balance set out in note 39 to the financial statements.

Pursuant to rule 14A.55 of the Listing Rules, the independent non-executive Directors have reviewed the continuing connected transactions set out in note 39 to the financial statements and have confirmed that these continuing connected transactions have been entered into:

(i) in the ordinary and usual course of business of the Group;

(ii) on normal commercial terms or on terms no less favourable to the Group than terms available to independent third parties; and

(iii) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

Certain related party transactions as disclosed in note 39 and the transaction as disclosed in note 37 (in respect of loan to directors) to the financial statements were "continuing connected transaction" or fell within de minimis continuing connected transaction which exempted from reporting, announcement and independent shareholders' approval under the Listing Rules. The Company has complied with the disclosure requirements, where applicable, in accordance with Chapter 14A of the Listing Rules.

HLB Hodgson Impey Cheng Limited ("HLB"), the Company's auditor, were engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. HLB has issued an unmodified letter containing their findings and conclusions in respect of the continuing connected transactions disclosed by the Group in accordance with rule 14A.56 of the Listing Rules.

DISCLOSURE PURSUANT TO RULE 13.15 OF THE LISTING RULES

		Amortised cost		or	Fair value	
Items	**Transactions**	**Principal amounts**	**Net carrying amounts (Note 1)**		**Principal amounts**	**Net carrying amounts (Note 2)**

The following term loans were extended by Quam Finance Limited ("Quam Finance", an indirect wholly owned subsidiary of the Company) to China Oceanwide:

1	on 31 March 2021, Quam Finance extended a term loan in an amount of HK$3 million with an interest rate of 12% per annum and with a maturity date of 31 March 2022.	HK$3 million	HK$1 million (Note 1a)	N/A	N/A
2	on 31 March 2021, Quam Finance extended a term loan in an amount of HK$5 million with an interest rate of 12% per annum and with a maturity date of 31 March 2022.	HK$5 million	HK$1 million (Note 1a)	N/A	N/A
3	on 31 March 2021, Quam Finance extended a term loan in an amount of HK$8 million with an interest rate of 12% per annum and with a maturity date of 31 March 2022.	HK$8 million	HK$1 million (Note 1a)	N/A	N/A
4	on 31 March 2021, Quam Finance extended a term loan of HK$28 million with an interest rate of 12% per annum and with a maturity date of 31 March 2022.	HK$28 million	HK$4 million (Note 1a)	N/A	N/A
5	on 21 December 2020, Quam Finance extended a term loan in the amount of HK$280 million with an interest rate of 12% per annum and with a maturity date of 31 December 2021.	HK$280 million	HK$39 million (Note 1a)	N/A	N/A
6	on 31 December 2020, Quam Finance extended a term loan of HK$156 million with an interest rate of 12% per annum and with a maturity date of 31 December 2021.	HK$156 million	HK$21 million (Note 1a)	N/A	N/A

The following term loans and margin facility were provided or extended to China Oceanwide International Investment Company Limited ("COII") or Minyun Limited ("Minyun"), indirect subsidiaries of Tohigh Holdings Co., Ltd.* (通海控股有限公司):

1	on 3 December 2019, Quam Finance provided a term loan of HK$64.5 million to Minyun with an interest rate of 7.875% per annum and with a maturity date of 31 January 2022.	HK$64.5 million	HK$15 million (Note 1a)	N/A	N/A
2	a margin facility of HK$5 million provided by Quam Securities Limited ("Quam Securities", an indirect wholly-owned subsidiary of the Company) to Minyun pursuant to the terms of facility agreement dated 3 March 2020 at interest rate of 6% above prime rate per annum payable annually. The facility is secured by the collateral which shall be charged to or held by Quam Securities for its benefit as a first priority fixed continuing security for the payment and/or discharge to Quam Securities of all and any of the Minyun's liabilities to Quam Securities pursuant to the terms of the facility.	N/A	N/A	HK$4 million	HK$4 million (Note 2)

Items	Transactions	Amortised cost Principal amounts	Amortised cost Net carrying amounts (Note 1)	or Fair value Principal amounts	Fair value Net carrying amounts (Note 2)
3	a margin facility of HK$10 million provided by Quam Securities to COII pursuant to the terms of facility agreement dated 3 March 2020 at interest rate of 3% above prime rate per annum payable by COII annually. The facility is secured by the collateral which shall be charged to or held by Quam Securities for its benefit as a first priority fixed continuing security for the payment and/or discharge to Quam Securities of all and any of the COII's liabilities to Quam Securities pursuant to the terms of the facility.	N/A	N/A	HK$8 million	HK$2 million (Note 2)
4	on 28 January 2021, Quam Finance extended a term loan in the aggregate amount of HK$678 million with an adjusted interest rate of 10.5% per annum to COII and with a maturity date of 28 January 2022.	HK$446 million	HK$85 million (Note 1a)	N/A	N/A

The following term loan and unsecured private notes were provided or extended to Oceanwide Holdings International Development III Co., Ltd. (the "Issuer/OHIDIII", a subsidiary of Oceanwide Holdings):

1	on 1 April 2021, Quam Finance extended the consolidated term loans in an aggregate amount of approximately HK$391 million with an interest rate of 12% per annum and with a maturity date of 31 March 2022.	HK$391 million	HK$62 Million (Note 1a)	N/A	N/A
2	on 26 April 2022, Quam Capital (Holdings) Limited ("Quam Capital Holdings, a wholly-owned subsidiary of the Company) and Quam Securities subscribed unlisted senior notes issued by the Issuer in the subscription amount of US$91 million (equivalent to approximately HK$709.8 million) with coupon interest rate of 11.8% per annum, payable semi-annually and with a maturity date of 25 April 2023.	HK$709.8 million	HK$121 million (Note 1b)	N/A	N/A
3	on 2 June 2021, Quam Capital Holdings subscribed an unsecured private notes issued by the Issuer in the subscription amount of US$12 million (equivalent to approximately HK$93.6 million) with coupon interest rate of 11.8% per annum and with a maturity date of 1 June 2022.	HK$93.6 million	HK$15 million (Note 1b)	N/A	N/A
4	on 30 June 2021, Quam Finance extended a term loan of HK$45 million with an interest rate of 11% per annum and with a maturity date of 30 June 2022.	HK$45 million	HK$7 million (Note 1a)	N/A	N/A

Items	Transactions	Amortised cost Principal amounts	Net carrying amounts (Note 1)	or Fair value Principal amounts	Net carrying amounts (Note 2)
5	on 30 June 2021, Quam Finance extended a term loan of HK$27.5 million with an interest rate of 12% per annum and with a maturity date of 30 June 2022.	HK$27.5 million	HK$4 million (Note 1a)	N/A	N/A
6	on 31 December 2020, Quam Finance extended a term loan of HK$27.5 million with an interest rate of 12% per annum and with maturity date of 31 December 2021.	HK$27.5 million	HK$4 million (Note 1a)	N/A	N/A
7	on 4 March 2021, Quam Finance provided a term loan of HK$180 million with an interest rate of 12% per annum and with maturity date of 31 March 2022.	HK$180 million	HK$29 million (Note 1a)	N/A	N/A
8	on 22 March 2021, Quam Finance provided a term loan of HK$20 million with an interest rate of 12% per annum and with maturity date of 31 March 2022.	HK$20 million	HK$3 million (Note 1a)	N/A	N/A
	Total	HK$2,484.9 million	HK$412 million	HK$12 million	HK$6 million

Notes:

1a. As at 31 December 2023, approximately HK$276 million forms part of the HK$422 million total for current portion of credit loans (note 21) in the consolidated statement of financial position.

1b. As at 31 December 2023, HK$136 million forms the total of current portion of financial assets not held for trading (note 19) in the consolidated statement of financial position.

2. As at 31 December 2023, HK$6 million forms part of the HK$548 million total for current portion of loans to margin clients (note 20) in the consolidated statement of financial position.

As at 31 December 2023, all the above loans were still outstanding but expired.

DISCLOSURE PURSUANT TO RULE 13.21 OF THE LISTING RULES

On 29 December 2023, the Company as borrower entered into an amendment and restatement deed (the "Deed" and together with the original banking facility agreement entered on 11 July 2018, the deed of amendment entered on 11 July 2019, the deed of amendment and restatement entered on 10 July 2020, the deeds of amendment entered on 31 August 2021, 31 December 2021 and 28 March 2023, collectively, the "Revised Banking Facility Arrangement") with a licensed bank in Hong Kong as lender to extend the banking facility with the principal amount of HK$250,000,000 (the "Extended Banking Facility") from 29 December 2023 to 27 December 2024.

Pursuant to the terms of Revised Banking Facility Arrangement, it requires Mr. LAM, the executive Director, to maintain controlling interest in Quam Tonghai Holdings or Quam Tonghai Holdings shall at all times directly beneficially own not less than 60% of the issued shares of the Company. As at the date of this annual report, Mr. LAM maintained controlling interest in Quam Tonghai Holdings and Quam Tonghai Holdings beneficially own approximately 68.05% of the issued Shares. Upon the breach of this condition, the Extended Banking Facility will immediately and automatically be cancelled and all outstanding principal together with accrued interest, and all other amounts accrued under the Revised Banking Facility Arrangement, become immediately due and payable.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total issued Share was held by the public as at the date of this annual report, being the latest practicable date.

CORPORATE GOVERNANCE

Details of the corporate governance practices of the Company are presented in the Corporate Governance Report which is set out on pages 92 to 104 of this annual report.

COMPLIANCE WITH LAWS AND REGULATIONS

During the Year, as far as the Board and the management are aware, there was no material breach of or non-compliance with the applicable laws and regulations by the Group that has a significant impact on the businesses and operations of the Group.

PERMITTED INDEMNITY PROVISION

Pursuant to the Company's Bye-laws, every Director shall be indemnified out of the assets of the Company against all costs, charges, expenses, losses and liabilities which he may sustain or incur in the execution of his office or otherwise in relation thereto. The Company has taken out insurance policies against the liability and costs associated with defending any proceeding.

EQUITY-LINKED AGREEMENT

For the financial period ended 31 December 2023, the Group did not enter into any equity-linked agreement.

UPDATES ON DIRECTORS' INFORMATION UNDER RULE 13.51B(1) OF THE LISTING RULES

Changes of information of the Directors since the date of 2023 Interim Report which is required to be disclosed pursuant to rule 13.51B(1) of the Listing Rules are set out below:

Name of Directors	Details of Change
Mr. HAN	— He is entitled to receive a fixed monthly directors' fee of HK$80,000 with effect from 1 January 2024
Mr. LIU Hongwei	— He is entitled to receive a fixed monthly directors' fee of HK$50,000 with effect from 1 January 2024
Mr. LAM Wai Hon	— Appointed as a non-executive director of Sunac China Holdings Limited, whose shares are listed on the Stock Exchange (Stock Code: 1918), in November 2023
Mr. FANG Zhou	— His monthly directors' fee adjusted from HK$246,000 to HK$50,000 with effect from 1 January 2024
Mr. Roy LO Wa Kei	— Entered the letter of appointment with the Company for a term of one year commencing 3 February 2024
	— Ceased to be an independent non-executive director of Wan Kei Group Holdings Limited, whose shares are listed on the Stock Exchange (Stock Code: 1718), in January 2024
	— Ceased to be an independent non-executive director of China Oceanwide Holdings Limited (in liquidation), whose shares are listed on the Stock Exchange (Stock Code: 715), in September 2023
Mr. LIU Jipeng	— Entered the letter of appointment with the Company for a term of one year commencing 18 December 2023
	— Ceased to be an independent non-executive director of China Oceanwide Holdings Limited (in liquidation), whose shares are listed on the Stock Exchange (Stock Code: 715), in September 2023
	— Ceased to be an independent non-executive director of China Minsheng Banking Corp. Ltd., whose shares are dually listed on the Stock Exchange (Stock Code: 1988) and the Shanghai Stock Exchange (Stock Code: 600016), in October 2023

Save as disclosed above, there is no other information required to be disclosed pursuant to rule 13.51B(1) of the Listing Rules.

AUDITORS

The financial statement for the year ended 31 December 2021 were audited by KPMG. The financial statement for the year ended 31 December 2022 and 31 December 2023 were audited by HLB.

KPMG resigned as auditor of the Company with effect from 21 November 2022 as the Company was unable to reach consensus with KPMG regarding the auditor's remuneration for the year ending 31 December 2022. HLB was appointed as the new auditor of the Company with effect from 21 November 2022 to fill the casual vacancy arising from the resignation of KPMG.

HLB will retire at the forthcoming annual general meeting and being eligible, offer themselves for re-appointment. A resolution will be proposed at the forthcoming annual general meeting to re-appoint HLB as auditor of the Company.

On behalf of the Board
Quam Plus International Financial Limited

HAN Xiaosheng
Co-Chairman

Hong Kong, 26 March 2024

Corporate Governance Report

The Company is committed to maintaining high standards of corporate governance in order to ensure better transparency and safeguard the shareholders' interest in general. The Board reviews its corporate governance practices on periodic basis in order to build the effective self-regulatory practices and implementing sound internal control systems.

CORPORATE GOVERNANCE PRACTICES

The Board considers that the Company has applied the principles and complied with the code provisions set out in the Corporate Governance Code of Appendix C1 of the Listing Rules (the "CG Code"), throughout the year ended 31 December 2023 (the "Year") and subsequent period up to the date of this annual report, save for the deviations from code provision C.2.1 which is explained as follow:

The Co-Chairman of the Company are Mr. HAN and Mr. LAM while the role of Chief Executive Officer had been performed by Mr. LAM. This constitutes a deviation from code provision C.2.1 of the CG Code which stipulates that the roles of the chairman and the chief executive should be separate and should not be performed by the same individual. However, the Board considers that in view of the current operation, structure, size and resources of the Group together with substantial experience of financial services business, extensive management experience and leadership within the Group of Mr. LAM, that it is currently most beneficial and efficient to maintain the existing leadership structure.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard set out in the Model Code. The code of conduct is also updated from time to time in order to keep abreast with the latest changes in the Listing Rules. It has also been extended to specific employees of the Company who are likely to be in possession of unpublished price sensitive information in respect of their dealings in the securities of the Company.

In response to specific enquiry, all of the Directors confirmed that they have complied with the required standard set out in the Model Code and the code of conduct regarding securities transactions by the Directors adopted by the Company throughout the Year.

BOARD OF DIRECTORS

The Board is charged with promoting the success of the Company by directing and supervising its affairs in a responsible and effective manner. Each Director has a duty to act in good faith and in the best interests of the Company. The Directors are aware of their collective and individual responsibilities to all Shareholders for the manner in which the affairs of the Company are managed, controlled and operated, and they devote sufficient time and attention to the Company's affairs. To the best of the Company's knowledge, there is no financial or family relationship among the Board members. All of them are free to exercise their independent judgment on all matters concerning the Company.

Mr. HAN and Mr. LAM are the Co-Chairmen and Mr. LAM is also the Chief Executive Officer of the Company. Mr. HAN is the Chairman of board meetings. The primary role of the Chairman is to provide leadership for the Board and to ensure that it works effectively in discharging its responsibilities. The Chief Executive Officer is responsible for the overall management of the Group's business and recommendation of strategies to the Board. Matters reserved for the Board include formulation of the Group's long-term business strategy, consideration of dividend policy, approval of major investments, maintenance of an adequate system of internal controls and risk management. The Board is also responsible for developing, reviewing and monitoring the corporate governance policies and practices of the Company, training and continuous professional development of directors and senior management, the policies and practices of the Company on compliance with legal and regulatory requirements, and the compliance of the Model Code and compliance manual applicable to employees and directors. Daily operations and administration are delegated to management teams.

The Board currently has eight Directors which comprise:

— four executive Directors, namely Mr. HAN (the Co-Chairman), Mr. LAM (the Co-Chairman), Mr. LIU Hongwei and Mr. LAM Wai Hon;

— one non-executive Director, Mr. FANG Zhou; and

— three independent non-executive Directors, namely Mr. Roy LO Wa Kei, Mr. LIU Jipeng and Ms. Cindy KONG Siu Ching.

The brief biographical details of the above directors are set out in the section of "Profile of Directors, Senior Management, Senior Advisor and Key Executives" of this annual report. A list containing the names of the Directors and their roles and functions can also be found on the website of the Company (www.quamplus.com) and the website of HKEXnews (www.hkexnews.hk).

The Company has three independent non-executive Directors which represents one third of the Board. They are highly experienced professionals and business people with a broad range of expertise and experience in areas covering accounting, finance and business management and legal. The Board as a whole has achieved an appropriate balance of skills and experience. They bring independent judgment to bear on issues of strategy, policy and performance, accountability, resources, key appointments and standards of conduct, and enable the Board to maintain high standards of compliance with financial and other mandatory reporting requirements and provide adequate checks and balances to safeguard the interests of Shareholders and the Company. At least one of the independent non-executive Directors possesses appropriate professional qualifications or accounting or related financial management expertise under Rule 3.10 of the Listing Rules.

All the non-executive Directors are appointed for a term of one year, subject to renewal and re-election as and when required under the Listing Rules and the Bye-laws.

During the Year, the Board met 12 times in person or through telephone/video conference to approve the annual results for the year ended 31 December 2022, interim results for the six months ended 30 June 2023, to consider the change of control, to discuss the very substantial acquisition transaction and other notifiable transaction, and to consider financial and operating performance and strategic investment decisions of the Group. 5 general meetings were held which consisted of 1 annual general meeting and 4 special general meetings.

The number of Board Meetings, Audit Committee Meetings, Remuneration Committee Meetings, Nomination Committee Meetings, Executive Committee Meetings and General Meetings attended by each Director during the Year is set out in the following table:

		Number of Meetings Attended/Eligibility of Meetings (Percentage of Attendance)											
	Notes	Board		Audit Committee		Remuneration Committee		Nomination Committee		Executive Committee		General Meeting	
Number of Meetings Held	5	12		3		3		2		11		5	
Executive Directors													
Mr. HAN	4	7/7	(100%)		N/A		N/A	2/2	(100%)	11/11	(100%)	5/5	(100%)
Mr. LAM	1	7/7	(100%)		N/A		N/A	2/2	(100%)	11/11	(100%)	5/5	(100%)
Mr. LIU Hongwei		8/8	(100%)		N/A	3/3	(100%)		N/A	11/11	(100%)	5/5	(100%)
Mr. LAM Wai Hon (Appointed on 19 May 2023)		4/5	(80%)		N/A		N/A		N/A	7/7	(100%)	4/4	(100%)
Non-executive Directors													
Mr. FANG Zhou (Re-designated to Non-executive Director on 19 May 2023)	7	8/8	(100%)		N/A	1/1	(100%)		N/A	4/4	(100%)	5/5	(100%)
Mr. LIU Bing (Resigned on 19 May 2023)		0/3	0%		N/A		N/A		N/A		N/A	0/1	(0%)
Mr. ZHAO Yingwei (Resigned on 19 May 2023)	6	3/3	(100%)	0/1	(0%)		N/A		N/A		N/A	1/1	(100%)
Mr. ZHAO Xiaoxia (Resigned on 19 May 2023)		3/3	(100%)		N/A		N/A		N/A		N/A	1/1	(100%)
Independent Non-executive Directors													
Mr. Roy LO Wa Kei	2	12/12	(100%)	3/3	(100%)		N/A	2/2	(100%)		N/A	5/5	(100%)
Mr. LIU Jipeng	3	12/12	(100%)	3/3	(100%)	3/3	(100%)	2/2	(100%)		N/A	5/5	(100%)
Ms. Cindy KONG Siu Ching (Appointed on 18 August 2023)	6, 7, 8	2/2	(100%)	2/2	(100%)	1/1	(100%)		N/A		N/A	1/1	(100%)
Mr. KONG Aiguo (Resigned on 19 May 2023)	6, 7, 8	6/6	(100%)	1/1	(100%)	1/1	(100%)	1/1	(100%)		N/A	1/1	(100%)
Mr. HE Xuehui (Resigned on 19 May 2023)	6, 7, 8	5/6	(83%)	1/1	(100%)	1/1	(100%)	1/1	(100%)		N/A	1/1	(100%)
Mr. HUANG Yajun (Resigned on 19 May 2023)	6, 7	5/6	(83%)	1/1	(100%)	1/1	(100%)		N/A		N/A	1/1	(100%)

Notes:

1. Chairperson of the Executive Committee

2. Chairperson of the Audit Committee

3. Chairperson of the Remuneration Committee

4. Chairperson of Nomination Committee

5. Excluding written resolutions in lieu of meeting passed pursuant to Bye-laws during the Year

6. Ms. Cindy KONG Siu Ching has been appointed as a member of Audit Committee with effect from 18 August 2023. Mr. ZHAO Yingwei, Mr. KONG Aiguo, Mr. HE Xuehui and Mr. HUANG Yajun have been resigned as members of Audit Committee with effect from 19 May 2023

7. Ms. Cindy KONG Siu Ching has been appointed as a member of Remuneration Committee with effect from 18 August 2023. Mr. KONG Aiguo has been resigned as a chairman of Remuneration Committee with effect from 19 May 2023. Mr. FANG Zhou, Mr. HE Xuehui and Mr. HUANG Yajun have been resigned as members of Remuneration Committee with effect from 19 May 2023

8. Ms. Cindy KONG Siu Ching has been appointed as a member of Nomination Committee with effect from 18 August 2023. Mr. KONG Aiguo and Mr. HE Xuehui have been resigned as members of Nomination Committee with effect from 19 May 2023

Each director is aware that he/she should give sufficient time and attention to the affairs of the Company. Upon reviewing (a) the directorships and major commitments of each Director; and (b) the attendance rate of each Director on board meetings and committee meetings as well as general meetings, the Board is satisfied that all existing Directors have spent sufficient time in performing their responsibilities during the Year.

The Company has received, from each independent non-executive Director, a written confirmation of his/her independence pursuant to rule 3.13 of the Listing Rules. On this basis, the Company considers all independent non-executive Directors to be independent. The independent non-executive Directors had been expressly identified in all corporate communications of the Company that disclose the names of Directors.

Mr. LAM Wai Hon has been appointed as executive Director on 19 May 2023 and Ms. Cindy KONG Siu Ching has been appointed as independent non-executive Director on 18 August 2023. They had obtained the legal advice referred to under Rule 3.09D of the Listing Rules on 6 June 2023 and 6 September 2023 respectively. They confirmed that they understood the obligations as a director of the Company.

BOARD PROCESS AND ACCESS TO INFORMATION

Arrangements are in place to allow all Directors the opportunity to include matters for discussion in the agenda of each Board meeting. At least fourteen days' notice of all Board meetings is given to all Directors. The agenda and board materials are sent to all Directors at least three days in advance of every Board meeting to facilitate informed discussion and decision-making. The Board have separate and independent access to the Company's senior management for information and making enquires, if necessary. Senior management will be invited to attend the Board meeting, when necessary, to provide information and explanation to facilitate the decision-making process.

If a Director has conflict of interest in a matter to be considered by the Board which the Board has determined to be material, the matter will be dealt with by a physical Board meeting rather than a written resolution. That Director will abstain from voting on the relevant board resolution in which he/she or any of his/her associates has a material interest and he/she shall not be counted in the quorum present at such Board meeting. Independent non-executive Directors, who, and whose close associates have no material interest in the transaction, are present at the board meeting.

All Directors have recourse to external legal counsel and other professionals for independent advice at the Group's expense upon their request.

The Company Secretary assists the Chairman in preparing the agenda for the meeting and ensures that all applicable rules and regulations regarding the meetings are followed.

The proceedings of the Board at its meetings are generally conducted by the Chairman who ensures that sufficient time is allocated for discussion and consideration of each item on the agenda and also equal opportunities are being given to the Directors to speak, express their views and share their concerns. It is satisfied that the independent views and input are available to the board during the year 2023.

The Company Secretary keeps minutes of each meeting. Draft minutes are sent to all Directors within a reasonable time for their comment and final versions of the minutes are available for inspection by all Directors at any time.

Any new director appointed by the Board during the year either to fill a casual vacancy or as an addition to the Board shall be required to be offered for re-election at the first annual general meeting after the appointment pursuant to the Bye-laws. All Directors are subject to retirement by rotation and may offer themselves for re-election at the annual general meeting. Therefore, no Director has an effective term of appointment longer than three years.

At the annual general meeting of the Company held on 30 June 2023, Mr. LAM and Mr. LAM Wai Hon were re-elected as executive Directors, Mr. FANG Zhou was re-elected as a non-executive Director and Mr. Roy LO Wa Kei was re-elected as an independent non-executive Director.

In order to allow the newly appointed Directors to understand the responsibilities under the relevant regulatory requirements, the operation and business of the Company, the Company will provide an orientation package including key legal requirements, the Memorandum of Association and Bye-laws and information of the Company to and arrange a tailor-made induction for the newly appointed directors.

The Board is continually updated on the Group's business and regulatory environments in which it operates and other changes affecting the Group. The Company has provided the Board with monthly updates of the Group's management information such as performance and key operational highlights to enable the Directors to discharge their duties.

The Company has arranged insurance cover for all Directors in respect of any legal action against the Directors. The insurance coverage is reviewed at least annually for ensuring that the Directors and officers are adequately protected against potential legal liabilities.

BOARD COMMITTEES

The Company has established the Audit Committee, the Remuneration Committee, the Nomination Committee and the Executive Committee. The terms of reference of the Audit Committee, the Remuneration Committee and the Nomination Committee can be found on the website of the Company (www.quamplus.com) and the website of HKEXnews (www.hkexnews.hk).

Audit Committee

The Audit Committee has been established to assist the Board in reviewing the financial information of the Company, maintaining the relationship with the external auditor and overseeing the financial reporting system, risk management and internal control procedures of the Company.

It currently comprises three independent non-executive Directors, namely Mr. Roy LO Wa Kei (the chairman), Mr. LIU Jipeng and Ms. Cindy KONG Siu Ching. No member of the Audit Committee was a former partner of the existing external auditor of the Company.

The major role and authorities of the Audit Committee are summarised below:

i) to make recommendations to the Board on the appointment, reappointment and removal of the external auditors, and review and monitor their independence and objectivity as well as the effectiveness of the audit process;

ii) to approve the remuneration and terms of engagement of external auditors, maintain appropriate relationship between the Group and the external auditors and develop policy on the engagement of the external auditors to supply non-audit services;

iii) to ensure the integrity of the interim and annual consolidated financial statements and any significant financial reporting judgments contained in them; and review the external auditors' work, including management letter and management's response; and

iv) to review the Company's financial controls, internal controls and risk management systems.

During the Year, three Audit Committee meetings were held. The Chief Operating and Risk Officer, the Chief Financial Officer, the Head of Internal Audit, the Chief of Legal and Compliance and other key executives of the Company were also invited to participate in the meetings. The Audit Committee members also met privately with the external auditor during the Year.

During the Year, the Audit Committee has discharged its responsibilities by considering and reviewing the following:

i) the financial statements for the year ended 31 December 2022 and for the six months ended 30 June 2023;

ii) the audit plan and the nature, scope and process of the external audit;

iii) the continuing connected transactions of the Group for the year ended 31 December 2022;

iv) the recommendation to the Board on the re-appointment of external auditor;

v) the time commitment of the members;

vi) the risk management and internal control systems of the Company;

vii) the internal audit reports, the major findings and recommendations from internal audit; and

viii) the adequacy of resources, qualifications and experience of staff, training programmes and budget of the accounting and financial reporting function.

Remuneration Committee

The Remuneration Committee has been established and empowered by the Board to determine and review the remuneration packages of individual executive Directors and senior management, including salaries, bonuses, share options and benefits in kind.

It currently comprises one executive Director, namely Mr. LIU Hongwei, and two independent non-executive Directors, namely Mr. LIU Jipeng (the chairman) and Ms. Cindy KONG Siu Ching.

The major roles and authorities of the Remuneration Committee are summarised below:

i) to review and recommend to the Board on the Group's remuneration policy and strategy;

ii) to review and approve the proposals for remuneration of the executive Directors, senior management and employees of the Group; and

iii) to review and approve the compensation arrangement relating to the dismissal or removal of directors.

During the Year, three Remuneration Committee meetings were held. The Remuneration Committee has discharged its responsibilities by considering and reviewing the following:

i) the proposals for remuneration of senior management and nominated directors;

ii) the discretionary bonus for Director and senior management;

iii) the time commitment of the members; and

iv) the proposed grant of share options.

The basis for determining the emolument payable to directors and senior management are with reference to the prevailing market condition, the financial performance of the Company, time commitment and responsibilities and comparable market statistics. Staff remuneration is determined by the Group's management by reference to the individual staff's qualifications, performance and prevailing market conditions.

Nomination Committee

The Nomination Committee has been established to assist the Board in reviewing the Board composition, making recommendations to the Board on the appointment or reappointment of Directors and assessing the independence of independent non-executive Directors.

It currently comprises two executive Directors, namely Mr. HAN (the chairman) and Mr. LAM, and three independent non-executive Directors, namely Mr. Roy LO Wa Kei, Mr. LIU Jipeng and Ms. Cindy KONG Siu Ching.

The major roles and authorities of the Nomination Committee are summarised below:

i) to review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendation on any proposed changes to the Board to complement the Company's corporate strategy;

ii) to identify individuals suitably qualified to become members of the Board and select or make recommendation to the Board on the selection of individuals to be nominated as directorship;

iii) to assess the independence of independent non-executive Directors having regard to the criteria under the Listing Rules; and

iv) to make recommendation to the Board on the appointment or re-appointment of directors and succession planning for directors.

During the Year, two Nomination Committee meetings were held. The Nomination Committee has discharged its responsibilities by considering and reviewing the following:

i) the structure and composition (including the skills, knowledge and experience) of the Board;

ii) the effectiveness of the board diversity policy;

iii) the time commitment of the members;

iv) the nomination policy;

v) the re-election of directors at the forthcoming annual general meeting;

vi) the independence of independent non-executive Directors; and

vii) the eligibility of the nominated directors.

The Group has adopted the nomination policy. Each proposed new appointment or re-election of a director will be assessed and/or considered against the criteria and process set out in the nomination policy. During the Year, the Nomination Committee has reviewed the structure and composition of the Board, the qualifications, skills and experience and contribution of the nominated directors with reference to the nomination principles and criteria set out in the board diversity policy and nomination policy of the Company and the corporate strategy of the Company.

Any new director appointed by the Board during the year either to fill a casual vacancy or as an addition to the Board shall be required to be offered for re-election at the first annual general meeting after the appointment pursuant to the Bye-laws.

Shareholders may propose a person for election as a Director at the general meeting of the Company pursuant to the Bye-laws. The procedures for such proposal can be found on the website of the Company (www.quamplus.com).

Executive Committee

The Executive Committee has been established which oversees the implementation of group business strategy, oversees the business operations and performance, examines major investments and monitors the management performance. It also identifies and manages the market risk, credit risk, liquidity risk, operational risk, legal risk and regulatory risk of the Group, devises the Group's risk management strategy and strengthens the Group's system of risk management. It currently comprises all the executive Directors, namely Mr. HAN (vice chairman), Mr. LAM (chairman), Mr. LIU Hongwei and Mr. LAM Wai Hon. In order to sustain the long-term business development of the Company, meetings are usually held once every month.

The senior management and key executives, namely the Chief Operating and Risk Officer, the Chief Financial Officer, the Chief Investment Officer and the Chief of Legal and Compliance are invited to participate actively in the meetings. Minutes of the Executive Committee Meetings had also been sent to all the members of the Board within a reasonable time for review.

BOARD DIVERSITY

In February 2014, the Board has adopted a Board Diversity Policy (the "Board Diversity Policy") which aims to set out the approach to achieve diversity on the Board. It endeavours to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business. All Board appointments will be based on meritocracy while taking into account of diversity. Selection of candidates will be based on a range of diversity criteria, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates are likely to bring to the Board. The Board Diversity Policy, as appropriate, will be reviewed on periodic basis to ensure its continuing effectiveness.

As a whole, the Board is diverse in terms of gender, education background, professional background and business experience. Their age, gender and length of service with the Company can be found in the section of "Profile of Directors, Senior Management, Senior Advisor and Key Executives" of this annual report. The Board comprises eight Directors, seven are male and one is female, accordingly, the gender diversity is attained.

As at 31 December 2023, the Group has approximately 59% of the Company's workforce is male (including two executive Directors and senior management) and approximately 41% is female (including the senior management). The Board will strive to maintain gender diversity when recruiting and selecting senior management and other personnel with reference to the Group's operation but ultimate decision will still be based on merits and contribution that they will bring to the business development of the Group.

CONTINUING PROFESSIONAL DEVELOPMENT

Pursuant to the CG Code, all Directors and company secretary of the Company (the "Company Secretary") should participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contributions to the Board are made on a well-informed basis.

During the Year, all Directors had complied with the code provision in relation to continuous professional development. Directors (namely, Mr. HAN, Mr. LAM, Mr. LIU Hongwei, Mr. LAM Wai Hon, Mr. FANG Zhou, Mr. Roy LO Wa Kei, Mr. LIU Jipeng and Ms. Cindy KONG Siu Ching) have involved reading materials and updates relevant to the regulatory changes, director's duties and responsibilities and also viewed the training materials which focus on the corruption issues, fraud, conflict of interest and insider dealing.

During the Year, the Company Secretary confirmed that she has undertaken no less than 15 hours of relevant professional training.

EMOLUMENTS OF DIRECTORS AND SENIOR MANAGEMENT

Details of the emoluments of the Directors for the Year are set out in note 15 to the financial statements.

The remuneration (included salaries, discretionary bonus and performance bonus) of the five members of senior management, whose particulars are set out in the section headed "Profile of Directors, Senior Management, Senior Advisor and Key Executives" in this annual report, for the Year by band is set out below:

Remuneration Bands	Number of Senior Management
Below HK$5,000,000	4
Above HK$5,000,000	1

AUDITOR'S REMUNERATION

During the Year, the Group has engaged the following audit and non-audit services provided by the external auditor (i.e. HLB Hodgson Impey Cheng Limited ("HLB")):

Type of services	HK$'000
Audit fee for the Group	
— Current year	2,450
Non-audit services in respect of the reporting in compliance with notifiable transactions and continuing connected transactions under Listing Rules and SFO	730
TOTAL	3,180

The Audit Committee will recommend the appointment of HLB for assurance service for the financial year ending 31 December 2024 at a fee to be agreed.

DIRECTOR'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Board acknowledges that they are responsible for overseeing the preparation of the consolidated financial statements which give a true and fair view of the financial position of the Company and of the Group as at 31 December 2023 and of the Group's financial performance and cash flow for the year ended 31 December 2023 in accordance with Hong Kong Financial Reporting Standards and the applicable disclosure provisions of the Listing Rules and for ensuring that appropriate accounting policies are selected and applied consistently.

HLB, the external auditor of the Company, stated their reporting responsibilities in the Independent Auditor's Report which is set out on pages 105 to 113 of this annual report.

The financial statements are prepared on a going concern basis. The Board confirms that, to the best of their knowledge, they are not aware of any material events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

DIVIDEND POLICY

The Board adopted a dividend policy (the "Dividend Policy") effective from 9 January 2019.

The declaration of dividends by the Company is subject to any restrictions under the Company Act 1981 of Bermuda, the Listing Rules, Bye-laws and any applicable laws, rules and regulations. Distribution will usually be considered annually after the annual accounts of the Company are approved by the Shareholders but interim distribution may be made from time to time to Shareholders as appear to the Board to be justified by the position of the Company.

The declaration of future dividends will be subject to the decision by the Board and will depend on, among other things, the operation and financial performance, liquidity conditions, capital requirements and future funding needs, contractual restrictions, availability of reserves and the prevailing economic climate or any other factors that our Directors may consider relevant.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges the responsibility for establishing and maintaining an adequate system of internal control and risk management. The internal control system includes a well-established organisational structure with clearly defined lines of responsibility and authority, which is designed to protect the Group's operations and its clients from financial loss arising from theft, fraud, and other dishonest acts, professional misconduct or omissions.

The Group has well established risk management mechanism. Each business departments has the primary responsibility of managing its business risk, and serves as the first line of defence for the risk management and internal control systems. The middle and back office departments, which perform their management functions independently from the business units, particularly Risk Management Department and Legal & Compliance Department, form the second line of defence for the risk management and internal control systems. Charged with the major duty of independent oversight of risks, the legal and compliance team is responsible for managing legal and compliance risks, whereas the Risk Management Department is tasked with management of the overall risk governance, credit risk, market risk, liquidity and funding risk, and operational risk. The Internal Audit Department of the Company serves as the third line of defence to provide independent review and assurance of the Group's internal control effectiveness by adoption of risk-based approach.

During the Year, the Executive Committee continued to oversee the internal control and risk management systems of the Group on an ongoing basis, and had reviewed the particular internal controls and governance issues of the Group at each Executive Committee meeting with the assistance of the Chief Operating and Risk Officer and Chief of Legal and Compliance.

The internal audit function develops its annual audit plan with a risk-based approach that covers the Group's major business activities and supporting functions' operations, procedures, as well as its IT environment. The annual audit plan is approved by the Audit Committee at the beginning of each year. The result of each audit will be reported to the Audit Committee. Moreover, special reviews will be conducted on specific areas of concern identified by the Audit Committee or the senior management.

The Board, through the Audit Committee, has also reviewed the adequacy of resources, qualifications and experience of staff, training programmes and budget of the Company's accounting, internal audit and financial reporting function, as well as those relating to the Company's ESG performance and reporting during the Year. The review will be conducted annually in accordance with the requirements of the CG Code.

The Company is aware of its disclosure obligations under the Listing Rules and the Inside Information provisions under the Securities and Futures Ordinance and has put in place the proper procedure to ensure that any perceived inside information would be announced to the investing public on a timely basis.

The Board reviews the effectiveness of the Group's risk management and internal control systems on an ongoing basis. Through the structure and measures mentioned above, the Board considered that systems and procedures of the internal control and risk management of the Group were effective and adequate.

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

Accountability and transparency are indispensable for ensuring good corporate governance and, in this regard, timely communication with the shareholders, including institutional investors, is crucial. The Company manages investor relations systematically as a key part of its operations and continues to promote and enhance investor relations and communications with the investors.

The Company maintains a company website at www.quamplus.com. It is a channel of the Company to communicate with the investing public with our latest corporate development. All our corporate communications, such as press release, statutory announcement, circular, annual report and interim report etc. are available on the website whereas circular, annual report and interim report are printed and sent to all shareholders of the Company. Shareholders and investors may also email their enquiries to the Company's email address: ir@quamgroup.com, which will be handled by the Company's investor relations team. The Company has established a shareholders' communication policy, which can be found on the website of the Company (www.quamplus.com). Having considered the multiple channels of communication available, it is satisfied that the shareholders communication policy has been properly implemented during the year 2023 and is effective.

The last annual general meeting of the Company was held on 30 June 2023 at Artyzen Club, 401A, 4/F Shun Tak Centre (near China Merchants Tower), 200 Connaught Road Central, Hong Kong. At the meeting, the ordinary business of adopting the audited financial statements for the year ended 31 December 2022, the re-election of Directors, the re-appointment of auditor and the authorisation of the Directors to fix their remuneration were approved. Ordinary resolutions providing Directors with general mandates to repurchase and allot and issue shares of the Company subject to the relevant limits under the Listing Rules were also approved. Mr. HAN (Co-chairman and chairman of Nomination Committee), Mr. LAM, Mr. LIU Hongwei, Mr. LAM Wai Hon, Mr. FANG Zhou, Mr. Roy LO Wa Kei (chairman of Audit Committee), Mr. LIU Jipeng (chairman of Remuneration Committee) and representative of HLB (the external auditor) were present and available to answer questions at the meeting.

The forthcoming annual general meeting of the Company will be scheduled in June 2024. Details of the meeting and the necessary information on issues to be considered in the meeting will be set out in the circular to be dispatched to the shareholders of the Company in due course.

CONSTITUTIONAL DOCUMENTS

There is no change in the constitutional documents of the Company during the Year.

SHAREHOLDERS' RIGHTS

Shareholder(s) holding not less than one-tenth of the paid-up capital of the Company may request the Board to convene a special general meeting of the Company. The purposes of convening the meeting must be stated in the relevant requisition, signed by all the shareholders concerned in one or more documents in like form and deposited at the Company's registered office and principal place of business in Hong Kong.

Shareholder(s) can also submit a written requisition to move a resolution at a general meeting pursuant to Section 79 to 80 of the Bermuda Companies Act if they (a) represent not less than one-twentieth of the total voting rights of those shareholders having the right to vote at a general meeting; or (b) are not less than one hundred shareholders.

The written requisition must state the resolution, accompanied by a statement of not more than 1,000 words with respect to the matter referred to in the proposed resolution or the business to be dealt with at the general meeting and deposited at the Company's registered office and principal place of business in Hong Kong.

The written requisition must be signed by all the shareholders concerned in one or more documents in like form and deposited at the Company's registered office and principal place of business in Hong Kong for the attention of the Company Secretary not less than six weeks before the meeting in the case of a requisition requiring notice of a resolution, and not less than one week before the meeting in the case of any other requisition. A sum of money reasonably sufficient to meet the Company's expenses in serving the notice of the resolution and circulating the statement given by the requisitionists to all shareholders in accordance with the requirements under the applicable laws and rules should also be accompanied.

CONCLUSION

The Company believes that good corporate governance practices raise the confidence of investors towards the Company. The Company will keep its ongoing effort to enhance the corporate governance practices in order to meet the changing circumstances.

TO THE SHAREHOLDERS OF QUAM PLUS INTERNATIONAL FINANCIAL LIMITED (FORMERLY KNOWN AS "CHINA TONGHAI INTERNATIONAL FINANCIAL LIMITED")
(Incorporated in Bermuda with limited liability)

OPINION

We have audited the consolidated financial statements of Quam Plus International Financial Limited (formerly known as "China Tonghai International Financial Limited") ("the Company") and its subsidiaries ("the Group") set out on pages 114 to 218, which comprise the consolidated statement of financial position as at 31 December 2023, the consolidated statement of profit or loss, the consolidated statement of profit and loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended and notes to the consolidated financial statements, including material accounting policy information.

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 2023 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, 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.

<table>
<tr><td colspan="2">Assessment of the fair value of level 2 and 3 financial instruments</td></tr>
<tr><td colspan="2">Refer to note 41 to the consolidated financial statements and notes 2.15 and 2.21 of the accounting policies.</td></tr>
<tr><td>The Key Audit Matter</td><td>How our audit considered the key matter</td></tr>
<tr><td>As at 31 December 2023, the fair value of the Group's financial assets carried at fair value represented approximately 28.5% of its total assets. Approximately HK$547,989,000 and HK$386,371,000 were classified under the fair value hierarchy as level 2 and 3 financial instruments respectively.

The valuation of the Group's financial instruments is based on a combination of market data and valuation models which often require judgement and assumptions. With different valuation techniques and assumptions applied, the valuation results can vary significantly.

Some of the inputs used in the valuation models are obtained from readily available data for liquid markets. Where such observable data is not available, as in the case of level 3 financial instruments which are generally illiquid in nature, estimates need to be developed which can involve significant management judgement and assumptions.</td><td>Our audit procedures for assessing the fair value of level 2 and 3 financial instruments included the following:

• assessing the design, and implementation of key internal controls related to the valuation of level 2 and 3 financial instruments;

• obtaining, enquiring and evaluating investment agreements for level 2 and level 3 financial instruments at selection basis to understand the relevant investment terms and identify any conditions that were relevant to the valuation of financial instruments;

• assessing the reasonableness of the fair value of selected level 2 financial instruments by assessing fair value of underlying collateral or involving auditors' valuation specialists to perform review on underlying valuation inputs, assumptions and parameters;</td></tr>
</table>

KEY AUDIT MATTERS (CONTINUED)

Assessment of the fair value of level 2 and 3 financial instruments (Continued)

Refer to note 41 to the consolidated financial statements and notes 2.15 and 2.21 of the accounting policies. (Continued)

The Key Audit Matter	How our audit considered the key matter
As at 31 December 2023, approximately 47.4% and 33.4% of financial assets measured at fair value were categorised within level 2 and level 3 respectively. Due to the significance of financial instruments measured at fair value, we identified assessing the fair value of level 2 and 3 financial instruments as a key audit matter because of the degree of complexity and uncertainty involved in valuing certain financial instruments and because of the significant degree of judgement and assumptions exercised by management in determining the inputs used in the valuation models.	• for valuations which used significant unobservable inputs of level 3 financial instruments, such as unlisted equity securities and private equity fund, we involved our appointed valuation specialists in assessing the models used, re-performing independent valuations, analysing the sensitivities of valuation results to key inputs and assumptions with reference to the requirements of the prevailing accounting standard and evaluating whether the assumptions are appropriate by comparing with publicly available market data, testing inputs to the fair value calculations; • comparing the fair values of those investment funds where the valuation is referenced to the funds' net asset value with the net asset value reports provided by fund managers, obtaining a sample of the most recent audited financial statements of the funds, and evaluating the historical accuracy of the net asset values; and testing, on a sample basis, the fair value of the underlying investments to their quoted price, if available, or valuation reports prepared by external specialist; • evaluating the competence, capabilities and objectivity of the external valuation specialist; and • evaluating the reasonableness of the disclosures in the consolidated financial statements with reference to the requirements of the prevailing accounting standards.

KEY AUDIT MATTERS (CONTINUED)

<table>
<tr><th colspan="2">Expected credit loss allowance of financial assets measured at amortised cost</th></tr>
<tr><td colspan="2">Refer to note 40 and 43 to the consolidated financial statements and notes 2.15 the accounting policies.</td></tr>
<tr><th>The Key Audit Matter</th><th>How the matter considered in our audit</th></tr>
<tr><td>As at 31 December 2023, the Group's financial instruments measured at amortised cost, net of expected credit loss ("ECL") allowance, amounted to approximately HK$1,865,456,000, represented 45.9% of the Group's total assets. Total ECL allowance was HK$4,924,662,000 as at 31 December 2023.

The Group applied the expected credit loss model to assess ECL allowances of financial instruments measured at amortised cost in accordance with HKFRS 9, Financial Instruments.

Upon the completion of share transfer transaction took place in February 2023 resulted in change in controlling shareholders and given the liquidity concern and ongoing litigations of the Group's former related parties, including the Group's former immediate holding company, former intermediate holding company and its fellow subsidiary, has led to additional challenges in assessing the amounts expected to be recovered from the Group's former related parties. The Group had engaged an external specialist to assess ECL allowances of financial assets with former related parties.

The management exercised significant judgements and estimation in its assessment of ECL allowance of financial instruments measured at amortised cost. The determination of impairment allowance using the expected credit loss model is subject to a number of key parameters and assumptions, including the identification of loss stages, determining whether the credit risk has increased significantly and credit impairment events have occurred, estimates of probability of default (PD), loss given default (LGD), exposures at default(EAD), adjustments for forward-looking information, discounts rates and other adjustment factors. Significant judgment is involved in the selection of the parameters and the application of the assumptions.</td><td>Our audit procedures in respect to the ECL allowance for financial instruments measured at amortised cost included the following:

• understanding and assessing the design, and implementation of key internal controls of financial reporting over the approval, recording, monitoring and regular evaluation of financial instruments measured at amortised cost and the calculation of ECL allowance;

• involving auditors' valuation specialists in assessing the Group's ECL model in determining ECL allowances, including assessing the appropriateness of the methodology applied with reference to the prevailing accounting standard and appropriateness of the key parameters and assumptions used by comparing to market information and considering the possibility of management bias in the determination of key assumptions adopted;

• evaluating the competence, capabilities and objectivity of the external valuation specialist;</td></tr>
</table>

KEY AUDIT MATTERS (CONTINUED)

Expected credit loss allowance of financial assets measured at amortised cost (Continued)	
Refer to note 40 and 43 to the consolidated financial statements and notes 2.15 the accounting policies. (Continued)	
The Key Audit Matter	**How the matter considered in our audit**
In particular, the determination of the probability of default is heavily dependent on the external macro environment and the Group's internal credit risk management strategy. The ECL are derived from estimates including the historical losses, historical overdue data and other adjustment factors. Management also exercises judgement in determining the quantum of LGD based on a range of factors. These include available remedies for recovery, the financial situation of the borrowers or investees, the recoverable number of collaterals, the seniority of the claims and the existence and cooperativeness of other creditors. The enforceability, timing and means of realisation of collaterals have an impact on the recoverable amount of collaterals and therefore the amount of ECL allowances as at the end of the reporting period. We identified ECL allowance of financial instruments measured at amortised cost as a key audit matter due to the significance of allowance for ECL at amortised cost, inherent uncertainty and management judgement involved, and significance to the financial results and capital of the Group.	• for financial instruments measured at amortised cost that are with related parties as the counterparty, involving auditors' valuation specialists in assessing the reasonableness of the ECL allowances calculated by the external specialist by assessing the reliability and appropriateness of the ECL model and the reasonableness of key parameters used in the model, including: PD, LGD, EAD, discount rate, forward-looking adjustments, and evaluated the rationality of the key management judgements on those key parameters by comparing to market information and considering the possibility of management bias in the determination of key assumptions adopted and with reference to the prevailing accounting standard; • assessing the accuracy of input data of key parameters used in the ECL models by comparing the internal data on a sample basis, with underlying documents for financial instruments measured at amortised cost and comparing external data on a sample basis with publicly available information; • for key parameters involving judgement, critically assessing input parameters by seeking evidence from independent sources. As part of these procedures, we challenged the reasons for modifications, if any, to how the estimates and input parameters are derived and considered the consistency of judgement. We compared the economic factors, on a sample basis, used in the models with market information to assess whether they were aligned with market and economic development; we also compared externally available data to the list of litigations considered by the external specialist to assess the appropriateness of the LGD for balances with those related parties;

KEY AUDIT MATTERS (CONTINUED)

Expected credit loss allowance of financial assets measured at amortised cost (Continued)	
Refer to note 40 and 43 to the consolidated financial statements and notes 2.15 the accounting policies. (Continued)	
The Key Audit Matter	**How the matter considered in our audit**
	• analysing the borrowers' financial and non-financial information, and other available information, and evaluating the reasonableness of management's judgement on staging, including whether credit risk has increased significantly since initial recognition and whether credit impairment events have occurred by reviewing the credit files, interviewing management, independently searching for publicly available information and exercising professional judgement; • evaluating the lifetime credit losses for financial instruments measured at amortised cost that are credit-impaired by evaluating the management's assessment of cash flows expected to be recovered and challenging the viability of the Group's expected recovery; • checking, on a sample basis, the mathematical accuracy of the Group's calculation of the ECL allowances; and • evaluating the reasonableness of the disclosures on ECL allowance with reference to the requirements of the prevailing accounting standard.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises all the information included in the annual report, but does not include the consolidated financial statements and our auditors' report thereon (the "Other Information").

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 THE DIRECTORS 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 HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the 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 directors are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

AUDITORS' 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 auditors' report that includes our opinion. We report our opinion solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

As part of an audit in accordance with HKSAs, we exercise professional judgement 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 auditors' 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 auditors' 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.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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 communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with 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 auditors' 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 director on the audit resulting in this independent auditors' report is Shek Lui.

HLB Hodgson Impey Cheng Limited
Certified Public Accountants

Shek Lui
Practicing Certificate Number: P05895

Hong Kong, 26 March 2024

Consolidated Statement of Profit or Loss

For the year ended 31 December 2023

	Notes	2023 HK$'000	2022 HK$'000 (Restated)
Fee and commission income	5	**130,075**	131,532
Interest income			
— Calculated using the effective interest method	5	**318,502**	295,804
— Calculated using other method	5	**115,461**	123,530
Net investment loss	5	**(218,384)**	(578,750)
Total revenue	5	**345,654**	(27,884)
Other income/(loss)	6	**159,880**	(73,417)
Direct costs		**(93,739)**	(103,824)
Staff costs	9	**(173,833)**	(165,883)
Depreciation and amortisation	10	**(31,859)**	(41,940)
Loss on fair value change of investment properties		**(42,120)**	—
Expected Credit Loss ("ECL") net reversal/(charges)		**61,954**	(1,066,478)
Finance costs			
— Interest on borrowings	8	**(46,175)**	(49,078)
— Interest on lease liabilities	8	**(3,198)**	(1,277)
Other operating expenses	11	**(57,999)**	(53,841)
Share of result of an associate		**(694)**	(556)
Profit/(loss) before tax	10	**117,871**	(1,584,178)
Tax credit	12	**1,666**	514
Net profit/(loss) attributable to equity holders of the Company		**119,537**	(1,583,664)
Earnings/(loss) per share for net profit/(loss) attributable to equity holders of the Company		**HK cent(s)**	HK cent(s)
— Basic and diluted	13	**2**	(26)

The notes on pages 121 to 218 form part of these financial statements. Details of dividends payable to equity holders of the Company attributable to the profit for the year are set out in note 14.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2023

	2023 HK$'000	2022 HK$'000
Net profit/(loss) attributable to equity holders of the Company	**119,537**	(1,583,664)
Other comprehensive loss including reclassification adjustments		
Item that may be reclassified subsequently to profit or loss		
— Exchange loss on translation of financial statements of foreign operations	**(5,424)**	(2,846)
Items that will not be reclassified subsequently to profit or loss		
— Capital distribution from investment measured at fair value through other comprehensive income	—	1,321
Other comprehensive loss including reclassification adjustments and net of tax	**(5,424)**	(1,525)
Total comprehensive income/(loss) attributable to equity holders of the Company	**114,113**	(1,585,189)

The notes on pages 121 to 218 form part of these financial statements.

Consolidated Statement of Financial Position

As at 31 December 2023

	Notes	As at 31 December 2023			As at 31 December 2022		
		Current	Non-current	Total	Current	Non-current	Total
		HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
ASSETS							
Cash and cash equivalents	16	**122,380**	**—**	**122,380**	195,206	—	195,206
Bank balances held on behalf of clients	17	**823,120**	**—**	**823,120**	1,123,090	—	1,123,090
Financial assets held for trading	18	**566,351**	**38,190**	**604,541**	583,802	41,219	625,021
Financial assets not held for trading	19	**135,586**	**4,210**	**139,796**	184,279	4,210	188,489
Loans to margin clients	20	**547,986**	**—**	**547,986**	670,496	—	670,496
Credit loans	21	**422,182**	**—**	**422,182**	1,099,984	58,962	1,158,946
Accounts receivable	22	**302,272**	**—**	**302,272**	494,320	—	494,320
Prepayments, deposits and other receivables		**48,920**	**—**	**48,920**	96,124	—	96,124
Investment properties	23	**—**	**913,380**	**913,380**	—	—	—
Interest in an associate	24	**—**	**1,180**	**1,180**	—	1,874	1,874
Goodwill and other intangible assets	25	**—**	**17,000**	**17,000**	—	17,960	17,960
Other assets	26	**—**	**21,106**	**21,106**	—	22,811	22,811
Property and equipment	27	**—**	**85,497**	**85,497**	—	68,536	68,536
Deferred tax assets	32	**—**	**14,652**	**14,652**	—	15,214	15,214
TOTAL ASSETS		**2,968,797**	**1,095,215**	**4,064,012**	4,447,301	230,786	4,678,087

	Notes	As at 31 December 2023 Current HK$'000	Non-current HK$'000	Total HK$'000	As at 31 December 2022 Current HK$'000	Non-current HK$'000	Total HK$'000
LIABILITIES AND EQUITY							
Liabilities							
Bank and other borrowings	28	674,007	—	674,007	905,545	—	905,545
Accounts payable	29	1,076,880	—	1,076,880	1,534,134	—	1,534,134
Contract liabilities	30	4,620	—	4,620	5,259	—	5,259
Lease liabilities	31	12,070	49,445	61,515	21,701	27,070	48,771
Accruals and other payables		184,834	—	184,834	164,036	—	164,036
Tax payables		518	—	518	5,744	—	5,744
Deferred tax liabilities	32	—	223	223	—	2,992	2,992
TOTAL LIABILITIES		1,952,929	49,668	2,002,597	2,636,419	30,062	2,666,481
Equity							
Share capital	33			20,657			20,657
Reserves				2,040,758			1,990,949
TOTAL EQUITY				2,061,415			2,011,606
TOTAL LIABILITIES AND EQUITY				4,064,012			4,678,087
Net current assets				*1,015,868*			*1,810,882*

Approved and authorised for issue by the Board on 26 March 2024.

On behalf of the Board

HAN Xiaosheng
Director

Kenneth LAM Kin Hing
Director

The notes on pages 121 to 218 form part of these financial statements.

Consolidated Cash Flow Statement

For the year ended 31 December 2023

	Notes	2023 HK$'000	2022 HK$'000 (Restated)
Cash flows from operating activities			
Profit/(loss) before tax		**117,871**	(1,584,178)
Adjustments for:			
Amortisation of other intangible assets	10	**1,270**	1,644
Changes in net assets value attributable to other holders of consolidated investment funds	6	**(4,448)**	(5,463)
Corporate guarantee	6	**(21,500)**	85,000
Depreciation of property and equipment	10	**30,589**	40,296
Dividend income	5	**(11,837)**	(12,465)
Finance costs	8	**49,373**	50,355
ECL net (reversal)/charges		**(61,954)**	1,066,478
Gain on modification of borrowing	6	**(111,416)**	—
Interest income	5	**(433,963)**	(419,334)
Loss on revaluation of investment properties	23	**42,120**	—
Net losses on disposals of property and equipment	10	**1,272**	1,502
Net realised and unrealised loss on financial assets measured at fair value through profit or loss	5	**230,221**	591,215
Share option expenses	35	**3,864**	—
Share of result of an associate		**694**	556
Unrealised gain on financial liability measured at fair value through profit or loss	6	**(22,090)**	—
Operating loss before working capital changes		**(189,934)**	(184,394)
Decrease in other assets		**1,705**	3,063
Decrease/(increase) in accounts receivable, prepayments, deposits and other receivables		**284,570**	(103,227)
Decrease in loans to margin clients		**15,901**	458,364
(Increase)/decrease in financial assets held for trading		**(106,070)**	125,248
Increase in financial assets not held for trading		**—**	(176)
Decrease in derivative financial instruments		**—**	38,994
Decrease/(increase) in credit loans		**128,845**	(97,961)
Decrease in bank balances held on behalf of clients		**299,970**	55,272
Decrease in accounts payable, contract liabilities and accruals and other payables		**(424,501)**	(46,073)
Cash generated from operations		**10,486**	249,110
Capital distribution from financial assets measured at fair value through profit or loss		**—**	1,321
Dividend received	5	**11,837**	12,465
Interest received		**168,674**	212,250
Income tax (paid)/refund, net		**(5,765)**	1,286
Net cash generated from operating activities		**185,232**	476,432

	Notes	2023 HK$'000	2022 HK$'000 (Restated)
Cash flows from investing activities			
Purchases of other intangible assets		**(310)**	(79)
Purchases of property and equipment		**(15,998)**	(1,184)
Net cash used in investing activities		**(16,308)**	(1,263)
Cash flows from financing activities			
Capital element of lease rentals paid	16(b)	**(20,148)**	(35,461)
Interest element of lease rentals paid	16(b)	**(3,198)**	(1,277)
Interest paid for bank and other borrowings	16(b)	**(38,816)**	(39,721)
Net repayments of bank and other borrowings	16(b)	**(105,391)**	(606,666)
Payments on redemption of shares by other holders of a consolidated investment fund	16(b)	**—**	(1,382)
Proceeds from shares issued to other holders of a consolidated investment fund	16(b)	**13**	1,382
Dividend paid to the equity shareholders of the Company	14	**(68,168)**	—
Net cash used in financing activities		**(235,708)**	(683,125)
Net decrease in cash and cash equivalents		**(66,784)**	(207,956)
Cash and cash equivalents at the beginning of the year		**195,206**	405,290
Effect of foreign exchange rate changes, on cash held		**(6,042)**	(2,128)
Cash and cash equivalents at the end of the year	16(a)	**122,380**	195,206

The notes on pages 121 to 218 form part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2023

	Attributable to equity holders of the Company											
	Share capital	Share premium*	Capital redemption reserve*	Contributed surplus*	Exchange reserve*	Investment revaluation reserve*	Property revaluation reserve*	Shareholder's contribution*	Shares held for Share Award Scheme*	Share option reserve*	Retained profits/ (accumulated losses)*	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 January 2022	20,657	117,070	1,019	5,352,580	587	(19,929)	5,255	1,811	(22,798)	—	(1,859,457)	3,596,795
Net loss for the year	—	—	—	—	—	—	—	—	—	—	(1,583,664)	(1,583,664)
Other comprehensive income												
— Exchange loss on translation of financial statement of foreign operations	—	—	—	—	(2,846)	—	—	—	—	—	—	(2,846)
— Capital distribution from investment measured at fair value through other comprehensive income	—	—	—	—	—	1,321	—	—	—	—	—	1,321
Total comprehensive loss for year	—	—	—	—	(2,846)	1,321	—	—	—	—	(1,583,664)	(1,585,189)
As at 31 December 2022	20,657	117,070	1,019	5,352,580	(2,259)	(18,608)	5,255	1,811	(22,798)	—	(3,443,121)	2,011,606
At 1 January 2023	**20,657**	**117,070**	**1,019**	**5,352,580**	**(2,259)**	**(18,608)**	**5,255**	**1,811**	**(22,798)**	**—**	**(3,443,121)**	**2,011,606**
Special dividend approved in respective of Interim period (note 14)	**—**	**—**	**—**	**(68,168)**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(68,168)**
Share option expenses recognised	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**3,864**	**—**	**3,864**
Transactions with equity holders	**—**	**—**	**—**	**(68,168)**	**—**	**—**	**—**	**—**	**—**	**3,864**	**—**	**(64,304)**
Net profit for the year	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**119,537**	**119,537**
Other comprehensive income												
— Exchange loss on translation of financial statement of foreign operations	**—**	**—**	**—**	**—**	**(5,424)**	**—**	**—**	**—**	**—**	**—**	**—**	**(5,424)**
Total comprehensive income for year	**—**	**—**	**—**	**—**	**(5,424)**	**—**	**—**	**—**	**—**	**—**	**119,537**	**114,113**
As at 31 December 2023	**20,657**	**117,070**	**1,019**	**5,284,412**	**(7,683)**	**(18,608)**	**5,255**	**1,811**	**(22,798)**	**3,864**	**(3,323,584)**	**2,061,415**

* These reserve accounts comprise the reserves of HK$2,040,758,000 (31 December 2022: HK$1,990,949,000) in the consolidated statement of financial position as at 31 December 2023.

The notes on pages 121 to 218 form part of these financial statements.

1 GENERAL INFORMATION

The Company is a limited liability company incorporated and domiciled in Bermuda. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and, its principal place of business is 5/F and 24/F (Rooms 2401 and 2412), Wing On Centre, 111 Connaught Road Central, Hong Kong. The Company's shares are listed on the Stock Exchange. At 31 December 2023, the immediate holding company is Quam Tonghai Holdings Limited, a company incorporated in Hong Kong with limited liability, which is beneficially owned as to 51% by Mr. Kenneth LAM King Hing and 49% by Mr. HAN Xiaosheng. Quam Tonghai Holdings Limited entered into the deed of share purchase with Oceanwide Holdings IF for the purchase of 4,098,510,000 Shares (the "Sale Shares"), representing approximately 66.13% of the entire issued share capital of the Company as at 15 September 2022. The consideration was HK$819,702,000 in aggregate, equivalent to HK$0.2 per Sale Shares. The sale and purchase transaction completed and took place on 3 February 2023.

The Group is principally engaged in the following activities:

— corporate finance advisory and general advisory services

— fund management, discretionary portfolio management and portfolio management advisory services

— discretionary and non-discretionary dealing services for securities, futures and options, securities placing and underwriting services, margin financing, insurance broking and wealth management services

— money lending services

— financial media services

— investing and trading of various investment products

2 MATERIAL ACCOUNTING POLICIES

2.1 Statement of compliance

These financial statements have been prepared in accordance with all the applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). Material accounting policies adopted by the Group are disclosed below.

The HKICPA has issued certain amendments to HKFRSs 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 accounting period reflected in these financial statements.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 Basis of preparation

The consolidated financial statements for the year ended 31 December 2023 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interests in an associate.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the following assets are stated at their fair value as explained in the accounting policies set out below:

— Investment property (see note 2.12);

— financial instruments classified as financial assets at fair value through profit or loss (see note 2.15);

— financial instruments classified as financial assets at fair value through other comprehensive income (see note 2.15);

— derivative financial instruments (see note 2.15); and

— third party interests in consolidated investment funds (see note 2.21).

The preparation of consolidated financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. 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.

Judgements made by management in the application of HKFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 4.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.3 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Inter-company transactions, balances and cash flows between group companies together with any unrealised profits arising from inter-company transaction are eliminated in full in preparing the consolidated financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of impairment on the asset transferred, in which case the loss is recognised in profit or loss.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the effective dates of acquisition or up to the effective dates of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by the Group.

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition date fair values of the assets transferred, liabilities incurred and equity interests issued by the Group in exchange for control of the acquiree. The identifiable assets acquired and liabilities assumed are principally measured at acquisition-date fair value. The Group's previously held equity interest in the acquiree is re-measured to its acquisition-date fair value and the resulting gain or loss, if any, is recognised in profit or loss. Acquisition-related costs incurred are expensed unless they are incurred in issuing equity instruments in which case the costs are deducted from equity.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between the aggregate of the fair value of the consideration received and the fair value of any retained interest; and the previous carrying amount of the assets (including goodwill) and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting of a financial asset, or when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.4 Subsidiaries

Subsidiaries are entities (including structured entities) controlled by the Group. The Group controls an entity when it has power over the investee, exposure, or rights, to variable returns from its involvement with the investee and the ability to affect those returns through its power over the investee. When assessing whether the Group has power, only substantive rights relating to the investee (held by the Group and others) are considered. For a right to be substantive, the Group must have the practical ability to exercise that right. Control is reassessed when facts and circumstances indicate that there are changes to one or more of the elements of control.

When the Group has a less than majority of voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including (a) the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders; (b) potential voting rights held by the Group, other vote holders or other parties; (c) rights arising from other contractual arrangements; and (d) any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements. Structured entities often have restricted activities and a narrow and well defined objective.

In the Company's statement of financial position, investment in subsidiaries are carried at cost less impairment loss, if any. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable at the reporting date. All dividends whether received out of the investee's pre- or post-acquisition profits are recognised in the Company's profit or loss.

2.5 Associates

An associate is an entity over which the Group or the Company has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.5 Associates (Continued)

In the consolidated financial statements, the investments in associates are accounted for using the equity method whereby they are initially recognised at cost and thereafter, their carrying amounts are adjusted for the post-acquisition change in the Group's share of net assets and any impairment losses relating to the investments. The Group's share of the post-acquisition, post-tax results of the investees, including any impairment losses on the investments in associates for the period, are recognised in profit or loss, whereas the Group's share of the post-acquisition, post-tax items of the investees' other comprehensive income are recognised in other comprehensive income of the Group. When the Group's share of losses of an associate exceeds the Group's interest in that associate, the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Unrealised profits and losses resulting from transactions between the Group and its associates are recognised only to the extent of unrelated investors' interests in the associates. The investor's share in the associate's profits and losses resulting from these transactions is eliminated against the carrying value of the associate, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are immediately recognised in profit or loss.

Where the associate uses accounting policies other than those of the Group for like transactions and events in similar circumstances, adjustments are made to conform the associate's or accounting policies to those of the Group when the associate's financial statements are used by the Group in applying the equity method.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate. When the Group retains an interest in the former associate and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and this amount is regarded as its fair value on initial recognition. The difference between the carrying amount of the associate at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of the interest in the associate is included in the determination of gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities.

In the Company's statement of financial position, investment in an associate is carried at cost less impairment losses, if any. The results of associates are accounted for by the Company on the basis of dividends received and receivable during the period.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.6 Foreign currency translation

The financial statements are presented in Hong Kong dollars ("HK$"), which is also the functional currency of the Company. All value are rounded to the nearest thousand except where otherwise indicated.

In the individual financial statements of the consolidated entities, foreign currency transactions are translated into the functional currency of the individual entity using the exchange rates prevailing at the dates of the transactions. At the reporting date, monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at that date. Foreign exchange gains and losses resulting from the settlement of and from the reporting date translation of monetary assets and liabilities are recognised in profit or loss. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the foreign exchange rates prevailing on the date when the fair value was determined and are reported as part of the fair value gain or loss. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the foreign exchange rate at the date of the transaction.

In the consolidated financial statements, all individual financial statements of foreign operations, originally presented in a currency different from the Group's presentation currency, have been converted into HK$. Assets and liabilities have been translated into HK$ at the closing rate at the reporting date. Income and expenses have been converted into HK$ at the exchange rates ruling at the transaction dates, or at the average rates over the reporting period provided that the exchange rates do not fluctuate significantly. Any differences arising from this procedure have been recognised in other comprehensive income and accumulated separately in exchange reserve in equity.

On disposal of a foreign operation involving loss of control over a subsidiary, joint control over a joint venture or significant influence over an associate that includes a foreign operation, the cumulative exchange differences relating to that foreign operation accumulated in exchange reserve are reclassified from equity to profit or loss as part of the gain or loss on disposal. If the Group disposes part of its interest in a subsidiary but retains control then the relevant proportion of the cumulative amount is reattributed to non-controlling interest. When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.7 Revenue and other income

Revenue is recognised when control over a product or service is transferred to the customer at the amount of promised consideration to which the Group is expected to be entitled, excluding value added tax or other sales tax and those amounts collected on behalf of third parties.

Where the contract contains a financing component which provides a significant financing benefit to the customer for more than 12 months, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction with the customer, and interest income is accrued separately under the effective interest method. Where the contract contains a financing component which provides a significant financing benefit to the Group, revenue recognised under that contract includes the interest expense accrued on the contract liability under the effective interest method. The Group takes advantage of the practical expedient in paragraph 63 of HKFRS 15 *Revenue from Contracts with Customers* ("HKFRS 15") and does not adjust the consideration for any effects of a significant financing component if the period of financing is 12 months or less.

Further details of the Group's revenue and other income recognition policies are as follows:

(a) for financial advisory, financial media service, handling and custodian service fee income, depending on the nature of the services and the contract terms, advisory fees are recognised progressively over time using output method based on milestones achieved that depicts the Group's performance, or at a point in time when the advisory service is completed;

(b) for asset management fee income, it is recognised on a time-proportion basis with reference to the net asset value of the investment funds and portfolios under management;

(c) for performance fee income, it is recognised on the performance fee valuation day of the managed accounts when there is a positive performance for the relevant period, taking into consideration the relevant calculation basis of the investments funds and portfolios under management;

(d) for commission income from brokerage business, it is recognised on a trade date basis when the relevant transactions are executed;

(e) for interest income from financial assets measured at amortised cost, it 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. For credit impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount net of impairment allowance) of the asset;

(f) for interest income from financial assets measured at fair value through profit or loss, it is recognised as it accrues using the other method (see note 2.15);

(g) for placing and underwriting commission income, they are recognised at a point in time when the obligation is completed;

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.7 Revenue and other income (Continued)

(h) for dividend income, it is recognised when the shareholders' right to receive payment has been established from unlisted investments, and the share price of the listed investments goes ex-dividend; and

(i) for realised gains and losses on financial assets measured at fair value through profit or loss, they are recognised on a trade date basis. For unrealised gains and losses on financial assets measured at fair value through profit or loss, they are recognised at the end of the reporting period on the changes in fair value. Fair value gain or loss does not include any dividend income and interest income from financial assets measured at fair value through profit or loss.

2.8 Finance cost

Finance cost incurred for the acquisition, construction or production of any qualifying asset during the period of time that is required to complete and prepare the asset for its intended use are capitalised as part of the cost of that asset. A qualifying asset is an asset which necessarily takes a substantial period of time to get ready for its intended use or sale. Other finance costs are expensed when incurred.

2.9 Goodwill

Goodwill represents the excess of:

(i) the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the Group's previously held equity interest in the acquiree; over

(ii) the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

When (ii) is greater than (i), then this excess is recognised immediately in profit or loss as a gain on a bargain purchase.

Goodwill is stated at cost less accumulated impairment losses. Goodwill arising on a business combination is allocated to each cash-generating unit, or groups of cash generating units, that is expected to benefit from the synergies of the combination and is tested annually for impairment (see note 2.13).

On disposal of a cash generating unit during the year, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.10 Intangible assets (other than goodwill)

Intangible assets acquired separately or in a business combination

Intangible assets acquired separately are measured initially at cost. The cost of intangible assets acquired in a business combination is its fair value at the acquisition date. After initial recognition, intangible assets are carried at cost less accumulated amortisation and any impairment losses (see note 2.13).

Internally-developed intangible assets (Research and development expenditures)

Expenditures associated with research activities are expensed in profit or loss as they occur. Expenditures that are directly attributable to development activities are recognised as intangible assets provided they meet the following recognition requirements:

(a) demonstration of technical feasibility of the prospective product for internal use or sale;

(b) there is intention to complete the intangible asset and use or sell it;

(c) the Group's ability to use or sell the intangible asset is demonstrated;

(d) the intangible asset will generate probable economic benefits through internal use or sale;

(e) sufficient technical, financial and other resources are available for completion; and

(f) the expenditure attributable to the intangible asset can be reliably measured.

Direct costs include staff costs incurred on development activities along with an appropriate portion of relevant overheads. The expenditure of development of internally generated software, products or know-how that meet the above recognition criteria are recognised as intangible assets and are recognised initially at cost. After initial recognition, they are carried at cost less accumulated amortisation and impairment losses (see note 2.13), if any. Development expenditures not satisfying the above criteria are expensed when incurred.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.10 Intangible assets (other than goodwill) (Continued)

Amortisation of intangible assets

Amortisation of intangible assets with finite useful lives is provided on straight-line method over the estimated useful lives. The estimated useful lives of intangible assets are as follows:

Development costs	3–5 years
Film rights	Over the license periods
Mobile phone and computer applications	5 years
Corporate membership	Indefinite life

Amortisation commence when the intangible assets are available for use. The asset's amortisation method and estimated useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Intangible assets are not amortised where their useful lives are assessed to be indefinite. Any conclusion that the useful life of an intangible asset is indefinite is reviewed annually to determine whether events and circumstances continue to support the indefinite useful life assessment for that asset. If they do not, the change in the useful life assessment from indefinite to finite is accounted for prospectively from the date of change and in accordance with the policy for amortisation of intangible assets with finite lives as set out above.

2.11 Property and equipment

Property and equipment, including right-of-use assets arising from leases of underlying property and equipment, are carried at cost less any accumulated depreciation and impairment losses (see note 2.13), if any.

Depreciation on property and equipment is provided to write off the cost less their estimated residual value over their estimated useful lives, using the straight-line method, as follows:

Buildings	60 years
Right-of-use assets	Over the lease terms
Leasehold improvements	10 years or over the lease terms, whichever is shorter
Furniture, fixtures and equipment	5 to 10 years
Motor vehicle	5 years

The assets' estimated residual value, depreciation method and estimated useful lives are reviewed, and adjusted if appropriate, at each reporting date.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.11 Property and equipment (Continued)

Items may be produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management. The proceeds from selling any such items and the related costs are recognised in profit or loss.

The gain or loss arising on retirement or disposal of an item of property and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset and is recognised in profit or loss on the date of retirement or disposal.

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 costs, such as repairs and maintenance, are charged to profit or loss of the financial period in which they are incurred.

2.12 Investment property

Investment property is property held for capital appreciation. Investment property is measured initially at cost, including transaction costs. Subsequent to initial recognition, investment property is measured at fair value. Gain and loss arising from changes in the fair value of investment property is included in profit or loss in the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property, calculated as the difference between the net disposal proceeds and the carrying amount of the property, is included in profit or loss in the period in which the property is derecognised.

2.13 Impairment of non-financial assets

Goodwill arising on acquisition of a subsidiary and other intangible assets with an indefinite useful life or those not yet available for use are tested for impairment at least annually, and whenever there is any indication that they may be impaired. Property and equipment and interests in associates and joint ventures are tested for impairment whenever there are indications that the asset's carrying amount may not be recoverable.

Recoverable amount is the higher of fair value, reflecting market conditions less costs of disposal, and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and the risk specific to the asset for which the future cash flow estimates have not been adjusted.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.13 Impairment of non-financial assets (Continued)

For the purposes of assessing impairment, where an asset does not generate cash inflows largely independent from those from other assets or group of assets, the recoverable amount is determined for the smallest group of assets that generate cash inflows independently (i.e. CGU). As a result, some assets are tested individually for impairment and some are tested at CGU level. Goodwill in particular is allocated to those CGUs that are expected to benefit from the synergies of the related business combination and represent the lowest level within the Group at which the goodwill is monitored for internal management purpose. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGUs, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified.

An impairment loss is recognised as an expense immediately for the amount by which the carrying amount of an asset, or the CGU to which it belongs, exceeds its recoverable amount. Impairment loss recognised for CGU, to which goodwill has been allocated, is credited initially to the carrying amount of goodwill. Any remaining impairment loss is allocated pro rata to the other assets in the CGU, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal, if measurable, and value in use, if determinable.

An impairment loss recognised for goodwill is not reversed in a subsequent period. An impairment loss for an asset other than goodwill is reversed if there is any indication that an impairment loss recognised in prior periods may no longer exist or may have decreased, there has been a favorable change in the estimates used to determine the asset's recoverable amount and only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised. Reversal of impairment loss is recognised immediately in profit or loss.

2.14 Leases

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets which, for the Group are primarily office equipment. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.14 Leases (Continued)

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see notes 2.11 and 2.13), except for the right-of-use asset that meet the definition of investment property are carried at fair value.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract ("lease modification") that is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification. The only exceptions are rent concessions that occurred as a direct consequence of the COVID-19 pandemic and met the conditions set out in paragraph 46B of HKFRS 16 Leases. In such cases, the group has taken advantage of the practical expedient not to assess whether the rent concessions are lease modifications, and recognised the change in consideration as negative variable lease payments in profit or loss in the period in which the event or condition that triggers the rent concessions occurred.

In the consolidated statement of financial position, the current portion of long-term lease liabilities is determined as the principal portion of contractual payments that are due to be settled within twelve months after the reporting period.

The Group presents right-of-use assets that do not meet the definition of investment property in 'property and equipment' and presents lease liabilities separately in the statement of financial position.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.15 Financial assets

Financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the instrument. 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 under a contract whose terms that require delivery of assets within the time frame established generally by regulation or convention in the marketplace concerned. Derecognition of financial assets occurs when, and only when, the contractual rights to receive cash flows from the financial assets expire or are transferred and substantially all of the risks and rewards of ownership have been transferred. If the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset, the Group continues to recognise the financial asset to the extent of its continuing involvement.

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income; or fair value through profit or loss.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Financial assets measured at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and it is not designated as at fair value through profit or loss:

(a) the assets are held within a business model whose objective is to hold assets in order to collect contractual cash flows; and

(b) the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets measured at fair value through other comprehensive income

On initial recognition, the Group can make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at fair value through other comprehensive income. Designation at fair value through other comprehensive income is not permitted if the equity investment is held for trading.

Investments in equity instruments at fair value through other comprehensive income are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investment revaluation reserve. On derecognition of a financial asset that is classified as fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investment revaluation reserve is not reclassified to profit or loss, but is reclassified to retained profits.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.15 Financial assets (Continued)

Financial assets measured at fair value through other comprehensive income (Continued)

Dividends on these investments in equity instruments are recognised in profit or loss. The capital distribution from financial assets measured at fair value through other comprehensive income, which represents recovery of part of the investment cost, is recognised in the investment revaluation reserve, which is not reclassified to profit or loss and is reclassified to retained profits represent a recovery of part of the cost of the investment.

Financial assets measured at fair value through profit or loss

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income as described above are measured at fair value through profit or loss. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income as at fair value through profit or loss. If doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Transaction costs directly attributable to the acquisition of financial assets at fair value through profit or loss are recognised immediately in profit or loss.

Interest income on debt instruments and dividend income on equity instruments at fair value through profit or loss is recognised in profit or loss. Fair value gain or loss does not include any dividend or interest earned on these financial assets.

Derivative financial instruments

Derivative financial instruments are recognised at fair value through profit or loss. At the end of each reporting period the fair value is remeasured. The change in fair value arising from the remeasurement is recognised immediately in profit or loss.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.15 Financial assets (Continued)

Credit losses and impairment of financial assets

The Group recognises a loss allowance for expected credit losses (ECLs) on the following items:

— financial assets measured at amortised cost (including cash and cash equivalents, bank balances held on behalf of clients, accounts receivable, other assets, deposits and other receivables, credit loans, unlisted debt securities measured at amortised cost).

Financial assets measured at fair value, including units in funds, equity and debt securities measured at fair value through profit or loss, equity securities designated at fair value through other comprehensive income (non-recycling) and derivative financial assets, are not subject to the ECLs assessment.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

The expected cash shortfalls are discounted using the following discount rates if the effect is material:

— fixed-rate financial assets: effective interest rate determined at initial recognition or an approximation thereof; and

— variable-rate financial assets: current effective interest rate.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

ECLs are measured on either of the following bases:

— 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and

— lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECLs model applies.

Impairment allowances for accounts receivable under HKFRS 15 are always measured at an amount equal to lifetime ECLs. For all other financial instruments, the Group recognises an impairment allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the impairment allowance is measured at an amount equal to lifetime ECLs.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.15 Financial assets (Continued)

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (ii) the financial asset is 90 days past due. 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.

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

— failure to make payments of principal or interest on their contractually due dates;

— an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);

— an actual or expected significant deterioration in the operating results of the debtor; and

— existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account except for other receivables. For other receivables, the Group recognises an impairment gain or loss by adjusting their carrying amounts.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.15 Financial assets (Continued)

Significant increases in credit risk (Continued)

Basis of calculation of interest income using effective interest rate method

Interest income from financial assets measured at amortised cost recognised in accordance with note 2.7 is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on the amortised cost (i.e. the gross carrying amount less impairment allowance) of the financial asset.

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable events:

— significant financial difficulties of the debtor;

— a breach of contract, such as a default or delinquency in interest or principal payments;

— it becoming probable that the borrower will enter into bankruptcy or other financial reorganisation;

— significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or

— the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

2.16 Income taxes

Income taxes comprise current tax and deferred tax.

Current income tax assets and/or liabilities comprise those claims from or obligations to taxation authorities relating to the current or prior reporting period, that are unpaid at the reporting date. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the period.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.16 Income taxes (Continued)

Deferred tax is calculated using the liability method on temporary differences at the reporting date between the carrying amounts of assets and liabilities in the financial statements and their respective tax bases. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, tax losses available to be carried forward as well as other unused tax credits, to the extent that it is probable that taxable profit, including existing taxable temporary differences, will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax assets and liabilities are not recognised if the temporary differences arise from goodwill or initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither taxable nor accounting profit or loss.

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

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profit will be available.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow 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. The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

For the purposes of measuring deferred tax liabilities or deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. If the presumption is rebutted, deferred tax liabilities and deferred tax assets for such investment properties are measured in accordance with the above general principles set out in HKAS 12 (i.e. based on the expected manner as to how the properties will be recovered).

Current tax and changes in deferred tax assets or liabilities are recognised in profit or loss, or in other comprehensive income or directly in equity if they relate to items that are charged or credited to other comprehensive income or directly in equity, respectively.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.16 Income taxes (Continued)

Current tax assets and current tax liabilities are presented in net if, and only if, (a) the Group has a legally enforceable right to set off the recognised amounts; and (b) intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

The Group presents deferred tax assets and deferred tax liabilities in net if, and only if, (a) the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and (b) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either (i) the same taxable entity; or (ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities (Note 1), ultimate costs incurred for provisions for decommissioning and restoration (Note 2) the Group applies HKAS 12 requirements to the lease liabilities, the provisions for decommissioning and restoration and the related assets separately. The Group recognises a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised and a deferred tax liability for all taxable temporary differences.

Note 1: Depending on the applicable tax law, an entity might alternatively conclude that the tax deductions for a leasing transaction is attributable to the right-of-use assets, in which case temporary differences would not arise on initial recognition of the lease liability and the related component of the right-of-use asset's cost.

Note 2: Whether temporary differences exist depends on the applicable tax law. For example, certain provisions for decommissioning and restoration may not be deductible in which case, the amendments are not applicable.

2.17 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents are assessed for ECLs in accordance with the policy set out in note 2.15.

2.18 Share capital and share premium

Ordinary shares are classified as equity. Share capital is determined using the nominal value of shares that have been issued.

Share premium includes any premiums received on the issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium to the extent that they are incremental costs directly attributable to the equity transaction.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.19 Retirement benefit costs and short-term employee benefits

Retirement benefits

The Group participates in several staff retirement benefit schemes for employees in Hong Kong and Mainland China, comprising defined contribution retirement schemes and a Mandatory Provident Fund scheme ("MPF Scheme"). The assets of these schemes are held separately from those of the Group in independently administered funds. The retirement benefit schemes are generally funded by payments from employees and the relevant group companies. The retirement benefit scheme expenses charged to profit or loss represent contributions payable by the Group to the schemes.

The subsidiaries operating in Mainland China are required to participate in the defined contribution retirement schemes for their employees, organised by the relevant local government authorities. They are required to make contributions to the retirement benefit schemes at a specified percentage of the employees' relevant income and there are no other further obligations to the Group.

The Group contributes to the MPF Scheme under the Mandatory Provident Fund Schemes Ordinance for all employees in Hong Kong. Contributions are made based on a percentage of the employees' basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The Group's employer contributions vested fully with the employees when contributed into the MPF Scheme.

For LSP obligation, the Group accounts for the employer MPF contributions expected to be offset as a deemed employee contribution towards the LSP obligation in terms of HKAS 19.93(a) and it is measure on a net basis. The estimated amount of future benefit is determined after deducting the negative service cost arising from the accrued benefits derived from the Group's MPF contributions that have been vested with employees, which are deemed to be contributions from the relevant employees.

Short-term employee benefits

The Group provides paid annual leave to its employees under their employment contracts on a calendar year basis. Under certain circumstances, such leave which remains untaken as at the reporting date is permitted to be carried forward and utilised by the respective employees in the following year. An accrual is made at the reporting date for the expected future cost of such paid leave earned during the period by the employees and carried forward.

Non-accumulating compensated absences such as sick leave and maternity leave are not recognised until the time of leave.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.20 Share-based payments

The Group operates a share award scheme for remuneration of its employees and/or consultants.

All services received in exchange for the grant of any awarded shares are measured at their fair value. These are indirectly determined by reference to the fair value of awarded shares granted. Their value is appraised at the grant date and excludes the impact of any service and non-market performance vesting conditions (for example, profitability and sales growth targets).

All services received are ultimately recognised as an expense in profit or loss over the vesting period if vesting conditions apply, or recognised as an expense in full at the grant date when the awarded shares granted vest immediately unless the expense qualifies for recognition as asset, with a corresponding increase in "Awarded share reserve" within equity. If service or non-market performance conditions apply, the expense is recognised over the vesting period, based on the best available estimate of the number of awarded shares expected to vest. Non-market performance and service conditions are included in assumptions about the number of share options and awarded shares that are expected to vest. Estimates are subsequently revised, if there is any indication that the number of awarded shares expected to vest differs from previous estimates. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to awarded share reserve.

The shares awarded under the share award scheme are acquired from open market. The net consideration paid, including any directly attributable incremental costs, is presented as "Shares held for Share Award Scheme" and deducted from total equity. When the awarded shares are transferred to the awardees upon vesting, the related weighted average cost of the awarded shares vested are credited to "Shares held for Share Award Scheme", the related service costs of awarded shares vested are debited to the "Awarded share reserve", and any difference will be transferred to retained profits. Where the shares held for Share Award Schemes are revoked and the revoked shares are disposed of, the related gain or loss is transferred to retained profits.

Equity-settled share-based payment transactions

Share options granted to employees

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees for grants is measured by reference to the fair value at the date at which they are granted. The fair value is determined by management of the Group using a binomial model, further details of which are given in note 35 to the financial statements.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.20 Share-based payments (Continued)

Equity-settled share-based payment transactions (Continued)

Share options granted to employees (Continued)

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share option reserve). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimate, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share option reserve. For share options that vest immediately at the date of grant, the fair value of the share options granted is expensed immediately to profit or loss.

When share options are exercised, the amount previously recognised in share option reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share option reserve will be transferred to retained profits.

2.21 Financial liabilities

The Group's financial liabilities include bank and other borrowings, accounts payable and other payables. Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the instrument. All interest related charges are recognised in accordance with the Group's accounting policy for finance costs (see note 2.8 to the financial statements).

Financial liabilities are classified as measured at amortised cost or fair value through profit or loss. A financial liability is classified as fair value through profit or loss if it is classified as held for trading or designated as such on initial recognition. Financial liabilities at fair value through profit or loss are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.21 Financial liabilities (Continued)

A financial liability is derecognised when, and only when, the obligation under the financial liability is discharged or cancelled, or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing financial liability are substantially modified, such an exchange or modification is treated as derecognition of the original financial liability and the recognition of a new financial liability, and the difference in the respective carrying amount is recognised in profit or loss.

Derecognition/modification of financial liabilities

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 is recognised in profit or loss.

When the contractual terms of a financial liability are modified, the Group assess whether the revised terms result in a substantial modification from original terms taking into account all relevant facts and circumstances including qualitative factors. If qualitative assessment is not conclusive, the Group considers that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received, and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. Accordingly, such modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. The exchange or modification is considered as non-substantial modification when such difference is less than 10 per cent.

For non-substantial modifications of financial liabilities that do not result in derecognition, the carrying amount of the relevant financial liabilities will be calculated at the present value of the modified contractual cash flows discounted at the financial liabilities' original effective interest rate. Transaction costs or fees incurred are adjusted to the carrying amount of the modified financial liabilities and are amortised over the remaining term. Any adjustment to the carrying amount of the financial liability is recognised in profit or loss at the date of modification.

Bank and other borrowings

Bank and other borrowings are recognised initially at fair value, net of directly attributable transaction costs incurred. Subsequent to initial recognition, they are stated at amortised cost, any difference between the initial amount and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Bank and other borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months from the reporting date.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.21 Financial liabilities (Continued)

Accounts payable and other payables

Accounts payable and other payables include accounts payable, accruals and other payables. They 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 cases they are stated at cost.

Third party interests in consolidated investment funds

Third party interests in consolidated investment funds represents the interest redeemable by the other holders of investment funds where the Group has consolidated. The balance is a financial liability as discussed in note 4(b). The balance is initially recognised at fair value and subsequently remeasured to their fair value at the end of reporting period. The resulting gain or loss is recognised in profit or loss.

Derivative financial instruments

Derivatives are initially recognised at fair value at the date when derivative contracts are entered into and are subsequently measured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss.

2.22 Warrants

The net proceeds received from the issue of warrants are recognised in warrants reserve within equity. Net proceeds received for warrants issued with notes are determined based on their relative fair value at the issue date. When the warrants are exercised, the amount recognised in warrants reserve will be transferred to share capital and share premium accounts. For warrants that are not exercised at the expiry date, the amount previously recognised in the warrants reserve will be transferred to retained profits.

2.23 Provisions and contingent liabilities

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to be required to settle the obligation.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

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

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.24 Segment reporting

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the executive directors for their decisions about resources allocation to the Group's business components and for their review of the performance of those components. The business components in the internal financial information reported to the executive directors are determined following the Group's major service lines.

The Group has identified the following reportable segments:

(a) the corporate finance segment engages in securities placing and underwriting services, corporate finance advisory and general advisory services;

(b) the asset management segment engages in fund management, discretionary portfolio management and portfolio management advisory services;

(c) the brokerage segment engages in discretionary and non-discretionary dealing services for securities, futures and options, margin financing, insurance broking and wealth management services;

(d) the interest income segment engages in money lending services and interest income arising from debt instruments measured at amortised cost;

(e) the investments segment engages in investing and trading of various investment products; and

(f) the others segment represents financial media services and other insignificant operating segments.

Each of these operating segments is managed separately as each of the service lines requires different resources as well as marketing approaches. No operating segments identified have been aggregated in arriving at the reportable segments of the Group.

The measurement policies the Group uses for reporting segment results under HKFRS 8 are the same as those used in its financial statements prepared under HKFRSs, except that:

(a) share of results of associate accounted for using the equity method;

(b) income tax expense; and

(c) corporate income and expenses which are not directly attributable to the business activities of any operating segment are not included in arriving at the operating results of the operating segments. Inter-segment revenue are charged on the expenses incurred by the relevant subsidiaries plus certain percentages.

Information relating to segment assets and liabilities is not disclosed as such information is not regularly reported to the chief operating decision maker.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.25 Related parties

(a) A person or a close member of that person's family is related to the Group if that person:

(i) has control or joint control of the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

(i) the entity and the Group are members of the same group.

(ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) both entities are joint ventures of the same third party.

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(vi) the entity is controlled or jointly controlled by a person identified in (a).

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or Group's parent.

Close family members of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

2.26 Contract liabilities

A contract liability is recognised when the customer pays non-refundable consideration before the Group recognises the related revenue (see note 2.7). A contract liability would also be recognised if the Group has an unconditional right to receive non-refundable consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised (see note 2.15).

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method (see note 2.7).

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.27 Change in presentation and classification of certain revenue items

During the preparation of the consolidated financial statements of the Group for the year ended 31 December 2023, the management has identified certain adjustments relating to the interest income on the credit-impaired loans and the expected credit loss allowance.

In order to present overdue interest on those credit-impaired loans, the management has made adjustments to increase the interest revenue on certain credit-impaired loans and the corresponding impact has been adjusted on the expected credit loss allowance accordingly for the previous year. Given that the aforesaid adjustments result in the recognition of interest income calculated using the effective interest method and expected credit loss by same amount, no impact on net loss to the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of financial position and as well as net cash flow. The reclassification has been made for the comparative year ended 31 December 2022.

The effects of the change in presentation in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2022 is set out below:

For the year ended 31 December 2022:

	As previously reported HK$'000	Reclassification HK$'000	As restated HK$'000
Interest income			
— Calculated using the effective interest method	145,870	149,934	295,804
Total revenue	(177,818)	149,934	(27,884)
Expected Credit Loss ("ECL") net charges	(916,544)	(149,934)	(1,066,478)

The reclassification has no effect on the loss for the year ended 31 December 2022 and hence on the loss per share figures presented in the consolidated statement of profit or loss and comprehensive income.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.27 Change in presentation and classification of certain revenue items (Continued)

The effects of the change in presentation in the consolidated statement of cash flows for the year ended 31 December 2022 is set out below:

For the year ended 31 December 2022:

	As previously reported HK$'000	Reclassification HK$'000	As restated HK$'000
Cash flows from operating activities			
Net charges of ECL provisions	916,544	149,934	1,066,478
Interest income	(269,400)	(149,934)	(419,334)

3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has applied the following amendments to HKFRSs issued by HKICPA to these financial statements for the current accounting period:

- Amendments to HKAS 1, Presentation of financial statements and HKFRS Practice Statement 2 Making materiality judgement: Disclosure of accounting policies
- HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17), Insurance Contracts
- Amendments to HKAS 8, Accounting policies, changes in accounting estimates and errors: Definition of Accounting Estimates
- Amendments to HKAS 12, Income taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- Amendments to HKAS 12, Income taxes: International Tax Reform — Pillar Two Model Rules

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. Impacts of the adoption of the new and amended HKFRSs are discussed below:

3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

Change in accounting policy on offsetting arrangement in long service payment scheme in Hong Kong

In June 2022, the Hong Kong Government enacted the Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the "Amendment Ordinance") which will be effective from 1 May 2025 (the "Transition Date"). Under the Amendment Ordinance, any accrued benefits attributable to the employer's mandatory contributions under mandatory provident fund scheme ("MPF Benefits") of a company would no longer be eligible to offset against its obligations on long service payment ("LSP") for the portion of the LSP accrued on or after the Transition Date. There is also a change in the calculation basis of last monthly wages for the portion of the LSP accrued before the Transition Date.

Prior to 1 January 2023, the Group applied practical expedient in HKAS 19 paragraph 93(b) (the "practical expedient") to account for the offsetable MPF Benefits as deemed employee contributions to reduce the current service costs in the period in which the related services were rendered.

In July 2023, the HKICPA published "Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong" (the "Guidance") which provides clarified and detailed guidance on the accounting considerations relating to the abolition of the offsetting mechanism. The Guidance clarified that following the enactment of the Amendment Ordinance, LSP is no longer a 'simple type of contributory plans' to which the practical expedient had been intended to apply.

By following the Guidance, the Group has therefore changed its accounting policy and ceased to apply the practical expedient and reattribute the deemed employee contributions on a straight-line basis from the date when services by employees first lead to their benefits in terms of the LSP legislation in accordance with HKAS 19 paragraph 93(a). This change in accounting policy upon the cessation in applying the practical expedient has resulted in a catch-up adjustment for past service costs and a corresponding increase in the Group's LSP obligations in the year of enactment of the Amendment Ordinance.

Obligations on LSP accrued was immaterial for the Group; therefore, the abovementioned change in accounting policy does not have significant impact to the consolidated financial statements of the Group.

Other than disclosed above, the application of the amendments to HKFRSs in the current year had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Critical accounting estimates and assumptions in applying the Group's accounting policies

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions 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:

(i) Provision for impairment loss of financial assets measured at amortised cost

In determining ECLs for financial assets measured at amortised cost, the most significant judgements relate to defining what is considered to be a significant increase in credit risk and in making assumptions and estimates to incorporate relevant information about past events, current conditions and forecasts of economic conditions. A high degree of uncertainty is involved in making estimations using assumptions that are highly subjective and very sensitive to the risk factors. Management reviews the provision on a regular basis.

(ii) Impairment loss of non-financial assets

At each reporting date, goodwill are tested for impairment. The Group also reviews internal and external sources of information to identify indications that any of the property and equipment, other intangible assets (including development costs), interests in joint ventures and associates may be impaired or an impairment loss previously recognised no longer exists or may have decreased. The sources utilised to identify indications of impairment are often subjective in nature and the directors of the Group are required to use judgement in applying such information to its business. Their interpretation of such information has a direct impact on whether an impairment assessment is performed as at any given reporting date.

Determining whether an asset or a CGU is impaired requires an estimation of their recoverable amount. Depending on the assessment of the overall materiality of the asset under review and complexity of deriving reasonable estimates of the recoverable amount, the Group may perform such assessment utilising internal resources or may engage external advisers in making this assessment. Regardless of the resources utilised, the Group is required to make assumptions in this assessment, including the utilisation of such asset, the cash flows to be generated, appropriate market discount rates and the projected market and regulatory conditions. Changes in any of these assumptions could result in a material change to future estimates of the recoverable amount of these assets.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(a) Critical accounting estimates and assumptions in applying the Group's accounting policies (Continued)

(iii) Fair value of financial assets in unlisted debt and equity instruments and fund investments

The investments in unlisted debt and equity instruments and fund investments that are accounted for as "financial assets measured at fair value through other comprehensive income" and "financial assets measured at fair value through profit or loss" are stated at fair value. The fair value of these financial assets is determined by using valuation techniques. Specific valuation techniques used to value these financial assets included value as reported by the fund administrators or other techniques, such as discounted cash flow analysis. The assumptions and discount rates used to prepare the cash flow analysis involve significant estimates and judgements and hence the fair value of these financial assets is subject to uncertainty. As at 31 December 2023, the carrying amount of the Group's investments in equity instruments and fund investments was approximately HK$318,729,000 (31 December 2022: HK$281,710,000) and HK$67,642,000 (31 December 2022: HK$70,346,000), respectively.

(iv) Fair value of investment properties

Investment properties are carried in the consolidated statement of financial position at 31 December 2023 at their fair value. The fair value was based on a valuation on these properties conducted by an independent firm of professional valuers using property valuation techniques which involve certain assumptions of market conditions. Favourable or unfavourable changes to these assumptions would result in changes in the fair value of the Group's investment properties and corresponding adjustments to the amount of gain or loss reported in the consolidated statement of profit or loss.

The carrying amount of investment properties as at 31 December 2023 was approximately HK$913,380,000 which was recognised to the Company through settlement of credit loans with a former connected party during 2023.

(b) Critical judgement in applying the Group's accounting policies

In the process of applying the Group's accounting policies, the directors are required to make judgements, apart from those involving estimates. The judgements that have been made and can significantly affect the amounts recognised in the financial statements are discussed below:

Determination of control over an investment fund

The Group invested in certain investment funds with primary objectives for capital appreciation, investment income and selling in the near future for profit. Pursuant to subscription agreement or equivalent documents, the beneficial interests in these investment funds held by the Group are in the form of participating shares or interests which primarily provide the Group with the share of returns from the investment funds and underlying net assets.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(b) Critical judgement in applying the Group's accounting policies (Continued)

Determination of control over an investment fund (Continued)

These investment funds are managed by respective investment manager who has the power and authority to manage the investment funds and make investment decisions. Among those investment funds held by the Group where the Group acted as an investment manager, the Group regularly assesses and determines whether:

— the Group is acting as an agent or a principal to these investment funds;

— substantive removal rights held by other parties may remove the Group from acting as an investment manager; and

— the investment held together with its remuneration from managing these investment funds create significant exposure to variability of returns in these investment funds.

When the Group assesses that the combination of investments it held together with its remuneration creates exposure to variability of returns from the activities of the investment funds that is of such significance that indicates the Group is a principal, the Group had consolidated these investment funds. The Group classifies the financial instrument as financial liability and equity in accordance with the substance of the contractual terms. With redeemability, the fund holders have the right to put their attributable shares back to the fund for cash. Puttable financial instrument is a financial liability. Third-party interests in consolidated investment funds are thus categorised as financial liability and included in "Accruals and other payables". Changes in net assets attributable to other holders of consolidated investment fund are included in "Other income/(loss)" in the consolidated statement of profit or loss and other comprehensive income. The carrying amount included in "Accruals and other payables" as at 31 December 2023 is HK$18,060,000 (31 December 2022: HK$22,495,000).

When the variable returns of these investment funds to the Group are not significant or the Group is subject to substantive removal rights held by other parties who may remove the Group as an investment manager, the Group did not consolidate these investment funds and classified them as "Financial assets held for trading measured at fair value through profit or loss" in accordance with the Group's accounting policies. Further details in respect of those investment funds in which the Group had an interest are disclosed in note 18 to these financial statements.

5 REVENUE

(a) Revenue analysis

	2023 HK$'000	2022 HK$'000 (Restated)
Corporate finance business		
Fee and commission income:		
— Placing and underwriting commission income	**9,374**	9,597
— Financial and compliance advisory services fee income	**21,948**	9,079
	31,322	18,676
Asset management business		
Fee and commission income:		
— Management fee, performance fee and service fee income	**10,969**	11,748
Brokerage business		
Fee and commission income:		
— Commission on dealings in securities		
— Hong Kong securities	**24,422**	31,421
— Other than Hong Kong securities	**2,873**	3,065
— Commission on dealings in futures and options contracts	**36,891**	44,083
— Handling, custodian and other service fee income	**17,295**	14,260
	81,481	92,829
Interest income business		
Interest income calculated using the effective interest method:		
— Interest income from credit loans and bonds	**285,931**	284,097
— Interest income from cash clients receivables and initial public offering loans	**3,617**	2,951
— Interest income from bank deposits held on behalf of clients	**25,326**	6,783
— Interest income from house money bank deposits and others	**3,628**	1,973
Interest income calculated using other method:		
— Interest income from loans to margin clients	**111,725**	122,827
— Interest income from others	**3,736**	703
	433,963	419,334
Investments and others business		
Fee and commission income:		
— Financial media service fee income	**6,303**	8,279
Net investment loss:		
— Net realised and unrealised loss on financial assets measured at fair value through profit or loss	**(230,221)**	(591,215)
— Dividend income from financial assets measured at fair value through profit or loss	**11,837**	12,465
	(212,081)	(570,471)
Total revenue	**345,654**	(27,884)

5 REVENUE (CONTINUED)

(b) Revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date

The Group has applied the practical expedient in paragraph 121 of HKFRS 15 to its contracts with customers and did not disclose information about the remaining performance obligations under the contracts that had an original expected duration of one year or less.

6 OTHER INCOME/(LOSS)

	Notes	**2023 HK$'000**	2022 HK$'000
Changes in net asset value attributable to other holders of consolidated investment funds (note 16(b))		**4,448**	5,463
Exchange (loss)/gains, net		**(867)**	419
Government subsidies		**106**	4,546
Sundry income		**1,187**	1,155
Corporate guarantee	(a)	**21,500**	(85,000)
Gain on modification of borrowing	(b)	**111,416**	—
Unrealised gain on financial liability measured at fair value through profit or loss		**22,090**	—
		159,880	(73,417)

Notes:

(a) For details, please refer to Note 41(a)(vi).

(b) During the year, one of creditors agreed to change terms of the loan including maturity date and settlement method. It constitutes substantial modification of financial liabilities under HKFRS 9 which results in gain of modification of HK$111 million being recognised to consolidated statement of profit or loss and other comprehensive income.

7 SEGMENT INFORMATION

The executive directors have identified the Group's six service lines as operating segments. These operating segments are monitored and strategic decisions are made on the basis of adjusted segment operating results.

	Corporate finance HK$'000	Asset management HK$'000	Brokerage HK$'000	Interest income HK$'000	Investments HK$'000	Others HK$'000	Total HK$'000
2023							
Reportable segment revenue							
Fee and commission income	31,322	10,969	81,481	—	—	6,303	130,075
Interest income	—	—	145,166	287,143	1,654	—	433,963
Net investment loss	—	—	—	—	(218,384)	—	(218,384)
Segment revenue from external customers	31,322	10,969	226,647	287,143	(216,730)	6,303	345,654
Inter-segment revenue	4,850	1,772	743	—	—	252	7,617
Reportable segment revenue	36,172	12,741	227,390	287,143	(216,730)	6,555	353,271
Fee and commission income by timing of revenue recognition:							
Point in time	9,374	847	81,481	—	—	1,433	93,135
Over time	21,948	10,122	—	—	—	4,870	36,940
Fee and commission income	31,322	10,969	81,481	—	—	6,303	130,075
Reportable segment result	3,606	(2,496)	30,683	261,588	(164,371)	(7,475)	121,535
Depreciation and amortisation	84	56	25,137	134	5,105	1,343	31,859
Changes in net assets value attributable to other holders of consolidated investment funds (note 6)	—	—	—	—	4,448	—	4,448
Finance costs (note 8)	—	—	9,106	36,427	3,840	—	49,373
Corporate guarantee gain (note 6)	—	—	—	—	21,500	—	21,500
ECL net reversal/(charges)	(7,680)	(51)	24,436	45,743	(738)	244	61,954
Loss on fair value change on investment properties (note 23)	—	—	—	—	42,120	—	42,120

7 SEGMENT INFORMATION (CONTINUED)

	Corporate finance HK$'000	Asset management HK$'000	Brokerage HK$'000	Interest income HK$'000 (Restated)	Investments HK$'000	Others HK$'000	Total HK$'000 (Restated)
2022 (Restated)							
Reportable segment revenue							
Fee and commission income	18,676	11,748	92,829	—	—	8,279	131,532
Interest income	—	—	135,201	284,109	24	—	419,334
Net investment loss	—	—	—	—	(578,750)	—	(578,750)
Segment revenue from external customers	18,676	11,748	228,030	284,109	(578,726)	8,279	(27,884)
Inter-segment revenue	6,750	3,615	—	—	—	977	11,342
Reportable segment revenue	25,426	15,363	228,030	284,109	(578,726)	9,256	(16,542)
Fee and commission income by timing of revenue recognition:							
Point in time	9,597	—	92,829	—	—	1,667	104,093
Over time	9,079	11,748	—	—	—	6,612	27,439
Fee and commission income	18,676	11,748	92,829	—	—	8,279	131,532
Reportable segment result	(5,458)	(4,956)	22,427	(886,444)	(698,351)	(6,239)	(1,579,021)
Depreciation and amortisation	166	530	26,901	389	12,526	1,428	41,940
Changes in net assets value attributable to other holders of consolidated investment funds (note 6)	—	—	—	—	5,463	—	5,463
Finance costs (note 8)	—	10	7,296	37,066	5,962	21	50,355
Corporate guarantee (note 6)	—	—	—	—	85,000	—	85,000
ECL net charges	78	(1)	38,750	1,026,560	647	444	1,066,478

7 SEGMENT INFORMATION (CONTINUED)

The totals presented for the Group's operating segments are reconciled to the Group's key financial figures as presented in the consolidated financial statements as follows:

	2023 HK$'000	2022 HK$'000 (Restated)
Reportable segment revenue	353,271	(16,542)
Elimination of inter-segment revenue	(7,617)	(11,342)
Total revenue	345,654	(27,884)
Reportable segment result	121,535	(1,579,021)
Share of result of an associate	(694)	(556)
Unallocated corporate expenses	(2,970)	(4,601)
Profit/(loss) before tax	117,871	(1,584,178)

Geographical information

The Group's operations are substantially located in Hong Kong and substantiating all assets of the Group are located in Hong Kong, except investment properties are located in United States of America ("USA"). Therefore, no detailed analysis of geographical information is required.

The Group's customers include the following with whom transactions have exceeded 10% of the Group's revenue (excluded net investment loss):

	2023 HK$'000	2022 HK$'000 (Restated)
Former connected parties which included the subsidiaries of Tohigh Holdings Co., Ltd., Oceanwide Holdings Co., Ltd., China Oceanwide Holdings Limited and Minyun Limited*	218,307	147,523

* Revenue from these former connected parties, which are under common control of our former ultimate beneficial owner, is attributable to interest income segment, asset management segment, corporate finance segment and brokerage segment during the year. Upon the completion of sale and purchase of certain Company's shares took place on 3 February 2023, those connected parties have become former connected parties of the Company.

8 FINANCE COSTS

	2023 HK$'000	2022 HK$'000
Interest on bank borrowings	**33,989**	25,935
Interest on other borrowings	**12,186**	23,143
Interest on lease liabilities	**3,198**	1,277
	49,373	50,355

9 STAFF COSTS

	2023 HK$'000	2022 HK$'000
Directors' emoluments (note 15)		
— Fees, salaries, allowances and benefits in kind	**10,915**	9,402
— Discretionary bonuses	**550**	1,673
— Share-based compensation expense — Share option scheme	**1,719**	—
	13,184	11,075
Other staff costs		
— Salaries, allowances and bonuses	**153,611**	147,053
— Employee sales commission	**185**	2,844
— Retirement benefits scheme contributions	**4,108**	4,429
— Other staff benefits	**600**	482
— Share-based compensation expense — Share option scheme	**2,145**	—
	160,649	154,808
	173,833	165,883

During the year ended 31 December 2023, 20 persons being directors of the Company, directors of certain subsidiaries of the Company and the employees of the Group were granted share options, in respect of their services to the Group, under the share option scheme of the Company, further details of which are set out in note 35 to the consolidated financial statements. The fair value of such options, which has been recognised in the statement of profit or loss over the vesting period, was determined as at the date of grant and the amount included in the consolidated financial statements for the current year is included in the above staff costs disclosures.

10 PROFIT/(LOSS) BEFORE TAX

	2023 HK$'000	2022 HK$'000
Profit/(loss) before tax is arrived at after charging:		
Depreciation and amortisation		
— Other intangible assets (note 25)	**1,270**	1,644
— Property and equipment (note 27)	**30,589**	40,296
	31,859	41,940
Other items		
— Net losses on disposals of property and equipment (note 27)	**1,272**	1,502
— Direct operating expenses arising from investment properties that do not generate rental income	**2,827**	—
— Expenses relating to short-term leases (note 16(c))	**605**	40

11 OTHER OPERATING EXPENSES

	Notes	2023 HK$'000	2022 HK$'000
Advertising and promotion expenses		**1,589**	1,503
Auditor's remuneration		**2,450**	2,450
Bank charges		**1,237**	1,824
Consultancy fee		**3,563**	4,165
Entertainments		**2,015**	1,426
General office expenses		**6,358**	5,899
Insurance		**2,624**	2,577
Legal and professional fee	(a)	**13,148**	16,764
Repairs and maintenance		**4,260**	5,046
Office reinstatement and relocation cost	(b)	**8,752**	—
Short-term leases, rates and building management fee		**4,989**	6,198
Staff recruitment cost		**104**	1,131
Travelling and transportation expenses		**1,820**	767
Others		**5,090**	4,091
		57,999	53,841

Notes:

(a) During 2023, total legal and professional fee of approximately HK$13.1 million (2022: HK$16.8 million) mainly represented HK$5.6 million (2022: HK$6.4 million) spent on one-off corporate transactions' various professional fee.

(b) During 2023, office reinstatement and relocation cost represented cost for relocation of new office took place in first quarter of 2023.

12 TAX CREDIT

(a) Taxation in the consolidated statement of profit or loss represents:

	2023 HK$'000	2022 HK$'000
Current tax — Hong Kong Profits Tax		
— Current year	**541**	58
— Over provision in prior years	**—**	(3,015)
	541	(2,957)
Deferred tax (credit)/expense (note 32)	**(2,207)**	2,443
Total tax credit	**(1,666)**	(514)

The provision for Hong Kong Profits Tax is calculated at 16.5% (2022: 16.5%) of the estimated assessable profits for the year ended 31 December 2023, except for a subsidiary of the Group which is a qualifying corporation under the two-tiered profits tax rate regime.

For this subsidiary, the first HK$2 million of assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%. The provision for Hong Kong Profits Tax for this subsidiary was calculated at the same basis in 2022.

Taxation for subsidiaries operating in other jurisdictions is charged at the appropriate current rates of taxation ruling in the relevant jurisdictions.

(b) Reconciliation between tax credit and accounting profit/(loss) at applicable tax rates:

	2023 HK$'000	2022 HK$'000
Profit/(loss) before tax	**117,871**	(1,584,178)
Notional tax at Hong Kong Profits Tax rate of 8.25% on the first HK$2 million profit	**165**	165
Notional tax at Hong Kong Profits Tax rate of 16.5% on remaining profit/(loss)	**19,119**	(261,554)
Effect of different tax rates of subsidiaries operating in other jurisdictions	**7,795**	676
Tax effect of non-deductible expenses	**7,591**	7,362
Tax effect of non-taxable income	**(3,324)**	(4,234)
Tax effect of unused tax losses not recognised as deferred tax assets	**7,450**	75,459
Tax effect of prior years' unrecognised tax losses utilised this year	**(3,649)**	(660)
Tax effect of temporary differences not recognised as deferred tax	**(36,813)**	185,287
Over provision in prior years	**—**	(3,015)
Total tax credit	**(1,666)**	(514)

13 EARNINGS/(LOSS) PER SHARE

The calculation of basic and diluted earnings/(loss) per share attributable to equity holders of the Company is based on the followings:

(a) Basic earnings/(loss) per share

The calculation of basic earnings/(loss) per share is as follows:

Earnings/(loss)

	2023 HK$'000	2022 HK$'000
For purpose of calculating basic earnings/(loss) per share	119,537	(1,583,664)

Weighted average number of ordinary shares in issue less shares held for Share Award Scheme

	2023	2022
For purpose of calculating basic earnings/(loss) per share	6,145,877,218	6,145,877,218

(b) Diluted earnings/(loss) per share

The calculation of diluted earnings/(loss) per share is based on the profit/(loss) for the year attributable to equity holders of the Company. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic earnings/(loss) per share calculation, and the weighted average number of ordinary shares outstanding to assume conversion of all dilutive ordinary shares.

The computation of diluted earnings per share for the year ended 31 December 2023 does not assume the exercise of the Company's share options because the exercise price of those share options was higher than the average market price for shares for the year ended 31 December 2023.

Diluted loss per share were same as the basic loss per share for the year ended 31 December 2022 as there were no potential dilutive ordinary shares in issue.

14 DIVIDENDS

Dividend payable to equity holders of the Company attributable to the year:

	2023 HK$'000	2022 HK$'000
Special dividend declared and paid of HK1.1 cents per ordinary shares	68,168	—

The Board resolved not to declare the payment of a final dividend for the year ended 31 December 2023 (2022: Nil).

15 EMOLUMENTS OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS

Directors' emoluments

The aggregate amounts of emoluments paid and payable to the directors of the Company are as follows:

	Directors' fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Discretionary bonuses HK$'000	Share-based compensation expenses — share option scheme HK$'000	Total HK$'000
Year ended 31 December 2023					
Executive Directors					
Mr. HAN Xiaosheng	—	—	—	306	306
Mr. Kenneth LAM Kin Hing	—	5,200	550	611	6,361
Mr. LIU Hongwei	—	—	—	306	306
Mr. LAM Wai Hon (note (i))	—	1,855	—	73	1,928
Mr. FANG Zhou (note (ii))	1,127	—	—	—	1,127
Non-executive Directors					
Mr. FANG Zhou (note (ii))	1,825	—	—	73	1,898
Mr. LIU Bing (note (iii))	—	—	—	—	—
Mr. ZHAO Yingwei (note (iii))	—	—	—	—	—
Mr. ZHAO Xiaoxia (note (iii))	—	—	—	—	—
Independent Non-executive Directors					
Mr. Roy LO Wa Kei	250	—	—	175	425
Mr. LIU Jipeng	250	—	—	175	425
Ms. Cindy KONG Siu Ching (note (v))	93	—	—	—	93
Mr. KONG Aiguo (note (iv))	105	—	—	—	105
Mr. HE Xuehui (note (iv))	105	—	—	—	105
Mr. HUANG Yajun (note (iv))	105	—	—	—	105
	3,860	7,055	550	1,719	13,184

15 EMOLUMENTS OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS (CONTINUED)

Directors' emoluments (Continued)

	Directors' fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Discretionary bonuses HK$'000	Total HK$'000
Year ended 31 December 2022				
Executive Directors				
Mr. HAN Xiaosheng	—	—	—	—
Mr. FANG Zhou	2,952	—	—	2,952
Mr. LIU Hongwei	—	—	—	—
Mr. Kenneth LAM Kin Hing	—	5,200	1,673	6,873
Non-executive Directors				
Mr. LIU Bing	—	—	—	—
Mr. ZHAO Yingwei	—	—	—	—
Mr. ZHAO Xiaoxia	—	—	—	—
Independent Non-executive Directors				
Mr. Roy LO Wa Kei	250	—	—	250
Mr. KONG Aiguo	250	—	—	250
Mr. LIU Jipeng	250	—	—	250
Mr. HE Xuehui	250	—	—	250
Mr. HUANG Yajun	250	—	—	250
	4,202	5,200	1,673	11,075

Notes:

(i) Mr. LAM Wai Hon appointed as an executive Director with effect from 19 May 2023.

(ii) Mr. FANG Zhou re-designated from an executive Director to a non-executive Director and relinquished his position as the deputy chairman of the Company and ceased to be the chairman of the executive committee of the Company and the member of the remuneration committee with effect from 19 May 2023.

(iii) Mr. LIU Bing, Mr. ZHAO Yingwei and Mr. ZHAO Xiaoxia resigned as a non-executive Director with effect from 19 May 2023.

(iv) Mr. KONG Aiguo, Mr. HE Xuehui and Mr. HUANG Yajun resigned as an independent non-executive Director with effect from 19 May 2023.

(v) Ms. Cindy KONG Siu Ching appointed as an independent non-executive director with effect from 18 August 2023.

15 EMOLUMENTS OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS (CONTINUED)

Directors' emoluments (Continued)

During the year, share options were granted to four executive Directors, one non-executive Director and two independent non-executive Directors in respect of their services to the Group, further details of which are included in the disclosures in note 35 to the consolidated financial statements. The fair value of such options, which has been recognised in the consolidated statement of profit or loss over the vesting period, was determined as at the date of grant and the amount included in the consolidated financial statements for the current year is included in the above emoluments of directors disclosures.

There was no arrangement under which a director waived or agreed to waive any emoluments in respect of the years ended 31 December 2023 and 2022. No emolument was paid by the Group to the directors as an inducement to join or upon joining the Group, or as compensation for loss of office.

Emoluments of five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year ended 31 December 2023 included two (2022: one) Directors whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining three (2022: four) individuals during the year ended 31 December 2023 are as follows:

	2023 HK$'000	2022 HK$'000
Salaries and allowances	11,664	14,702
Discretionary bonuses	993	3,588
Share-based compensation expense — share option scheme	917	—
Retirement benefits scheme contributions	54	72
	13,628	18,362

15 EMOLUMENTS OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS (CONTINUED)

Emoluments of five highest paid individuals (Continued)

The emoluments of these remaining three (2022: four) highest paid individuals fell within the following bands:

	Number of individuals	
	2023	2022
HK$3,000,001–HK$3,500,000	**1**	—
HK$3,500,001–HK$4,000,000	**1**	2
HK$4,000,001–HK$4,500,000	—	—
HK$4,500,001–HK$5,000,000	—	1
HK$5,000,001–HK$5,500,000	**1**	—
HK$5,500,001–HK$6,000,000	—	—
HK$6,000,001–HK$6,500,000	—	1
	3	4

During the years ended 31 December 2023 and 2022, no emolument was paid by the Group to the five highest paid individuals as an inducement to join or upon joining the Group, or as compensation for loss of office.

16 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION

(a) Cash and cash equivalents comprise:

	As at 31 December 2023 HK$'000	As at 31 December 2022 HK$'000
Demand deposits and cash on hand	**122,380**	195,206

Notes:

a. Demand deposits earn interest at floating rates based on daily bank deposit rates.

b. Included in cash and cash equivalents of the Group is Renminbi ("RMB") of approximately HK$27,549,000 (31 December 2022: HK$11,911,000) placed with banks in Mainland China. RMB is not a freely convertible currency. Under the Mainland China's Foreign Exchange Control Regulations and Administration of Settlement and Sales and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks that are authorised to conduct foreign exchange business.

c. As at 31 December 2022, approximately HK$112,000 of cash and cash equivalents were placed with a bank in which the ultimate beneficial owner of the Company was also a director of its parent company.

16 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION (CONTINUED)

(b) Reconciliation of liabilities arising from financing activities

	Third party interests in consolidated investment funds HK$'000 Note 4(b)	Bank and other borrowings HK$'000 Note 28	Lease liabilities HK$'000 Note 31
At 1 January 2023	22,495	905,545	48,771
Changes from financing cash flows			
— Interest paid for other borrowings	—	(6,560)	—
— Interest paid for bank borrowings	—	(32,256)	—
— Proceeds from shares issued to other holders of a consolidated investment fund	13	—	—
— Capital element of lease rentals paid	—	—	(20,148)
— Interest element of lease rentals paid	—	—	(3,198)
— Net repayment from other borrowings	—	(9,500)	—
— Net repayment of bank borrowings	—	(95,891)	—
	13	(144,207)	(23,346)
Non-cash changes			
— Changes in net asset value attributable to other holders of consolidated investment funds (note 6)	(4,448)	—	—
— Increase in lease liabilities from entering into new leases during the year	—	—	32,892
— Interest on lease liabilities (note 8)	—	—	3,198
— Interest on other borrowings (note 8)	—	12,186	—
— Interest on bank borrowings (note 8)	—	33,989	—
— Gain on modification of borrowing (note 6)	—	(111,416)	—
— Unrealised gain on financial liability measured at fair value through profit or loss (note 6)	—	(22,090)	—
	(4,448)	(87,331)	36,090
At 31 December 2023	18,060	674,007	61,515

16 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION (CONTINUED)

(b) Reconciliation of liabilities arising from financing activities (Continued)

	Third party interests in consolidated investment funds HK$'000 Note 4(b)	Bank and other borrowings HK$'000 Note 28	Lease liabilities HK$'000 Note 31
At 1 January 2022	27,958	1,502,854	47,451
Changes from financing cash flows			
— Interest paid for other borrowings	—	(16,355)	—
— Interest paid for bank borrowings	—	(23,366)	—
— Payments on redemption of shares by other holders of a consolidated investment fund	(1,382)	—	—
— Proceeds from shares issued to other holders of a consolidated investment fund	1,382	—	—
— Capital element of lease rentals paid	—	—	(35,461)
— Interest element of lease rentals paid	—	—	(1,277)
— Net proceeds from other borrowings	—	40,500	—
— Net repayment of bank borrowings	—	(647,166)	—
	—	(646,387)	(36,738)
Non-cash changes			
— Changes in net asset value attributable to other holders of consolidated investment funds (note 6)	(5,463)	—	—
— Increase in lease liabilities from entering into new leases during the year	—	—	36,781
— Interest on lease liabilities (note 8)	—	—	1,277
— Interest on other borrowings (note 8)	—	23,143	—
— Interest on bank borrowings (note 8)	—	25,935	—
	(5,463)	49,078	38,058
At 31 December 2022	22,495	905,545	48,771

16 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION (CONTINUED)

(c) Total cash outflow for leases

Amounts included in the cash flow statement for leases comprise the following:

	2023 HK$'000	2022 HK$'000
Within operating cash flows (note 10)	**605**	40
Within financing cash flows	**23,346**	36,738
	23,951	36,778

17 BANK BALANCES HELD ON BEHALF OF CLIENTS

From the Group's ordinary business of securities, futures and options dealing, it receives and holds money deposited by clients in the course of conducting its regulated activities. These client's monies are maintained in one or more segregated bank accounts and bank time deposits. The Group has recognised the corresponding accounts payable to respective clients. As at 31 December 2022, HK$72,041,000 of bank balances held on behalf of clients were placed with a bank in which the ultimate beneficial owner of the Company was also a director of the parent company of that bank.

18 FINANCIAL ASSETS HELD FOR TRADING

	As at 31 December 2023 HK$'000	As at 31 December 2022 HK$'000
Financial assets held for trading measured at fair value through profit or loss		
Listed financial assets	**222,380**	277,175
Unlisted financial assets (Notes)	**382,161**	347,846
	604,541	625,021
Analysis of the net amount into current and non-current portions:		
Current	**566,351**	583,802
Non-current	**38,190**	41,219
	604,541	625,021

Notes:

(a) Unlisted financial assets comprises of unlisted equity securities and private equity funds.

18 FINANCIAL ASSETS HELD FOR TRADING (CONTINUED)

Notes: (Continued)

(b) During 2023, the Group has completed the acquisition of 16%* of the issued share capital of Fortune Origin Group Limited ("Fortune") at consideration of HK$120 million. The fair value of investment in Fortune as at 31 December 2023 was HK$150,641,000. The details of acquisition are set out in Company's announcement dated on 18 December 2023.

(c) The Group had committed to invest US$20 million in Oceanwide Pioneer Limited Partnership (the "Fund"), representing 25%* (2022: 25%*) of the aggregated capital committed by all partners in the Fund as at 31 December 2023. Following the acceptance of the subscription agreement by the general partner, the Group was admitted as a limited partner.

The Fund is a close-ended private equity fund structured as a Cayman Islands exempted limited partnership with an investment objective to achieve long-term capital appreciation through equity and equity-related investments in selected good-quality enterprises and projects as pioneers in the relevant industries. Under the subscription agreement, the limited partners do not have the power to participate in the financial and operating policy decisions of the Fund, whilst the general partner has the rights and power to administer the affairs of the Fund and include all powers statutory and otherwise, which may be possessed under the laws of Cayman Islands. Though the Group had served as an investment manager and generated management fee income from managing assets on behalf of investors, as the Group as an investment manager can be terminated without cause by the general partner, and the Group did not have any control or significant influence over the general partner, the Group did not consolidate or account for the Fund as an associate despite its equity interest of 25%* (2022: 25%*).

Total net asset value of the Fund of which the Group is the investment manager as at 31 December 2023 was HK$153,885,000 (2022: HK$165,898,000). The Group's maximum exposure to loss from its interest in the Fund is limited to the carrying amount presented above. As at 31 December 2023, the fair value of the investment in the Fund was HK$38,190,000 (2022: HK$41,219,000). Change in fair value of the Fund is included in the consolidated statement of profit or loss in "Net realised and unrealised loss on financial assets measured at fair value through profit or loss" within "Revenue" and the amount attributable to the Fund of which the Group is the investment manager represented gain of HK$6,236,000 (2022: loss of HK$30,123,000).

* rounded to the nearest one percent

19 FINANCIAL ASSETS NOT HELD FOR TRADING

	Notes	As at 31 December 2023 HK$'000	As at 31 December 2022 HK$'000 (Restated)
Financial assets measured at amortised cost			
Unlisted debt securities		**1,017,753**	926,012
Less: ECL provisions	(c)	**(882,167)**	(741,733)
	(a)	**135,586**	184,279
Financial assets measured at fair value through other comprehensive income			
Unlisted equity securities	(b)	**4,210**	4,210
		139,796	188,489
Analysis of the net amount into current and non-current portions:			
Current		**135,586**	184,279
Non-current		**4,210**	4,210
		139,796	188,489

19 FINANCIAL ASSETS NOT HELD FOR TRADING (CONTINUED)

Notes:

(a) As at 31 December 2022, the net amount after ECL provisions of the unlisted debt securities of HK$184,279,000 were issued by fellow subsidiaries and carry interest at 11.8% per annum.

(b) Movement of unlisted equity securities is as follows:

	McMillen Advantage Capital Limited ("MAC") (note (i))	Capital Financial Holding Ltd. ("CFH")	Total
	HK$'000	HK$'000	HK$'000
At 1 January 2022, 31 December 2022, 1 January 2023 and 31 December 2023	—	4,210	4,210

Notes:

(i) The Group had not accounted for MAC as an associate despite its ownership interest because the Group does not have any power to participate in its financial and operating policy decisions nor any right to appoint a director of MAC.

(ii) The above financial assets are unlisted equity securities which are not held for trading. Instead, they are held for medium or long-term strategic purpose. The Group has designated these investments in equity securities as at fair value through other comprehensive income as the directors believe that this provides a more meaningful presentation for medium or long-term strategic investments, than reflecting changes in fair value immediately in profit or loss.

(c) Movement in the ECL provisions of financial assets measured at amortised cost is as follows:

	HK$'000
At 1 January 2022	605,362
ECL charges (Restated)	72,274
Unwind of discount (Restated)	64,097
At 31 December 2022 and 1 January 2023 (Restated)	**741,733**
ECL charges	**66,397**
Unwind of discount	**77,596**
Written off	**(3,559)**
At 31 December 2023	**882,167**

20 LOANS TO MARGIN CLIENTS

	As at 31 December 2023 HK$'000	As at 31 December 2022 HK$'000
Loans to margin clients		
— Measured at fair value through profit or loss	**547,986**	670,496

Note:

Margin clients are required to pledge securities collateral to the Group in order to obtain the credit facilities for securities trading. The amount of credit facilities granted to them is determined based on a comprehensive analysis including but not limited to loan-to-market and loan-to-marginable value ratios ("lending ratios"), concentration risk, illiquid collaterals and overall availability of funds. The Group exercises continuous monitoring on outstanding margin loans to see if the actual lending ratios have exceeded the pre-determined levels as a credit risk control mechanism. Any excess in the lending ratios will trigger a margin call where the clients have to make good the shortfall. As at 31 December 2023, the market value of securities pledged by margin clients to the Group as collateral was HK$5,833 million (31 December 2022: HK$4,848 million) and the Group is permitted to sell collaterals provided by clients if they fail to fulfil margin calls. Loans to margin clients are repayable on demand and bear interest at commercial rates (normally at Hong Kong Dollar Prime Rate plus a spread). As loans to margin clients are measured at fair value through profit or loss, the carrying amounts of the loans, counted on client-by-client basis, would be marked down to the market value of the clients' collaterals.

21 CREDIT LOANS

	Notes	As at 31 December 2023 HK$'000	As at 31 December 2022 HK$'000 (Restated)
Credit loans, gross amount			
— Unsecured		**3,854,279**	4,394,072
— Secured	(b), (d)	**558,615**	588,955
		4,412,894	4,983,027
Less: ECL provisions	(c)	**(3,990,712)**	(3,824,081)
	(a)	**422,182**	1,158,946
Analysis of the net amount into current and non-current portions:			
Current		**422,182**	1,099,984
Non-current		**—**	58,962
		422,182	1,158,946

21 CREDIT LOANS (CONTINUED)

Notes:

(a) The credit loans bear interest at fixed rates ranging from 2.5% to 12% (31 December 2022: 2.5% to 12%) per annum. As at 31 December 2022, the net amount after ECL provisions of unsecured loan of HK$557 million were due from fellow subsidiaries.

(b) As at 31 December 2023 and 2022, the collaterals held by the Group for the secured credit loans mainly include shares of listed and private companies and assets of private companies.

(c) Movement in the ECL provisions of credit loans is as follows:

	HK$'000
At 1 January 2022 (Restated)	2,554,431
ECL charges (Restated)	940,293
Unwind of discount (Restated)	329,357
At 31 December 2022 and 1 January 2023 (Restated)	**3,824,081**
Reversal of ECL charges	**(101,105)**
Written-off	**(13,349)**
Unwind of discount	**281,085**
At 31 December 2023	**3,990,712**

Reversal of ECL charges in the year 2023 was due to settlement of certain credit-impaired loans by borrowers during the year 2023.

(d) As at 31 December 2023, HK$2,135,000 (31 December 2022: HK$2,084,000) was reverse repurchase agreements on bonds.

	As at 31 December 2023 HK$'000	As at 31 December 2022 HK$'000
Gross amount	**2,165**	2,114
Less: ECL provisions	**(30)**	(30)
	2,135	2,084

Reverse repurchase agreements are transactions in which the external investors sell a security to the Group and simultaneously agree to repurchase it (or an asset that is substantially the same) at the agreed date and price. The repurchase prices are fixed and the Group is not exposed to substantially all the credit risks, market risks and rewards of those securities bought. These securities are not recognised in consolidated financial statements but regarded as "collateral" because the external investors retain substantially all the risks and rewards of these securities.

As at 31 December 2023, the fair value of the collaterals was HK$4,129,000 (31 December 2022: HK$4,245,000).

22 ACCOUNTS RECEIVABLE

	Notes	As at 31 December 2023 HK$'000	As at 31 December 2022 HK$'000
Accounts receivable from dealings in securities, futures and options contracts			
— Brokers and clearing houses	(a)	**272,879**	468,195
— Cash clients	(a)	**29,954**	25,505
Accounts receivable from asset management, corporate finance and other businesses			
— Clients	(a)	**21,806**	18,289
		324,639	511,989
Less: ECL provisions	(c)	**(22,367)**	(17,669)
Accounts receivable, net	(b), (d)	**302,272**	494,320

Notes:

(a) Amounts due from brokers, clearing houses and cash clients for the dealings in securities are required to be settled on the settlement dates of their respective transactions (normally two or three business days after the respective trade dates). Amounts due from brokers and clearing houses for the dealings in futures and options contracts are repayable on demand (except for the required margin deposits for the trading of futures and options contracts). There are no credit periods granted to clients for its asset management, corporate finance and other businesses. The amounts due from cash clients after the settlement dates bear interest at commercial rates (normally at Hong Kong Dollar Prime Rate plus a higher spread than that of margin client).

(b) Included in accounts receivable is the following amounts with related parties:

	As at 31 December 2023 HK$'000	As at 31 December 2022 HK$'000
Director of the Company	**—**	10
Fellow subsidiaries	**—**	996
	—	1,006

22 ACCOUNTS RECEIVABLE (CONTINUED)

Notes: (Continued)

(c) Movement in the ECL provisions of accounts receivable is as follows:

	HK$'000
At 1 January 2022	15,485
ECL charges	2,326
Written-off	(142)
At 31 December 2022 and 1 January 2023	**17,669**
ECL charges	**8,007**
Written-off	**(3,309)**
At 31 December 2023	**22,367**

(d) Ageing analysis of accounts receivable based on due date and net of ECL provisions is as follows:

	As at 31 December 2023 HK$'000	As at 31 December 2022 HK$'000
Within 30 days	**278,230**	472,466
31–90 days	**1,036**	1,327
Over 90 days	**23,006**	20,527
Accounts receivable, net	**302,272**	494,320

23 INVESTMENT PROPERTIES

	2023 HK$'000	2022 HK$'000
At 1 January	**—**	—
Additions arising from acquisition of subsidiaries (note 45)	**960,118**	—
Exchange alignment	**(4,618)**	—
Loss on fair value change	**(42,120)**	—
At 31 December	**913,380**	—

All of the Group's investment properties are held in the USA.

The settlement arrangement to the loans with China Oceanwide International Investment Company Limited, being the former connected party, was completed on 22 August 2023. The transfer of the sales shares of target companies (all being investment holding companies) was completed. The possession of the USA residential properties was obtained on 22 August 2023 (USA time) under the terms and conditions were fulfilled.

(Expressed in Hong Kong dollars unless otherwise indicated)

23 INVESTMENT PROPERTIES (CONTINUED)

The target companies, namely 1) King Domain Limited, 2) Honour Smart Investments Limited, 3) Delight Wise Investments Limited and 4) Sheen Grace Investments Limited ("Target Companies") all become wholly-owned subsidiaries of the Company and each of their financial positions and performance would be consolidated into the consolidated financial statements of the Company with effect from the date of completion. Each of the 4 Target Companies is holding a residential property in USA ("4 Residential US Properties") upon completion of settlement agreement.

All of the Group's property interests are held for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties.

The table below sets out particulars of the 4 Residential US Properties:

No.	Property	Type of use	Particulars of occupancy	Term of lease
1.	250 Atherton Avenue, Atherton, CA 94027, County of San Mateo, State of California, the USA	Residential	Vacant	Freehold
2.	25 Longview Court, Hillsborough, CA 94010, County of San Mateo, State of California, the USA	Residential	Vacant	Freehold
3.	40 Verbalee Lane, Hillsborough, CA 94010, County of San Mateo, State of California, the USA	Residential	Vacant	Freehold
4.	1111 Tournament Drive, Hillsborough, CA 94010, County of San Mateo, State of California, the USA	Residential	Vacant	Freehold

(i) Fair value of investment property measured at fair value

The following table presents the fair value of the Group's investment properties measured at the end of the reporting period on a recurring basis, categorized into the three-level fair value hierarchy as defined in HKFRS 13 Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.

- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.

- Level 3 valuations: Fair value measured using significant unobservable inputs.

(i) Fair value of investment properties measured at fair value (Continued)

	Fair value at 31 December 2023 HK$'000	Fair value measurements as at 31 December 2023 categorised into Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000
Recurring fair value measurement — 4 Residential US Properties	**913,380**	**—**	**—**	**913,380**

The fair value of the Group's investment properties as at 31 December 2023 has been arrived at on the basis of a valuation carried out on the respective date by Masterpiece Valuation Advisory Limited ("Masterpiece"), independent qualified professional valuers not connected to the Group.

(ii) Fair value hierarchy

Valuation techniques and key inputs used in Level 3 fair value measurements

Valuation on investment properties which are categorised as Level 3 fair value measurement at the end of the reporting period are as follows:

Property	Valuation Technique	Significant Unobservable Inputs	Range of unit selling price per square feet as at 31 December 2023 US$
4 Residential US Properties	Direct comparison method	Selling price per square feet	**1,135–2,173**

The fair value of each investment property is individually determined at the end of each reporting period by adopting direct comparison method by comparing recent market evidence of similar properties located in the neighborhood area of the property. The property sales comparable are selected as they have characteristics comparable to the subject property. The unit rate adopted in the valuation is consistent with the unit rate of the relevant comparable after considered various adjustments including size, location, time, age, and any other relevant factors when comparing such sales against the subject property. This approach is commonly used to value properties where reliable sales evidence is available.

The fair value measurements are positively correlated to the selling price per square feet.

23 INVESTMENT PROPERTIES (CONTINUED)

(ii) Fair value hierarchy (Continued)

Valuation techniques and key inputs used in Level 3 fair value measurements (Continued)

The movements during the year in the balance of these Level 3 fair value measurements are as follows:

	2023 HK$'000	2022 HK$'000
Investment properties — residential properties in the USA		
At 1 January	—	—
Additions	960,118	—
Exchange alignment	(4,618)	—
Loss on fair value change	(42,120)	—
At 31 December	913,380	—

All the fair value adjustment of investment properties is recognised in profit or loss.

24 INTEREST IN AN ASSOCIATE

	As at 31 December 2023 HK$'000	As at 31 December 2022 HK$'000
Share of net assets	1,180	1,874

Particulars of an associate, which is accounted for using the equity method in the consolidated financial statements, as at 31 December 2023 and 2022 are as follows:

Name	Place of incorporation	Particulars of paid-up capital	Percentage of effective interest held by the Group*	Principal activity
Iddy Financial Technologies Limited	Hong Kong	10,522 ordinary shares	23%*	Provision of IT software services

* rounded to the nearest one percent

24 INTEREST IN AN ASSOCIATE (CONTINUED)

The following table illustrates the financial information of the Group's associate, extracted from their unaudited management accounts and reconciliation to the carrying amount recognised in the consolidated statement of financial position:

	2023 HK$'000	2022 HK$'000
Revenue, excluding other revenue	**20,416**	7,150
Other operating expenses	**(23,475)**	(9,781)
Loss from continuing operations and total comprehensive loss for the year	**(3,059)**	(2,631)

	As at 31 December 2023 HK$'000	As at 31 December 2022 HK$'000
Current assets	**1,963**	9,629
Non-current assets	**319**	399
Current liabilities	**(4,271)**	(8,959)
Net (liabilities)/assets	**(1,989)**	1,069
Percentage of effective interests held by the Group*	**23%**	23%
Group's share of net (liabilities)/assets of an associate	**(451)**	243
Goodwill	**1,631**	1,631
Carrying amount recognised in the consolidated statement of financial position	**1,180**	1,874

No dividend was received from an associate during the current year and previous year. The above associate also did not have any financial liabilities other than account and other payables as at 31 December 2023 and 31 December 2022 and did not incur any interest and tax expenses for the current year.

* rounded to the nearest one percent

25 GOODWILL AND OTHER INTANGIBLE ASSETS

	As at 31 December 2023 HK$'000	As at 31 December 2022 HK$'000
Goodwill	**14,695**	14,695
Other intangible assets	**2,305**	3,265
	17,000	17,960

Goodwill

	As at 31 December 2023 HK$'000	As at 31 December 2022 HK$'000
At the beginning and the end of the year		
Gross carrying amount	**15,385**	15,385
Accumulated impairment	**(690)**	(690)
Net carrying amount (note (i))	**14,695**	14,695

Note:

(i) The net carrying amount of goodwill of HK$14,695,000 (2022: HK$14,695,000) relates to the CGU which is principally engaged in the dealing services for securities, futures and options contracts and the securities placing and underwriting services. For the purpose of the annual impairment testing, the recoverable amount was determined based on value-in-use, using a discounted cash flows projection, covering a detailed five-year budget plan with a post-tax discount rate of 7.75% (2022: 8.43%).

The key assumptions used in the budget plan are:

(a) revenue will be maintained at its current level throughout the five-year budget plan to financial year 2028 (2022: 2027); and

(b) gross margin will be maintained at its current level throughout the five-year budget plan.

The key assumptions have been determined based on past performance and its expectations for the market's development. The discount rate used reflects specific risks relating to the relevant businesses. Based on the above key assumptions and detailed five-year budget plan, the Group's management concluded there was no impairment to goodwill as the carrying amount of the CGU did not exceed its recoverable amount.

The Group's management is currently not aware of any foreseeable change in the above key assumptions on which the recoverable amount is based would cause the carrying amount of the CGU to exceed its recoverable amount.

25 GOODWILL AND OTHER INTANGIBLE ASSETS (CONTINUED)

Other intangible assets

	Development costs HK$'000	Film rights HK$'000	Mobile phone and computer applications HK$'000	Corporate membership HK$'000	Total HK$'000
At 1 January 2022					
Cost	16,867	1,774	2,665	280	21,586
Accumulated amortisation	(13,068)	(1,774)	(1,914)	—	(16,756)
Net carrying amount	3,799	—	751	280	4,830
Year ended 31 December 2022					
Opening net carrying amount	3,799	—	751	280	4,830
Additions	79	—	—	—	79
Amortisation	(1,257)	—	(387)	—	(1,644)
Closing net carrying amount	2,621	—	364	280	3,265
At 31 December 2022					
Cost	16,946	1,774	2,665	280	21,665
Accumulated amortisation	(14,325)	(1,774)	(2,301)	—	(18,400)
Net carrying amount	2,621	—	364	280	3,265
Year ended 31 December 2023					
Opening net carrying amount	**2,621**	**—**	**364**	**280**	**3,265**
Additions	**60**	**—**	**—**	**250**	**310**
Amortisation	**(939)**	**—**	**(331)**	**—**	**(1,270)**
Closing net carrying amount	**1,742**	**—**	**33**	**530**	**2,305**
At 31 December 2023					
Cost	**17,006**	**1,774**	**2,665**	**530**	**21,975**
Accumulated amortisation	**(15,264)**	**(1,774)**	**(2,632)**	**—**	**(19,670)**
Net carrying amount	**1,742**	**—**	**33**	**530**	**2,305**

Development costs represent the in-house developed securities, futures and options settlement systems; an online trading platform and a website and mobile application developed by an associate company. Mobile phone and computer applications represent the customer service platform purchased from independent application solution providers. All amortisation is included in "depreciation and amortisation" in the consolidated statement of profit or loss.

26 OTHER ASSETS

Other assets mainly comprise long-term deposits for property and equipment, rental deposits and deposits with the Stock Exchange and clearing houses.

	As at 31 December 2023 HK$'000	As at 31 December 2022 HK$'000
Deposits with exchange and clearing houses	**14,622**	6,934
Other deposits	**6,484**	15,877
	21,106	22,811

27 PROPERTY AND EQUIPMENT

	Property and equipment					
	Land and buildings HK$'000	Right-of-use assets HK$'000 (Note a)	Leasehold improvements HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicle HK$'000	Total HK$'000
At 1 January 2022						
Cost	9,600	140,245	21,369	47,927	604	219,745
Accumulated depreciation	(267)	(96,310)	(15,668)	(34,424)	(352)	(147,021)
Net carrying amount	9,333	43,935	5,701	13,503	252	72,724
For the year ended 31 December 2022						
Opening net carrying amount	9,333	43,935	5,701	13,503	252	72,724
Additions	—	36,781	639	545	—	37,965
Disposal	—	—	(982)	(520)	—	(1,502)
Depreciation	(266)	(31,683)	(2,942)	(5,284)	(121)	(40,296)
Translation Difference	—	(241)	8	(122)	—	(355)
Closing net carrying amount	9,067	48,792	2,424	8,122	131	68,536
As at 31 December 2022						
Cost	9,600	170,476	20,584	44,194	604	245,458
Accumulated depreciation	(533)	(121,684)	(18,160)	(36,072)	(473)	(176,922)
Net carrying amount	9,067	48,792	2,424	8,122	131	68,536
For the year ended 31 December 2023						
Opening net carrying amount	**9,067**	**48,792**	**2,424**	**8,122**	**131**	**68,536**
Additions	**—**	**32,893**	**14,018**	**1,980**	**—**	**48,891**
Disposal	**—**	**—**	**(109)**	**(1,163)**	**—**	**(1,272)**
Depreciation	**(267)**	**(24,025)**	**(2,429)**	**(3,747)**	**(121)**	**(30,589)**
Translation Difference	**—**	**(48)**	**(8)**	**(13)**	**—**	**(69)**
Closing net carrying amount	**8,800**	**57,612**	**13,896**	**5,179**	**10**	**85,497**
As at 31 December 2023						
Cost	**9,600**	**65,914**	**17,000**	**38,174**	**604**	**131,292**
Accumulated depreciation	**(800)**	**(8,302)**	**(3,104)**	**(32,995)**	**(594)**	**(45,795)**
Net carrying amount	**8,800**	**57,612**	**13,896**	**5,179**	**10**	**85,497**

27 PROPERTY AND EQUIPMENT (CONTINUED)

Note:

a. During the year, additions to right-of-use assets were HK$32,893,000 (2022: HK$36,781,000). This amount primarily related to the capitalised lease payments payable under new tenancy agreements. Details of total cash outflow for leases and the maturity analysis of lease liabilities are set out in notes 16 and 31, respectively.

The Group has obtained the right to use the properties as its offices through tenancy agreements. The leases typically run for an initial period of 1 to 3 years. Lease payments are usually increased every 3 years to reflect market rentals.

Some lease contracts include an option to renew for an additional period after the end of the initial contract term. Where practicable, the Group seeks to include in all leases such extension options exercisable by the Group to provide operational flexibility. As at 31 December 2023, the Group assesses at the lease commencement date the likelihood of exercising the extension options, and only include those reasonably certain to be exercised in the measurement of lease liabilities. As at 31 December 2022, the future lease payments during the extension periods are not included in the measurement of lease liabilities as the Group is not reasonably certain to exercise the extension options.

28 BANK AND OTHER BORROWINGS

	Notes	**As at 31 December 2023 HK$'000**	As at 31 December 2022 HK$'000
Bank loans			
— Secured	(a), (b)	**453,358**	543,075
Other borrowings			
— Secured	(c)	**96,253**	238,309
— Unsecured	(d)	**124,396**	124,161
		674,007	905,545

Notes:

a. Bank loans of HK$205,468,000 (31 December 2022: HK$205,927,000) were guaranteed by the Company and secured by securities collateral pledged to the Group by margin clients of the Group with market value of HK$514,225,000 (31 December 2022: HK$529,139,000), and bear interest at floating rates ranging from 6.13% to 7.12% (31 December 2022: 5.44% to 6.04%) per annum. Specific standing authority have been obtained by the Group from the margin clients for such use over the clients' securities.

b. Bank loans of HK$247,890,000 (31 December 2022: HK$337,148,000) were secured by equity securities, private equity fund, shares of certain wholly-owned subsidiaries of the Company and bank deposits with total carrying amounts of HK$417,469,000 as at 31 December 2023 (31 December 2022: HK$318,728,000). These bank loans were guaranteed by a wholly-owned subsidiary of the Company (2022: the ultimate beneficial owner and a wholly-owned subsidiary of the Company) and bear interest at a floating rate of HIBOR+3% (31 December 2022: HIBOR+3%) per annum.

c. Several notes of HK$96,253,000 (31 December 2022: HK$232,297,000) were secured by the listed equity securities and other receivables with total carrying amounts of HK$96,253,000 as at 31 December 2023 (31 December 2022: HK$113,608,000) and bear interest at a fixed rate of 5.00% per annum. The other borrowing was measured at amortised cost, subsequently measured at fair value through profit or loss after the modification. As at 31 December 2022, the other borrowings of HK$6,012,000 were secured by an apartment at net carrying amounts of HK$9,067,000 and bear interest at a floating rate of 11.03% per annum.

d. As at 31 December 2023, several notes of HK$124,396,000 (31 December 2022: HK$124,161,000) bear interest at fixed rates ranging from 8.8% to 9.5% (31 December 2022: 7.8% to 9.5% per annum). As at 31 December 2022, a note with principal and accrued interest in aggregate of approximately HK$57,464,000 was owed to a subsidiary of Oceanwide Holdings, fellow subsidiary.

29 ACCOUNTS PAYABLE

	Notes	As at 31 December 2023 HK$'000	As at 31 December 2022 HK$'000
Accounts payable from dealings in securities, futures and options contracts			
— Brokers and clearing houses	(a)	**10,124**	4,485
— Cash and margin clients	(a)	**1,064,873**	1,526,761
Accounts payable from other businesses			
— Clients		**1,883**	2,888
	(b), (c)	**1,076,880**	1,534,134

Notes:

(a) Accounts payable to brokers, clearing houses and cash clients are repayable on demand up to the settlement dates of their respective transactions (normally two or three business days after the respective trade dates) except for the required margin deposits received from clients for their trading of futures and options contracts. Accounts payable to margin clients are repayable on demand.

(b) No ageing analysis in respect of accounts payable is disclosed as, in the opinion of the Board, the ageing analysis does not give additional value in view of the business nature.

(c) Included in accounts payable were the following amounts with related parties:

	As at 31 December 2023 HK$'000	As at 31 December 2022 HK$'000
Directors of the Company	**17,625**	5,011
Close family members of directors of the Company	**130**	108
Fellow subsidiaries	**—**	1,076
	17,755	6,195

30 CONTRACT LIABILITIES

	As at 31 December 2023 HK$'000	As at 31 December 2022 HK$'000
Contract liabilities	**4,620**	5,259

30 CONTRACT LIABILITIES (CONTINUED)

Movements in contract liabilities

	HK$'000
Balance at 1 January 2022	11,004
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year	(9,152)
Increase in contract liabilities as a result of advance consideration received from corporate finance contracts	1,043
Increase in contract liabilities as a result of advance consideration received from other contracts	2,364
Balance at 31 December 2022 and 1 January 2023	**5,259**
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year	**(5,035)**
Increase in contract liabilities as a result of advance consideration received from corporate finance contracts	**1,959**
Increase in contract liabilities as a result of advance consideration received from other contracts	**2,437**
Balance at 31 December 2023	**4,620**

31 LEASE LIABILITIES

	As at 31 December 2023 HK$'000	As at 31 December 2022 HK$'000
Within 1 year	**12,070**	21,701
After 1 year but within 2 years	**11,860**	13,617
After 2 years but within 5 years	**37,585**	13,453
	49,445	27,070
	61,515	48,771

32 DEFERRED TAX

(a) Deferred tax assets and (liabilities) recognised

	Accelerated tax depreciation allowances HK$'000	Impairment of receivables HK$'000	Tax losses HK$'000	Changes in fair value of financial assets measured at fair value through profit or loss HK$'000	Total HK$'000
At 1 January 2022	(1,421)	23,220	8,942	(16,076)	14,665
(Charged)/credited to profit or loss (note 12)	1,151	(22,401)	(8,777)	27,584	(2,443)
At 31 December 2022 and 1 January 2023	**(270)**	**819**	**165**	**11,508**	**12,222**
Credited/(charged) to profit or loss (note 12)	**(150)**	**252**	**—**	**2,105**	**2,207**
At 31 December 2023	**(420)**	**1,071**	**165**	**13,613**	**14,429**

The following is the analysis of the deferred tax balances of the Group for financial reporting purposes:

	As at 31 December 2023 HK$'000	As at 31 December 2022 HK$'000
Deferred tax assets	**14,652**	15,214
Deferred tax liabilities	**(223)**	(2,992)
	14,429	12,222

32 DEFERRED TAX (CONTINUED)

(b) Deferred tax assets not recognised

The Group has not recognised deferred tax assets in respect of cumulative tax losses of HK$335,247,000 (31 December 2022: HK$312,206,000) due to unpredictable profit streams. The tax losses do not expire under current tax legislation.

The Group has not recognised deferred tax assets in respect of temporary differences of ECL provisions of HK$3,341,910,000 (31 December 2022: HK$1,450,779,000) and fair value loss of HK$426,004,000 (31 December 2022: HK$252,165,000) as the Group is not able to control the timing of the reversal of the temporary differences and it is not probable to have sufficient taxable profit in foreseeable future.

(c) Deferred tax liabilities not recognised

As at 31 December 2023, temporary differences relating to the undistributed profits of subsidiaries amounted to HK$156,000 (31 December 2022: HK$175,000). Deferred tax liabilities have not been recognised in respect of the tax that would be payable on distribution of these retained profits as the Company controls the dividend policy of these subsidiaries and it has been determined that these profits will not be distributed in the foreseeable future.

33 SHARE CAPITAL

	Number of ordinary shares of HK one third of one cent each	HK$'000
Authorised		
At 1 January 2022, 31 December 2022, 1 January 2023 and 31 December 2023	**30,000,000,000**	**100,000**
Issued and fully paid		
At 1 January 2022, 31 December 2022, 1 January 2023 and 31 December 2023	**6,197,049,220**	**20,657**

All issued shares rank pari passu in all respects including all rights as to dividends, voting and return of capital.

Share options

Details of the Company's share option scheme and the share options issued under the scheme are included in note 35 to the financial statements.

(Expressed in Hong Kong dollars unless otherwise indicated)

34 SHARE AWARD SCHEME

A restricted share award scheme ("Share Award Scheme") was adopted by the Company on 19 August 2010. The purpose of the Share Award Scheme is to recognise and motivate the contribution of certain employees and/or consultants and to provide incentives and help the Group in retaining its existing employees or consultants and recruiting additional employees or consultants and to provide them with a direct economic interest in attaining the long-term business objectives of the Company.

Pursuant to the rules of Share Award Scheme, the Board may, from time to time, at its absolute discretion select the employees and consultants as they deem appropriate for participation in the Share Award Scheme and determines the number of awarded shares to be granted. Existing shares would be purchased by the trustee from the market out of cash contributed by the Group and be held in trust for the relevant selected participants. The awarded shares of the Company will be vested only after satisfactory completion of time-based targets or time-and-performance-based targets.

The Share Award Scheme is subject to the administration of the Board in accordance with the rules of Share Award Scheme. The aggregate number of awarded shares granted by the Board throughout the duration of the Share Award Scheme should not in excess of 10% of the issued share capital of the Company as at the date of its adoption. The maximum number of awarded shares which may be granted to a selected participant under the Share Award Scheme shall not exceed 1% of the issued share capital of the Company as at the date of its adoption. Any grant of the awarded shares to any directors or senior management of the Company must first be approved by the remuneration committee of the Company.

Unless terminated earlier by the Board, the Share Award Scheme shall be valid and effective for a term of 10 years from the date of its adoption. However, the Board has the right to renew the Share Award Scheme up to three times and each time for another 5-year terms.

Movement in the number of shares held for Share Award Scheme and the awarded shares of the Company are as follows:

	Number of shares held for Share Award Scheme	Number of awarded shares
At 1 January 2022, 31 December 2022, 1 January 2023 and 31 December 2023	**51,172,002**	**—**

34 SHARE AWARD SCHEME (CONTINUED)

Pursuant to the Share Award Scheme, if there occurs an event of change in control of the Company, all the awarded shares shall immediately vest on the date when such change of control event becomes or is declared unconditional and such date shall be deemed the vesting date. Upon the change of the controlling shareholders as disclosed in the Company's announcement dated 26 January 2017, any unvested awarded shares at that date were vested.

As at 31 December 2023, Nil (31 December 2022: Nil) forfeited shares and Nil (31 December 2022: Nil) newly purchased shares were held by the trustee under the Share Award Scheme and would be re-granted to eligible employees in future.

During the years ended 31 December 2023 and 2022, no share awards expense was recognised as no awarded shares were vested during the year.

35 SHARE OPTION SCHEME

The company has adopted the share option scheme (the "Scheme") pursuant to the special resolution passed on 22 September 2020. The purpose of the Scheme is to provide incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Scheme include the Company's directors, senior management, and core technical and management personnel.

At the end of the reporting period, the number of shares in respect of which options had been granted and remained outstanding under the Scheme was 152,500,000, representing approximately 2.46% of the shares of the Company in issue as at 31 December 2023. A total of 66,000,000 share options were granted to 7 Directors, and the remaining 86,500,000 share options were granted to 13 persons, including the directors of certain subsidiaries of the Company and employees of the Group. HK$10.00 were paid by each grantees upon the acceptance of the share options.

The Scheme has performance targets for participants, except the independent non-executive Directors. The vesting of 30% of each tranche of the share option to the grantees (except the independent non-executive Directors) is subject to satisfaction of performance targets to be determined by the Board. The performance targets were determined with reference to, including but not limited to, the revenue contribution to the Group as a whole and of the applicable business by the grantee, the length of the service to the Group of the grantee and other key performance indicators as determined by the board and may vary among the grantees. Besides, there is no performance target attached to the vesting of the remaining 70% of each tranche of the share options to the grantees (except the independent non-executive Directors).

(Expressed in Hong Kong dollars unless otherwise indicated)

35 SHARE OPTION SCHEME (CONTINUED)

Under the Scheme, the maximum number of shares which may be issued upon exercise of all options to be granted under the Scheme and any other share option schemes of the Company must not in aggregate exceed 10% of the shares in issue upon the date of which the shares are listed and permitted to be dealt in the Stock Exchange. The 10% limit may be refreshed at any time by approval of the Company's shareholders provided that the total number of the Company's shares which may be issued upon exercise of all options to be granted under the Scheme and any other share options schemes of the Company must not exceed 10% of the Company's shares in issue as at the date of approval of the refreshed limit. Subject to the approval of the Company's shareholders, the aggregate number of the Company's shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and any other schemes of the Company must not exceed 10% of the Company's shares in issue from time to time. No options may be granted under the Scheme if this will result in the limit being exceeded.

The share options which have vested may be exercised for a period commencing from the date of the grant of the share options and expiring on the date falling 10 years from the date of the grant of the share options. The exercise price of share options granted shall be HK$0.2 per share. The share options shall be vested and become exercisable in three tranches as set out in the table below:

Tranche	**Vesting Date**	**Percentage of share options shall be vested**
First	The first trading day after 12 months from the Date of Grant	25%
Second	The first trading day after 24 months from the Date of Grant	35%
Third	The first trading day after 36 months from the Date of Grant	40%

The total number of shares issued and to be issued upon exercise of the options granted to an eligible participant in any 12-month period shall not exceed 1% of the shares of the Company in issued. Where any further grant of options to a participant under the Scheme would result in the shares issued and to be issued upon exercise of all options granted and to be granted to such participant (including exercised, cancelled and outstanding options) in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of the shares in issue, such further grant must be separately approved by shareholders of the Company in general meeting with such participant and his/her close associates abstaining from voting.

The exercise price of share options granted under the Scheme shall be price as determined by the Board shall be at least the higher of: (i) the closing price of the shares as stated in the daily quotation sheet of the Stock Exchange on the date of grant which must be a business day, and (ii) the average closing price of the shares as stated in the daily quotation sheet of the Stock Exchange for the 5 business days immediately preceding the date of grant, and (iii) the nominal value of a share.

35 SHARE OPTION SCHEME (CONTINUED)

The following table disclose the movement of the share options granted and lapsed under the Scheme during the year ended 31 December 2023:

			Number of share options			
Type of participant	**Date of grant**	**Exercise Price of options (per share)**	**Outstanding at 1 January 2023**	**Granted during the year ended 31 December 2023**	**Lapsed during the year ended 31 December 2023**	**Outstanding at the year ended the year ended 31 December 2023**
Executive Directors	21 July 2023	HK$0.2	—	53,000,000	—	53,000,000
Non-executive Director	21 July 2023	HK$0.2	—	3,000,000	—	3,000,000
Independent Non-executive Directors	21 July 2023	HK$0.2	—	10,000,000	—	10,000,000
Employees (note 1)	21 July 2023	HK$0.2	—	86,500,000	—	86,500,000
Exercisable at the end of the year			**—**	**152,500,000**	**—**	**152,500,000**

Note 1: 13 employees who are directors of certain subsidiaries of the Company and the employees of the Group and in aggregate 86,500,000 shares options were granted under the Shares Option Scheme

During the year ended 31 December 2023, no share options granted under the Scheme lapsed upon the resignation of the employees of the Group and no share options was exercised or cancelled.

The remaining life of the share option granted on 21 July 2023 under the Scheme as at 31 December 2023 was approximately 9.5 years (2022: Nil).

As of the grant date, the fair value of the share options granted was approximately HK$15,365,000 for eligible participants. The fair values were estimated as at 21 July 2023, being the date of grant, using the Binomial Option Pricing Model and taking into account the terms and conditions upon which the options were granted. The significant assumptions and inputs used in the estimation of the fair value are as follows:

Weighted average share price	HK$0.18
Exercise price	HK$0.2
Expected volatility	70.22%
Option life	10 years
Risk-free rate	3.70%
Expected dividend yield	0.00%

35 SHARE OPTION SCHEME (CONTINUED)

Expected volatility was determined by using the historical volatility of the Company's share price over the previous years. The variables and assumptions used in computing the fair value of the share options are based on the Directors' best estimate. Changes in the subjective input assumptions could materially affect the fair value estimate.

The Group recognised the total expense of HK$3,864,000 (2022: Nil) for the year ended 31 December 2023 in relation to share options granted by the Company under the Scheme.

36 NATURE AND PURPOSE OF RESERVES

a. Share premium and contributed surplus

Under the Bermuda Companies Act 1981, when the Company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount or value of the premiums on those shares shall be transferred to the share premium account.

The Group's contributed surplus as at 31 December 2023 comprises (a) the difference between the nominal value of the shares of the subsidiaries acquired pursuant to the Group's reorganisation prior to the listing of the Company's shares over the nominal value of the Company's shares issued in exchange thereof of HK$2,225,000 (2022:HK$2,225,000), and (b) amounts of HK$5,282,187,000 (2022: HK$5,350,355,000) transferred from share capital and share premium account less amounts distributed as dividends in prior years.

b. Capital redemption reserve

The capital redemption reserve represents the nominal amount of the shares repurchased.

c. Exchange reserve

The exchange reserve mainly comprises the foreign exchange differences arising from the translation of the financial statements of foreign operations, joint ventures and associates and the share of reserves of joint ventures and associates.

d. Investment revaluation reserve (non-recycling)

The investment revaluation reserve (non-recycling) comprises the cumulative net change in the fair value of equity securities designated at fair value through other comprehensive income under HKFRS 9 held at the end of the reporting period (see note 2.15).

e. Property revaluation reserve

The property revaluation reserve has been set up and is dealt with in accordance with the accounting policies adopted for property and equipment which becomes an investment property because its use has changed as evidenced by end of owner-occupation in note 2.11.

The property revaluation reserve of the Company is distributable to the extent of HK$5,255,000 (31 December 2022: HK$5,255,000).

36 NATURE AND PURPOSE OF RESERVES (CONTINUED)

f. Shareholder's contribution

The shareholder's contribution represents contribution made by shareholders.

g. Shares held for Share Award Scheme

The Shares held for Share Award Scheme have been set up and are dealt with in accordance with the accounting policies adopted for issue of share award respectively in note 2.20.

h. Share option reserve

The share option reserve comprises the fair value of share options granted which are yet to be exercised, as further explained in the accounting policy for share-based payments in note 2.20 to the financial statements. The amount will be transferred to the share premium account when the related options are exercised, or be transferred to retained profits should the related options expire or be forfeited.

37 LOANS TO DIRECTORS

Loans to directors disclosed pursuant to section 383(1)(d) of the Hong Kong Companies Ordinance and Part 3 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

Name/Relationship with directors	**Note**	**At 31 December 2023 HK$'000**	**Maximum outstanding during the year HK$'000**	**At 1 January 2023 HK$'000**	**Margin finance facilities approved HK$'000**	**Securities held**
Mr. LIU Jipeng	(a)	—	11,082	14,006	15,000	Marketable securities

Name/Relationship with directors	Note	At 31 December 2022 HK$'000	Maximum outstanding during the year HK$'000	At 1 January 2022 HK$'000	Margin finance facilities approved HK$'000	Securities held
Mr. LIU Jipeng	(a)	14,006	23,010	22,266	30,000	Marketable securities

Note:

a. The loans granted under margin finance facilities to one (2022: one) director of the Company are secured by marketable securities collateral, bear interest at Hong Kong Dollar Prime Rate plus a spread and repayable on demand. The margin loans are measured at fair value through profit or loss, no fair value loss was incurred in respect of these loans during the years ended 31 December 2023 and 2022.

38 COMMITMENTS

Capital commitments

At the reporting date, the Group had the following capital commitments which were contracted, but not provided for:

	As at 31 December 2023 HK$'000	As at 31 December 2022 HK$'000
Capital contributions payable to a private equity fund	**2,280**	2,612
Property and equipment	**1,035**	12,174
	3,315	14,786

Loan commitment

At the reporting date, the Group had the following contractual amounts of loan commitment:

	As at 31 December 2023 HK$'000	As at 31 December 2022 HK$'000
Credit loan commitment (Note)	**—**	12,000

Note: As at 31 December 2022, the Group agreed to make available to the borrower secured loan facilities of a maximum amount up to HK$25,000,000 for the payment of professional fee incurred for the purpose of the initial public offering.

39 RELATED PARTY TRANSACTIONS, CONTINUING CONNECTED TRANSACTIONS AND DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

In addition to the transactions and balances detailed elsewhere in these consolidated financial statements, the Group had the following material transactions with related parties and connected persons during the current and previous years:

	2023 HK$'000	2022 HK$'000
Part I. Continuing connected transactions with China Oceanwide Group, Oceanwide Holdings Group and Tohigh Group		
(A) Service transactions (note (a), (c))		
Income from service transactions provided to:		
China Oceanwide Group		
— Interest income from financial assistance	—	1,362
Oceanwide Holdings Group		
— Asset management fee income	—	504
— Interest income from financial assistance, including unwind of discount	—	111,077
— Reversal of performance fee income	—	(1,590)
Tohigh Group		
— Advisory fee income	—	5
— Asset management fee income	—	4,511
— Handling fee income	—	60
— Income from derivative financial instruments	—	287
— Interest income from financial assistance	—	27,805
— Interest income from margin financing	—	2,222
	—	146,243
Expenses for service transactions provided by:		
Oceanwide Holdings Group		
— Over-provision of advisory fee	—	(2)
— Interest expense from financial assistance	—	5,808
— Rebate of asset management fee income	—	83
Tohigh Group		
— Advisory fee expenses	—	2,256
	—	8,145

39 RELATED PARTY TRANSACTIONS, CONTINUING CONNECTED TRANSACTIONS AND DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS (CONTINUED)

	2023 HK$'000	2022 HK$'000
(B) Investment and lending transactions (note (a))		
Maximum daily outstanding balance from investment and lending transactions provided to:		
China Oceanwide Group		
— Financial assistance	—	480,000
Oceanwide Holdings Group		
— Financial assistance	—	1,499,540
Tohigh Group		
— Financial assistance	—	1,187,385
	—	3,166,925
Maximum daily outstanding balance from investment and lending transactions provided by:		
Oceanwide Holdings Group		
— Financial assistance	—	50,000

39 RELATED PARTY TRANSACTIONS, CONTINUING CONNECTED TRANSACTIONS AND DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS (CONTINUED)

	2023 HK$'000	2022 HK$'000
Part II. Continuing connected transactions from brokerage and interest income business		
(A) Connected dealings services to connected persons (note (b), (c))		
Directors of the Company		
— Commission income from securities and futures dealings	**21**	30
— Interest income from margin financing	**294**	1,620
Directors of subsidiaries		
— Commission income from securities and futures dealings	**13**	12
— Interest income from margin financing	**122**	87
	450	1,749
(B) Connected margin loans to connected persons (note (b))		
Connected persons		
— Maximum daily outstanding balance of connected margin loans	**19,298**	30,376
Part III. Other related party transactions		
Related company — Company in which Mr. LU Zhiqiang, the former ultimate beneficial owner of the Company, is also a director of its parent company (note (c))		
— Interest income (note (d))	**21**	139
Fellow subsidiaries (note (c))		
— Advertising Income	**10**	—
— Advisory fee income	**1**	—
— Asset management fee income	**306**	—
— Interest income from financial assistance	**113,444**	—
— Interest income from margin financing	**112**	—
— Service fee income	**—**	154
Director of the Company		
— Asset management fee income	**19**	45
	113,913	338

39 RELATED PARTY TRANSACTIONS, CONTINUING CONNECTED TRANSACTIONS AND DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS (CONTINUED)

	2023 HK$'000	2022 HK$'000
Related company — Company in which Mr. LU Zhiqiang, the former ultimate beneficial owner of the Company, is also a director of its parent company (note (c))		
— Custodian fee	**54**	210
— Interest expense (note (e))	**2,278**	12,951
Intermediate holding company (note (c))		
— Rental expenses	**40**	308
Fellow subsidiaries (note (c))		
— Advisory fee expense	**147**	—
— Insurance expense	**113**	1,292
— Interest expense from financial assistance	**510**	—
— Rental expenses	**28**	356
Director of the Company		
— Interest expense	**—**	146
— Motor vehicle expenses	**—**	7
Key management personnel		
— Interest expense	**446**	275
Associate		
— Articles fee	**2**	14
— Consultancy fee	**600**	750
— Rental expenses	**405**	—
	4,623	16,309

	2023 HK$'000	2022 HK$'000
Related company — Company in which Mr. LU Zhiqiang, the former ultimate beneficial owner of the Company, is also a director of its parent company (note (c))		
— Prepayments, deposits and other receivables	**—**	1
Fellow subsidiaries (note (c))		
— Prepayments, deposits and other receivables	**—**	264
Associate		
— Prepayments, deposits and other receivables	**2,761**	1,343

39 RELATED PARTY TRANSACTIONS, CONTINUING CONNECTED TRANSACTIONS AND DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS (CONTINUED)

Notes:

(a) For the year ended 31 December 2022, the income and expense arising from connected transactions with China Oceanwide Group#, Oceanwide Holdings Group# and Tohigh Group# were charged based on the respective framework services agreement. Details of the annual caps of these income and expense and the maximum daily outstanding balances were set out in the Company's circulars dated 24 September 2019 and 28 January 2021. These transactions have been approved in the special general meeting held on 11 October 2019 and 26 February 2021.

China Oceanwide Group includes China Oceanwide Holdings Limited and its subsidiaries. Oceanwide Holdings Group includes Oceanwide Holdings Co., Ltd. and its subsidiaries, which excludes China Oceanwide Group and the Group. Tohigh Group includes Tohigh Holdings Co., Ltd. and its subsidiaries, which excludes China Oceanwide Group, Oceanwide Holdings Group and the Group. The definitions of China Oceanwide Group, Oceanwide Holdings Group and Tohigh Group were set out in the Company's circulars dated 24 September 2019 and 28 January 2021.

(b) The income from connected transactions with directors of the Company and the subsidiaries and their close family members was based on the pricing stated in the letters stipulating the applicable service fees and interest rate for dealing services. Details of the annual caps of the connected dealings services and connected margin loans were set out in the Company's circulars dated 25 November 2021. These transactions have been approved in the special general meeting held on 17 December 2021.

(c) The transactions are also related party transactions under HKAS 24 (Revised) — Related Party Disclosures. Upon the completion of sale and purchase of certain Company's shares took place on 3 February 2023, Tohigh Holdings Co., Ltd., Oceanwide Holdings Co., Ltd., China Oceanwide Holdings Limited and Minyun Limited and together with their subsidiaries have become former connected parties of the Company.

(d) Interest income of HK$21,000 (31 December 2022: HK$139,000) received/receivable from a related company was in connection with demand and time deposits maintained with it during the year. The deposits are unsecured, interest-bearing at relevant deposit rates and are repayable on demand.

(e) Interest expense of HK$2,278,000 (31 December 2022: HK$12,951,000) paid/payable to a related company was in connection with the loans granted by it during the year.

Except as disclosed above, no other transactions, arrangements or contracts of significance in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, were entered into or subsisted at any time during financial year.

39 RELATED PARTY TRANSACTIONS, CONTINUING CONNECTED TRANSACTIONS AND DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS (CONTINUED)

Compensation of key management personnel

Included in staff costs (note 9) are key management personnel compensation and comprises the following categories:

	2023 HK$'000	2022 HK$'000
Short-term employee benefits	**22,910**	22,909
Post-employment benefits	**68**	54
Share-based compensation expense — share option scheme	**2,587**	—
	25,565	22,963

Note: Key management personnel consists of the directors of the Company and senior management.

40 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's major financial instruments include debt and equity investments, credit loans, accounts and other receivables, accounts and other payables and bank and other borrowings. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these risk exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

a. Foreign currency risk

Foreign currency risk is the risk of losses due to adverse changes in foreign exchange rates mainly relating to receivables from or payables to clients and foreign brokers and foreign currency denominated investments as well as deposits with banks and borrowings from other financial institutions. To mitigate the foreign currency risk, treasury and settlement divisions work closely to manage and monitor the foreign exchange exposure arising from broking in foreign shares and commodities. The policies to manage foreign currency risk have been followed by the Group since prior periods and are considered to be effective.

40 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Market risk (Continued)

a. *Foreign currency risk (Continued)*

The following table summarises the Group's major financial assets and liabilities denominated in currencies other than the functional currency of the entities to which they relate, as at 31 December 2023 and 31 December 2022.

Express in HK$'000

	Thai Baht ("THB")	**United States dollars ("US$")**	**Japanese Yen ("JPY")**	**Singapore dollars ("SGD")**	**Renminbi ("RMB")**	**British Pound ("GBP")**	**Euros ("EUR")**	**Australian Dollar ("AUD")**	**Others**	**Total**
At 31 December 2023										
Financial assets not held for trading	—	135,586	4,210	—	—	—	—	—	—	139,796
Other assets	—	—	—	—	940	—	—	—	—	940
Financial assets held for trading	—	232	—	—	—	—	—	—	—	232
Credit loans	—	2,135	—	—	7,518	—	—	—	—	9,653
Accounts receivable	10,121	119,776	1,329	32	18,596	105	—	112	822	150,893
Prepayments, deposits and other receivables	—	2,187	—	—	5,340	—	—	—	—	7,527
Bank balances held on behalf of clients	29,518	115,571	1,944	2,226	25,450	141	3,957	37	168	179,012
Cash and cash equivalents	871	49,761	917	30	31,248	448	678	398	244	84,595
Accounts payable	(39,621)	(188,060)	(2,815)	(2,226)	(43,407)	(222)	(3,957)	(37)	(651)	(280,996)
Accruals and other payables	—	(36,379)	—	(20)	(6,665)	—	—	—	(1)	(43,065)
Overall net exposure	889	200,809	5,585	42	39,020	472	678	510	582	248,587

Express in HK$'000

	Thai Baht ("THB")	United States dollars ("US$")	Japanese Yen ("JPY")	Singapore dollars ("SGD")	Renminbi ("RMB")	British Pound ("GBP")	Euros ("EUR")	Australian Dollar ("AUD")	Others	Total
At 31 December 2022										
Financial assets not held for trading	—	184,279	4,210	—	—	—	—	—	—	188,489
Other assets	—	—	—	—	476	—	—	—	—	476
Financial assets held for trading	—	475	—	—	—	—	—	—	—	475
Credit loans	—	2,084	—	—	—	—	—	—	—	2,084
Accounts receivable	3	264,927	501	72	5,771	29	10	15	1,143	272,471
Prepayments, deposits and other receivables	—	604	—	—	5,604	—	—	37,530	—	43,738
Bank balances held on behalf of clients	39,008	210,178	3,387	60	42,162	1,251	33	44	282	296,405
Cash and cash equivalents	798	38,240	4,536	469	11,737	656	286	290	444	57,456
Accounts payable	(39,008)	(417,150)	(3,784)	(60)	(47,267)	(1,247)	(42)	(44)	(1,247)	(509,849)
Accruals and other payables	—	(23,708)	—	(19)	(7,987)	—	(1)	—	—	(31,715)
Overall net exposure	801	259,929	8,850	522	10,496	689	286	37,835	622	320,030

40 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Market risk (Continued)

a. *Foreign currency risk (Continued)*

The following table indicates the approximate changes in the Group's profit or loss for the year ended 31 December 2023 and equity in response to reasonably possible changes in foreign exchange rates to which the Group has significant exposure as at the reporting date. A positive number below indicates an increase in profit or a decrease in loss for the year ended 31 December 2023 (and an increase in equity). For a decrease in profit or an increase in loss for the year ended 31 December 2023 (and decrease in equity), the balances below would be negative. As US$ is pegged to HK$, the Group does not expect any significant changes in US$/HK$ exchange rates. No sensitivity analysis in respect of the Group's financial assets and liabilities denominated in US$ is disclosed as in the opinion of the directors, such sensitivity analysis does not give additional value in view of insignificant change in the US$/HK$ exchange rates as at the reporting date.

	Increase in foreign exchange rates		Effect on profit or loss		Effect on equity	
	As at 31 December 2023 %	As at 31 December 2022 %	**As at 31 December 2023 HK$'000**	As at 31 December 2022 HK$'000	**As at 31 December 2023 HK$'000**	As at 31 December 2022 HK$'000
THB	**5**	5	**44**	40	**44**	40
JPY	**5**	5	**69**	232	**279**	443
SGD	**5**	5	**2**	26	**2**	26
RMB	**5**	5	**1,951**	525	**1,951**	525
GBP	**5**	5	**24**	34	**24**	34
EUR	**5**	5	**34**	14	**34**	14
AUD	**5**	5	**26**	1,892	**26**	1,892

Decrease in the above foreign exchange rates at each reporting date would have the equal but opposite effect to the amounts shown above, on the basis that all other variables were held constant.

The sensitivity analysis has been determined by assuming that the changes in foreign exchange rates had occurred at the reporting date and that all other variables were held constant.

The stated changes represent management's assessment of reasonably possible changes in foreign exchange rates over the period until the next annual reporting date. In the management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign currency risk as the exposure at the end of the reporting period does not reflect the exposure during the year.

40 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Market risk (Continued)

b. Price risk

The Group is exposed to equity price risk through its investments in listed debt and equity securities which are classified as financial assets measured at fair value through profit or loss. The directors manage this risk exposure by maintaining a portfolio of investments with different risk and return profiles and will consider hedging the risk exposure should the need arise if necessary. The policies to manage price risk have been followed by the Group since prior periods and are considered to be effective. The Group is not exposed to commodity price risk.

As at 31 December 2023, if debt and equity prices had increased/(decreased) by 10% (31 December 2022: 10%) and all other variables were held constant, profit for the year would increase/(decrease) by approximately HK$22,238,000 (2022: HK$27,718,000) and the equity other than retained profits would remain unchanged (31 December 2022: unchanged).

The sensitivity analysis has been determined by assuming that the price change had occurred at the reporting date and has been applied to the Group's investments at that date. In the management's opinion, the sensitivity analysis is unrepresentative of the inherent price risk as the exposure at the end of the reporting period does not reflect the exposure during the year.

c. Interest rate risk

The Group is exposed to interest rate risk primarily through the impact of interest rate changes on cash and cash equivalents, bank balances held on behalf of clients, margin loans and cash client receivables and bank and other borrowings carrying interests at variable rates.

The following table illustrates the sensitivity of the profit/(loss) for the year to a change in interest rates of +1% and –1% (31 December 2022: +1% and –1%). The calculations are based on the Group's bank balances, loans to margin clients and accounts receivable and bank and other borrowings held at each reporting date. All other variables are held constant. In the management's opinion, the sensitivity analysis is unrepresentative of the inherent interest rate risk as the exposure at the end of the reporting period does not reflect the exposure during the year.

	As at 31 December 2023 HK$'000	As at 31 December 2022 HK$'000
If interest rates were 1% (31 December 2022: 1%) higher		
Increase in profit for the year	**3,403**	8,831
If interest rates were 1% (31 December 2022: 1%) lower		
Decrease in profit for the year	**(3,403)**	(8,831)

40 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk

The Group's credit risk is primarily attributable to accounts receivable, credit loans and unlisted debt securities measured at amortised cost arising when the debtors, including brokers and clients from money lending services, fail to perform their obligations as at the reporting date. The Group's exposure to credit risk arising from cash and cash equivalents and bank balances held on behalf of clients is limited because the counterparties are banks and financial institution with a credit rating, for which the Group considers to have low credit risk.

In order to minimise the credit risk, loan ratios for corporate loans are based on a combination of factors, including indicative acceptable lending rates from the bankers, the quality of the assets and the Company represented by the securities, the liquidity of the securities, and the concentration level of securities held. The credit committee meets regularly and prescribes from time to time the lending limits on individual stocks and/or the credit limits for each individual client, taking into account the loan and stock concentration exposures. It also runs stress tests on loan portfolios to determine the impact on the Group's financial position and exposure. In this regard, the directors consider that the Group's credit risk is effectively controlled and significantly reduced.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of counterparties and clients rather than the geographical area or industry in which these parties operate and therefore significant concentrations of credit risk arise primarily when the Group has significant exposure to individual counterparties or clients. The Group's credit risk exposure on accounts receivable is spread over a number of counterparties and clients. As at 31 December 2023, the Group's credit risk for credit loan is concentrated as the amounts are due from 21 clients (2022: 23 clients).

Further quantitative data in respect of the collaterals and the Group's exposure to credit risk arising from unlisted debt securities, credit loans and accounts receivable are disclosed in notes 19, 21 and 22 to the financial statements, respectively.

The credit policies have been followed by the Group since prior periods and are considered to be effective in limiting the Group's exposure to credit risk to a desirable level.

The following table shows reconciliations from the opening to the closing balance of the ECL provisions by class of financial instruments with significant balances as at reporting date.

40 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk (Continued)

	Stage 1 HK$'000	Stage 2 HK$'000	Stage 3 HK$'000	Total HK$'000
Accounts receivable from dealings in securities, futures and options contracts				
Balance at 1 January 2022	13	18	10,197	10,228
Transfer to Stage 3	(5)	—	5	—
Net remeasurement of loss allowance	—	—	1,714	1,714
New financial assets originated or purchased	1	—	—	1
Financial assets that have been derecognised	(8)	—	(2)	(10)
Written-off	—	—	(6)	(6)
Balance at 31 December 2022 and 1 January 2023	**1**	**18**	**11,908**	**11,927**
Transfer to Stage 3	**—**	**(18)**	**18**	**—**
Net remeasurement of loss allowance	**—**	**—**	**2,036**	**2,036**
New financial assets originated or purchased	**—**	**—**	**(1)**	**(1)**
Financial assets that have been derecognised	**(1)**	**—**	**(19)**	**(20)**
Written-off	**—**	**—**	**(8)**	**(8)**
Balance at 31 December 2023	**—**	**—**	**13,934**	**13,934**
Financial assets measured at amortised cost (except for other receivables)				
Balance at 1 January 2022 (Restated)	456	159,226	3,000,111	3,159,793
Transfer to Stage 3 (Restated)	—	(159,149)	159,149	—
Net remeasurement of loss allowance (Restated)	960	—	1,011,130	1,012,090
New financial assets originated or purchased	554	—	—	554
Financial assets that have been derecognised	—	(77)	—	(77)
Unwind of discount (Restated)	—	—	393,454	393,454
Balance at 31 December 2022 and 1 January 2023 (Restated)	**1,970**	**—**	**4,563,844**	**4,565,814**
Transfer to Stage 3	**(283)**	**—**	**283**	**—**
Net remeasurement of loss allowance	**(313)**	**—**	**(34,752)**	**(35,065)**
New financial assets originated or purchased	**357**	**—**	**—**	**357**
Unwind of discount	**—**	**—**	**358,681**	**358,681**
Written-off	**—**	**—**	**(16,908)**	**(16,908)**
Balance at 31 December 2023	**1,731**	**—**	**4,871,148**	**4,872,879**

The accumulated impairment losses of other receivables as at 31 December 2023 was approximately HK$29,416,000 (2022: HK$64,681,000).

40 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity risk

As part of ordinary broking activities, the Group is exposed to liquidity risk arising from the timing differences between settlement with clearing houses or brokers and clients. The Group's operating units are also subject to various liquidity requirements as prescribed by the authorities and financial market regulators. The Group has put in place monitoring systems to ensure it maintains adequate liquid capital to fund its business commitments and to comply with the relevant rules including the Securities and Futures (Financial Resources) Rules. As a further safeguard, the Group has maintained banking facilities to meet contingencies in its operations. The Company will also consider raising fund to meet the business operations growth which require intensive capital buffer.

The liquidity policies have been followed by the Group since prior periods and are considered to be effective in managing liquidity risks.

Analysed below is the Group's remaining contractual maturities for its financial liabilities as at 31 December 2023 and 2022. When the creditor has a choice of when the liability is settled, the liability is included on the basis of the earliest date on which the Group can be required to pay. The maturity analysis for other financial liabilities is prepared based on the scheduled repayment dates.

	Carrying amount	Total contractual undiscounted cash flows	On demand or within 1 year	More than 1 year but less than 5 years
	HK$'000	HK$'000	HK$'000	HK$'000
At 31 December 2023				
Accounts payable	**1,076,880**	**1,076,880**	**1,076,880**	—
Bank and other borrowings	**674,007**	**700,653**	**700,653**	—
Lease liabilities	**61,515**	**68,307**	**14,574**	**53,733**
Accruals and other payables	**121,334**	**121,334**	**121,334**	—
	1,933,736	**1,967,174**	**1,913,441**	**53,733**
At 31 December 2022				
Accounts payable	1,534,134	1,534,134	1,534,134	—
Bank and other borrowings	905,545	917,836	917,836	—
Lease liabilities	48,771	56,085	27,767	28,318
Accruals and other payables	79,036	79,036	79,036	—
	2,567,486	2,587,091	2,558,773	28,318

41 FAIR VALUE MEASUREMENT

Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period, categorised into the three-level fair value hierarchy as defined in HKFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

a. Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets and liabilities at the measurement date

b. Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available

c. Level 3 valuations: Fair value measured using significant unobservable inputs

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group uses its own internal expertise or engages third party qualified valuers to perform the valuation. Valuation is prepared at each interim and annual reporting date, and is reviewed and approved by the chief financial officer. Discussion of the results with the chief financial officer and the audit committee is held twice a year, to coincide with the reporting dates.

(a) Fair value of financial instruments measured at fair value

The following table presents financial instruments measured at fair value on a recurring basis in the consolidated statement of financial position according to the fair value hierarchy:

	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
At 31 December 2023				
Financial assets held for trading				
— Listed equity securities (note (i))	222,377	3	—	222,380
— Unlisted equity securities (note (ii))	—	—	314,519	314,519
— Private equity funds (note (iii))	—	—	67,642	67,642
Loans to margin clients (note (iv))	—	547,986	—	547,986
Financial assets not held for trading				
— Unlisted equity securities (note (v))	—	—	4,210	4,210
	222,377	547,989	386,371	1,156,737
Financial liabilities measured at fair value through profit or loss				
— Accruals and other payables (note (vi))	—	18,060	63,500	81,560
— Bank and other borrowings	96,253	—	—	96,253
	96,253	18,060	63,500	177,813

41 FAIR VALUE MEASUREMENT (CONTINUED)

(a) Fair value of financial instruments measured at fair value (Continued)

	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
At 31 December 2022				
Financial assets held for trading				
— Listed equity securities (note (i))	277,169	6	—	277,175
— Unlisted equity securities (note (ii))	—	—	277,500	277,500
— Private equity funds (note (iii))	—	—	70,346	70,346
Loans to margin clients (note (iv))	—	670,496	—	670,496
Financial assets not held for trading				
— Unlisted equity securities (note (v))	—	—	4,210	4,210
	277,169	670,502	352,056	1,299,727
Financial liabilities measured at fair value through profit or loss				
— Accruals and other payables (note (vi))	—	22,495	85,000	107,495

There were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 during the year ended 31 December 2023. There was transfer from Level 2 to Level 1 because of the conversion of a private equity fund to certain listed equity securities, whereas there was no transfer into or out of Level 3 during the year ended 31 December 2022. The Group's policy is to recognise transfers between levels of fair value hierarchy at the date of the event or change in circumstances that caused the transfer.

Notes:

(i) The fair value of the listed equity securities has been determined by reference to their quoted bid prices at the reporting date and has been translated using the spot foreign currency rates at the end of the reporting period where appropriate.

(ii) The fair value of unlisted equity securities in Level 3 of HK$163,878,000 (2022: HK$277,500,000) have been determined by option pricing model under equity allocation approach. The option pricing model under equity allocation approach is based on main inputs, such as 100% equity value of target company through a backsolve analysis, exercise values, expected volatility of 42.2% (2022: 48.9%), risk free rate of 3.9% (2022: 4.1%) and expected time to expiration. The fair value of remaining unlisted equity securities of HK$150,641,000 (2022: Nil) have been determined with reference to the unadjusted net asset value of the investment.

(iii) The fair value of the private equity funds in Level 3 of HK$38,190,000 (2022: HK$41,219,000) and HK$27,820,000 (2022: HK$27,820,000) have been determined with reference to the unadjusted net asset value of the funds and recent transaction with liquidity discount of 5% respectively. The fair value of the remaining private equity funds of HK$1,632,000 (2022: HK$1,307,000) has been determined with reference to the recent transaction.

(iv) The fair value of the margin loans has been determined with reference to the market value of securities pledged by margin clients at the reporting date.

41 FAIR VALUE MEASUREMENT (CONTINUED)

(a) Fair value of financial instruments measured at fair value (Continued)

Notes: (Continued)

(v) As at 31 December 2023 and 2022, the fair value of the unlisted equity security of HK$4,210,000 (2022: HK$4,210,000) has been determined by using the adjusted net asset value with 10% discount.

(vi) The financial liabilities of HK$18,060,000 (2022: HK$22,495,000) represent net asset value attributable to third party interest of funds. The fair value has been determined by reference to the net asset value of the funds. The underlying investments held by the funds are all listed with unadjusted quoted prices in active markets, with immaterial assets and liabilities with unobservable prices. As at 31 December 2023 and 2022, the Group has agreed to provide corporate guarantee for any shortfall from the guaranteed amounts. The fair values of the corporate guarantee of approximately HK$64 million (2022: HK$85 million) has been determined with reference to the adjusted net assets value of the corresponding fund.

(vii) The movement of the financial instruments measured at fair value based on significant unobservable inputs (i.e. Level 3) is as follows:

	2023 HK$'000	2022 HK$'000
Financial assets held for trading		
At the beginning of the year	347,846	559,958
Purchases	120,324	1,313
Net loss recognised in profit or loss	(76,744)	(162,262)
Disposals	(9,265)	(11,740)
Reclassified to other receivables	—	(39,423)
At the end of the year	382,161	347,846
Financial assets not held for trading		
At the beginning and the end of the year	4,210	4,210
Total net unrealised loss recognised in profit or loss for assets held at the end of the reporting period	(76,744)	(178,413)
Derivative financial instruments		
At the beginning of the year	85,000	—
Fair value change in profit or loss	(21,500)	85,000
At the end of the year	63,500	85,000

42 OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The Group currently has a legally enforceable right to set off the Continuous Net Settlement ("CNS") money obligations receivable and trade payables with Hong Kong Securities Clearing Company Limited ("HKSCC"), which are included in "accounts receivable", "loans to margin clients" and "accounts payable" as presented in the consolidated statement of financial position, respectively. It intends to settle on a net basis as accounts payable from or accounts payable to the Stock Exchange. The net amount of CNS money obligations receivable or payable with HKSCC and guarantee fund placed in HKSCC do not meet the criteria for offsetting against each other in the financial statements and the Group does not intend to settle the balances on a net basis.

	As at 31 December 2023					
				Related amounts not set off in the consolidated statement of financial position		
	Gross amounts of recognised financial assets HK$'000	Gross amounts of recognised financial liabilities set off in the consolidated statement of financial position HK$'000	Net amounts of financial assets presented in the consolidated statement of financial position HK$'000	Financial instruments HK$'000	Cash collateral received HK$'000	HK$'000
Assets						
Accounts receivable	376,071	(73,799)	302,272	(2,224)	—	300,048
Loans to margin clients	552,103	(4,117)	547,986	—	—	547,986

	As at 31 December 2023					
				Related amounts not set off in the consolidated statement of financial position		
	Gross amounts of recognised financial liabilities HK$'000	Gross amounts of recognised financial assets set off in the consolidated statement of financial position HK$'000	Net amounts of financial liabilities presented in the consolidated statement of financial position HK$'000	Financial instruments HK$'000	Cash collateral pledged HK$'000	HK$'000
Liabilities						
Accounts payable	1,154,796	(77,916)	1,076,880	(2,224)	—	1,074,656

42 OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

	As at 31 December 2022					
	Gross amounts of recognised financial assets	Gross amounts of recognised financial liabilities set off in the consolidated statement of financial position	Net amounts of financial assets presented in the consolidated statement of financial position	Related amounts not set off in the consolidated statement of financial position: Financial instruments	Related amounts not set off in the consolidated statement of financial position: Cash collateral received	
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Assets						
Accounts receivable	604,302	(109,982)	494,320	(4,026)	—	490,294
Loans to margin clients	683,402	(12,906)	670,496	—	—	670,496

	As at 31 December 2022					
	Gross amounts of recognised financial liabilities	Gross amounts of recognised financial assets set off in the consolidated statement of financial position	Net amounts of financial liabilities presented in the consolidated statement of financial position	Related amounts not set off in the consolidated statement of financial position: Financial instruments	Related amounts not set off in the consolidated statement of financial position: Cash collateral pledged	
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Liabilities						
Accounts payable	1,657,022	(122,888)	1,534,134	(4,026)	—	1,530,108

43 SUMMARY OF FINANCIAL ASSETS AND LIABILITIES BY CATEGORY

The carrying amounts of the Group's financial assets and liabilities as recognised at the reporting date may be categorised as follows. See notes 2.15 and 2.21 to the financial statements for explanations about how the category of financial instruments affects their subsequent measurement.

	31 December 2023 HK$'000	31 December 2022 HK$'000
Financial assets		
Financial assets measured at fair value through profit or loss		
— Financial assets held for trading	604,541	625,021
— Loans to margin clients	547,986	670,496
Financial assets measured at fair value through other comprehensive income		
— Financial assets not held for trading	4,210	4,210
Financial assets measured at amortised cost		
— Financial assets not held for trading	135,586	184,279
— Other assets	18,345	17,111
— Accounts receivable	302,272	494,320
— Credit loans	422,182	1,158,946
— Deposits and other receivables	41,571	82,826
— Bank balances held on behalf of clients	823,120	1,123,090
— Cash and cash equivalents	122,380	195,206
	3,022,193	4,555,505
Financial liabilities		
Financial liabilities measured at amortised cost		
— Accounts payable	1,076,880	1,534,134
— Bank and other borrowings	577,754	905,545
— Accruals and other payables	103,274	56,541
— Lease liabilities	61,515	48,771
Financial liabilities measured at fair value through profit or loss		
— Accruals and other payables	81,560	107,495
— Bank and other borrowings	96,253	—
	1,997,236	2,652,486

44 CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and make adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

Certain subsidiaries of the Company are regulated by the Securities and Futures Commission or Hong Kong Insurance Authority. These subsidiaries are required to maintain certain minimum liquid capital, and net asset value and paid-up capital according to the Securities and Futures Ordinance and the Insurance Ordinance, respectively. Management monitors these subsidiaries' liquid capital or net asset value and paid-up capital to ensure they meet the minimum requirement in accordance with the Securities and Futures (Financial Resources) Rules or the Insurance Companies Ordinance. These externally imposed capital requirements have been complied with by the relevant group entities for the years ended 31 December 2023 and 2022.

The Group monitors its capital using a gearing ratio, which is total debts divided by total equity. For this purpose, total debts include bank and other borrowings as shown in the consolidated statement of financial position. The Group aims to maintain the gearing ratio at a reasonable level.

The gearing ratio as at the reporting date was as follows:

	As at 31 December 2023 HK$'000	As at 31 December 2022 HK$'000
Total debts	**674,007**	905,545
Net assets	**2,061,415**	2,011,606
Gearing ratio	**33%**	45%

Gearing ratio of the Group decrease from 45% as at 31 December 2022 to 33% as at 31 December 2023 due to the decrease in total debts in 2023.

45 ACQUISITION OF SUBSIDIARIES

Acquisition of target companies through settlement of credit loans with a former connected party

On 22 August 2023, the Company completed the settlement agreement with Quam Overseas Investments Limited (a wholly-owned subsidiary of the Company), China Oceanwide Holdings Group Co., Ltd. and Tonghai International Development Limited, pursuant to which Tonghai International Development Limited transferred the sales shares, being 100% of the issued shares of the Target Companies and the possession of the 4 Residential US Properties to Quam Overseas Investments Limited in full and final settlement of all outstanding accrued interests up to the date of completion of settlement agreement and settlement of part of outstanding principal on the credit loans to China Oceanwide International Investment Company Limited, a former connected party. Accordingly, each of the Target Companies has become wholly-owned subsidiaries of the Company and each of their financial positions and performance has been consolidated into the consolidated financial statements of the Company with effect from completion of settlement agreement. Target Companies are of BVI incorporated investment holding companies and each of which is holding a residential property located in USA for capital appreciation. Consequentially, these properties are considered as investment properties to the Group and subject to fair value measurement.

On the date of completion of settlement agreement, the final settlement sum calculated according to the terms of the settlement agreement amounted to approximately HK$941.9 million (equivalent to approximately US$120.2 million at an exchange rate of US$1 to HK$7.8377). As a result of the completion of the settlement agreement, all outstanding interest accrued up to the date of completion of settlement agreement and approximately HK$655.6 million of the outstanding amount of principal of the credit loans to China Oceanwide International Investment Company Limited have been settled. A gain of approximately HK$583.5 million has been recognised due to reversal of the previous provisions made on the outstanding principal and interests accrued up to 31 December 2022. The remaining outstanding principal amount of the credit loans to China Oceanwide International Investment Company Limited of approximately HK$446.1 million will remain as credit loans due from that former connected party which included in the note 21 "Credit loans" to the consolidated statement of financial position. The details of settlement of credit loans are set out in Company's circulars dated 28 June 2023 and announcement dated 23 August 2023.

The acquisition of Target Companies has been accounted for as acquisition of assets.

The effect of the acquisition is summarized as follows:

	HK$'000
Final consideration as settlement sum to credit loans with former connected party	**941,867**

	HK$'000
Aggregated assets acquired and liabilities recognised on the date of acquisition:	
Investment Properties (note 23)	**960,118**
Accrual and other payables	**(18,251)**
	941,867

The acquisition-related costs are insignificant of approximately HK$4 million and are included in other operating expenses.

No cash out flow arising on above acquisition of Target Companies for direct net off accrued balance of interests and partial principal outstanding of credit loans due from the respective former connected party.

46 STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	As at 31 December 2023 HK$'000	As at 31 December 2022 HK$'000
ASSETS AND LIABILITIES		
Non-current assets		
Intangible assets	**553**	340
Property and equipment	**1,798**	3,371
Investments in subsidiaries	**119,890**	119,880
Financial assets measured at fair value through other comprehensive income	**4,210**	4,210
	126,451	127,801
Current assets		
Prepayments, deposits and other receivables	**6,031**	48,206
Amounts due from subsidiaries	**2,179,391**	2,621,029
Cash and cash equivalents	**4,882**	6,528
	2,190,304	2,675,763
Current liabilities		
Bank and other borrowings	**602,660**	699,618
Accruals and other payables	**71,502**	92,664
	674,162	792,282
Net current assets	**1,516,142**	1,883,481
Non-current liabilities		
Deferred tax liabilities	**—**	2,673
	—	2,673
Net assets	**1,642,593**	2,008,609
EQUITY		
Share capital	**20,657**	20,657
Reserves (note)	**1,621,936**	1,987,952
Total equity	**1,642,593**	2,008,609

Approved and authorised for issue by the Board on 26 March 2024.

On behalf of the Board

HAN Xiaosheng
Director

Kenneth LAM Kin Hing
Director

46 STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

Note:

	Share premium HK$'000	Capital redemption reserve HK$'000	Contributed surplus HK$'000	Investment revaluation reserve HK$'000	Shareholder's contribution HK$'000	Shares held for Share Award Scheme HK$'000	Share option reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 January 2022	117,070	1,019	5,401,693	(19,929)	1,811	(22,798)	—	(2,335,621)	3,143,245
Dividend approved in respective of previous financial year	—	—	—	—	—	—	—	—	—
Transactions with equity holders	—	—	—	—	—	—	—	—	—
Net loss for the year	—	—	—	—	—	—	—	(1,156,614)	(1,156,614)
Other comprehensive income									
— Capital distribution from investment measured at fair value through other comprehensive income	—	—	—	1,321	—	—	—	—	1,321
Total comprehensive loss for the year	—	—	—	1,321	—	—	—	(1,156,614)	(1,155,293)
At 31 December 2022	117,070	1,019	5,401,693	(18,608)	1,811	(22,798)	—	(3,492,235)	1,987,952

	Share premium HK$'000	**Capital redemption reserve HK$'000**	**Contributed surplus HK$'000**	**Investment revaluation reserve HK$'000**	**Shareholder's contribution HK$'000**	**Shares held for Share Award Scheme HK$'000**	**Share option reserve HK$'000**	**Accumulated losses HK$'000**	**Total HK$'000**
At 1 January 2023	**117,070**	**1,019**	**5,401,693**	**(18,608)**	**1,811**	**(22,798)**	—	**(3,492,235)**	**1,987,952**
Special dividend approved in respective of Interim period	—	—	**(68,168)**	—	—	—	—	—	**(68,168)**
Share option expenses recognised	—	—	—	—	—	—	**3,864**	—	**3,864**
Transactions with equity holders	—	—	**(68,168)**	—	—	—	**3,864**	—	**(64,304)**
Net loss for the year	—	—	—	—	—	—	—	**(301,712)**	**(301,712)**
Total comprehensive loss for the year	—	—	—	—	—	—	—	**(301,712)**	**(301,712)**
At 31 December 2023	**117,070**	**1,019**	**5,333,525**	**(18,608)**	**1,811**	**(22,798)**	**3,864**	**(3,793,947)**	**1,621,936**

47 PARTICULARS OF THE PRINCIPAL SUBSIDIARIES OF THE GROUP

Particulars of the principal subsidiaries as at 31 December 2023 are as follows:

Name	Former name	Place of incorporation	Particulars of issued capital	Percentage of interests Held by the Company	Percentage of interests Held by the subsidiaries	Principal activities and place of operations
Quam Asset Management Limited	China Tonghai Asset Management Limited	Hong Kong	Ordinary shares of HK$25,000,000	100	—	Investment adviser and asset management/ Hong Kong
Quam Capital (Holdings) Limited	China Tonghai Capital (Holdings) Limited	Hong Kong	Ordinary shares of HK$78,260,002	100	—	Investment holding/ Hong Kong
Quam Capital Limited	China Tonghai Capital Limited	Hong Kong	Ordinary shares of HK$84,000,000	—	100	Corporate finance and investment adviser/ Hong Kong
Quam Finance Limited	China Tonghai Finance Limited	Hong Kong	Ordinary shares of HK$54,200,000	100	—	Finance and money lending/Hong Kong
Quam Private Equity Limited	China Tonghai Private Equity Limited	Hong Kong	Ordinary shares of HK$1,500,000	—	100	Investment holding/Hong Kong
Quam Securities Limited	China Tonghai Securities Limited	Hong Kong	Ordinary shares of HK$2,170,000,000	—	100	Securities dealing and futures and options broking/Hong Kong
Quam Global Ventures (BVI) Limited	China Tonghai Ventures (BVI) Limited	BVI	1 ordinary share of US$1	—	100	Fund investments/Hong Kong
Quam Ventures (HK) Limited	China Tonghai Ventures (HK) Limited	Hong Kong	Ordinary shares of HK$6,000,000	—	100	Investment holding/Hong Kong
Quam Communications Limited	China Tonghai Communications Limited	Hong Kong	Ordinary shares of HK$76,520,664	—	100	Investment holding/Hong Kong
Quam.net Financial Media Limited	China Tonghai Financial Media Limited	Hong Kong	Ordinary shares of HK$6,000,000	—	100	Website management and other related services/ Hong Kong
Global Alliance Partners Funds SICAV — Quam Plus Greater China UCITS Fund	Global Alliance Partners Funds SICAV — China Tonghai Greater China UCITS Fund	Luxembourg	N/A	—	84	Investment in securities/ Hong Kong
Honour Smart Investments Limited	N/A	BVI	50,000 ordinary shares of US$1 each	—	100	Investment holding/USA
King Domain Limited	N/A	BVI	50,000 ordinary shares of US$1 each	—	100	Investment holding/USA
Delight Wise Investments Limited	N/A	BVI	50,000 ordinary shares of US$1 each	—	100	Investment holding/USA
Sheen Grace Investments Limited	N/A	BVI	50,000 ordinary shares of US$1 each	—	100	Investment holding/USA

(Expressed in Hong Kong dollars unless otherwise indicated)

47 PARTICULARS OF THE PRINCIPAL SUBSIDIARIES OF THE GROUP (CONTINUED)

The above table lists the material subsidiaries of the Company which, in the opinion of the directors, principally contribute the results for the year or hold a substantial portion of assets or liabilities of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

48 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2023

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments, which are not yet effective for the year ended 31 December 2023 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to HKAS 1 — Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to HKAS 1 — Non-current Liabilities with Covenants	1 January 2024
Amendments to HKFRS 16 — Lease Liability in a Sales and Leaseback	1 January 2024
Amendments to HKFRS 10 and HKAS 28 — Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined by the HKICPA
Hong Kong Interpretation 5 (Revised) Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause ("HK Int 5 (Revised)")	1 January 2024
Amendments to HKAS 7 and HKFRS 7 — Supplier Finance Arrangements	1 January 2024
Amendments to HKAS 21 — Lack of Exchangeability	1 January 2025

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

49 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

There is no significant event took place in subsequent to the end of the reporting period.

A summary of the results and of the assets and liabilities of the Group for the last five financial years, as extracted from the published audited financial statements, and reclassified as appropriate, is set out below.

	2023 HK$'000	2022 HK$'000 (Restated)	2021 HK$'000 (Restated)	2020 HK$'000	2019 HK$'000
RESULTS					
Revenue	**345,654**	(27,884)	913,784	1,104,615	779,432
Other income/(loss)	**159,880**	(73,417)	15,110	15,902	(2,275)
Direct costs	**(93,739)**	(103,824)	(141,838)	(165,747)	(160,196)
Staff costs	**(173,833)**	(165,883)	(186,178)	(255,215)	(214,850)
Depreciation and amortisation	**(31,859)**	(41,940)	(45,807)	(48,243)	(42,440)
Loss on fair value change of investment properties	**(42,120)**	—	—	—	—
ECL net reversal/(charges)	**61,954**	(1,066,478)	(2,638,566)	(372,627)	(184,800)
Finance costs	**(49,373)**	(50,355)	(62,442)	(109,824)	(112,131)
Other operating expenses	**(57,999)**	(53,841)	(55,325)	(53,662)	(56,883)
Share of result of an associate	**(694)**	(556)	526	(206)	(212)
Share of results of joint ventures	**—**	—	1,552	(1,873)	(2,036)
Profit/(loss) before tax	**117,871**	(1,584,178)	(2,199,184)	113,120	3,609
Tax credit/(expense)	**1,666**	514	(61,393)	(9,870)	1,738
Net profit/(loss) attributable to the equity holders of the Company	**119,537**	(1,583,664)	(2,260,577)	103,250	5,347

Five-Year Financial Summary

	As at 31 December 2023 HK$'000	As at 31 December 2022 HK$'000	As at 31 December 2021 HK$'000	As at 31 December 2020 HK$'000	As at 31 December 2019 HK$'000
ASSETS AND LIABILITIES					
Total assets	**4,064,012**	4,678,087	6,841,285	9,944,397	9,726,044
Total liabilities	**(2,002,597)**	(2,666,481)	(3,244,490)	(4,053,180)	(3,942,490)
	2,061,415	2,011,606	3,596,795	5,891,217	5,783,554

Notes to the five year summary:

1. As a result of the adoption of HKFRS 16, Leases, with effect from 1 January 2019, the Group has changed its accounting policies in respect of the lessee accounting model. In accordance with the transitional provisions of the standard, the changes in accounting policies were adopted by way of opening balance adjustments to recognise right-of-use assets and lease liabilities as at 1 January 2019. After initial recognition of these assets and liabilities, the Group as a lessee is required to recognise interest expense accrued on the outstanding balance of the lease liabilities, and the depreciation of the right-of-use asset, instead of the previous policy of recognising rental expenses incurred under operating leases on a straight-line basis over the lease term. Figures in years earlier than 2019 are stated in accordance with the policies applicable in those years.

2. As a result of the adoption of HKFRS 15, Revenue from contracts with customers, with effect from 1 January 2018, the Group has changed its accounting policies in respect of revenue recognition. In accordance with the transitional provisions of the standard, the changes in accounting policies were adopted by way of opening balance adjustments to equity as at 1 January 2018. Figures in years earlier than 2018 are stated in accordance with the policies applicable in those years.

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