



Minerva Group Holding Limited 贏集團控股有限公司*

(Incorporated in Bermuda with limited liability)
(Stock code:397)

2023 Annual Report

* For identification purposes only

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Li Wing Cheong (*Chairman*)

Mr. Tong Hin Jo

Independent Non-executive Directors

Ms. Chan Lai Ping

Ms. Tam Mei Chu

Mr. Ho Yuen Tung

AUDIT COMMITTEE

Ms. Chan Lai Ping (*Chairperson*)

Ms. Tam Mei Chu

Mr. Ho Yuen Tung

REMUNERATION COMMITTEE

Ms. Chan Lai Ping (*Chairperson*)

Mr. Li Wing Cheong

Ms. Tam Mei Chu

Mr. Ho Yuen Tung

NOMINATION COMMITTEE

Mr. Li Wing Cheong (*Chairman*)

Ms. Chan Lai Ping

Ms. Tam Mei Chu

Mr. Ho Yuen Tung

COMPANY SECRETARY

Mr. Chu Ho Man

(appointed with effect from 1 May 2023)

Ms. Fung Mei Ling

(resigned with effect from 1 May 2023)

AUTHORIZED REPRESENTATIVES

Mr. Li Wing Cheong

Mr. Chu Ho Man

(appointed with effect from 1 May 2023)

Ms. Fung Mei Ling

(resigned with effect from 1 May 2023)

AUDITOR

CCTH CPA Limited

Registered Public Interest Entity Auditors

Unit 1510-1517, 15/F.

Tower 2, Kowloon Commerce Centre

No. 51 Kwai Cheong Road, Kwai Chung

New Territories, Hong Kong

REGISTERED OFFICE

Victoria Place, 5th Floor

31 Victoria Street

Hamilton HM 10

Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 1804A, 18/F

Far East Finance Centre

16 Harcourt Road

Hong Kong

PRINCIPAL BANKERS

The Hongkong and Shanghai

Banking Corporation Limited

Hang Seng Bank Limited

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

MUFG Fund Services (Bermuda) Limited

4th floor North Cedar House

41 Cedar Avenue

Hamilton HM 12

Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Tengis Limited

17/F, Far East Finance Centre

16 Harcourt Road

Hong Kong

WEBSITE

www.minervagroup.hk

STOCK CODE

397



CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board (the "Board") of directors (the "Directors") of Minerva Group Holding Limited (the "Company") and its subsidiaries (together the "Group"), it is my privilege to present the Company's annual report for the year ended 31 December 2023 (the "Year").

The Year proved to be a dynamic and challenging business landscape. We have witnessed significant milestones and events that had a profound impact on the global and Hong Kong economies. Notably, we experienced the complete removal of restrictions on social distancing and most health and epidemic prevention policies in Hong Kong as well as the full removal of immigration controls with Mainland China in early January 2023. These developments fostered a more conducive business environment, and the market expects a robust rebound through cross-border collaboration and economic growth.

However, the global market has also encountered several new challenges, including U.S. Federal Reserve's interest rate hike, the bank crisis in U.S., a global economic slowdown and a sharp downturn in the property sector in China's economy. Additionally, the Hong Kong Government revised its economic growth forecast for Hong Kong, lowering it to 3.2% from the previous estimate of 4% to 5%. In response to these challenges, we closely monitored the situation and implemented prudent risk management strategies to safeguard our operations and investments. We also reassessed our financial strategies and adapted to the changing interest rate environment, mitigating potential impacts on our operations and investments, and demonstrating our resilience.

During the Year, the Group recorded net loss, primarily driven by the significant loss arising from the market performance of listed equity investments in the Hong Kong stock market. This loss aligns with the trend observed in the Hong Kong stock market, where the Hang Seng Index experienced a decline of 13.8% in 2023. Despite these challenges in the financial market, the Group managed to mitigate its losses compared to the previous year. Aside from the losses incurred due to listed equity investments in the Hong Kong stock market, the Group has showcased resilience by generating stable returns and experiencing modest growth in its money lending and financial services operations. These sectors have proven to be sources of stability and have contributed positively to the Group's overall performance. By diversifying our business activities and capitalizing on opportunities within these segments, we have effectively mitigated some of the challenges faced in the volatile stock market.

CHAIRMAN'S STATEMENT

PROSPECT

As we turn our gaze towards the horizon of 2024, we hold steadfast in our optimistic outlook for the Hong Kong economy and the global economic market. We anticipate a gradual recovery as the global economy finds its footing and achieves stability. Moreover, we acknowledge the potential for the US Federal Reserve to maintain a steady hand and potentially even reduce interest rates during the course of the year, offering a much-needed boost to the ongoing revitalization efforts. We remain vigilant in monitoring ongoing macro and geopolitical uncertainties that have the potential to impact our operations and investments. We are unwavering in our commitment to expand our financial services and solidify our position as a comprehensive provider in the industry. In this pursuit, we shall not waver from our prudent approach. We will take measured steps to safeguard against potential risks, ensuring the protection of our valued shareholders' interests. Simultaneously, we shall keep our eyes trained on the horizon, searching for opportunities that can further expand our revenue stream and maximize returns. We understand that true growth lies not only in weathering storms but also in capitalizing on the silver linings that emerge amidst uncertainty.

As we embark on this journey, we extend our heartfelt gratitude to our shareholders for their unwavering support and trust. We also acknowledge the dedication and unwavering efforts of our exceptional team, whose commitment has been instrumental in our progress thus far. Together, we shall navigate the currents of change, fortifying our position and creating a brighter future for all.

Li Wing Cheong

Chairman

27 March 2024

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

For the year ended 31 December 2023 (the “Year”), Minerva Group Holding Limited (the “Company”) and its subsidiaries (together referred to as the “Group”) recorded revenue of approximately HK\$74.1 million (2022: HK\$73.0 million). The increase in overall revenue was primarily attributed to the combined impact of the Group’s major business segments: (i) the money lending business experienced a slight decrease in interest income of HK\$2.1 million, resulting in the segment’s revenue of approximately HK\$55.1 million for the Year (2022: HK\$57.2 million); (ii) the financial services business improved by HK\$3.3 million, with the segment’s revenue amounting to approximately HK\$18.0 million for the Year (2022: HK\$14.7 million); and (iii) a decrease in revenue from assets investment segment to approximately HK\$1.0 million for the Year (2022: HK\$1.1 million). In response to the continued slowdown in global economic activities and many uncertainties in the financial market, the management has strengthened the operating cost control and was able to improve the overall gross profit to approximately HK\$69.7 million during the Year (2022: HK\$67.9 million).

The net loss attributable to owners of the Company was approximately HK\$104.1 million (2022: HK\$171.3 million). This sharp decrease on loss was mainly resulted from loss on fair value changes of financial assets at fair value through profit or loss (“FVTPL”) of approximately HK\$106.1 million for the Year (2022: HK\$153.5 million) from holding equity securities listed in Hong Kong, unlisted investment funds and unlisted equity investments, which was principally in line with the dramatic slowdown of the overall Hong Kong stock market as well as the global market in 2023.

The Group’s cash position remained strong, with bank balances and cash totaling approximately HK\$188.0 million as at 31 December 2023 (2022: HK\$220.1 million).

BUSINESS REVIEW

The global economy has been facing a series of challenges in recent times. The situation has been compounded by U.S. Federal Reserve’s interest rate hike, the bank crisis in U.S. and a sharp downturn in the property sector in China’s economy, which has had lingering effects on central banks and financial markets. Consequently, the International Monetary Fund has revised its global growth outlook from 3.5% in 2022 to 3.0% for the current period, reflecting the severity of the economic challenges faced by many countries around the world.

On the domestic front, the Hang Seng Index was one of the world’s worst-performing major markets in 2023, Hong Kong stock market faced multiple challenges in 2023, including geopolitical tensions, continuous growth in interest rate by the U.S. Federal Reserve, inflation, banking crisis in U.S. and weakness in mainland China property market. The market was also affected by a regulatory crackdown on large-cap mainland China technology stocks and real estate stocks. These factors led to a decline in the market throughout the Year, with the Hang Seng Index and the Hang Seng China Enterprises Index down 13.8% and 14.0% respectively. The healthcare sector also saw a decline of 26.7% on the Hang Seng Composite Index (HSCI) – Industry Indexes. The market remained in the red for the Year, marking the third consecutive year of decline.

Against this challenging backdrop, the Group remained committed to exercising financial prudence while staying the course with its action plans to deliver sustainable and profitable outcomes.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Services

The Group's financial services business is mainly operated by Minerva Holding Financial Securities Limited (formerly known as Minerva Securities Limited), which is licensed to operate Type 1 (dealing in securities), Type 4 (advising on securities effective from 22 March 2023) regulated activities and Minerva Advisory Global Capital Limited, which is licensed to operate Type 6 (advising on Corporate Finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). The scope of financial services activities includes providing margin financing, securities brokerage services, corporate finance advisory service, equity capital market ("ECM") services such as placings and advising on securities. The Group's financial services segment closely adheres to the compliance and risk-based measures detailed in its operation manual and will continue to source additional revenue and broaden the customer base for its margin financing operations. Bolstered by sufficient cash reserves, the Group may seek to leverage business connections to obtain additional referrals of margin financing clients. However, affected by the bearish stock market sentiment, the Group's financial services segment generated revenue of approximately HK\$18.0 million during the Year (2022: HK\$14.7 million), recording an increase of approximately 22%. There was also an increase in both the number of outstanding margin loan clients as well as the amount of margin loan receivables over the year. Interest income from clients (comprising margin clients and cash clients) amounted to approximately HK\$16.5 million for the Year compared with approximately HK\$12.1 million in 2022.

Through the Group's continuous effort in recruiting financial service talents to expand the client base, the Group is poised to expand in the years to come. The Group expects to revamp its ECM business in applying corporate finance analytical techniques to source and review profitable ECM deals. The Group anticipates that ECM business will become a solid source of revenue to complement other business sectors of the Group. The Group aims to signify a broader focus on corporate finance, asset investment and management, as well as other advisory services, branching out from its principal business and positioning as a comprehensive financial service provider dedicated to mining for value and helping its clients to achieve their financial goals.

Money Lending

The money lending operations of the Group are managed through its wholly-owned subsidiaries, E Finance Limited ("E Finance") and E Cash Fintech Limited ("E Cash"), both with money lenders licenses issued under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong). The Group's money lending business is broadly classified into four loan categories, including: (i) property mortgage loans; (ii) other secured loans; (iii) guaranteed loans; and (iv) unsecured loans. Following the integration of E Cash's business, the Group enhanced its money lending business as a result of the robust demand for corporate and individual financing whereas E Finance continued to focus on property mortgage loans and other secured loans. The Group plans to explore further potential money lending business opportunities, including project based financing, subject to the prevailing market conditions and the Group's assessment of achieving reasonable risk and returns. There is no specific target customer group. The source of customers of the Group during the Period were mainly via the social network and referrals of past and existing customers of the Group, third party agents, staff and management of the Group. The source of funds for the money lending business is generally funded by the internal resources of the Group. The Group strived to adhere to a set of comprehensive policies and operation manuals in respect of loan approval, loan renewal, loan recovery, loan compliance, loan monitoring and anti-money laundering.

MANAGEMENT DISCUSSION AND ANALYSIS

Internal Controls

The Group is also keen on striking a successful balance in its business operations and risk management by adhering to its comprehensive credit policies in order to control the quality of its loan portfolio. The management remains alert and will prudently maintain effective controls and procedures for loan approvals, credit monitoring as well as recovery and compliance matters applicable to all aspects of the money lending business.

The Group has established strict credit policies and controls to reduce all associated credit risks. Various approval criteria are carefully considered during the credit assessment stage, including verification of identity, repayment ability, and relevant investigative results after carrying out due diligence during the application procedure. The Group's credit committee are responsible for assessing and approving loans within predetermined credit limits. They also regularly oversee the Group's credit policies and credit quality of the Group's loan portfolio. Increasing effort has also been put in the recovery procedures for loan receivables. Legal actions were taken on a case-by-case basis, having considered the normal market practice as well as the actual circumstances during the Group's credit collection processes and negotiations with relevant customers in order to minimise any possible credit losses.

Loan Approval

Before any loan applications can be granted, internal credit assessments would have to be performed to decide the proposed loan size and interest rate charged. The internal credit assessment procedure include, but not limited to, (i) verification and background checking, such as the identity documents and statutory records (i.e. identity card, address proof, business registration certificate, latest annual return, etc.); (ii) income or asset proof of the borrower and guarantor, such as share certificates, bank statements and securities statements, etc.; (iii) the evaluation of the value of collateral; and (iv) the verification of the authenticity of the information provided. Furthermore, the Group would perform public searches on the borrower and guarantor to ensure compliance with the relevant requirements and regulations of anti-money laundering and counter-terrorist financing ("AML & CTF"). There are no specific requirements on their income and/or asset threshold set by the Group. Normally, the management would determine and approve the loan amount and interest rates based on the relevant financial strength, repayment ability as well as the overall quality of borrowers/guarantors and the respective collaterals, subject to business negotiations and market conditions.

Loan Renewal

For loan renewal, the Group would carry out an updated assessment similar to that during the loan approval stage. In addition, the Group would assess the borrower's past repayment record and changes in market circumstance before making a decision on loan renewal and the relevant interest rate charged.

Recovery and Compliance Matters

After the loan is granted, the Group would conduct review on the repayment records and loan portfolio on a weekly basis, and in particular, any past due loan accounts. When considered appropriate, the Group would further (i) obtain relevant updated information and documents from the borrower; and (ii) perform public searches on the borrower to assess the recoverability of loan. Putting every possible effort on loan recovery, appropriate course of actions, such as sending legal demand letters, legal proceeding arrangements, etc., would be considered by the Group, subject to the recovery situation of the loans and negotiation with customers.

MANAGEMENT DISCUSSION AND ANALYSIS

As a licenced money lender in Hong Kong, the Group shall ensure compliance with the applicable laws, regulations and codes of all the relevant regulatory authorities, in particular, the Money Lenders Ordinance and the relevant requirements and regulations of AML & CTF.

In order to ensure the compliance with the abovementioned requirements throughout the course of conducting the money lending business, loan transaction review would be conducted upon the grant of the loan as an on-going monitoring purpose. The overall internal control system, which includes the implementation of the Group's credit policy, operation manual and other related internal control measures would be reviewed by the management on a regular basis and the policies would be devised and revised from time to time when considered necessary.

Interest Rates

In addition to the aforementioned factors included in the Group's credit approval policy, when deciding the interest rate for loans, the Group would also take a holistic view in the assessments of setting loan terms based on the general market environment at the time, interest rate of competitors at the time, the amount of the Group's funds available and also the overall quality of the borrower. In general, collaterals and/or guarantees are provided to secure a property mortgage loan, other secured loans and guaranteed loans among different loan categories. Property mortgage loans refer to first and subordinated mortgages, which are secured by landed properties in Hong Kong. The collaterals for other secured loans mainly include equity shares and/or securities of certain listed and unlisted companies whereas guaranteed loans are secured by personal and/or corporate guarantor(s).

For the Group's existing loan portfolio as at 31 December 2023, the interest rates charged to borrowers for unsecured loans ranged from 10% to 24% p.a., whilst interest rates charged to borrowers for secured loans ranged from 9% to 12.5% p.a.. Generally, the Group would determine the interest rates for loans on a case-by-case basis considering the loan-to-value ratio, repayment record and ability, quality and business relationship with the individual borrower and/or the guarantor (if provided). Generally, unsecured loans are subject to higher interest rates given the lack of collaterals; however, the actual interest rate charged might vary subject to the terms of maturity, loan size, financial strength of borrower/guarantor as well as business relationship with the Group.

Financial Information

During the Year, the Group's money lending segment generated revenue of approximately HK\$55.1 million (2022: HK\$57.2 million), accounting for approximately 74% of overall revenue, and money lending business remained as the major segment in support of the Group's comprehensive performance. Operating profit during the Year from this business segment amounted to approximately HK\$14.5 million (2022: HK\$1.6 million), representing an increase of approximately 806% compared to that of the previous year.

MANAGEMENT DISCUSSION AND ANALYSIS

For the Year, the Group recorded an impairment loss on loans and interest receivable of approximately HK\$24.1 million (2022: HK\$28.3 million) alongside the continued uncertainty of the recoverability of certain past due loans. Despite being secured by collaterals or/and guarantees provided, a number of loans were regarded as impaired after reviewing and assessing of the repayment ability of each customer, the respective collateral values and the status of legal proceedings.

The Group continuously monitors and carries out targeted negotiations and other due processes in its loan collection process. The Group's impairment losses relate primarily to the expected credit loss ("ECL") allowance for loans and interest receivables. Generally speaking, ECL assessments are done based on the Group's historical credit loss experience adjusted for factors that are specific to particular debtors, general economic conditions and an assessment of both the current conditions as at the reporting date as well as the forecast of future conditions. The ECL on loans receivables are assessed individually for those debtors with significant balances and/or those collectively using a provision matrix with appropriate groupings. Each grouping is regularly reviewed by management to ensure that each of its constituents continues to share similar credit risk characteristics.

Loan Portfolio

As at 31 December 2023, the Group's loan portfolio by categories is shown as below:

	Number of loans	Loan principal as at 31 December 2023 HK\$'000	Interest rate per annum	% of total loan principal as at 31 December 2023	Duration	Loan matured but not settled; or Loan not matured but with interest overdue HK\$'000	% of past due loans to relevant principal
Individual loan:							
- secured loan (note a)	13	149,337	10% to 12.5%	29%	3 months to 12 months	89,067	60%
- unsecured loan	23	193,491	10% to 20%	38%	1 year	155,991	81%
Corporate loan:							
- secured loan (note b)	4	54,000	9% to 12%	11%	1 year	9,000	17%
- unsecured loan	11	117,217	10% to 24%	22%	1 year to 2 years	32,217	27%
Total	51	514,045		100%		286,275	56%

Notes:

- For individual secured loans, the security pledged included landed properties in Hong Kong and shares of listed companies and share of unlisted companies.
- For corporate secured loans, the security pledged included landed properties in Hong Kong and shares of listed companies, vessels and share of unlisted companies.

MANAGEMENT DISCUSSION AND ANALYSIS

The following is the breakdown of the amount of loan and interest receivables and allowance for expected credit losses as at 31 December 2023:

	As at 31 December 2023			Net amount of loan and interest receivables HK\$'000
	Loan principal HK\$'000	Gross amount of loan and interest receivables HK\$'000	Allowance for expected credit losses HK\$'000	
Individual loan:				
– secured loan	149,337	154,575	(22,956)	131,619
– unsecured loan	193,491	198,200	(23,330)	174,870
Corporate loan:				
– secured loan	54,000	55,117	–	55,117
– unsecured loan	117,217	120,039	(35,379)	84,660
Total	514,045	527,931	(81,665)	446,266

As at 31 December 2023, the Group had 51 (2022: 54) active accounts, of which 36 (2022: 34) of them were individual loans and the remaining 15 (2022: 20) were corporate loans. In terms of loan product category, the Group's 51 active accounts comprised 17 secured loans (2022: 15) and 34 unsecured loans (2022: 39).

During the Year, interest income generated from the top five customers accounted for approximately 16.4% (2022: 19.8%) of the Group's total revenue, while the single largest customer accounted for approximately 3.5% (2022: 7.8%) of the Group's total revenue.

As at 31 December 2023, loan and interest receivables balance of the largest and top five customers accounted for approximately 5.1% (2022: 7.1%) and 23.0% (2022: 23.8%) of the Group's total loan and interest receivables balance respectively.

MANAGEMENT DISCUSSION AND ANALYSIS

The following is an aging analysis of net amount of loan and interest receivables based on the due date at the end of the reporting period:

	HK\$'000
Not yet due	228,550
Overdue:	
– 1–30 days	21,704
– 31–60 days	9,494
– 61–90 days	17,786
– over 90 days	168,732
Total	446,266

The Group has complied with requirements set out in Chapter 14 and/or 14A of the Listing Rules when it granted the loans to each of the borrowers whose loans were still outstanding as at 31 December 2023. To the best of the Directors' knowledge, information and belief based on internal records, the Group does not have any agreement, arrangement, understanding or undertaking (whether formal or informal and whether express or implied) with a connected person with respect to the grant of loans to the borrowers whose loans were still outstanding as at 31 December 2023.

Assets investment

The Group's assets investment business aims at spreading investments across a variety of asset classes including a portfolio of bonds, funds, equity investments and investment property. During the Year, the Group strategically adjusted the portfolio size of its assets investment business segment so that it can reserve or reallocate more resources and funding to other better performing activities, including margin financing and money lending operations. For the Year, the Group incurred a loss of approximately HK\$124.7 million (2022: HK\$181.2 million) for this segment, which was mainly driven by the loss on changes of financial assets at fair value through profit or loss, especially arising from listed equity securities investments. The loss was largely attributable to the dramatic slowdown of the overall Hong Kong stock market, which concerns about rising interest rates, slowing economic growth, and persistently high inflation, exacerbating the market's decline.

The Group had invested a portfolio of listed bonds in the past with an aim to generate stable and fixed interest income. Along with the worsening market sentiment, bond price adjustments, and past default occurrences of certain bonds, the management has been downsizing its bond investments in recent years. The Group's portfolio of bonds comprising 2 bonds, which are in default and made full provision in prior year.

MANAGEMENT DISCUSSION AND ANALYSIS

In addition, the Group invested in six unlisted close-ended funds, which it will continue to hold until their respective maturity dates or until the early redemption of such funds. The Group's designated investment team regularly monitors the underlying performance of the fund investments via updates from the fund administrators and discussions with fund managers or general partners of the funds. The challenging economic environment, characterised by geopolitical tensions, aggressive rate hikes and weak property markets, has led to a significant slowdown and uncertainties of the Hong Kong economy. In addition, regulatory crackdowns on large-cap mainland China technology, real estate stocks as well as the healthcare sector, have further exacerbated the decline of valuation in the relevant fund investments. These factors have contributed to the poorly performing fund investment for the Group, highlighting the difficulties faced by investors in generating stable returns in the current economic climate.

To manage and diversify investment risks from other asset classes, the Group also maintained an investment portfolio in a certain number of Hong Kong listed equities. The Group's securities investment portfolio are closely monitored and overseen on a timely manner by the Group's designated investment team. The investment mix and investment strategies are reviewed regularly and adjusted depending on market conditions or the performance and business prospects associated with such listed companies.

The management acknowledges the recent downturn experienced by the financial technology and healthcare industries, recognising their significant disruptive impacts in previous years, which was largely in line with prevailing global economic conditions. The management considers that this timing as an opportune moment for investment rather than a setback. As a result, the Group has been exploring and investing in additional investment opportunities in financial technology, healthcare as well as biotechnology related opportunities. Among which, the Group has taken the opportunity to strengthen its foothold in today's fintech era by investing in Seamless Group Inc. ("Seamless") in July 2021.

Seamless primarily engages in e-wallet and digital banking services, the development of digital remittance infrastructure, and provision of digital remittance platform services in Southeast Asia. Moreover, Seamless manages a real-time gross settlement system, as well as a currency exchange and remittance network to support blockchain and digital asset technology.

As at 31 December 2023, the Group's financial assets at fair value through profit or loss amounted to approximately HK\$482.3 million (2022: HK\$481.9 million), including (a) equity securities totalling approximately HK\$363.5 million (2022: HK\$382.6 million); (b) unlisted investment funds of approximately HK\$87.7 million (2022: HK\$77.2 million); and (c) unlisted equity investments of approximately HK\$31.1 million (2022: HK\$22.1 million).

MANAGEMENT DISCUSSION AND ANALYSIS

As at 31 December 2023, the Group's portfolio of financial assets at fair value through profit or loss comprised (a) 28 equity securities listed in Hong Kong; and (b) 6 unlisted investment funds; and (c) 2 unlisted equity investments. 27 listed equity securities, accounted for approximately 6.1% of the Group's audited consolidated total assets as at 31 December 2023, while the remaining 1 accounted for approximately 21.3% of the Group's audited consolidated total assets as at 31 December 2023. Each of the 6 unlisted investment funds accounted for approximately 0.1% to 2.7% of the Group's audited consolidated total assets as at 31 December 2023. Each of the unlisted equity investments accounted for approximately 0.7% to 1.6% of the Group's audited consolidated total assets as at 31 December 2023.

As at 31 December 2023, the Group held the property for investment purpose of which amounted to approximately HK\$38.1 million (2022: HK\$40.9 million) and leased out the property for rental income.

Financial assets at fair value through profit or loss

Description of investments	Brief description of the business	Fair value of investments as at		Number of shares held as at		Approximate percentage of shareholding in the investee as at		Approximate percentage of the Group's audited consolidated net assets as at		Dividends received during the Year (HK\$'000)	Realised loss during the Year (HK\$'000)	Unrealised gain/(loss) during the Year (HK\$'000)
		31 December 2023	31 December 2022	31 December 2023	31 December 2022	31 December 2023	31 December 2022	31 December 2023	31 December 2022			
		(HK\$'000)	(HK\$'000)	('000)	('000)							
Significant investments												
Listed securities investments in Hong Kong												
Town Health International Medical Group Limited ("Town Health") (stock code: 3886)	Provision of medical and dental services in Hong Kong; managing healthcare networks and provision of third party medical network administrator services in Hong Kong; provision of medical and dental services in the People's Republic of China ("PRC"), provision of hospital management services and related services; provision of miscellaneous healthcare related services and leasing of properties	282,861	300,368	870,342	790,442	12.85%	11.67%	22.14%	21.15%	949	-	(42,094)
Other investments												
Other listed securities investments ¹		80,654	82,293							-	(4,097)	(39,727)
Unlisted investment funds ²		87,693	77,170							-	-	(8,389)
Unlisted equity investment ³		31,067	22,102							-	-	(11,755)
Grand total for the financial assets at fair value through profit or loss		482,275	481,933							949	(4,097)	(101,965)

MANAGEMENT DISCUSSION AND ANALYSIS

- ¹ Other listed securities investments mainly comprise the Group's investments in 27 companies whose shares are listed on the Main Board and GEM of the Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Each of the investments has a carrying amount that accounted for not more than 5% of the Group's audited consolidated total assets as at 31 December 2023.
- ² The unlisted investment funds comprise 6 different private funds. The business/investment sector of the unlisted investment funds mainly relates to various industries including, but not limited to, companies in consumer goods, retail, medical and health services, and internet-related and mobile-application-related industries. Each of the unlisted investment funds has a carrying amount that accounted for not more than 5% of the Group's audited consolidated total assets as at 31 December 2023.
- ³ The unlisted equity investments represent the investment in Seamless and a private company. Each of the investments has a carrying amount that accounted for not more than 5% of the Group's audited consolidated total assets as at 31 December 2023.

Significant Investment

Performance and future prospects of significant investment under financial assets at fair value through profit or loss

The Group held a significant investment with a carrying amount accounting for 5% or more of the Group's audited consolidated total assets as at 31 December 2023 as follows:

As at 31 December 2023, the Group held 870,342,000 shares of Town Health, with investment cost of approximately HK\$921.3 million, which represented approximately 12.85% of the issued shares of Town Health as at 31 December 2023. The fair value of such investment was approximately HK\$282.9 million, representing approximately 21.3% of the Group's audited consolidated total assets as at 31 December 2023 and approximately 22.1% of the Group's audited consolidated net assets as at 31 December 2023.

There was a dividend of approximately HK\$0.9 million received by the Group from Town Health during the Year and the Group recorded a fair value loss of approximately HK\$42.1 million for its investment in Town Health.

Details of the performance, material factors underlying the results and financial position, significant events and the future prospects of Town Health are disclosed in Town Health's final result announcement for the year ended 31 December 2023 published on 25 March 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

As disclosed in the final result announcement of Town Health as published on the website of the Stock Exchange, during the Year, Town Health recorded revenue of approximately HK\$1,833.0 million (2022: HK\$1,535.6 million), representing a year-on-year increase of approximately HK\$297.4 million or approximately 19.37%. Although Town Health's businesses development progressed smoothly during the Year, Town Health recorded a consolidated loss of approximately HK\$159.1 million (2022: profit of HK\$49.5 million) and a consolidated loss attributable to owners of the company of approximately HK\$194.2 million (2022: profit of HK\$15.3 million). It was due to the significant increase on fair value loss of Town Health's investment properties and the impairment losses recognised on Town Health's various assets recorded for the year ended 31 December 2023.

The Directors holds positive views towards the future prospect of the principal businesses of Town Health and expects its significant investment in Town Health will continue to enhance investment return for the Group.

NEW COMPANY NAME FOR NEW BRAND IMAGE

In June 2023, the name of the Company was officially changed from Power Financial Group Limited to Minerva Group Holding Limited. By changing the Company name to Minerva Group Holding Limited, the Company signals its commitment to expanding its financial services and positioning as a comprehensive financial service provider dedicated to mining for value and helping its clients to achieve their financial goals through wise decision-making, strategic thinking and financial expertise. The Board considers that the new Company name will become a new brand image that better reflects the Company's future strategy and potential expansion in the business scope of the Group to meet the evolving needs of its clients in the highly competitive financial services industry.

IMPORTANT EVENTS SINCE THE END OF THE FINANCIAL YEAR

Save as disclosed in Note 41 to the consolidated financial statements "Events after the reporting period", no important events affecting the Company occurred since 31 December 2023 and up to the date of this annual report.

BUSINESS OUTLOOK

Benefiting from the inbound tourism and private consumption in Hong Kong and further relaxation of social distancing measures, Hong Kong is expected to continue recover the economic growth in early of 2023.

However, the recent global market conditions, including the U.S. Federal Reserve's interest rate hike, the bank crisis in United States, global economic slowdown, the financial market instability and weakness in mainland China property market, could have significant implications for the financial industry in Hong Kong. It is expected that market volatility will continue to persist amid the rising interest rate and inflation pressures. Furthermore, the economic market performance in Hong Kong has been worse than anticipated, leading the Hong Kong Government to revise down its economic growth forecast for 2023 as a whole to 3.2%, from the previous estimate of 4% to 5% in the August round of review.

In an effort to optimise this market momentum, the Group will continue to source additional revenues and broaden the customer base for its margin financing business through the broad social networks of the Group's experienced staff and new hires in order to build more in-depth as well as new business relationships, which will bring sustainable and steady growth to the segment.

MANAGEMENT DISCUSSION AND ANALYSIS

As for its money lending business, the Group will continue to expand into corporate and individual loans through E Cash and E Finance. Under today's challenging and unpredictable economic environment, the Group expects to face lending risks which may affect loan demands from borrowers. The Group will continue to carefully evaluate its risk management strategies and ensure a proper balance between risks and returns and over the long run. To help ensure a sound loan portfolio, the Group will continue to adopt prudent and cautious approaches throughout the credit assessment and approval processes. The Group will also keep a close eye on the repayment performance of its loan portfolio while evaluating the repayment ability of borrowers.

The Group will continue to cautiously monitor the general business environment and market conditions to mitigate the potential impact to our operations and investments while also seeking potential investment and business opportunities for further development of its various business segments, expanding the business scope and creating a new dynamic for revenue growth.

While the impact of U.S. Federal Reserve's interest rate hike and global economic slowdown, the Group will continue to fulfill its financial intermediary role and respond to client needs for funding support while proactively adjusting financial management strategies toward a forward-looking perspective in order to maximise value for its shareholders.

Considering the ongoing growth of the healthcare industry, driven by a growing population and increased health consciousness, the Group remains focused on exploring investment opportunities in the healthcare sector. With the intention of generating sustainable returns for the Group, we recognise the potential in this sector and will actively pursue investments that align with our strategic objectives. By capitalising on the expanding healthcare market, we aim to create long-term value for our shareholder.

LIQUIDITY AND FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 December 2023, the Group held bank balances and cash of approximately HK\$188.0 million (2022: HK\$220.1 million). Net current assets amounted to approximately HK\$1,081.6 million (2022: HK\$1,274.1 million). Current ratio (defined as total current assets divided by total current liabilities) was approximately 23.0 times (2022: 24.8 times). The gearing ratio of the Group (defined as total liabilities to total assets) was approximately 3.7% (2022: 3.7%).

As at 31 December 2023, the Group had approximately HK\$23.0 million bank borrowings (2022: HK\$23.6 million) pledged by on investment property. The bank borrowings denominated in Hong Kong dollars as at 31 December 2023 bore interest rate at HIBOR plus 2% per annum or 2.25% per annum below Hong Kong dollar prime rate, whichever is lower. As the Group's bank balances and cash and borrowings were mainly denominated in Hong Kong dollars and United States dollars, there is no material risk in exchange rate fluctuation and there was no related hedges.

CHARGES ON THE GROUP'S ASSETS

As at 31 December 2023, an investment property of approximately HK\$38.1 million (2022: HK\$40.9 million) has been pledged as collateral for mortgage loan (2022: same).

MANAGEMENT DISCUSSION AND ANALYSIS

CAPITAL COMMITMENT

The Group had the following significant capital commitment contracted for but not provided for in the consolidated financial statements:

	2023 HK\$'000	2022 HK\$'000
Commitment contracted for but not provided for in respect of investment in an unlisted investment fund which will be recognised as financial assets at FVTPL	2,378	2,880

CONTINGENT LIABILITIES

Details of contingent liabilities are stated in Note 39 to the consolidated financial statement.

MATERIAL ACQUISITIONS AND DISPOSALS

During the Year, there was no material acquisition or disposal of subsidiaries, associates and joint ventures by the Company.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2023, the Group employed 26 employees. The Group continues to maintain and upgrade the capabilities of its workforce by providing them with adequate and regular training. The emolument policy of the employees of the Group is mainly based on industry practices and individual's performance, competence, qualifications, position, seniority and experience. On top of regular remuneration, discretionary bonus and share options may be granted to eligible staff by reference to the Group's performance as well as the individual's performance. The Company maintained good relationship with its employees.

The emoluments of the Directors are recommended and decided by the remuneration committee of the Board and the Board respectively, having regard to the Company's operating results, individual performance and comparable market statistics.

PROFILES OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Li Wing Cheong (former name: Li Wing Cheong Leonard), aged 58, was appointed as an executive Director with effect from 31 January 2022 and as the Chairman, the chairman of the nomination committee of the Board (the “Nomination Committee”) and a member of the remuneration committee of the Board (the “Remuneration Committee”) with effect from 30 September 2022. He is also a director of various subsidiaries of the Company.

Mr. Li holds a master degree of Master of Arts in Professional Accounting and Information Systems from the City University of Hong Kong in Hong Kong and a degree of Bachelor of Administrative Studies from York University in Canada.

Mr. Li has over 27 years of work experience in the area of accounting, auditing and loan financing. He joined the Group in June 2021 and served as the vice president of the Company’s subsidiaries. Before his appointment as an executive Director, he worked in various local securities firms and loan financing companies.

Mr. Tong Hin Jo, aged 44, was appointed as an executive Director with effect from 1 December 2022. Mr. Tong joined the Group in June 2022 and is currently a director and responsible officer of two subsidiaries of the Company, namely Minerva Holding Financial Securities Limited (formerly known as Minerva Securities Limited) and Minerva Asset Global Investment Capital Limited.

Mr. Tong obtained a master’s degree in business administration at the University of Sunderland in February 2019. He is a holder of Type 1 (Dealing in Securities), Type 4 (Advising on Securities) and Type 9 (Asset Management) regulated activities licences under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Mr. Tong has over 20 years of experience working in the financial services industry. Prior to joining the Group, Mr. Tong served as representatives and responsible officers in a number of investment banks and securities firms with a focus on securities brokerage, debt and equity capital market, investment management, private equity, compliance and risk management.

PROFILES OF DIRECTORS AND SENIOR MANAGEMENT

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. Chan Lai Ping, aged 40, was appointed as an independent non-executive Director, the chairperson of the audit committee of the Board (the "Audit Committee"), and a member of the Remuneration Committee and a member of the Nomination Committee, all with effect from 30 September 2021. Ms. Chan was subsequently re-designated as the chairperson of the Remuneration Committee with effect from 31 December 2021.

Ms. Chan holds a degree of Bachelor of Business Administration (Honours) (Major in Accounting) from Lingnan University in Hong Kong. She is a registered member of Hong Kong Institute of Certified Public Accountants.

Ms. Chan is the financial controller and company secretary of China Demeter Financial Investments Limited (whose shares are listed on GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), Stock Code: 8120) ("China Demeter") since 18 November 2015. Before she joined China Demeter in August 2014, she worked in various local and international audit firms for around eight years. She has been appointed as an independent non-executive director of Theme International Holdings Limited (whose shares are listed on the Main Board of the Stock Exchange, Stock Code: 990) with effect from 6 July 2022.

Ms. Tam Mei Chu, aged 36, was appointed as an independent non-executive Director and a member of each of the Audit Committee, the Nomination Committee and the Remuneration Committee, all with effect from 1 March 2022.

Ms. Tam holds a Bachelor of Business Administration (Honours) in Accounting from the Hong Kong Metropolitan University (formerly known as the Open University of Hong Kong) in Hong Kong. She is a member of the Hong Kong Institute of Certified Public Accountants and has over 10 years of experience in auditing and company secretarial services.

Mr. Tam is the company secretary of China Energy Technology Development Limited (formerly known as Link-Asia International MedTech Group Limited, whose shares are listed on the Main Board of the Stock Exchange, Stock Code: 1143), Bortex Global Limited (whose shares are listed on the GEM of the Stock Exchange, Stock Code: 8118), Wan Cheng Metal Packaging Company Limited (whose shares are listed on the GEM of the Stock Exchange, Stock Code: 8291) and WMHW Holdings Limited (formerly known as Luen Wong Group Holdings Limited, whose shares are listed on the GEM of the Stock Exchange, Stock Code: 8217) since 31 August 2021, 1 September 2021, 25 January 2024 and 1 February 2024 respectively; and an independent non-executive director of Link Holdings Limited (whose shares are listed on the GEM of the Stock Exchange, Stock Code: 8237) since 9 May 2023.

Mr. Ho Yuen Tung, aged 44, was appointed as an independent non-executive Director and a member of each of the Audit Committee, the Nomination Committee and the Remuneration Committee, all with effect from 11 March 2022.

Mr. Ho holds a Bachelor of Business Administration in Accounting from the Hong Kong Baptist University. He is a fellow of the Association of Chartered Certified Accountants and has over 18 years of experience in auditing, accounting and financial management in international audit firms and listed company.

Currently, Mr. Ho is a Vice President, Finance of Apex Ace Holding Limited (whose shares are listed on the Main Board of the Stock Exchange, Stock Code: 6036).

PROFILES OF DIRECTORS AND SENIOR MANAGEMENT

SENIOR MANAGEMENT

Mr. Chu Chuang Chieh, aged 57, currently a director and the Head of Sales & Marketing of Minerva Holding Financial Securities Limited (formerly known as Minerva Securities Limited) (“Minerva Holding Financial Securities”) and Minerva Asset Global Investment Capital Limited, both being subsidiaries of the Company. He joined the Group in August 2017. He is currently licensed with Securities Futures Commission as a responsible officer of Minerva Holding Financial Securities for Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) regulated activities. He graduated from Lung Cheung Government Secondary School. Mr. Chu has over 30 years of experience in the financial services industry. His experience covers areas of business development, front office dealing, internal control, risk management and ensure the business activities are under the regulations and requirements of Securities Futures Commission.

Mr. Tang Chu Fung, aged 40, currently a director of E Finance Limited and E Cash Fintech Limited, both being subsidiaries of the Company. He joined the Group in September 2021. Mr. Tang has over 10 years of experience in the accounting and finance field. Mr. Tang obtained a bachelor degree of Business Administration (with honours) from De Monfort University, UK.

Mr. Ho Sancho Shang Da, aged 39, currently a director of E Cash Fintech Limited and Minerva Advisory Global Capital Limited (“Minerva Advisory”), both being subsidiaries of the Company. He joined the Group in November 2021. He was licensed with Securities and Futures Commission as a responsible officer of Minerva Advisory for Type 6 (advising on corporate finance) regulated activities. Mr. Ho has over 10 years of corporate finance experience. Mr. Ho obtained a bachelor degree of Commerce (Major in Finance) from University of Queensland, Australia and a Juris Doctor degree from The Chinese University of Hong Kong.



REPORT OF THE DIRECTORS

The directors (the “Directors”) of Minerva Group Holding Limited (the “Company”) present their report and the audited consolidated financial statements of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2023 (the “Year”).

PRINCIPAL ACTIVITIES

The Company was incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The principal activity of the Company is investment holding. The activities of the Company’s principal subsidiaries are set out in Note 37 to the consolidated financial statements.

SEGMENT INFORMATION

An analysis of the Group’s performance by principal activities and geographical locations of operations for the Year is set out in Note 6 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the Year are set out in the consolidated statement of profit or loss and other comprehensive income on page 79 of this annual report. The financial positions of the Company and of the Group as at 31 December 2023 are set out in the Note 40 to the consolidated financial statements and on pages 80 to 81 of this annual report respectively.

The Directors do not recommend the payment of a dividend for the Year (2022: Nil).

FIVE YEAR FINANCIAL SUMMARY

A summary of the published results and the assets and liabilities of the Group for the last five financial years is set out on page 188 of this annual report.

DONATIONS

During the Year, the Group made charitable donations totaling HK\$43,000 (2022: HK\$Nil).

SUBSIDIARIES

Details of the Company’s principal subsidiaries as at 31 December 2023 are set out in Note 37 to the consolidated financial statements.

BUSINESS REVIEW

A review of the Group’s business during the Year, which includes a discussion of the principal risks and uncertainties facing the Group, an analysis of the Group’s performance using financial key performance indicators, particulars of important events affecting the Group that have occurred since the end of the Year, principal risks and uncertainties of the Group’s business, and an indication of likely future developments in the Group’s business, could be found in the sections headed “Chairman’s Statement” and “Management Discussion and Analysis” in this annual report. In addition, a discussion on relationships with its key stakeholders is included in the sections headed “Management Discussion and Analysis” and “Corporate Governance Report” in this annual report. The review forms part of this report of the Directors.

REPORT OF THE DIRECTORS

ANNUAL GENERAL MEETING

The annual general meeting (“AGM”) of the Company is scheduled to be held on Friday, 14 June 2024. A notice conveying the AGM will be published on the websites of the Stock Exchange and the Company respectively in due course.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of ascertaining the shareholders of the Company (the “Shareholders”) who are entitled to attend and vote at the AGM, the register of members of the Company will be closed from Tuesday, 11 June 2024 to Friday, 14 June 2024 (both days inclusive) (Hong Kong time), during which period, no transfer of shares of the Company (the “Shares”) can be registered. In order to be eligible for attending and voting at the AGM, all duly completed share transfer documents, together with the relevant share certificates, must be lodged for registration with the Company’s branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. (Hong Kong time) on Friday, 7 June 2024.

ENVIRONMENTAL, SOCIAL AND CORPORATE GOVERNANCE

The Group is committed to supporting the environmental sustainability. It enhances the business sustainability by doing well for our customers and to provide them with security and reliable services. It also operates the business with the highest standard of corporate governance, caring the staff and protecting the environment. In recent years, the Group has implemented several policies to encourage employees for saving energy and paper. All these policies aim at reducing resources and saving costs which are beneficial to the environment and meet the commercial goals of the Group. During the Year, there was no incidence of non-compliance with the relevant laws and regulations that have a significant impact on the Group as far as the board of Director (the “Board”) is aware. The Company understands that employees, customers and suppliers are key elements to the success of the Group’s business. The Group provides competitive remuneration package to motivate and retain quality staff and the Group is committed to maintaining a safe and healthy workplace for our staff. The Group has established good relationship with customers and suppliers which will enable the Group to achieve its business goals.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group during the Year are set out in Note 15 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in the share capital of the Company during the Year are set out in Note 28 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company’s bye-laws (the “Bye-Laws”) or the laws of Bermuda (being the jurisdiction in which the Company was incorporated) which would oblige the Company to offer new shares on a pro-rata basis to its existing Shareholders.

TAX RELIEF

The Directors are not aware of any tax relief available to the Shareholders by reason of their holding of the Shares.

REPORT OF THE DIRECTORS

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the Year, the Company repurchased a total of 278,270,000 ordinary shares of par value HK\$0.01 each in the share capital of the Company on the Stock Exchange, with the aggregate consideration paid (before expenses) amounting to approximately HK\$38,368,000. All the shares repurchased were subsequently cancelled and the relevant share certificates in respect of the share repurchased were cancelled and destroyed by the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited, on 28 December 2023. As at 31 December 2023, the total number of shares of the Company in issue was 2,505,282,734. Particulars of the share repurchases are as follows:

Month of Shares Repurchased	Number of Shares Repurchased	Purchase Price Per Share		Approximate Aggregate Consideration (before expenses) (HK\$)
		Highest (HK\$)	Lowest (HK\$)	
October 2023	240,870,000	0.145	0.128	33,166,000
November 2023	37,400,000	0.143	0.132	5,202,000
	<u>278,270,000</u>			<u>38,368,000</u>

The Directors believe that the repurchases reflect the Company's confidence in its long term business prospects and would ultimately benefit the Company and create value for the Shareholders. The Directors also considered that such repurchases would enhance the earnings per share and increase the net asset value per share attributable to the Shareholders.

Save as disclosed above, during the Year, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company.

RESERVES

Details of movements in the reserves of the Group during the Year are set out on pages 82 to 83 of this annual report.

Details of movements in the reserves of the Company during the Year are set out in Note 40 to the consolidated financial statements.

DISTRIBUTABLE RESERVES

In the opinion of the Directors, the Company's reserves available for distribution to Shareholders as at 31 December 2023, calculated under the Companies Act 1981 of Bermuda (as amended) amounted to approximately HK\$1,163,468,000. The contributed surplus may only be distributable in certain circumstances.

MAJOR CUSTOMERS AND SUPPLIERS

During the Year, the five largest customers in aggregate accounted for approximately 16.4% of the turnover of the Group. The largest customer accounted for approximately 3.5% of the turnover of the Group.

For the principal activities of the Group, including financial services business, money lending business and assets investment, there is no major supplier due to the nature of such businesses.

REPORT OF THE DIRECTORS

As far as the Directors are aware, none of the Directors, their close associates or any shareholder (which to the knowledge of the Directors own more than 5% of the Company's issued share capital) had any beneficial interest at any time during the Year in any of the Group's five largest customers and suppliers (if any).

BORROWINGS

Details of the movements in borrowings of the Group during the Year are set out in Note 26 to the consolidated financial statements.

CONTINGENT LIABILITIES

Details of contingent liabilities of the Group as at 31 December 2023 are set out in Note 39 to the consolidated financial statements.

DIRECTORS

The Directors who held office during the Year and up to the date of this annual report are:

Executive Directors

Mr. Li Wing Cheong (*Chairman*)

Mr. Tong Hin Jo

Independent Non-executive Directors

Ms. Chan Lai Ping

Ms. Tam Mei Chu

Mr. Ho Yuen Tung

In accordance with bye-law 99 of the Bye-Laws and to comply with the requirements of the Rules Governing the Listing of Securities on The Stock Exchange (the "Listing Rules"), Ms. Chan Lai Ping, Ms. Tam Mei Chu and Mr. Ho Yuen Tung will retire by rotation at the AGM and, being eligible, offer themselves for re-election at the AGM.

The biographical details of the Directors as at the date of this annual report are set out in the section headed "Profiles of Directors and Senior Management" on pages 18 to 20 of this annual report.

EMOLUMENTS OF DIRECTORS, CHIEF EXECUTIVE AND FIVE HIGHEST PAID INDIVIDUALS

Details of emoluments of Directors and Chief executive are set out in Note 11 to the consolidated financial statements. The Directors' remuneration package is determined by the remuneration committee of the Board with reference to their responsibilities, the Company's remuneration policy and the prevailing market conditions.

Details of emoluments of five highest paid individuals of the Group are set out in Note 12 to the consolidated financial statements.



REPORT OF THE DIRECTORS

DIRECTORS' SERVICE CONTRACTS

None of the Directors who are proposed for re-election at the AGM has a service contract with the Group which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as disclosed in Note 36 to the consolidated financial statements, no transactions, arrangements or contracts of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which any Director had a material interest, whether directly or indirectly, subsisted at the end of the Year or at any time during the Year.

During the Year, the related party transactions in relation to the compensation of key management personnel who are Directors in the Year as disclosed in Note 36 to the consolidated financial statements fell under the definition of "connected transaction" or "continuing connected transaction" but are fully exempted in Chapter 14A of the Listing Rules.

Save as disclosed above, there were no other transactions which constituted connected transaction(s) or continuing connected transaction(s) of the Company under Chapter 14A of the Listing Rules during the Year and it is confirmed that the Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

MANAGEMENT CONTRACTS

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

DIRECTORS' INTERESTS IN COMPETING BUSINESS

None of the Directors nor their respective close associates had an interest in a business, apart from the Group's business, which competes or is likely to compete, either directly or indirectly, with the Group's business during the Year that need to be disclosed pursuant to Rule 8.10 of the Listing Rules.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 31 December 2023, the interests and short positions of the Directors and the chief executive of the Company in the Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO to be entered in the register referred to therein or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 of the Listing Rules were as follows:

REPORT OF THE DIRECTORS

Long positions in the underlying shares of the Company under equity derivatives

Name of Directors	Capacity	Nature of interest	Number of underlying shares (under equity derivatives of the Company)	Approximate % of the issued share capital of the Company <small>(Note 2)</small>
Mr. Li Wing Cheong <small>(Note 1)</small>	Beneficial owner	Personal interest	27,830,000	1.11%

Note 1: Mr. Li Wing Cheong had been granted options under the share option scheme of the Company adopted on 4 June 2013.

Note 2: The issued share capital of the Company for calculating the percentage in this column refers to the issued share capital of the Company as at 31 December 2023 (i.e. 2,505,282,734 Shares).

Save as disclosed above, as at 31 December 2023, none of the Directors or the chief executive of the Company had any interests or short positions 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 notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in register referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code as set out in Appendix C3 of the Listing Rules.

SHARE OPTION SCHEMES

2023 Share Option Scheme

The Company has adopted the 2023 share option scheme (the "2023 Share Option Scheme") on 16 June 2023 under which the Directors may grant share options to eligible persons, including directors and employees of the Group, to subscribe for shares of the Company.

Particulars of the 2023 Share Option Scheme and details of movements of share options, including grant and lapse of options, during the Year are set out in Note 29 to the consolidated financial statements.

2013 Share Option Scheme

The share option scheme approved and adopted by the Shareholders at the annual general meeting of the Company held on 4 June 2013 (the "2013 Share Option Scheme") had expired on 3 June 2023 in accordance with the terms of the 2013 Share Option Scheme. Upon the expiry of the 2013 Share Option Scheme on 3 June 2023, no further share options will be granted under the 2013 Share Option Scheme but the 2013 Share Option Scheme shall in all other respects remain in force to the extent necessary to give effect to the exercise of any outstanding share options granted prior to its termination. The then outstanding share options will continue to be valid and exercisable in accordance with the terms of the 2013 Share Option Scheme.

Particulars of the 2013 Share Option Scheme and details of movements of share options, including grant and lapse of options, during the Year are set out in Note 29 to the consolidated financial statements.

REPORT OF THE DIRECTORS

EQUITY-LINKED AGREEMENT

Save for the share option schemes of the Group as set out under the section headed “Share Option Schemes” of this report, no equity-linked agreements were entered into by the Group, or existed during the Year.

PERMITTED INDEMNITY PROVISION

The Bye-Laws provide that the Directors shall be indemnified and secured harmless out of the assets of the Company from and against all actions, costs, charges, losses, damages and expenses which they shall or may incur or sustain by reason of any act done, concurred in or omitted in or about the execution of their duty. The relevant bye-law was in force during the Year and as at the date of this report. The Company has maintained appropriate directors and officers liability insurance in respect of relevant legal actions against the directors and officers of the Company and its subsidiaries.

DIRECTORS’ RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed above, at no time during the Year was the Company, its subsidiaries, its fellow subsidiaries or its holding companies, a party to any arrangement to enable the Directors or chief executive of the Company or their respective spouse or children under 18 years of age to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS’ INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

So far as is known to the Directors, as at 31 December 2023, the following corporation had interests of 5% or more in the issued Shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO and entered in the register maintained by the Company pursuant to Section 336 of the SFO were as follows:

Long positions in the shares of the Company

Name of shareholder	Capacity	Number of shares of the Company	Approximate % of the issued share capital of the Company
China Mobile Games and Entertainment Group LTD.	Beneficial owner	176,994,000 <i>(Note 1)</i>	7.06% <i>(Note 2)</i>

Note 1: The number of Shares held by the Shareholder have been adjusted as a result of the capital reorganisation (the “Capital Reorganisation”) approved by the Shareholders at the special general meeting of the Company held on 5 April 2016 which involved, among other steps, (i) the share consolidation of 10 pre-consolidated shares into 1 share of HK\$0.10 and (ii) the reduction of the share capital of the Company whereby the par value of each of the then issued consolidated shares of HK\$0.10 each was reduced from HK\$0.10 to HK\$0.01 each by cancelling the paid-up capital of the Company to the extent of HK\$0.09 on each of the then issued consolidated share and thereby creating the shares and the Capital Reorganisation became effective on 6 April 2016.

Note 2: The issued share capital of the Company for calculating the percentage in this column refers to the issued share capital of the Company as at 31 December 2023 (i.e. 2,505,282,734 Shares).

REPORT OF THE DIRECTORS

Save as disclosed above and to the best knowledge of the Directors, as at 31 December 2023, the Company had not been notified by any persons (other than Directors and chief executive of the Company) who had interests or short positions in the Shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register maintained by the Company pursuant to Section 336 of the SFO.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, there is sufficient public float of not less than 25% of the Company's issued shares as required under the Listing Rules as at the latest practicable date prior to the issue of this annual report.

CORPORATE GOVERNANCE

Principal corporate governance practices as adopted by the Company are set out in the Corporate Governance Report on pages 29 to 44 of this annual report.

AUDITOR

On 20 November 2020, CCTH CPA Limited ("CCTH") had been appointed as auditor of the Company, who will retire at the AGM and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of CCTH as the auditor of the Company is to be proposed at the AGM.

The consolidated financial statements for the year ended 31 December 2020, 31 December 2021, 31 December 2022 and 31 December 2023 were audited by CCTH.

There has been no change in the auditor of the Company in any of the preceding three years.

THE PUBLICATION OF THE ANNUAL REPORT

This annual report, in both English and Chinese versions, is available on the Company's website at www.minervagroup.hk and the website of the Stock Exchange at www.hkexnews.hk.

On behalf of the Board

Li Wing Cheong

Chairman

27 March 2024

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

The board (the “Board”) of directors (the “Directors”) of Minerva Group Holding Limited (formerly known as Power Financial Group Limited) (the “Company”) is committed to maintaining a good corporate governance standard. The Board believes that a good corporate governance standard will provide a framework for the Company and its subsidiaries (the “Group”) to formulate the business strategies and policies and manage the associated risks through effective internal control procedures. It will also enhance the transparency of the Group and strengthen the accountability to the shareholders (the “Shareholders”) and creditors of the Company.

The corporate value of the Company is to serve its customers in lawful, ethical and responsible manner. All Directors act with integrity and promote the culture of integrity. Such culture instils and continually reinforces across the corporate values. During the year ended 31 December 2023 (the “Year”), the Board closely monitor the implementation of corporate governance practice, risk management and internal control systems to ensure the corporate objective, values and strategy and the Company’s culture are aligned.

The Board had adopted all the code provisions contained in the Corporate Governance Code (the “CG Code”) in Appendix C1 of the Rules (the “Listing Rules”) Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “Stock Exchange”) as the Company’s corporate governance code.

In the opinion of the Directors, throughout the Year, the Company has fully complied with the code provisions set out in the CG Code. The Board will, from time to time, review and enhance its corporate governance practices to ensure that the Company continues to meet the requirements of the CG Code.

DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 of the Listing Rules (the “Model Code”) as its own code of conduct regarding securities transactions by the Directors and by the Group’s employees who, because of their offices or employments, are likely to possess inside information of the Company and/or its securities.

All Directors have confirmed, following specific enquiries by the Company, that they fully complied with the Model Code and its code of conduct regarding the Directors’ securities transactions throughout the Year.

BOARD OF DIRECTORS

As at the date of this annual report, the Board comprises five members, which consist of two executive Directors and three independent non-executive Directors. The composition of the Board is as below:

Executive Directors

Mr. Li Wing Cheong (*Chairman*)

Mr. Tong Hin Jo

Independent Non-executive Directors

Ms. Chan Lai Ping

Ms. Tam Mei Chu

Mr. Ho Yuen Tung

The biographical details of the Directors are set out in the section headed “Profiles of Directors and Senior Management” on pages 18 to 20 of this annual report.

CORPORATE GOVERNANCE REPORT

Composition of the Board, including names of the independent non-executive Directors, is disclosed in all corporate communications to Shareholders. An updated list of Board members identifying their roles and functions is maintained on the websites of the Stock Exchange and the Company, respectively.

The Board is responsible for the formulation of the Group's business strategies and overall policies, and monitoring the performance of the management. The executive Directors are delegated with the power to execute the business strategies, develop and implement the policies in the daily operation of the Group. The independent non-executive Directors provide their professional advices to the Group whenever necessary. The management, under the leadership of the Board, will be empowered to implement the Group's strategies and business objectives.

All Directors have full and timely access to all the information and accounts of the Group. The Directors may seek independent professional advice in appropriate circumstances, at the expense of the Company. The Company will, upon request, provide separate independent professional advice to the Directors to assist them to discharge their duties to the Company.

All the Directors shall be subject to retirement by rotation at least once every three years pursuant to the bye-laws of the Company (the "Bye-Laws") and the Listing Rules. Any director appointed by the Board to fill a casual vacancy or as an addition to the Board shall be subject to election by the Shareholders at the first annual general meeting of the Company after appointment pursuant to the Bye-Laws.

The attendance records of each Director for the regular Board meetings, Board committees' meetings and general meeting of the Company for the Year are set out below:

Name of Directors	No. of meetings attended/No. of meetings held				
	Regular Board Meeting(s)	Audit Committee Meeting(s)	Remuneration Committee Meeting(s)	Nomination Committee Meeting(s)	General Meeting
<i>Executive Directors</i>					
Mr. Li Wing Cheong (<i>Chairman</i>)	4/4	N/A	1/1	1/1	1/1
Mr. Tong Hin Jo	4/4	N/A	N/A	N/A	1/1
<i>Independent Non-Executive Directors</i>					
Ms. Chan Lai Ping	4/4	2/2	1/1	1/1	1/1
Ms. Tam Mei Chu	4/4	2/2	1/1	1/1	1/1
Mr. Ho Yuen Tung	4/4	2/2	1/1	1/1	1/1

CORPORATE GOVERNANCE REPORT

CONTINUOUS PROFESSIONAL DEVELOPMENT OF DIRECTORS

Newly appointed Directors will receive formal induction on the first occasion of their appointment, so as to ensure that they have appropriate understanding of the business and operations of the Company and that they are fully aware of his/her responsibilities and obligations under the Listing Rules and relevant regulatory requirements. Such induction shall be supplemented by meetings with senior management of the Company.

Furthermore, the Company shall ensure that each of its proposed appointed Directors, if any, has obtained the legal advice from a firm of solicitors qualified to advise on Hong Kong law as regards the requirements under the Listing Rules that are applicable to him/her as a Director before his/her appointment becomes effective. The Company shall disclose in the next published annual report following the directors' appointment (i) the date on which each of its proposed Directors obtained such legal advice; and (ii) that each proposed Director has confirmed he/she understood his/her obligations as a Director.

The existing Directors are continually updated with legal and regulatory developments, and the business and market changes to facilitate the discharge of their responsibilities. Trainings and professional development for Directors are arranged whenever necessary. In addition, reading materials on new or changes to salient laws and regulations applicable to the Company are provided to Directors from time to time for their studying and reference.

The Directors are required to submit to the Company details of the training they received in each financial year for the Company's maintenance of proper training records of the Directors. According to the training records currently maintained by the Company, during the Year, the Directors had complied with the code provision C.1.4 of the CG Code on participation in continuous professional training as follows:

Name of Directors	Reading written training materials or newspaper or updates relating to the Listing Rules or materials relevant to the business or attending seminars/webinars
<i>Executive Directors</i>	
Mr. Li Wing Cheong (<i>Chairman</i>)	✓
Mr. Tong Hin Jo	✓
<i>Independent Non-Executive Directors</i>	
Ms. Chan Lai Ping	✓
Ms. Tam Mei Chu	✓
Mr. Ho Yuen Tung	✓

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The chairman of the Board (the "Chairman") is responsible for the leadership and effective running of the Board and ensuring that all significant and key issues are discussed and where required, timely and constructively resolved by the Board. The chief executive officer of the Company (the "CEO") was delegated with the authority and responsibility to manage the Group's business in all aspects effectively, implement major strategies, make day-to-day decision and coordinate overall business operation.

CORPORATE GOVERNANCE REPORT

During the Year, Mr. Li Wing Cheong was acting as the Chairman and had met once with independent non-executive Directors (“INED(s)”) without the presence of other Director(s) pursuant to the code provision C.2.7 of the CG Code. However, the position of the CEO is still vacant. The duties and responsibilities of the CEO are now shared among the members of the Board. In view of the size of operations of the Group, the Board considers that it is suitable for implementing the Company’s strategies under this arrangement. The Board shall review this arrangement from time to time to ensure appropriate and timely action is taken to meet changing circumstances.

INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company received an annual confirmation of independence under Rule 3.13 of the Listing Rules from each of the INEDs for the Year and the Company considers that all the INEDs are independent.

Under the code provision C.3.3 of the CG Code, the Company should have formal letters of appointment for directors setting out the key terms and conditions of their appointment. During the Year, the terms of appointment pursuant to their letters of appointment are as below:

Name of INEDs	Terms of Appointment
Ms. Chan Lai Ping	30 September 2022 to 30 April 2024
Ms. Tam Mei Chu	1 March 2023 to 30 April 2024
Mr. Ho Yuen Tung	11 March 2023 to 30 April 2024

All INEDs are subject to the requirement that one-third of all the Directors for the time being shall retire from office by rotation at each annual general meeting of the Company pursuant to the Bye-Laws.

As at the date of this annual report, the Board met the requirements of Rule 3.10(1) and (2) and 3.10A of the Listing Rules relating to the appointment of at least three independent non-executive directors representing at least one-third of the board with at least one of them having appropriate professional qualifications or accounting or related financial management expertise.

CORPORATE GOVERNANCE FUNCTION

The Board is responsible for performing the corporate governance functions set out in the code provision A.2.1 of the CG Code, including to determine the appropriate corporate governance practices applicable to the Company’s circumstances and ensure systems, processes and procedures in place to achieve the Company’s corporate governance objectives; review and monitor the training and continuous professional development of Directors and senior management and the Company’s policies, practices and guidelines on compliance with legal and regulatory requirements; and etc. The Board may discharge its corporate governance duties by establishment of board committees and delegation of certain management and administration functions to the management.

During the Year, the Board reviewed and monitored the training and continuous professional development of the Directors and the senior management of the Group; developed and reviewed the Company’s policies and practices on corporate governance; reviewed and monitored the Company’s policies and practices on compliance with legal and regulatory requirements; developed, reviewed and monitored the code of conduct applicable to the employees of the Group and the Directors; reviewed the compliance with the CG Code and the disclosure in this corporate governance report.

CORPORATE GOVERNANCE REPORT

POLICY IN RELATION TO INDEPENDENT VIEWS AVAILABLE TO THE BOARD

The Company adopted a policy in relation to independent views available to the Board (the “Policy for Independent Views”) which aims at ensuring independent views are available to the Board of the Company.

To ensure that independent views are available to the Board, the Company shall appoint INEDs representing at least one-third of the Board, and the Board must have at least three INEDs and at least one of the INEDs must have appropriate professional qualifications or accounting or related financial management expertise.

In accordance with the Policy for Independent Views, the requirement for the INEDs are as follows:

- 1) the INEDs shall satisfy the independence criteria under the Listing Rules. In this connection, each INED is required to confirm in writing to the Company and the Stock Exchange his/her independence upon his/her appointment as a director of the Company with reference to the independence criteria in the Listing Rules. Each INED is also required to inform the Company and the Stock Exchange as soon as practicable if there is any subsequent change of circumstances which may affect his/her independence and must provide an annual confirmation of his/her independence to the Company. An annual review shall be conducted by the Company to assess the continuing independence of INEDs, with attention to ensuring that they remain independent in character and judgement, and continue to present an objective and constructive challenge to the assumptions and viewpoints presented by the management and the Board;
- 2) the INEDs shall devote sufficient time and make contributions to the Company that are commensurate with their role and board responsibilities;
- 3) the INEDs are equal Board members and should give the Board and any committees on which they serve the benefit of their skills, expertise and varied backgrounds and qualifications through regular attendance and active participation. Generally they should also attend general meetings to gain and develop a balanced understanding of the views of Shareholders;
- 4) the INEDs should make a positive contribution to the development of the Company’s strategy and policies through independent, constructive and informed comments;
- 5) the INEDs should make sufficient time available to discharge their responsibilities and should not accept an invitation to serve as an INED on the Board unless they can devote adequate time and effort to the work involved. Further, INEDs sitting on multiple boards of directors of listed companies will need to ensure that they dedicate adequate attention to each board and board committees;

CORPORATE GOVERNANCE REPORT

- 6) the INEDs shall play an important role on the Board and are expected to:
 - (a) keep up-to-date with the Company's business affairs and be involved in scrutinising the Company's performance in achieving agreed corporate goals and objectives, and monitor performance reporting;
 - (b) bring independent judgment to bear on issues of strategy, policy, performance, accountability, resources, key appointments and standards of conduct, and help review some of the Board's major decisions, the Company's performance in relation to corporate goals, and monitor performance reporting;
 - (c) take the lead where potential conflicts of interest arise; and
 - (d) serve on the audit, remuneration, nomination and other governance committees of the Board, if invited;
- 7) the INEDs shall at least annually attend meeting with the Chairman without the presence of other Directors.

The Board shall review this Policy for Independent Views as well as the implementation and effectiveness of this Policy for Independent Views on an annual basis. During the Year, the Board reviewed this Policy for Independent Views and considered that this Policy for Independent Views has been implemented properly and effectively.

ROLE AND FUNCTION OF THE BOARD AND THE MANAGEMENT

The Company has set out the respective functions and responsibilities which are reserved to the Board and delegated to management or Board committees. The Board delegates day-to-day operations of the Group to management while reserving certain key matters, mainly relating to the approval and monitoring of the Group's overall strategies, policies and business plans, and overseeing and evaluating the performance of the Group. It is also responsible for promoting the success of the Group and its businesses by directing and supervising the Group's affairs. Board committees for specific functions are also set up to ensure efficient Board operations. The composition and functions of each Board committee and their major roles and functions are described below. The final decision still rests with the Board unless otherwise provided for in the terms of reference of the relevant Board committees.

REMUNERATION COMMITTEE

The Company established a remuneration committee of the Board (the "Remuneration Committee") with written terms of reference in compliance with the CG Code of the Listing Rules.

The Remuneration Committee comprises an executive Director, namely Mr. Li Wing Cheong, and three INEDs, namely Ms. Chan Lai Ping, Ms. Tam Mei Chu and Mr. Ho Yuen Tung. The Remuneration Committee is chaired by Ms. Chan Lai Ping. Throughout the Year, the Company had met the Listing Rules requirements of having the majority of the Remuneration Committee members being INEDs as well as having the committee chaired by an INED.

CORPORATE GOVERNANCE REPORT

The primary duties of the Remuneration Committee are to make recommendations to the Board on the Company's policy and structure for all Directors' and senior management's remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy; review and approve the management's remuneration proposals and make recommendations to the Board on the remuneration of non-executive Directors. In addition, the Remuneration Committee provides effective supervision and administration of the Company's share option schemes. The Directors are remunerated with reference to their respective duties and responsibilities with the Company and time commitment, the Company's performance, and current market situation. The Remuneration Committee adopted the model under the CG Code to make recommendations to the Board on the remuneration packages of individual executive Directors and senior management of the Group.

During the Year, the Remuneration Committee had held one meeting to review and approve the remuneration policy of the Company; review the existing remuneration packages of Directors and senior management of the Company; and recommended the existing remuneration packages of the Directors and senior management of the Group to the Board for approval. During the review process, no individual director is involved in decisions relating to his/her own remuneration.

Pursuant to code provision E.1.5 of the CG Code, the Company should disclose the directors' remuneration policy, the details of the remuneration payable to members of senior management of the Company by band and other remuneration related matters in the Company's annual report. The Company's remuneration policy is to provide a competitive level of remuneration to the Directors according to current market conditions in order to attract and retain them to run the Company successfully. Details of the remuneration of senior management of the Company by band for the Year is set out below:

Remuneration band (in HK\$)	Number of individuals
Nil – 1,000,000	3

Further particulars regarding Directors' emoluments and five highest paid employees as required to be disclosed pursuant to Appendix D2 to the Listing Rules are set out in Notes 11 and 12 to the consolidated financial statements, respectively.

NOMINATION COMMITTEE

The Company established a nomination committee of the Board (the "Nomination Committee") with written terms of reference in compliance with the CG Code of the Listing Rules.

The Nomination Committee comprises an executive Director, namely Mr. Li Wing Cheong, and three INEDs, namely Ms. Chan Lai Ping, Ms. Tam Mei Chu and Mr. Ho Yuen Tung. The Nomination Committee is chaired by Mr. Li Wing Cheong. Throughout the Year, the Company had met the Rule 3.27A of the Listing Rules requirement of having a majority of the committee members being INEDs and having the committee chaired by the chairman of the Board.

CORPORATE GOVERNANCE REPORT

The primary duties of the Nomination Committee are to review the structure, size and diversity (including without limitation, gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service) of the Board; make recommendation on any proposed changes to the Board to complement the Company's corporate strategy; identify individuals suitably qualified to become Board members; assess the independence of the INEDs; review the implementation and effectiveness of the board diversity policy of the Company (the "Board Diversity Policy"); and develop and review the nomination policy of the Company (the "Nomination Policy").

During the Year, the Nomination Committee had held one meeting to review the structure, size, composition and diversity of the Board; to assess the independence of the INEDs; to review the implementation and effectiveness of the Board Diversity Policy and the Nomination Policy; to make recommendations to the Board on the proposal for re-election of all retiring Directors at the annual general meeting of the Company held on 16 June 2023.

The independence of the INEDs has been assessed in accordance with the applicable Listing Rules. The Company has received an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules from each of the INEDs, and the Company is of the view that all INEDs meet the guidelines for assessing the independence set out in Rule 3.13 of the Listing Rules and are independent.

The Nomination Committee considered an appropriate balance of diversity perspectives of the Board is maintained. The Nomination Committee also considered that the Directors are rich in knowledge, experience and background and their outstanding skills in their respective expertise can meet the development needs of the Company.

NOMINATION POLICY

The Company adopted the Nomination Policy which sets out the criteria and procedures to be adopted when the Nomination Committee and the Board are considering candidates to be appointed or re-appointed as the Director.

When considering a candidate nominated for directorship or a Director's proposed re-appointment, the Nomination Committee will have regard to the following factors:

1. gender, age, cultural, ethnicity, skills, knowledge, experience, expertise, professional and educational background and other personal qualities of the candidate;
2. effect on the board's composition and diversity;
3. commitment of the candidate to devote sufficient time to effectively carry out his/her duties. In this regard, the number and nature of offices held by the candidate in public companies or organizations, and other executive appointments or significant commitments will be considered;
4. potential/actual conflicts of interest that may arise if the candidate is selected;
5. independence of the candidate, where appropriate;
6. in the case of a proposed re-appointment of an independent non-executive director, the number of years he/she has already served; and
7. other factors considered to be relevant by the Nomination Committee on a case by case basis.

CORPORATE GOVERNANCE REPORT

These factors are for reference only, and not be exhaustive and decisive. The Nomination Committee has the discretion to nominate any person as it considers appropriate.

Subject to the provisions in the Bye-Laws, if the Board recognizes the need to appoint an additional Director, the following procedures should be adopted:

1. the Nomination Committee identifies or selects candidates recommended to the Board, with or without assistance from external agencies or the Company, pursuant to the criteria set out above;
2. the Nomination Committee may use any process it deems appropriate to evaluate the candidates, which may include personal interviews, background checks, presentations or written submissions by the candidates and third party references;
3. the Nomination Committee will hold a physical meeting to consider the matter and avoid the making of decisions by written resolutions unless it is impractical that a physical meeting be held;
4. the Nomination Committee provides to the Board with all the information required including information set out in Rule 13.51(2) of the Listing Rules in relation to the candidates;
5. the Nomination Committee makes recommendation to the Board including the terms and conditions of the appointment;
6. the Board deliberates and decides on the appointment based upon the recommendation of the Nomination Committee. The Board shall have the final decision on all matters relating to its recommendation of candidates to stand for election at any general meeting;
7. all appointments of Director should be confirmed by letter of appointment setting out the key terms and conditions of the appointment of the Directors, which should be approved by the Nomination Committee; and
8. pursuant to Rule 13.74 of the Listing Rules, where shareholders are required to vote on electing or re-electing a director, the circular accompanying the notice of the relevant general meeting should contain all the information of the candidates required under Rule 13.51(2) of the Listing Rules.

BOARD DIVERSITY POLICY

The Company recognises and embraces the benefits of having a diverse Board and regards the increasing diversity at the Board as an essential element in maintaining the Company's competitive advantage. The Board has adopted the Board Diversity Policy which sets out the approach to achieve diversity on the Board.

Details of the Board Diversity Policy

The Company is committed to equality of opportunity in all aspects of its business and does not discriminate on the grounds of race, gender, disability, nationality, religious or philosophical belief, age, sexual orientation, family status or any other factor.

CORPORATE GOVERNANCE REPORT

The Company continuously seeks to enhance the effectiveness of its Board by maintaining the highest standards of corporate governance and recognising and embracing the benefits of diversity in the boardroom. The Company sees diversity as a wide concept and believes that a diversity of perspectives can be achieved through consideration of a number of factors, including but not limited to gender, age, culture, educational background, professional experience, skills and knowledge. In forming its perspective on diversity, the Company will also take into account factors based on its own business model and specific needs from time to time. To ensure the achievement of the diversity of the Board, the Company shall not have a single gender Board.

The Company endeavours to ensure that its Board has the appropriate balance of skills, experience and diversity of perspectives that are required to support the execution of its business strategy and to maximise the Board's effectiveness.

Board appointments will continue to be made on meritocracy and the candidates will be considered against objective criteria, having due regard to the benefits of diversity on the Board. The Board believes that such merit-based appointments will best enable the Company to serve its shareholders and other stakeholders going forward.

The Board will give adequate consideration to the Board Diversity Policy when it identifies suitably qualified candidates to become members of the Board.

The Nomination Committee shall review the Board Diversity Policy and its implementation and effectiveness on an annual basis to ensure its continued effectiveness. In addition, the Company shall disclose details of the Board Diversity Policy, and any measurable objectives it has set for implementing the Board Diversity Policy, and progress on achieving those objectives, in the Corporate Governance Report set out in its Annual Report.

Measurable Objectives and Progress

The Company aims to maintain an appropriate balance of diversity perspectives of the Board that are relevant to the Company's business growth. The Nomination Committee will discuss and where necessary, agree on the measurable objectives for achieving diversity on the Board and make recommendation to the Board. For the purpose of implementation of the Board Diversity Policy, the following measurable objectives were fulfilled during the Year:

1. at least one-third of the members of the Board shall be INEDs;
2. at least one of the INEDs possessing appropriate professional qualifications or accounting or related financial management expertise; and
3. at least one of the members of the Board is female.

The Board reviews the implementation and effectiveness of its board diversity on an annual basis.

The Board was of the view that, during the Year, the Company has fulfilled all necessary requirements of the Listing Rules and the CG Code in respect of the composition requirement of the Board, including but not limited to the required number of INEDs appointed on the Board, and having at least one of the INEDs possessing appropriate professional qualifications or accounting or related financial management expertise.

CORPORATE GOVERNANCE REPORT

The Board also aspires to having an appropriate proportion of directors who have direct experience in the Group's businesses, with different cultural and education background, professional experience, skills and knowledge, and reflecting the Group's strategy. Biographical details of the board members are set out in the section headed "Profiles of Directors and Senior Management" of this Annual Report.

Concerning the gender diversity of the Board, as two Board member (40% of the Board members) is female Directors, the Board is of the view that gender diversity has been achieved for the time being.

Appropriate emphasis on maintaining gender diversity has been placed in the reviews of board composition, board diversity and succession planning to ensure a pipeline of potential successors to the Board in achieving and maintaining gender diversity.

As at 31 December 2023, the gender ratio of the Group's workforce (including senior management) was 65% male to 35% female approximately. The Group has relatively large male workforce as compared to female. Nevertheless, the Group pursues equal job opportunities for male and female in recruitment and staff development. The Company will continue to take steps to promote gender diversity at all levels of the Group, including but not limited to the Board and the senior management levels.

AUDIT COMMITTEE

The Company established an audit committee of the Board (the "Audit Committee") with written terms of reference in compliance with the CG Code.

The Audit Committee comprises three INEDs, namely Ms. Chan Lai Ping, Ms. Tam Mei Chu and Mr. Ho Yuen Tung. The Audit Committee is chaired by Ms. Chan Lai Ping. The Company has met the Listing Rules requirements regarding the composition of the Audit Committee throughout the Year.

The primary duties of the Audit Committee is to make recommendations to the Board on the appointment of the external auditors and approve the remuneration and terms of engagement of the external auditors; monitor the integrity of the Company's financial statements with focus on the changes in accounting policies and practices, major judgmental areas, significant adjustments resulting from audit, going concern assumptions and compliance with accounting standards, the Listing Rules and other legal requirements in relation to financial reporting; oversight of the Company's financial reporting system, risk management and internal control systems.

CORPORATE GOVERNANCE REPORT

During the Year, the Audit Committee had held two meetings to review the Group's audited consolidated financial statements for the year ended 31 December 2022 and the unaudited consolidated financial information for the six months ended 30 June 2023 respectively; to discuss audit scope and findings with the Company's independent auditor; to review the Group's financial reporting system, risk management and internal control system and the effectiveness of internal audit function; and to made recommendation to the Board regarding appointment and remuneration of the external auditor; discuss with the external auditor regarding audit planning. In the meeting of the Audit Committee held on 27 March 2024, the Audit Committee reviewed the Group's audited consolidated financial statements for the Year and the accounting principles and practices adopted by the Group prior to recommending them to the Board for approval and discussed the internal audit report and other supporting document for the review of risk management and internal control systems and the effectiveness of internal audit function.

AUDITOR AND THEIR REMUNERATION

The statement of the auditor of the Company about their reporting responsibilities on the Group's financial statements for the Year is set out in the section headed "Independent Auditor's Report" of this Annual Report.

The remuneration paid or payable to the Company's auditor, CCTH CPA Limited, for their audit services and non-audit services for the Year are set out as follows:

	Fees paid/ payable HK\$'000
Audit services	
Audit for the Year	968
Non-audit services	—
Total	<u>968</u>

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for overseeing the preparation of the financial statements which give a true and fair view of the financial position of the Group. The Directors are not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Group's ability to continue as a going concern.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges that its responsibility for maintaining a sound and effective risk management and internal control systems of the Group and reviewing their effectiveness in order to safeguard the interests of the shareholders and the assets of the Group. The Group's risk management and internal control systems and the relevant policies and procedures are designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss. Risk management and internal control systems are reviewed on an annual basis.

CORPORATE GOVERNANCE REPORT

During the Year, the Board, through the Audit Committee, conducted an annual review of both design and implementation effectiveness of the risk management and internal control systems of the Group, covering all material controls, including financial, operational and compliance controls, with a view to ensuring that resources, staff qualifications and experience, training programmes and budget of the Group's accounting, internal audit and financial reporting functions are adequate. In this respect, the Audit Committee communicates any material issues to the Board.

During the Year, the Group appointed an internal control consultant (the "internal control consultant"):

- assist in identifying and assessing the risks of the Group through interviews; and
- independently perform internal control review and assess effectiveness of the Group's risk management and internal control systems.

The results of the independent review and assessment were reported to the Audit Committee and the Board. Moreover, improvements in internal control and risk management measures as recommended by the internal control consultant to enhance the risk management and internal control systems of the Group and mitigate risks of the Group were adopted by the Board. Based on the findings and recommendations of internal control consultant as well as the comments of the Audit Committee, the Company considered the Group's risk management and internal control systems are effective and adequate.

The Group established internal control procedures for the handling and dissemination of inside information including conducting the affairs of the Company with close regard to the Guidelines on Disclosure of Inside Information published by Securities and Futures Commission and the Listing Rules and reminding the Directors and employees of the Group regularly about due compliance with all policies regarding the inside information.

The internal control mechanism includes information flow and reporting processes, confidentiality arrangements, disclosure procedures, and staff training arrangements, etc. The Group aims at maintaining a transparent culture towards internal controls and compliance matters. A whistleblowing policy has been adopted which allows all staff and other members of the Group to raise concerns about possible improprieties in a responsible and effective manner.

Enterprise Risk Management Framework

The Group has established its enterprise risk management framework. While the Board has the overall responsibility to ensure that sound and effective internal controls are maintained, management is responsible for designing and implementing an internal control system to manage all kinds of risks faced by the Group.

Through the risk identification and assessment processes, risks are identified, assessed, prioritized and allocated treatments. The risk management framework follows the COSO Enterprise Risk Management – Integrated Framework, which allows the Board and management to manage the risks of the Group effectively. The Board receives regular reports through the Audit Committee that oversees risk management and internal audit functions.

CORPORATE GOVERNANCE REPORT

Risk Control Mechanism

The Group adopts a “three lines of defence” corporate governance structure with operational management and controls performed by operations management, coupled with risk management and internal control monitoring carried out by the finance and compliance team and independent internal audit outsourced to and conducted by internal control consultant. The Group maintains a risk register to keep track of all identified major risks of the Group. The risk register provides the Board, the Audit Committee, and management with a profile of its major risks and records management’s action taken to mitigate the relevant risks. Each risk is evaluated at least annually based on its likelihood of occurrence and potential impact upon the Group. The risk register is updated by management as the risk owners with addition of new risks and/or removal of existing risks, if applicable, at least annually, after the annual risk evaluation has been performed. This review process can ensure that the Group proactively manages the risks faced by it in the sense that all risk owners have access to the risk register and are aware of and alert to those risks in their area of responsibility so that they can take follow-up action in an efficient manner.

The risk management activities are performed by management on an ongoing process. The effectiveness of the risk management framework will be evaluated at least annually, and periodic management meeting is held to update the progress of risk monitoring efforts. Management is committed to ensuring that risk management forms part of the daily business operation processes in order to align risk management with corporate goals in an effective manner.

The Company will continue to engage external independent professionals to review the Group’s system of internal controls and risk management annually and further enhance the Group’s internal control and risk management systems as appropriate.

There is currently no internal audit function within the Group. The Directors have reviewed the need for an internal audit function and are of the view that in light of the size, nature and complexity of the business of the Group, it would be more cost effective to appoint external independent professionals to perform internal audit function for the Group in order to meet its needs. The Board believes that such function is considered adequate in view of the assistance of the internal control monitoring performed by compliance team. Nevertheless, the Directors will continue to review at least annually the need for an internal audit function and maintain oversight to ensure the performance of the function is adequate.

COMPANY SECRETARY

Ms. Fung Mei Ling (“Ms. Fung”) was appointed as the company secretary of the Company (“Company Secretary”) with effect from 31 October 2022 and has tendered her resignation as the Company Secretary with effect from 1 May 2023. Following the resignation of Ms. Fung, Mr. Chu Ho Man (“Mr. Chu”) was appointed as the Company Secretary with effect from 1 May 2023. Mr. Chu joined the Group on 21 November 2022 as the financial controller of the Group. He obtained the Bachelor of Commerce (Accounting) in Curtin University of Technology in 2016. Mr. Chu is a certified public accountant of The Hong Kong Institute of Certified Public Accountants. Mr. Chu has over 7 years of experience in the field of auditing and accounting. Prior to joining the Company, Mr. Chu served for a number of renowned audit firms in Hong Kong, including PricewaterhouseCoopers.

Mr. Chu confirmed that he took no less than 15 hours of relevant professional training during the Year.

CORPORATE GOVERNANCE REPORT

SHAREHOLDERS' RIGHTS

Procedures for Shareholders to convene a general meeting

Pursuant to the Bye-Laws, the Shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Company Secretary, to require a special general meeting to be called by the Board for the transaction of any business or resolution specified in such requisition; and such meeting shall be held in the form of a physical meeting only and within two months after the deposit of such requisition. If within twenty-one days of such deposit the Board fails to proceed to convene such meeting the requisitionists themselves may convene a physical meeting at only one location which will be the principal place of the meeting in accordance with the provisions of Section 74(3) of the Companies Act 1981 of Bermuda as may from time to time be amended.

The Shareholders who wish to move a resolution may request the Company to convene a general meeting following the procedures set out in the preceding paragraph. The written requisition should be signed by the requisitionists and deposited at the Company's principal place of business in Hong Kong, for the attention to the Board or the Company Secretary, specifying the Shareholders' contact details and the resolution intended to be put forward at general meeting of the Company.

Shareholders' Enquiries

The Shareholders should direct their enquiries about their shareholdings to the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited.

The Shareholders may at any time make a request for the Company's information to the extent that such information is publicly available. The Shareholders may make enquiries by sending written enquiries to the Company, for the attention of the Board or the Company Secretary, by email: contact@minervagroup.hk, fax: (852) 2270 6611, or mail to Unit 1804A, 18/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong. The Shareholders may also call the Company at (852) 2270 6600 for any assistance.

Procedures for Shareholders to put forward proposals

For including a resolution to propose a person for election as a Director at general meeting of the Company, the Shareholders are requested to follow the Bye-Laws. No person other than a Director retiring at the meeting shall, unless recommended by the Directors for election, be eligible for election as a Director at any general meeting unless a written notice signed by a member (other than the person to be proposed) duly qualified to attend and vote at the meeting for which such written notice is given of his intention to propose such person for election and also a written notice signed by the person to be proposed of his willingness to be elected shall have been lodged at the Company's principal place of business in Hong Kong or at the Hong Kong branch share registrar and transfer office of the Company provided that the minimum length of the period, during which such written notice(s) are given, shall be at least seven days and that (if the written notices are submitted after the despatch of the written notice of the general meeting appointed for such election) the period for lodgment of such written notice(s) shall commence on the day after the despatch of the written notice of the general meeting appointed for such election and end no later than seven days prior to the date of such general meeting. The written notice must state that person's biographical details as required by Rule 13.51(2) of the Listing Rules. The procedures for the Shareholders to propose a person for election as a Director are posted on the Company's website.

CORPORATE GOVERNANCE REPORT

INVESTOR RELATIONS

Constitutional documents

During the Year, the Company has not made any changes to the Bye-Laws. The latest version of the Bye-Laws is available on the websites of the Stock Exchange and the Company respectively.

Shareholders' Communication

The Company considers that effective communication with Shareholders (both individual and institutional, and in appropriate circumstances, the investment community at large) is essential for enhancing investor relations and ensuring ready, equal and timely access to balanced and understandable information about the Company (including financial performance, strategic goals and plans, material developments and governance) by investors. The objective of the shareholders' communication policy of the Company (the "Shareholders' Communication Policy") is to provide the Shareholders with information about the Company and enabling them to engage actively with the Company and exercise their rights as the Shareholders in an informed manner.

Information shall be communicated to the Shareholders mainly through the Company's financial reports (half-year and annual reports), annual general meetings and other general meetings that may be convened, as well as by making available all the corporate communication documents submitted to the Stock Exchange on the Company website (www.minervagroup.hk) and the Stock Exchange website (www.hkexnews.hk). Information on the Company website is updated on a regular basis. In particular, through annual general meetings and other general meeting, Shareholders are able to communicate their views on various matters affecting the Company. The Company endeavours to maintain an on-going dialogue with the Shareholders. Shareholders may make enquiries to the Company directly by raising questions at general meetings. Board members, in particular, the chairmen/chairperson of Board committees or their delegates, appropriate management executives and external auditor will use all reasonable efforts to attend the general meetings and to answer Shareholders' questions.

Upon reviewing the implementation and effectiveness of the Shareholders' Communication Policy, the Board considers the Shareholders' Communication Policy and its implementation are effective as the policy provides effective channels for the Shareholders to communicate their views with the Company and the Company complied with the principles and required practices as set out in the Shareholders' Communication Policy during the Year.

DIVIDEND POLICY

The Company adopted a dividend policy (the "Dividend Policy") which aims to allow the Shareholders to participate in the Company's profits by provision of dividends whilst preserving the Company's liquidity to capture future growth opportunities.

The Company may declare and pay dividends to the Shareholders depending on, amongst other factors, the Company's operation and financial performance, liquidity conditions, capital requirements, future funding needs, contractual restrictions, availability of reserves and prevailing economic climate. The Board has complete discretion on whether to pay a dividend, subject to Shareholders' approval, where applicable. The payment of dividend is also subject to any restrictions under the Companies Act 1981 of Bermuda, the Listing Rules and the Bye-Laws. The Board will review the Dividend Policy from time to time and may adopt changes as appropriate at the relevant time.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ABOUT THIS REPORT

Minerva Group Holding Limited (the “Company”) (Stock Code: 0397) is a comprehensive wealth management service provider in Hong Kong mainly engaged in financial services business, money lending business, and assets investment. The Company and its subsidiaries (collectively referred to as the “Group”) acknowledge the significance of effective environmental, social and governance (“ESG”) initiatives at operation level. The direction of the Group’s ESG practices is governed by the board of the directors of the Company (the “Board”), ensuring that the ESG strategy reflects the Company’s core value. We had a designated working group, which comprised of employees from various departments, to gather relevant information and data for the preparation of such report. This report describes the ESG initiatives of the Group for the financial year ended 31 December 2023 (the “Year” or “Reporting Period”). The contents of this report provide its stakeholders with an overview of the Group’s efforts regarding ESG impacts arising from its daily operations.

REPORTING PRINCIPLES

This report was prepared for an overview of the performance of the Group on environmental, social and governance (“ESG Report”). This ESG Report has been published in accordance with Environmental, Social and Governance Reporting Guide (the “ESG Reporting Guide”) in Appendix C2 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

This report is one of the communication channels through which we connect with our stakeholders. We believe that ESG information, which is meaningful and important to their decision-making, should be disclosed. In this regard, the compilation process of this ESG Report follows the reporting principles suggested by the ESG Reporting Guide, which include:

Materiality	After collecting the opinions of stakeholders through internal and external stakeholder engagements, we review and determine material ESG aspects to the Group and guide the focus of this ESG Report.
Balance	To provide an unbiased picture of the Group, the Group not only discloses the progress in sustainable development management, but also discusses the Group’s sustainable development challenges and future action plans, and explains the undisclosed information.
Quantitative	All departments and business lines used standardized tools to continuously record the Group’s economic, environmental and social indicators, and monitor the progress and results of the targets’ implementation.
Consistency	Unless otherwise stated, this ESG Report adopted consistent methodologies to allow for a fair comparison of our performance from time to time.

This ESG Report also complies with the mandatory disclosure requirements and “comply or explain” provisions of the ESG Reporting Guide. It is recommended that this ESG Report is read in conjunction with the Group’s Annual Report 2023, in particular the Corporate Governance Report and Report of the Directors.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

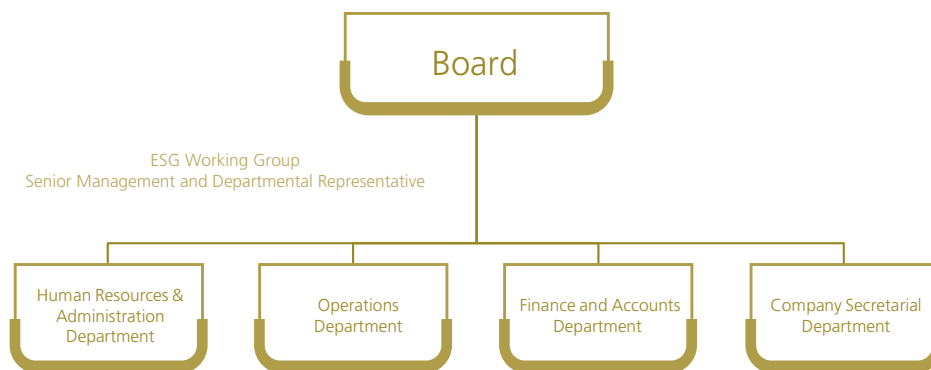
SCOPE AND BOUNDARY

Unless otherwise specified, this report covers the Group's ESG accomplishments and challenges during the 2023 financial year, from 1 January 2023 to 31 December 2023 (the "Year" or "Reporting Period").

To provide a comprehensive review of our impact and performance, this ESG report includes data from all business units where we have operational control. As a financial services provider, this ESG Report focuses on the Group's financial services, money lending and asset investment business during the Reporting Period. The content of this ESG Report will also focus on material sustainability areas based on our most significant economic, environmental and social impacts, and the area of greatest interests of our stakeholders. As there were no significant changes to the business scope, our ESG management approach, initiatives and strategy remained unchanged.

STATEMENT OF THE BOARD OF DIRECTORS

Our management approach is to run our business in an ethically, socially and environmentally responsible manner, supporting and connecting the communities we serve. We must do this while maintaining service excellence and financial returns.



The Board has the overall responsibility for the Group's ESG strategies and reporting, as well as overseeing and managing our ESG-related risks. The Board regularly reviews our systems and guidelines across our operations to maintain high level of transparency and accountability.

We identify, evaluate and prioritise ESG issues through regular internal and external stakeholder engagements. ESG working group ("ESG Working Group") is authorized by the Board to carry out ESG-related tasks once the ESG-related issue is identified. While the ESG Working Group implements and communicates the day-to-day management of ESG issues, the Board is responsible for the oversight of the overall management and decisions relating to the sustainability governance of the Group. Through the Board's oversight, we are now able to assess ESG risks and provide strategic long-term guidance on sustainability performance, goals, and priorities. We have also implemented new ESG-related policies and guidelines. The new developments are embedded into how we conduct our business as we create long-term sustainable value for our shareholders, employees, customers, suppliers and the communities where we operate.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Looking forward to the future, the Board will also timely review the Group’s own ESG strategic planning and performance based on the macro policy environment and the business development direction, considering the matters that the stakeholders concern about. The Board also sets out ESG goals and targets on relevant Key Performance Indicators (“KPIs”) and make comparisons on yearly review. We aim to make full use of our ESG data and reduce carbon footprint by raising employees’ ESG awareness, ultimately driving the change of behavior towards incorporating ESG initiatives into our operational strategy. We strive to provide a supportive working environment to our employees, while minimizing any environmental impact caused by our operational activities.

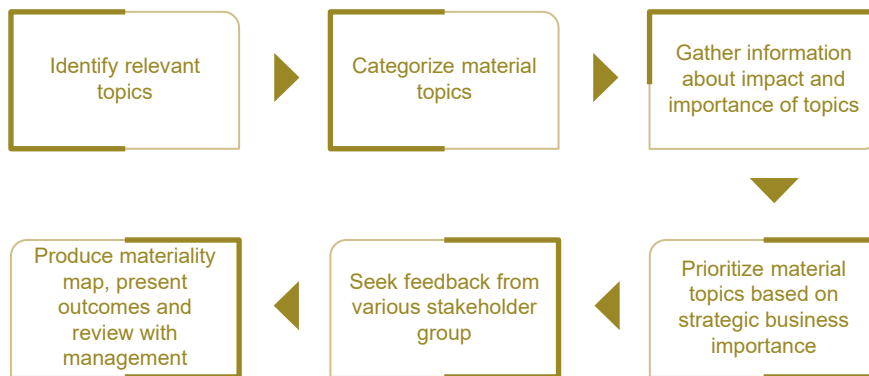
This ESG Report has been reviewed by the ESG Working Group and approved by the Board of the Company. Available in both Chinese and English, this ESG Report can be accessed at Company’s website (<http://www.minervagroup.hk>) and the Stock Exchange of Hong Kong Limited’s (“HKEX”) (<https://www.hkexnews.hk>).

MATERIALITY ASSESSMENT

Assessment Process

A materiality assessment is the process of identifying, refining, and assessing the potential ESG-related issues that could affect a business and/or its stakeholders. The process involved both employees of different levels and external stakeholders. They were identified based on their expertise and working relationship with the Group.

The materiality assessment process at the Group consists of the following sequential steps:

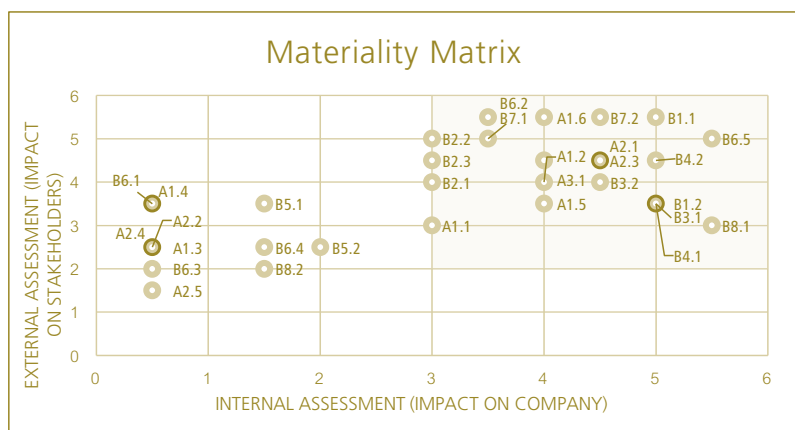


ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Materiality Matrix

As identified by the materiality assessment, the ESG Report covers the overall performance, risks, strategies, measures and commitments of the Group in four areas, namely, working environment quality, environmental protection, operating practices and community investment for the Group’s principal business operations. Once we identify the most material issues, we will continue to manage all issues affecting the Group and our stakeholders. We will also dedicate our reporting efforts on our top material issues through the disclosure of relevant KPIs, targets or initiatives which are described in subsequent sections of this ESG Report.

The following matrix shows the materiality assessment result of the Group.



Area of Focus	Material Issues
Environmental protection	Use of resource Waste management Waste reduction and recycling
Workplace quality	Employment Development and training Diversity and equal opportunity Health and safety
Operating practices	Service quality Customer privacy protection Anti-money laundering Anti-corruption
Community investment	Community investment Employee volunteering

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

STAKEHOLDERS ENGAGEMENT

We understand that stakeholders’ engagement plays a pivotal role to our continuous effort in improving our ESG standard. Therefore, we maintain open communication channels with our stakeholders through ongoing dialogue conducted via regularly scheduled meetings and briefings. We endeavor to provide our stakeholders with clear information about our business operations and ESG issues. These engagements also ensure that the implementation of our sustainability strategy remains consistent across our operations and that our measures effectively address stakeholders’ feedback.

During the Reporting Period, the Group engages with our stakeholders’ through multiple communication channels, summarized as follows:

Employees	Customers	Business partners & Suppliers
<p>Communications through daily operations, meetings to address business operational needs.</p> <p>Performance review and training is conducted to communicate with employees about job expectation, and we retain talents with our appraisal system.</p>	<p>“Know-Your-Client” onboarding procedures and client profile review, face to face business meetings marketing materials, and Email correspondences to engage with our customers.</p>	<p>For business partners, we arrange for business meetings, conferences to identify their needs. Whereas for suppliers, the Group assesses suppliers’ capability and performance with multiple rounds of selection prior to engagement.</p>
Shareholders	Regulators	Community
<p>Annual general meetings, announcements and circulars, annual reports and interim reports, other disclosure documents and press releases to engage with shareholders.</p>	<p>Communications achieved via both written and electronic means.</p>	<p>Participation in events and community services, donation to charitable organizations.</p>

For more information on our stakeholder engagement process, please refer to the Materiality Assessment section of this ESG Report.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

1. OUR ENVIRONMENT

The Group is committed to fulfilling sustainable development and environmental responsibility by preservation of resources. With our business as a provider of financial services, although we impose a relatively minimal impact to the environment, the Group still strives to minimize our indirect impact of business operations on the environment. We operate our business in an environmentally conscious manner and advocate for good practices in our relationship with stakeholders. The Group has made reference to relevant environmental rules and low-carbon measures suggested by relevant government departments and organizations, and from time to time requires employees to follow these practices to promote environmental stewardship throughout its business. These measures are discussed in the section “Use of resources” of this ESG Report.

During the Reporting Period, we confirmed that there was no incident of non-compliance with local relevant environmental laws and regulations relating to exhaust gas and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous wastes that have a significant impact on the Group. Therefore, no penalty was imposed on the Group during the Reporting Period.

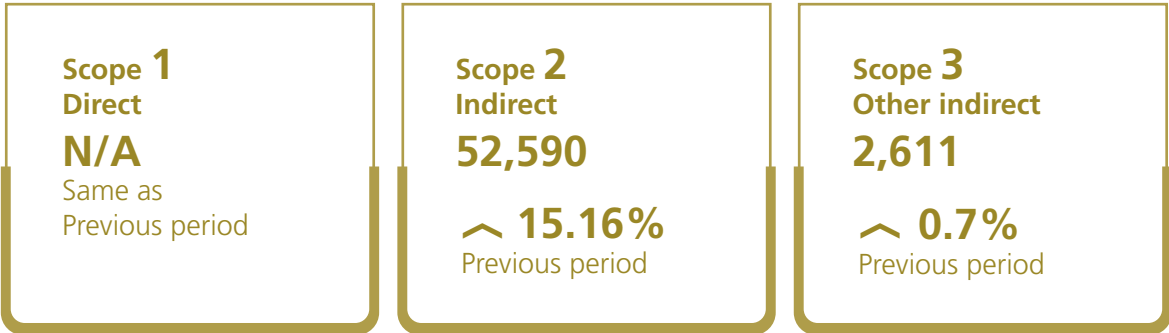
As a financial institution and asset management company, although we have not formulated specific guidelines on ESG consideration for our investments, we have an indirect approach towards better sustainability and governance. We seek to invest and work with top-tier fund managers, which we believe would have incorporated fundamental ESG considerations into their investment decisions. In the process of our due diligence procedure, we also conduct new searches in relation to funds, and will take into consideration for any negative news, especially ESG-related issues prior to making investment decisions.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

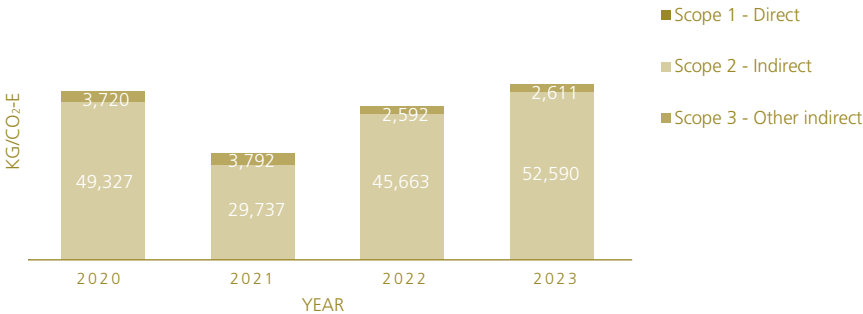
Emission

Exhaust Gas and Greenhouse Gas (“GHG”) Emission

With the Group’s primary business in financial services, money lending business and asset investment, the majority of our operations are conducted in an office environment and limited environmental impact is caused directly by our business operations. The carbon footprint arising from our day-to-day operations is mainly from the emissions generated from our business travel of our directors and employees and the electricity that we used in our electricity consumption for our daily operations. Although GHG emissions are not identified as material to the Group, we strive to minimize resource consumption and encourage our employees to adopt environmental best practices across every business segment, so as to limit indirect emission GHG.



GHG EMISSIONS



Greenhouse gas emission intensity
(By floor area, kg CO₂-e/square foot)

11.17

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Note:

Scope 1 emissions come from direct GHG emissions from combustion of fuels in stationary or mobile sources (excluding electrical equipment) to generate electricity, heat or steam, which is not applicable to our business due to the fact that we do not involve in direct production.

Scope 2 emissions come from indirect GHG emissions from the generation of purchased electricity.

Scope 3 emissions include other indirect GHG emissions that occur outside the Company such as emissions from business travel of employees and paper waste disposed at landfills.

* Emissions for nitrogen oxides (NOx), sulphur oxides (SOx), and respirable suspended particulates (RSP) are not disclosed as the amount is insignificant.

Waste Management

Hazardous Waste

Due to the business nature, the Group's operations do not directly generate hazardous wastes from its daily operations.

Non-hazardous Waste

During the Reporting Period, non-hazardous wastes generated by the Group mainly come from office wastes and other domestic waste such as waste paper. Due to our business nature, a relatively large amount of waste is attributed by paper consumed for printing. These non-hazardous waste were recycled and disposed of properly.

We are also committed to maintain a high standard for waste reduction and educating employees on the importance of waste reduction. As a result, employees' waste management awareness has greatly improved.

SUMMARY OF KPI DISCLOSURE OF ASPECT A1: EMISSION

Aspects, General Disclosures and KPIs

KPI A1.1	The types of emissions and respective emissions data.	Our principal business operations do not involve activities that directly emit greenhouse gases or other air pollutants. The types of emissions and respective emissions data are set out above.
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Due to our business nature, no direct (Scope 1) emission data is applicable, whereas emission of indirect (Scope 2 & 3) greenhouse gases are as set out above.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

KP1 A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Our principal business operations do not involve activities that produce hazardous wastes; whilst non-hazardous wastes produced from our daily operations include only office wastes and domestic refuse.
KP1 A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	There is no applicable data of non-hazardous wastes produced from our operations, as waste is collected and handled by designated service provider hired by the property management company of the commercial building where our office is located.
KP1 A1.5	Description of emission target(s) set and steps taken to achieve them.	Emission target and steps taken to minimize emissions can be referred to in the Use of Resources section below.
KP1 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.	Description of how hazardous and non-hazardous wastes are handled, reduction targets can be referred to in the Use of Resources section below.

Use of Resources

With challenges brought about by severe climate change globally, we are aware that optimizing the use of resources, including energy, water and other materials is critical to reduce carbon footprint. We strive to implement various environmentally friendly office measures and instil a green culture within our business operations. We have also adopted a “green office” policy, pursuant to which we have implemented various measures to continually improve our energy efficiency and water/waste management.

Target

The Board has set forth a target to reduce emission and waste by 5% in the coming year, the following steps are undertaken to achieve these objectives. Comparison will be made across years forming the basis of future policies and initiatives to achieve target emission reduction.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Initiatives

Major practices adopted in our office are as follows:

Aspects	Major practices
Energy Consumption	<ul style="list-style-type: none"> • Set indoor temperature as 24°C • Turn off lights during off-hours • Require employees to switch off their computers (including screens) after work • Switch off all electrical appliances and office equipment when they are not in use • Procure equipment with “Grade 1” energy labels issued by the EMSD • Utilise day-time natural lighting in offices • Install LED lighting systems with better energy efficiency
Water Conservation	<ul style="list-style-type: none"> • Put up water conservation signs in pantry to raise the awareness on water conservation • Maintain all water facilities regularly to avoid water leakage • Repair pipes and drainage immediately when there is dripping
Use of Paper	<ul style="list-style-type: none"> • Reuse and recycle paper, and promote double-sided printing • Encourage the use of electronic mailing and electronic filing system • Encourage clients to opt for e-statement, paperless communication, and marketing materials • Use e-fax system to reduce waste paper
Waste Reduction	<ul style="list-style-type: none"> • Reuse other stationery and reduce the use of disposable tableware • Recycle ink cartridges and copier toner containers • Focus on software improvisation and purchase computer hardware only when necessary to reduce electronic waste • Sign up for Computer Recycling Programme with the Environmental Protection Department in Hong Kong or engage private recyclers for collection of disposed computer and peripherals • Set up of recycling stations in prominent areas and install signage to remind co-workers on importance of correct procedures of recycling • Minimize packaging materials for corporate gifts and souvenirs, choose green souvenirs • When promotional material is inevitable, environmental consideration has to be taken into account, for example, consider using recycled materials, SoyInk or FSC-certified paper (Forest Stewardship Council™, FSC) etc.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

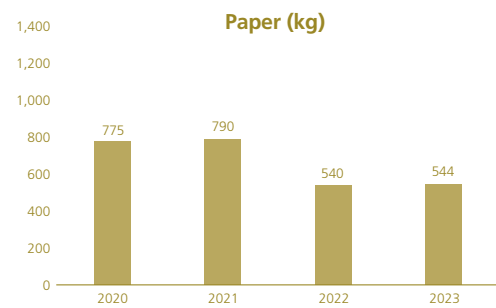
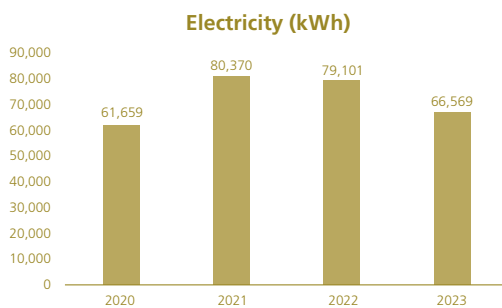
Use of Paper

Financial services provider has traditionally been a paper-intensive industry. Paper accounts for the majority of our non-hazardous wastes. Thus, we have made determined efforts to promote digitalization.

The Group has invested in and adopted paperless processes. In our workplace, we heavily encourage our employees to achieve paperless working (i.e., replaced paper-based reports with electronic copies and widely adopted e-forms and e-fax in our business for administrative document sharing and transfer) and reduce storage space. We continue to upgrade our online trading platforms to enhance paperless experience for our customers. In line with market practices, we have established a fee for hardcopy statements to encourage customers to opt for e-statement. In addition, our marketing information is distributed via electronic channels, such as email and WhatsApp, instead of the traditional printed mails.

Since implementing our digital document storage system, we have experienced a notable decrease in paper consumption. However, we have not fully met our annual target for reduction compared to the previous year, as paper use has increased by approximately 0.7%.

Despite this increase, the emission reduction resulting from our "go paperless" program has still been significant compared to the levels prior to its launch. Moving forward, our Group will continue to regularly review our internal environmental policies and implement necessary measures to further improve resource efficiency.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Consumption data comparison	2023	2022	% change	Target
Electricity (kWh)	66,569	79,101	-15.84%	Target met
Emission from Use of electricity (kg CO ₂ -e)	52,590	45,663	+15.16%	Room for improvement
Paper (kg)	544	540	+0.7%	Room for improvement
Emission from use of paper (kg CO ₂ -e)	2,611	2,592	+0.7%	Room for improvement

SUMMARY OF KPI DISCLOSURE OF ASPECT A2: USE OF RESOURCES

Aspects, General Disclosures and KPIs

KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Details of energy consumption is as illustrated in the above diagrams. Our business relies only on electricity as the only source of energy for its business operations.
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	There is no applicable data of water consumption because it is not feasible to obtain water withdrawal and discharge data as an individual occupant of leased office premises in Hong Kong where water supply and discharge are not billed to us separately by the respective building management.
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Description of energy use, efficiency targets and steps taken to achieve them can be referred to in the above paragraphs.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

KPI 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.	There is no issue in sourcing water that is fit for purpose whereas the Group considers its water consumption level is reasonable. Target for water efficiency is not presented as data gathering is not applicable. Steps taken to reduce water usage can be referred to in the above paragraphs.
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	There is no applicable data of packaging material as we do not involve the use of any packaging material.

Environment and Natural Resources

The Group’s commitment to reducing the operation impacts on environment and natural resources. The usage of paper in our business by far contributed the most impact to the environment. With the “go paperless” initiative implemented during the previous years, we have reduced significantly our paper use by encouraging channels of communications by electronic means through email and data collection via online forms. Meanwhile, should the cost and benefit concern being justified, the Group may consider disseminating information to shareholders electronically in the future.

In order to help promoting environmental awareness among our employees, we often put up various notices to remind them of our environmental protection measures and provides updates and information about environmental issues and the Group’s latest environmental initiatives. We also have designated staff to ensure effective implementation of the above initiatives. Constant review of our policies and practices are conducted for improvement of our environmental approaches and identifying relevant risks.

SUMMARY OF KPI DISCLOSURE OF ASPECT A3: ENVIRONMENT AND NATURAL RESOURCES

Aspects, General Disclosures and KPIs

KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them can be referred to the above paragraphs.
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ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Climate Change

The Task Force on Climate-related Financial Disclosures (the “TCFD”) provided a reporting framework for companies to report their climate related risks to the stakeholders. TCFD divided climate-related risks into physical risks and transition risks, the physical impacts of climate change and transition risks brought by decarbonization could have material impact to the Group’s operation and development. The Group has raised its awareness towards the risks and the potential impacts on the Group due to climate change, and has identified the climate-related risks that may adversely impact the Group’s operations and development. Such risks include physical risks such as typhoon and rainstorms potentially leading to loss of electrical power, property and machinery damage and staff casualty as well as transition risk such as policy and regulatory change.

Global warming has been one of the utmost concerned issues in recent years. It is expected that potential extreme weather condition, sustained high temperature, change in environmental-related regulations will eventually change the behaviour of mankind. Although the Group does not foresee that much impact would be driven by our business operation due to our business nature, we strive our best to play a part in reducing carbon footprint to the society.

In view of the risks identified, the Group has implemented additional risk management procedures to include an agenda to review annually on the relevant climate-related risks and ensure mitigation measures are in place to protect its operations from potential disruptions. Particular measures include the well maintenance of facilities and the review the location of our data centre, strengthen its endurance against extreme weathers. We have also proposed flexibility of working hours and location under extreme weather conditions to maintain the Group’s day-to-day operation in order and reduce the risk of staff injuries when commuting.

In order to help promoting environmental awareness among our employees, we encourage our employees to take part in campaigns like “The Earth Hour” to raise their awareness on climate change. We will continue to monitor the climate related risks and implement relevant measures to minimize the potential disruption to our business operations.

SUMMARY OF KPI DISCLOSURE OF ASPECT A4: CLIMATE CHANGE

Aspects, General Disclosures and KPIs

KPI 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.

Description of the significant climate-related issues which may impact the Company and actions taken to manage them can be referred to the above paragraphs.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

2. OUR PEOPLE

Our People

As a financial service provider, we are committed to offer opportunities to local talents. We focus on developing, engaging, and helping them to grow professionally and personally during their time with us.

Employment

The Group is an equal opportunity employer. We believe people are our most valuable asset and our core competitive advantage. As their employer, we are committed to provide a fair workplace for our employees and establish a close and caring relationship with our people. This includes not only offering employees fair wages and benefits, but also enriching their lives through training and leisure activities and keeping them safe at work.

Recruitment and Remuneration Policies

To ensure compliance with all applicable legal and regulatory requirements, our Human Resources (“HR”) Team closely monitors the updates in employment-related law and regulations, develops corresponding policies, and establishes proper internal controls in employment processes to ensure compliance. During the Reporting Period, we did not identify material non-compliance against employment-related laws and regulations in Hong Kong, including but not limited to the Employment Ordinance (Cap. 57 of the Laws of Hong Kong), Minimum Wage Ordinance (Cap. 608 of the Laws of Hong Kong), Employees’ Compensation Ordinance (Cap. 282 of the Laws of Hong Kong) and Mandatory Provident Fund Scheme Ordinance (Cap. 485 of the Laws of Hong Kong). Our staff handbook sets our provisions on business conduct, work ethics, trainings and regulations, and required responsibilities of employees. The staff hand book is distributed to each employees upon onboarding.

To attract and retain the best candidates, we have developed a comprehensive remuneration, reward, and performance evaluation framework. The Group provides its talents with a competitive remuneration and benefits packages, which includes basic salary, share options schemes, Mandatory Provident Fund, comprehensive medical insurance coverage. Employee’s paid leave entitlement includes but not limited to annual leave, maternity leave, paternity leave, birthday leave, compensation leave, marriage leave and sick leave.

Corresponding remuneration and benefits adjustments will be reviewed and determined based on the market information, individual performance, the Group’s overall performance and other market conditions.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Equal Opportunities, Diversity and Inclusion

The Group is committed to create and maintain an inclusive and collaborative workplace. We are committed to provide equal opportunities of employment and development and do not tolerate any acts of discrimination and harassment. The Group conducts personal evaluation based on the employees' experience and competence to actively promote the concept of equality. In addition, our recruitment policy stipulates that we recruit candidate based on their experience and expertise, and do not discriminate on grounds of gender, disability, pregnancy, marital and family status, racial background, religious belief, age or sexual orientation. These policies are documented in the staff handbook, and are strictly complied with relevant local laws and regulations, including but not limited to the Sex Discrimination Ordinance (Cap. 480 of the Laws of Hong Kong), the Disability Discrimination Ordinance (Cap. 487 of the Laws of Hong Kong), the Family Status Discrimination Ordinance (Cap. 527 of the Laws of the Hong Kong), and the Race Discrimination Ordinance (Cap. 602 of the Laws of Hong Kong). Any employees violating the Equal Employment Opportunity Policy and the Non-discrimination and Anti-harassment Policy will be subjected to disciplinary actions up to termination of employment contract. As part of the ESG plan to review and refine current policies on ESG-related matters, the Group is going to include policies and guidelines to address diversity, prohibition of child and forced labour in its employment policy.

Dismissal Policies

Our staff handbook includes guidelines and policies for compensation and dismissals. In situations where an employee violates the Group's regulations or consistently performs their duties below an acceptable level, our HR department has in place a range of procedures for employee dismissal at management's disposal. Terms and condition relating to dismissal are properly documented in employment contracts and are in full compliance with relevant laws and regulations. A set of grievance procedures is also in place, to provide staff with a channel of escalating their complaints and concern to the human resources department.

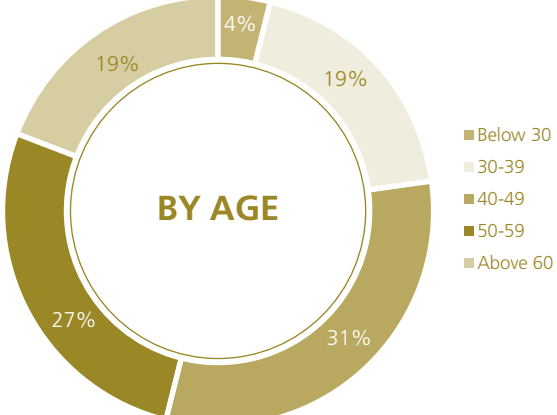
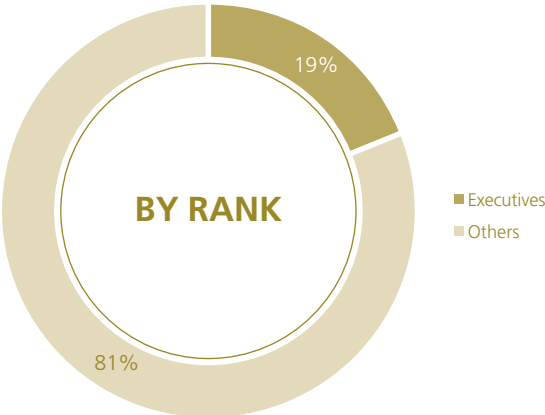
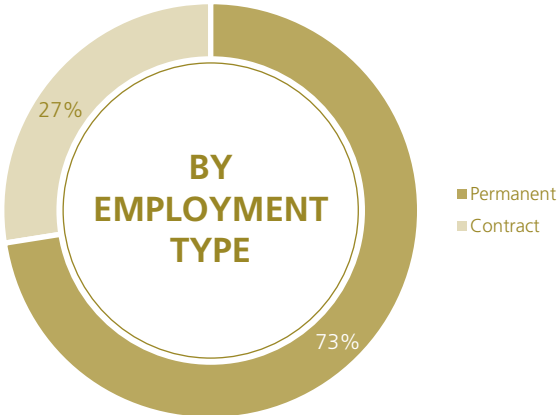
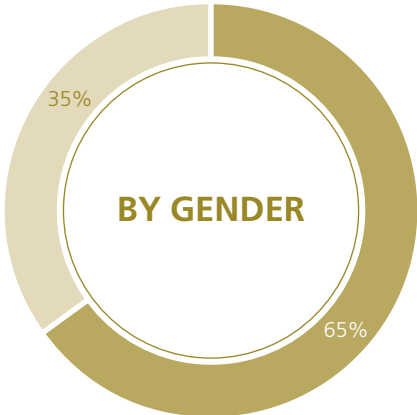
Employee Communication

We value the voices of employees and believe a strong communication is a prerequisite for effective management. To enhance communication among employees, the Group organizes various activities, such as annual dinner and Christmas party. The Group will also give out festive gifts such as mooncake vouchers and Chinese rice cakes on festive seasons to our employees to show our appreciation for their hard work and dedication. We think that it is important to put thought into building mutual trust and employee recognition and these appreciation gestures are meant to boost morale and create a thriving workplace for our employees. By maintaining a close relationship with our staffs, we hope this will allow us to have a better understanding of their needs and goals. Employees are also encouraged to give feedbacks and suggestions to the Group for improvements. We have also adopted the open-door policy for employees to express their concern and opinions with respect to their work condition.

As at 31 December 2023, we had a total workforce of 26. All employees are employed and based in Hong Kong.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

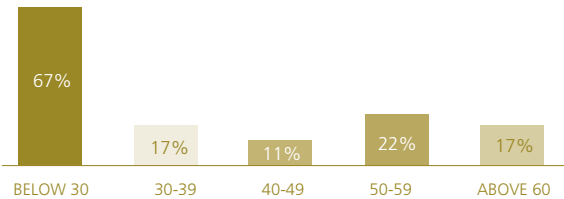
The tables show the composition of our workforce by gender, employment type, rank, and age group, and turnover rate by gender and age:



TURNOVER RATE BY GENDER



TURNOVER RATE BY AGE



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

SUMMARY OF KPI DISCLOSURE OF ASPECT B1: EMPLOYMENT

Aspects, General Disclosures and KPIs

KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Data of total employees by gender, employment type and age group, as well as employee turnover by gender are as illustrated above. There is no geographical information presented as all employees were based in Hong Kong during the Reporting Period.
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	

Health and Safety

The Group cares about the safety and well-being of employees. Although our nature of business is not typically associated with high health and safety risks when compared to other more labour-intensive industries, we strive to promote a culture of safety by establishing relevant policies and plans as preventive measures to minimize any health and safety related risks. We also have policies in place to manage occupational health and safety issues across our entire business operations.

We have in place work-related accidents handling procedures, which specifies accidents or injury happened in the work place and first aid kit location. The guide to prevent occupational disease reminds employees of safety practices with regards to lifting of heavy goods and using other office equipment. Bad weather arrangement has been documented in our staff handbook and has been communicated from time to time for our employees to specify work arrangement when typhoon and heavy rain warnings are hoisted. Fire guidelines and fire drills can enhance employee's capacity to response during fire.

Safety First

To maintain high occupational safety and health standard across the Group, we assess and identify potential safety risks and take preventive measures from time to time. Safety training and relevant information materials are provided to new and existing staffs regularly to raise their awareness on safe and healthy workplace behaviors. Our staffs participated in regular fire drills organized by the building management offices. In case of significant safety risks and accidents, we will make necessary improvement measures. There were no work-related fatalities during the year.

Employees' Well-Being

While medical and dental insurances are in place to provide full coverage of personal health care, we also help staff to maintain good psychological health and are always open to closely communicate with our employees and enlist professional external counselling services when necessary.

During the Reporting Period, there was no significant incident of safety and work-related injury. There was no incident of non-compliance with relevant laws and regulations that have a significant impact on the Group relating to providing a safe working environment and protecting employees from occupational hazards.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

SUMMARY OF KPI DISCLOSURE OF ASPECT B2: HEALTH AND SAFETY

Aspects, General Disclosures and KPIs

KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	There were no work-related fatalities during the Reporting Period and in each of the past three years.
KPI B2.2	Lost days due to work injury.	There was no work-related injury that resulted in lost days.
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Description of occupational health and safety measures adopted, how they are implemented and monitored can be referred to in the above paragraphs.

Development and Training

The Group values employee training and development opportunities and encourages employees in different roles to continuously strengthen their knowledge and skills required in career development so that their potential can be developed. We believe that employees are the fundamental productive force in the development of enterprise and emphasize that their career development is well taken care of. Comprehensive development plan has been established to enable our employees to develop themselves to their fullest potential and deliver the best to meet clients' expectations.

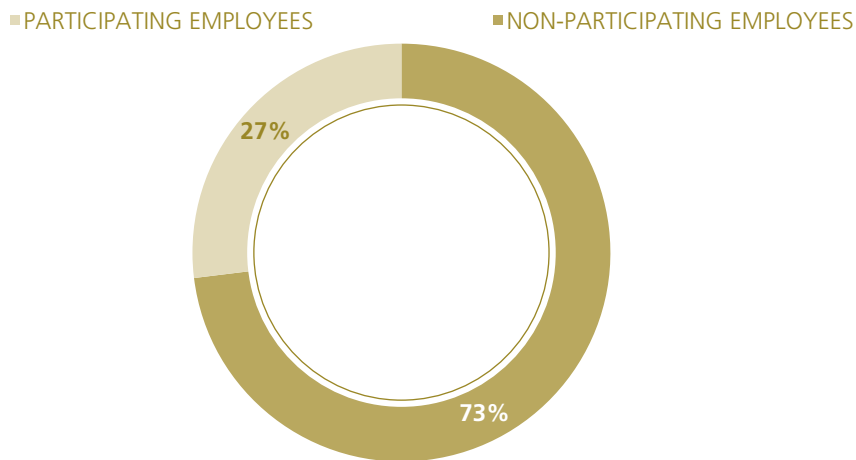
The Group applies modern enterprise training concepts and offers trainings to all employees, to facilitate enterprise development and employees' personal growth. An appropriate mix of on-the-job coaching and training opportunities will cater for employees' development needs. We organize and subsidize various internal and external staff training seminars covering various relevant topics, such as anti-money laundering, regulatory updates and application of new accounting standards etc., in order to assist our employees in equipping themselves for the fast-changing operating environment in Hong Kong. Induction training is provided for every new joiners of the Group to familiarize themselves with job-related requirements. New joiners are guided by senior staff as a mentor and standard operating procedures are in place for operational tasks. We also provide sponsorship for employees' education related to attainment of relevant professional qualifications.

The Group has established a performance appraisal system to enable our staff to have a better understanding of their strengths, as well as to track progress against their career goals. We aim to unleash our employees' potential to the full and we ensure their dedication in professional development is well rewarded.

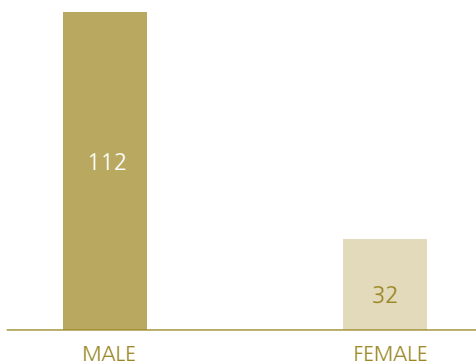
ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

During the Reporting Period, our staff dedicated 144 hours in participating in training and development.

TRAINING PARTICIPATION (PARTICIPATING EMPLOYEES: 7)

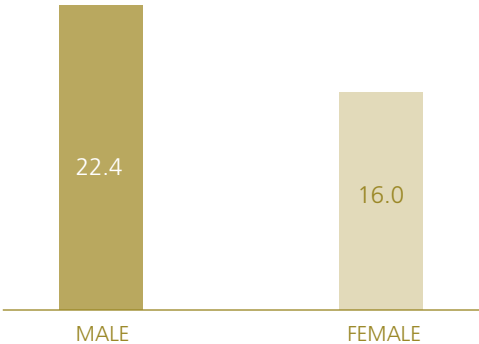


TOTAL TRAINING HOURS FOR PARTICIPATING EMPLOYEES (BY GENDER)

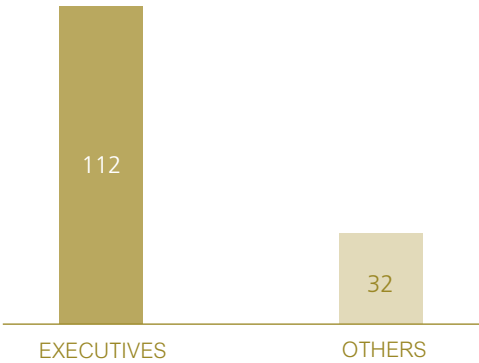


ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

AVERAGE HOURS PER PARTICIPATING EMPLOYEES (BY GENDER)

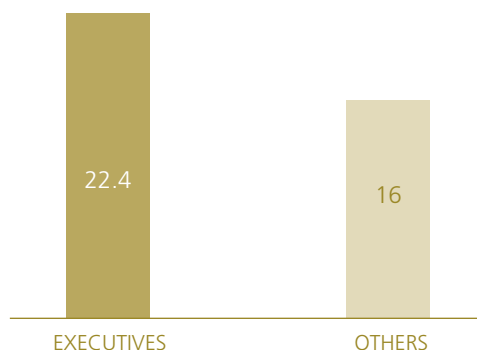


TOTAL NUMBER OF TRAINING HOURS (BY RANK)



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

AVERAGE NUMBER OF TRAINING HOURS PER EMPLOYEES (BY RANK)



Note: 100% of our executives and 9.5% of our other employees have attended trainings provided by the Group.

SUMMARY OF KPI DISCLOSURE OF ASPECT B3: DEVELOPMENT AND TRAINING

Aspects, General Disclosures and KPIs

KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	The percentage of employees trained by gender and employee category (e.g. senior management, middle management) is as illustrated above.
KPI B3.2	The average training hours completed per employee by gender and employee category.	The average training hours completed per employee by gender and employee category is as illustrated above.

Labor Standard

Employees are invaluable assets of the Group and we are committed to retain the best talent to enable the sustainability of our group by respecting every right of each employee. The Group strictly complies with all relevant laws and regulations. It clearly stipulates in the recruitment and entry management system that the recruits should be at least 18 years of age, and employment of child labor is prohibited under any circumstances. Moreover, the Group guarantees that no employee is made to work against his/her will.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Under strict supervision, all employees, including directors and employees at all levels, are protected from any harassment or bullying at work. Our recruitment process consists of procedures to verify candidates' age to ensure no child labor abuse. Before joining the Group, thorough background check will be conducted to ensure such candidate is fit and proper for the role. We prohibit any form of work abuse and harassment at our workplace. Our whistleblower policy is in place and we encourage employees to report on any misconduct, fraud, corrupt practices, coercion and harassment. These acts, if proven, would result in disciplinary action including dismissal.

During the Reporting Period, the Group has encountered no incident of non-compliance with all applicable laws and regulations related to anti-child and anti-forced labour practices at all operating regions. Major laws and regulations applicable include, but are not limited to, the Employment Ordinance (Cap. 57) of the laws of Hong Kong.

SUMMARY OF KPI DISCLOSURE OF ASPECT B4: LABOUR STANDARDS

Aspects, General Disclosures and KPIs

KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Description of measures to review employment practices to avoid child and forced labour can be referred to in the above paragraphs.
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Description of steps taken to eliminate such practices when discovered can be referred to in the above paragraphs.

3. OUR SUPPLY CHAIN MANAGEMENT

As a financial service provider, we continuously evaluate the Group's suppliers in respect to products supplied, service quality and reliability. We extend our values on ethics and professionalism to our supply chain.

Supply Chain Management

We value our longstanding relationship with our suppliers. The Group heavily outsourced its administrative function. There were less than 20 suppliers for the Group. All of our suppliers, vendors and contractors, including service providers of information technology, sales and marketing, advertising, and legal and consulting services are based in Hong Kong. The Group believes that effective communication is the key to maintaining a long-term relationship with suppliers, and only a trusting relationship with our suppliers could manage our environmental and social risk while enhancing our operating efficiency.

The Group adheres to fair operating practices through structured vendor selection processes, from screening criteria to identifying potential environmental and social risks along our supply chain. The Group tends to avoid suppliers who impose severe environmental and social impact, and ESG concerns has become one of our selection criteria upon vendor selection. Sustainable, fair trade and environmentally friendly products are preferred and procurement decision are not solely based on price concern.

During the Reporting Period, the Group has encountered no incident of non-compliance with all related laws and regulations at all operating regions.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

SUMMARY OF KPI DISCLOSURE OF ASPECT B5: SUPPLY CHAIN MANAGEMENT

Aspects, General Disclosures and KPIs

KPI B5.1	Number of suppliers by geographical region.	We have less than 20 suppliers, mainly for our administrative functions. All suppliers are based in Hong Kong.
KPI 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.	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented and monitored are as shown above.
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored is as shown in the above paragraphs.
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored is as shown in the above paragraphs.

4. OUR CUSTOMER

The Group places a heavy emphasis on the quality of services we provide to our customers. We aspire to maintain high level of service quality by considering customer needs and interest throughout our operations.

Product Responsibility

Our financial services business is regulated by the Securities and Futures Commission of Hong Kong, and we have fully complied with the applicable regulations and ordinance.

We aim to deliver the best to our clients with our online securities services. Our sales and dealers have obtained required qualifications to provide useful information on our services, industry and market. We realize that investors are always looking for the best return for their investments. Hence, we seek in our capacity to help investors identify risks and optimize their return on investment. Designated account managers and customer service channels are in place to obtain valuable feedback from clients. We have clear guidelines and standard operation procedures for our staff to deliver quality service, and we pledge to ensure service offered are up to clients' satisfaction standard. The monitoring of our service quality also extends to post-sales stage. If we receive any complaints or request for refund or compensation, employees should record the content of the complaint and report to management for investigation. We strive our best to ensure that provision of suitable financial products are based on clients' need an affordability. All securities services provided are handled according to internal procedures.

Our money lending business is governed by the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong) and we have fully complied with the applicable regulations and ordinance.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

During the Reporting Period, there was no material complaint or damage claim on our product and service quality from our clients.

Data Privacy and Cybersecurity

As a financial institution, we deal with sensitive information of our clients. We understand it is very important for us to take necessary steps to comply with the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong) and other applicable laws ensuring data privacy and protection. Our staff handbook outlines the guidelines for the use and management of all data and information. Nonetheless, we also have developed internal compliance manuals. Such manuals are communicated to our staff and are reinforced from time to time.

We place a heavy focus on mitigating cybersecurity risks. Our online system is upgraded and backed up regularly and we have a business continuity plan in place to deal with potential or unexpected disruption of online services. The protection of information from external threat is of critical importance when protecting customers' privacy. We review our cybersecurity policy from time to time and we invite external service providers to provide cybersecurity trainings to keep our staff abreast of latest cybersecurity risks.

Intellectual Property Right

Given the nature of our business, our operations do not involve the use of intellectual property right owned by other parties. Nevertheless, the Group has a clear set of handling and protecting intellectual property and all employees are required to follow.

During the Reporting Period, the Group has complied with all relevant laws and regulations that have a significant impact on the Group relating to health and safety, and privacy matters.

SUMMARY OF KPI DISCLOSURE OF ASPECT B6: PRODUCT RESPONSIBILITY

Aspects, General Disclosures and KPIs

KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	There were no products sold or shipped subject to recalls for safety and health reasons and no related complaints.
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Description of practices relating to handling of complaints can be referred to in above paragraphs.
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Our operation does not involve the use of third party IP right. Description of practices relating to observing and protecting IP right can be referred to in above paragraph.
KPI B6.4	Description of quality assurance process and recall procedures.	Description of quality assurance process and recall procedures can be referred to in above paragraphs.
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Description of consumer data protection and privacy policies, and how they are implemented and monitored is as set out above.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Anti-Corruption

The Group upholds the highest standard of corporate governance and adhere to the values of honesty and integrity. We comply with the Prevention of Bribery Ordinance (Chapter 201 of the Laws of Hong Kong) and other applicable anti-corruption laws and regulations. We endeavour to maintain sound corporate governance and risk management to protect the interest of our stakeholders. Audit committee, remuneration committee and nomination committee are set up to assist the Board to oversee the operation and control of the Group. We have a zero-tolerance policy on corruption, bribery, extortion, fraud and money laundering.

Anti-Money Laundering

The Group has in place an Anti-Money Laundering and Counter Terrorist Financing Policy (“AML Policy”) for combating potential money laundering. Our AML Policy provides guidelines for our employees to perform client due diligence procedures prior to onboarding any clients, preventing money laundering activities or any other illegal acts. These guidelines are formulated based on the Securities and Futures Ordinance. To ensure the staff is aware of the regulatory obligations and the possible consequences of breaching the obligations, the Group provides regular trainings to our staff with reference to anti-corruption. Business Ethics Code is developed to ensure the Group operates at the highest integrity level. Any conflict of interest arises needs to be reported in order to avoid any insider dealing or any criminal offence in client transactions.

Whistle Blowing Policy

We have adopted a whistle-blowing policy enabling all levels and operation to report about possible improprieties. Employees who discover any corruption, bribery, market misconduct or money laundering incident can report to the Board directly. All reported misconducts and malpractice are confidential to protect the legitimate interest of the whistle blower. Investigation will be carried out and we will report to relevant regulatory and law enforcement bodies when necessary.

To raise employees’ awareness of anti-corruption and anti-money laundering, we provide regular training on the latest regulatory updates and best practices. We educate our employees to apply the “SAFE”. Approach in identifying any suspicious transactions:

- **Screen:** Screen for suspicious account indicators
- **Ask:** Ask customers appropriate questions
- **Find:** Find out customers’ records
- **Evaluate:** Evaluate if the transaction is suspicious

Our staff handbook provides guidance in relation to declaration of potential conflict of interests, business ethics, and prohibit our employees to solicit or accept any form of interests and gifts.

During the Reporting Period, there was no incident of non-compliance with the relevant laws and regulations that have a significant impact on the Group relating to corruption, bribery, extortion, fraud and money laundering.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

SUMMARY OF KPI DISCLOSURE OF ASPECT B7: ANTI-CORRUPTION

Aspects, General Disclosures and KPIs

KPI 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.	There were no concluded legal cases regarding corrupt practices brought against the Group or its employees during the Reporting Period.
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Description of preventive measures and whistle-blowing procedures is set out in above paragraphs.
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Description of anti-corruption training provided to directors and staff can be referred to in the above paragraphs.

5. OUR COMMUNITY

The Group have continued its focus on disease prevention, this Year we continue our service focus on lower income group individuals. We have planned several service projects to serve our local community during the Year.

We still uphold our pledge to live with our motto – “From the Community, to the Community” and our attitude of giving back to the society was unwavering. During the Year, we have made charity donations amounting to \$43,000 to the Hong Kong & Kowloon walk for Millions 2022/2023, Hong Kong Children Foundation and The Incorporated Management Committee of Yan Oi Tong Chan Wong Suk Fong Memorial Secondary School as a means to support our community.

We target to engage regularly and participate in charitable events and community services for the purpose driving long term sustainability development, while engaging our employees to build closer relationship by organising community services.

SUMMARY OF KPI DISCLOSURE OF ASPECT B8: COMMUNITY

Aspects, General Disclosures and KPIs

KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Focus areas of contribution is as described above.
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Resources contributed is as described above.

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF MINERVA GROUP HOLDING LIMITED (formerly known as Power Financial Group Limited)

(incorporated in Bermuda with limited liability)

OPINION

We have audited the consolidated financial statements of Minerva Group Holding Limited (formerly known as Power Financial Group Limited) (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 79 to 187, which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory 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 ("HKSA") issued by the HKICPA. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the HKICPA's "Code of Ethics for Professional Accountants" (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS

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

Valuation of unlisted equity investment (refer to Notes 3 on significant accounting policies, 21(c) and 35 to the consolidated financial statements)

Key audit matter

Included in financial assets at FVTPL at 31 December 2023 is unlisted equity investment with the fair value of approximately HK\$31,067,000 as at that date which were determined by reference to the valuations conducted by external valuers using the valuation techniques on unobservable inputs (i.e. Level 3 fair value measurement).

We identified the valuation of unlisted equity investment as a key audit matter due to the significance of the magnitude of the fair value of the unlisted equity investment and of the judgment and estimates made by the management in determination of the fair value given the lack of availability of market-based data.

How the matter was addressed in our audit

Our procedures in relation to valuation of unlisted equity investment included:

- Understood the internal control of the Group in relation to the valuation of the fair value of unlisted equity investment;
- evaluated the independent valuer's competence, capabilities and objectivity;
- made inquiry of the management and the external valuer regarding the basis of fair value valuation;
- evaluated the appropriateness of the valuation methodologies and assumptions based on the industry knowledge; and
- evaluated the appropriateness of the key inputs adopted for the valuation by checking to the external data; by evaluating the rationale of management's judgment on the key inputs.

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS *(Continued)*

Recoverability of loans and interest receivables *(refer to Notes 3 on significant accounting policies and 19 to the consolidated financial statements)*

Key audit matter

As at 31 December 2023, the Group had loans and interest receivables with the carrying amount of approximately HK\$446,266,000, after making allowance for expected credit losses ("ECL") amounting to approximately HK\$81,665,000 was recognised in the consolidated financial statements.

The measurement of ECL requires the application of significant judgment and estimates which include the identification of deterioration in credit quality, and assumptions used in the ECL models for exposures assessed individually, such as the expected future cash flows and forward-looking macroeconomic factors.

We identified the recoverability of loans and interest receivables as a key audit matter as the carrying amount of loans and interest receivables is significant to the consolidated financial statements, and the evaluation of ECL on the loans and interest receivables requires the management of the Group to exercise significant judgments and estimates.

How the matter was addressed in our audit

Our procedures in relation to the management's ECL assessment of loans and interest receivables included:

- obtained an understanding of the design, implementation and operating effectiveness of management's internal controls relating to credit control, debt collection and estimation of the ECL of loans and interest receivables;
- reviewed the loans and other relevant agreements entered into between the Group and the borrowers, and other relevant information relating to the borrowers as assessed by the Group;
- circulated auditor's confirmations to test the existence of the loans and interest receivables as at the end of the reporting period and checked the accuracy of the aging of loans and interest receivables as at the end of the reporting period by tracing to loan agreements;

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS *(Continued)*

Recoverability of loans and interest receivables *(Continued) (refer to Notes 3 on significant accounting policies and 19 to the consolidated financial statements)*

Key audit matter

How the matter was addressed in our audit

- where external valuer was employed for the evaluation of ECL on loans and interest receivables, evaluated the external valuer's competence, capabilities, and objectivity;
- made inquiry of the Group's management and the external valuer regarding the basis of calculation of the ECL;
- assessed the reasonableness of the Group's ECL model, by reference to the past overdue records and historical settlement patterns of the borrowers and borrowers' principal and interest repayment records during the year and subsequent to the year end date, and traced the repayments to the bank statements; and
- evaluated the appropriateness of the valuation methodologies and assumptions based on the industry knowledge.

INDEPENDENT AUDITOR'S REPORT

OTHER INFORMATION

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

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

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

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

In preparing the 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.

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act 1981, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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.

INDEPENDENT AUDITOR'S REPORT

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

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

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

INDEPENDENT AUDITOR'S REPORT

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

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

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

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

CCTH CPA Limited

Certified Public Accountants

Hong Kong, 27 March 2024

Kwong Tin Lap

Practising Certificate Number: P01953

Unit 1510-17, 15/F., Tower 2,
Kowloon Commerce Centre,
51 Kwai Cheong Road,
Kwai Chung, N.T.,
Hong Kong

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2023

	Notes	2023 HK\$'000	2022 HK\$'000
Revenue	5	74,072	72,978
Direct operating costs		(4,406)	(5,032)
Gross profit		69,666	67,946
Other income, gains and losses	7	(130,756)	(181,972)
Administrative expenses		(45,098)	(56,680)
Finance costs	8	(934)	(577)
Loss before tax	9	(107,122)	(171,283)
Income tax credit	10	3,061	–
Loss for the year		(104,061)	(171,283)
Other comprehensive income/(expense)			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Fair value changes of debt instruments at fair value through other comprehensive income		–	(488)
Release of fair value changes of debt instruments at fair value through other comprehensive income upon disposal		–	1,748
Other comprehensive income for the year, net of income tax		–	1,260
Total comprehensive expense for the year		(104,061)	(170,023)
Loss for the year attributable to:			
Owners of the Company		(104,059)	(171,280)
Non-controlling interests		(2)	(3)
		(104,061)	(171,283)
Total comprehensive expense for the year attributable to:			
Owners of the Company		(104,059)	(170,020)
Non-controlling interests		(2)	(3)
		(104,061)	(170,023)
Loss per share		HK cents	HK cents
– Basic	14	(3.82)	(6.15)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	Notes	2023 HK\$'000	2022 HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment	15	7,381	3,269
Goodwill	16	136	136
Investment property	17	38,100	40,900
Other intangible asset	18	6,550	1,300
Loans and interest receivables	19	23,945	–
Financial assets at fair value through profit or loss	21	118,760	99,272
Other assets		155	412
		195,027	145,289
CURRENT ASSETS			
Loans and interest receivables	19	422,321	528,700
Trade and other receivables, deposits and prepayments	22	146,243	179,259
Financial assets at fair value through profit or loss	21	363,515	382,661
Bank trust account balances	23	10,658	16,940
Bank balances and cash	24	188,034	220,068
		1,130,771	1,327,628
CURRENT LIABILITIES			
Trade and other payables	25	25,851	27,363
Income tax payable		–	551
Bank borrowings	26	22,958	23,570
Lease liabilities	27	350	2,015
		49,159	53,499
NET CURRENT ASSETS		1,081,612	1,274,129
TOTAL ASSETS LESS CURRENT LIABILITIES		1,276,639	1,419,418

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	Notes	2023 HK\$'000	2022 HK\$'000
NON-CURRENT LIABILITIES			
Lease liabilities	27	–	350
		–	350
NET ASSETS			
		1,276,639	1,419,068
CAPITAL AND RESERVES			
Share capital	28	25,053	27,836
Reserves		1,249,742	1,389,386
Equity attributable to owners of the Company			
Non-controlling interests		1,844	1,846
TOTAL EQUITY			
		1,276,639	1,419,068

The consolidated financial statements on pages 79 to 187 were approved and authorised for issue by the Board of Directors on 27 March 2024 and are signed on its behalf by:

Mr. Li Wing Cheong
DIRECTOR

Mr. Tong Hin Jo
DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2023

	Attributable to owners of the Company								Non-controlling interests	Total
	Share capital	Capital redemption reserve	Other reserve	Investment revaluation reserve	Share-based payments	Retained profits	Sub-total			
	HK\$'000 (Note 28)	HK\$'000	HK\$'000 (Note (ii))	HK\$'000 (Note (iii))	HK\$'000 (Note (i))	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
At 1 January 2023	27,836	861	249	-	5,482	1,382,794	1,417,222	1,846	1,419,068	
Loss for the year	-	-	-	-	-	(104,059)	(104,059)	(2)	(104,061)	
Other comprehensive income for the year	-	-	-	-	-	-	-	-	-	
Total comprehensive expense for the year	-	-	-	-	-	(104,059)	(104,059)	(2)	(104,061)	
Repurchase of shares	-	(38,368)	-	-	-	-	(38,368)	-	(38,368)	
Cancellation of shares	(2,783)	38,368	-	-	-	(35,585)	-	-	-	
At 31 December 2023	25,053	861	249	-	5,482	1,243,150	1,274,795	1,844	1,276,639	

	Attributable to owners of the Company								Non-controlling interests	Total
	Share capital	Capital redemption reserve	Other reserve	Investment revaluation reserve	Share-based payments	Retained profits	Sub-total			
	HK\$'000 (Note 28)	HK\$'000	HK\$'000 (Note (ii))	HK\$'000 (Note (iii))	HK\$'000 (Note (i))	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
At 1 January 2022	27,836	861	249	(1,260)	-	1,552,966	1,580,652	1,849	1,582,501	
Loss for the year	-	-	-	-	-	(171,280)	(171,280)	(3)	(171,283)	
Other comprehensive income for the year	-	-	-	1,260	-	-	1,260	-	1,260	
Total comprehensive income/ (expense) for the year	-	-	-	1,260	-	(171,280)	(170,020)	(3)	(170,023)	
Recognition of equity-settled share-based payments	-	-	-	-	6,590	-	6,590	-	6,590	
Lapse of share options	-	-	-	-	(1,108)	1,108	-	-	-	
At 31 December 2022	27,836	861	249	-	5,482	1,382,794	1,417,222	1,846	1,419,068	

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2023

Notes:

- (i) The share-based payments reserve relates to share options granted to employees under the Company's share option scheme and other agreement. Further information about share-based payments to employees is set out in Note 29.
- (ii) The other reserve as at year end date represent the difference between the consideration paid for acquisition of non-controlling interests during the year ended 31 December 2018 and their carrying amounts as at the date of acquisition.
- (iii) Investment revaluation reserve represents the cumulative net change in the fair value of debt investments designated at fair value through other comprehensive income that are held at the end of the reporting period.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2023

	Notes	2023 HK\$'000	2022 HK\$'000
OPERATING ACTIVITIES			
Loss before tax		(107,122)	(171,283)
Adjustments for:			
Depreciation of property, plant and equipment	9	2,617	6,511
Gain on disposal of assets classified as held for sale	7	–	(8,367)
Loss on disposal of property, plant and equipment		1	370
Finance costs	8	934	577
Interest income		(72,801)	(69,997)
Loss on disposal of debt instruments at fair value through other comprehensive income	7	–	39
Loss on fair value change of financial assets at fair value through profit or loss	7	106,062	153,532
Loss on fair value change of investment property	7	2,800	6,900
Dividend income from securities investments	7	(949)	(1,300)
Impairment loss on loans and interest receivables	7	24,114	28,255
Impairment loss on debt instruments at fair value through other comprehensive income	7	–	3,753
Impairment loss on trade receivables reversed	7	(18)	(18)
Gain on disposal of subsidiary	7	(34)	(18)
Equity-settled share-based payments expenses	9	–	6,590
Operating cash flows before movements in working capital		(44,396)	(44,456)
Decrease/(increase) in trade and other receivables		33,034	(51,286)
Decrease in loans and interest receivables		64,003	108,199
Increase in listed equity securities		(66,772)	(24,211)
Decrease in listed bond investments		–	12,779
Decrease in bank trust account balances		6,282	10,615
Decrease/(increase) in other assets		257	(232)
Decrease in trade and other payables		(1,478)	(4,354)
Cash (used in)/generated from operations		(9,070)	7,054
Income taxes refunded, net		2,510	–
Dividend received from securities investments		949	1,300
Interest received from money lending business, financial services business and listed bond investments		65,942	68,856
NET CASH GENERATED FROM OPERATING ACTIVITIES		60,331	77,210

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2023

	Notes	2023 HK\$'000	2022 HK\$'000
INVESTING ACTIVITIES			
Interest received		1,176	5
Purchase of property, plant and equipment		(6,730)	(604)
Purchase of intangible assets		(5,250)	–
Purchase of investment property		–	(47,800)
Purchase of investment funds		(20,502)	(25,449)
Proceeds from disposal of investment funds		1,590	–
Purchase of unlisted equity investment classified as financial assets at FVTPL		(20,720)	–
Net cash inflow of disposal of subsidiary		–	12
Proceeds from disposal of assets classified as held for sale		–	44,800
NET CASH USED IN INVESTING ACTIVITIES		(50,436)	(29,036)
FINANCING ACTIVITIES			
Advance from bank borrowings	38	–	23,900
Repayment of bank borrowings	38	(1,444)	(670)
Payment of lease liabilities	38	(2,117)	(4,371)
Payment on share repurchases	28	(38,368)	–
NET CASH (USED IN)/GENERATED FROM FINANCING ACTIVITIES		(41,929)	18,859
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(32,034)	67,033
Cash and cash equivalents at the beginning of the year		220,068	153,035
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR, REPRESENTED BY BANK BALANCES AND CASH		188,034	220,068

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

1. GENERAL INFORMATION

Minerva Group Holding Limited (the “Company”) was incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The Company’s registered office is situated at Victoria Place, 5th Floor, 31 Victoria Street, Hamilton HM 10, Bermuda, and its head office and principal place of business in Hong Kong is situated at Unit 1804A, 18/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong.

Pursuant to the special resolution passed at the annual general meeting of the Company held on 16 June 2023, the Company changed its name from Power Financial Group Limited to Minerva Group Holding Limited with effect from 7 July 2023.

The Company acts as an investment holding company and the principal activities of its principal subsidiaries are set out in Note 37. The “Group” comprises the Company and its subsidiaries.

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

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

Amendments to HKFRSs that are mandatorily effective for current year

In the current year, the Group has applied amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2023 for the preparation of the consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendment to HKFRS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform-Pillar Two model Rules
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) *(Continued)*

Impacts on application of Amendments to HKAS 1 and HKFRS Practice Statement 2 Disclosure of Accounting Policies

The Group has applied the amendments for the first time in the current year. HKAS 1 Presentation of Financial Statements is amended to replace all instances of the term “significant accounting policies” with “material accounting policy information”. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 Making Materiality Judgements (the “Practice Statement”) is also amended to illustrate how an entity applies the “four-step materiality process” to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the other amendments to HKFRSs in the current year has 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) *(Continued)*

Change in accounting policy as a result of application of the HKICPA guidance on the accounting implications of the abolition of the Mandatory Provident Fund (“MPF”) – Long Service Payment (“LSP”) offsetting mechanism in Hong Kong

The Group has several subsidiaries operating in Hong Kong which are obliged to pay LSP to employees under certain circumstances. Meanwhile, the Group makes mandatory MPF contributions to the trustee who administers the assets held in a trust solely for the retirement benefits of each individual employee. Offsetting of LSP against an employee’s accrued retirement benefits derived from employers’ MPF contributions was allowed under the Employment Ordinance (Cap.57). In June 2022, the Government of the HKSAR gazetted the Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the “Amendment Ordinance”) which abolishes the use of the accrued benefits derived from employers’ mandatory MPF contributions to offset severance payment and LSP (the “Abolition”). The Abolition will officially take effect on 1 May 2025 (the “Transition Date”). In addition, under the Amendment Ordinance, the last month’s salary immediately preceding the Transition Date (instead of the date of termination of employment) is used to calculate the portion of LSP in respect of the employment period before the Transition Date.

In July 2023, the HKICPA published “Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong” which provides guidance for the accounting for the offsetting mechanism and the impact arising from abolition of the MPF-LSP offsetting mechanism in Hong Kong. In light of this, the Group has implemented the guidance published by the HKICPA in connection with the LSP obligation retrospectively so as to provide more reliable and more relevant information about the effects of the offsetting mechanism and the Abolition.

The Group considered that the impact from the Amendment Ordinance on the Group’s LSP liability is considered insignificant.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current ¹
Amendments to HKAS 1	Non-current Liabilities with Covenants ¹
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements ¹
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback ¹
Amendments to HKAS 21	Lack of Exchangeability ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³

¹ Effective for annual periods beginning on or after 1 January 2024

² Effective for annual periods beginning on or after 1 January 2025

³ The effective date to be determined

Except for the new and amendment to HKFRSs mentioned below, the directors of the Company anticipate that the application of all the new and amendments to HKFRSs that are not yet effective in respect of the current year will have no material impact on the consolidated financial statements in the foreseeable future.

Amendments to HKAS 1 Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) (the “2020 Amendments”) and Amendment to HKAS 1 Non-current Liabilities with Covenants (the “2022 Amendments”)

The 2020 Amendments provide clarification and additional guidance on the assessment of right to defer settlement for at least twelve months from reporting date for classification of liabilities as current or non-current, which:

- clarify that if a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity’s own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying HKAS 32 Financial Instruments: Presentation.
- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the amendments clarify that the classification should not be affected by management intentions or expectations to settle the liability within 12 months.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) *(Continued)*

Amendments to HKAS 1 Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) (the “2020 Amendments”) and Amendment to HKAS 1 Non-current Liabilities with Covenants (the “2022 Amendments”) *(Continued)*

For rights to defer settlement for at least twelve months from reporting date which are conditional on the compliance with covenants, the requirements introduced by the 2020 Amendments have been modified by the 2022 Amendments. The 2022 Amendments specify that only covenants with which an entity is required to comply with on or before the end of the reporting period affect the entity’s right to defer settlement of a liability for at least twelve months after the reporting date. Covenants which are required to comply with only after the reporting period do not affect whether that right exists at the end of the reporting period.

In addition, the 2022 Amendments specify the disclosure requirements about information that enables users of financial statements to understand the risk that the liabilities could become repayable within twelve months after the reporting period, if an entity classifies liabilities arising from loan arrangements as non-current when the entity’s right to defer settlement of those liabilities is subject to the entity complying with covenants within twelve months after the reporting period.

The 2022 Amendments also defer the effective date of applying the 2020 Amendments to annual reporting periods beginning on or after 1 January 2024. The 2022 Amendments, together with the 2020 Amendments, are effective for annual reporting periods beginning on or after 1 January 2024, with early application permitted. If an entity applies the 2020 Amendments for an earlier period after the issue of the 2022 Amendments, the entity should also apply the 2022 Amendments for that period.

Based on the Group’s outstanding liabilities as at 31 December 2023, the application of the 2020 Amendments and the 2022 Amendments will not result in reclassification of the Group’s liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules") and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for investment property and certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 "Share-based Payment", leasing transactions that are accounted for in accordance with HKFRS 16 "Leases", and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 "Inventories" or value in use in HKAS 36 "Impairment of Assets".

A fair value measurement of a non-financial asset take into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Material accounting policy information

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Material accounting policy information *(Continued)*

Basis of consolidation *(Continued)*

Changes in the Group's interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserves between the Group and the non-controlling interests according to the Group's and the non-controlling interests' proportionate interests.

Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognised. A gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. 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 (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs). 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 under HKFRS 9 Financial Instruments ("HKFRS 9") or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Business combinations or asset acquisitions

Optional concentration test

The Group can elect to apply an optional concentration test, on a transaction-by-transaction basis, that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. The gross assets under assessment exclude cash and cash equivalents, deferred tax assets, and goodwill resulting from the effects of deferred tax liabilities. If the concentration test is met, the set of activities and assets is determined not to be a business and no further assessment is needed.

Asset acquisitions

When the Group acquires a group of assets and liabilities that do not constitute a business, the Group identifies and recognises the individual identifiable assets acquired and liabilities assumed by allocating the purchase price first to financial assets/financial liabilities at the respective fair values, the remaining balance of the purchase price is then allocated to the other identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such a transaction does not give rise to goodwill or bargain purchase gain.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Material accounting policy information *(Continued)*

Business combinations or asset acquisitions *(Continued)*

Business combinations

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 by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 “Income Taxes” and HKAS 19 “Employee Benefits” respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 “Share-based Payment” at the acquisition date (see the accounting policy below);
- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 “Non-current Assets Held for Sale and Discontinued Operations” are measured in accordance with that standard; and
- lease liabilities are recognised and measured at the present value of the remaining lease payments (as defined in HKFRS 16) as if the acquired leases were new leases at the acquisition date, except for leases for which (a) the lease term ends within 12 months of the acquisition date; or (b) the underlying asset is of low value. Right-of-use assets are recognised and measured at the same amount as the relevant lease liabilities, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Material accounting policy information *(Continued)*

Business combinations or asset acquisitions *(Continued)*

Business combinations (Continued)

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net amount of the identifiable assets acquired and the liabilities assumed as at acquisition date. If, after re-assessment, the net amount of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation are initially measured at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets or at fair value.

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Other contingent consideration is remeasured to fair value at subsequent reporting dates with changes in fair value recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control), and the resulting gain or loss, if any, is recognised in profit or loss or other comprehensive income, as appropriate. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income and measured under HKFRS 9 would be accounted for on the same basis as would be required if the Group had disposed directly of the previously held equity interest.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Material accounting policy information *(Continued)*

Business combinations or asset acquisitions *(Continued)*

Business combinations *(Continued)*

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted retrospectively during the measurement period (see above), and additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see the accounting policy above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or group of cash-generating units) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit (or group of cash-generating units).

On disposal of the relevant cash-generating unit or any of the cash-generating unit within the group of cash-generating units, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal. When the Group disposes of an operation within the cash-generating unit (or a cash-generating unit within a group of cash-generating units), the amount of goodwill disposed of is measured on the basis of the relative values of the operation (or the cash-generating unit) disposed of and the portion of the cash-generating unit (or the group of cash-generating units) retained.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Material accounting policy information *(Continued)*

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at fair value, adjusted to exclude any prepaid or accrued operating lease income. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss for the year in which they arise.

If a property becomes an owner-occupied property because its use has been changed as evidenced by commencement of owner-occupation, the fair value of the property at the date of change in use is considered as the deemed cost for subsequent accounting.

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 asset is included in profit or loss in the year in which property is derecognised.

Revenue from contracts with customers

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when “control” of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents goods or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group’s performance as the Group performs;
- the Group’s performance creates or enhances an asset that the customer controls as the Group performs; or
- the Group’s performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct goods or service.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Material accounting policy information *(Continued)*

Revenue from contracts with customers *(Continued)*

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with HKFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

Contracts with multiple performance obligations (including allocation of transaction price)

For contracts that contain more than one performance obligations, the Group allocates the transaction price to each performance obligation on a relative stand-alone selling price basis, except for the allocation of discounts.

The stand-alone selling price of the distinct goods or service underlying each performance obligation is determined at contract inception. It represents the price at which the Group would sell the promised goods or service separately to a customer. If a stand-alone selling price is not directly observable, the Group estimates it using appropriate techniques such that the transaction price ultimately allocated to any performance obligation reflects the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods or services to the customer.

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

(i) Commission income from securities brokerage

Brokerage commission income is recognised on a trade date basis when the relevant transactions are executed.

(ii) Commission income from placing

Placing commission income is recognised on the trade date when the Group purchases the securities from the issuer or the date the Group sells the securities to third-party investors.

(iii) Corporate finance advisory income

Corporate finance advisory income from providing specified financial advisory and acting as independent financial adviser are recognised at a point in time when the services for the transactions are completed under the terms of each engagement, as only that time the Group has a present right to payment from the customers for the service performed. Invoices for the financial services are issued upon signing service contracts and when stated milestones in the contract are reached.

Advisory fee income from provision of services under retainers is recognised over time based on contractual terms specified in the underlying agreements, as the customer simultaneously receives and consumes the benefit providing by the Group and revenue can be measured reliably.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Material accounting policy information *(Continued)*

Government grants and subsidies

Grants and subsidies from the government are recognised where there is a reasonable assurance that the grants and subsidies will be received and the Group will comply with all attached conditions. Government grants and subsidies are recognised in profit or loss and are included in “sundry income”.

Leases

Definition of 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.

For contracts entered into or modified on or after the date of initial application of HKFRS 16 or arising from business combination, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis or another systematic basis over the lease term.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Material accounting policy information *(Continued)*

Leases *(Continued)*

The Group as a lessee *(Continued)*

Right-of-use assets

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets in “property, plant and equipment”, the same line item within which the corresponding underlying assets would be presented if they were owned.

Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Material accounting policy information *(Continued)*

Leases *(Continued)*

The Group as a lessee *(Continued)*

Lease liabilities *(Continued)*

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise the option; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising an option to terminate the lease.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change due to changes in market rental rates following a market rent review/payment under a guaranteed residual value in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Material accounting policy information *(Continued)*

Leases (Continued)

The Group as a lessee (Continued)

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- The modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- The consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of the lease liabilities by making corresponding adjustments to the relevant right-of-use assets. When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group as a lessor

Classification and measurement of leases

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Amounts due from lessees under finance leases are recognised as receivables at commencement date at amounts equal to net investments in the leases, measured using the interest rate implicit in the respective leases. Initial direct costs (other than those incurred by manufacturer or dealer lessors) are included in the initial measurement of the net investments in the leases. Interest income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, and such costs are recognised as an expense on a straight-line basis over the lease term except for investment properties measured under fair value model.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Material accounting policy information *(Continued)*

Leases *(Continued)*

The Group as a lessor (Continued)

Allocation of consideration to components of a contract

When a contract includes both leases and non-lease components, the Group applies HKFRS 15 Revenue from Contracts with Customers ("HKFRS 15") to allocate consideration in a contract to lease and non-lease components. Non-lease components are separated from lease component on the basis of their relative stand-alone selling prices.

Refundable rental deposits

Refundable rental deposits received are accounted for under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees.

Sublease

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of exchange translation reserve (attributed to non-controlling interests as appropriate).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Material accounting policy information *(Continued)*

Foreign currencies *(Continued)*

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

Any specific borrowing that remain outstanding after the related asset is ready for its intended use or sale is included in the general borrowing pool for calculation of capitalisation rate on general borrowings. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Employee benefits

Short-term employee benefits

Short term employee benefits are employee benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. Short term employee benefits are recognised in the year when the employees render the related service.

Defined contribution retirement plan

Payment to the Mandatory Provident Fund Scheme (the "MPF Scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance are recognised as an expense when employees have rendered service entitling them to the contributions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Material accounting policy information *(Continued)*

Share-based payments

Share options granted to employees

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date.

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-based payments 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 estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share-based payments reserve. For share options that vest immediately at the date of grant, the fair value of the shares/share options granted is expensed immediately to profit or loss.

When share options are exercised, the amount previously recognised in share-based payments reserve will be transferred to share capital and 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-based payments reserve will be transferred to retained profits/accumulated losses.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Material accounting policy information *(Continued)*

Taxation *(Continued)*

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

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

Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Material accounting policy information *(Continued)*

Property, plant and equipment

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

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition. To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented as "right-of-use assets". When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

Depreciation is recognised so as to write off the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Intangible assets

Intangible assets acquired separately

Intangible assets with indefinite useful lives that are acquired separately are carried at cost less any subsequent accumulated impairment losses.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Material accounting policy information *(Continued)*

Impairment on property, plant and equipment (including right-of-use assets) and intangible assets other than goodwill

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment (including right-of-use assets) to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any). Intangible assets with indefinite useful lives are tested for impairment at least annually, and whenever there is an indication that they may be impaired.

The recoverable amount of property, plant and equipment (including right-of-use assets), and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

Recoverable amount is the higher of fair value 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 the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Material accounting policy information *(Continued)*

Impairment on property, plant and equipment (including right-of-use assets) and intangible assets other than goodwill *(Continued)*

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit or a group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit or a group of cash-generating units) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Non-current assets held for sale

Non-current assets (and disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group) and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell, except for financial assets within the scope of HKFRS 9 and investment properties which continue to be measured in accordance with the accounting policies as set out in respective sections.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a first-in, first-out method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Material accounting policy information *(Continued)*

Financial instruments

Financial assets and financial liabilities are recognised when a group entity 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 that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss ("FVTPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest/dividend income which are derived from the Group's ordinary course of business are presented as revenue/other income, gains and losses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Material accounting policy information *(Continued)*

Financial instruments *(Continued)*

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI"):

- the financial asset is held within a business model whose objective is achieved by both selling and collecting contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL, except that at initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 "Business Combinations" applies.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Material accounting policy information *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost and debt instruments/receivables subsequently measured at FVTOCI. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

(ii) Debt instruments classified as at FVTOCI

Subsequent changes in the carrying amounts for debt instruments classified as at FVTOCI as a result of interest income calculated using the effective interest method and foreign exchange gains and losses are recognised in profit or loss. All other changes in the carrying amount of these debt instruments are recognised in other comprehensive income and accumulated under the heading of investment revaluation reserve. Impairment allowances are recognised in profit or loss with corresponding adjustment to other comprehensive income without reducing the carrying amounts of these debt instruments. When these debt instruments are derecognised, the cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss.

(iii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is included in the "other income, gains and losses" line item.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Material accounting policy information *(Continued)*

Financial instruments *(Continued)*

Impairment of financial assets

The Group performs impairment assessment under expected credit loss (“ECL”) model on financial assets (including other assets, trade and other receivables, loans and interest receivables, bank trust account balances, bank balances and cash) which are subject to impairment assessment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Group’s historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group recognises lifetime ECL for trade receivables arising from trading of healthcare related products. The ECL on these assets are assessed individually for debtors with significant balances and collectively using a provision matrix with appropriate groupings.

For other financial assets at amortised cost and debt instruments at FVTOCI, the ECLs are based on the 12-month ECL, unless there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Material accounting policy information *(Continued)*

Financial instruments *(Continued)*

Impairment of financial assets *(Continued)*

(i) Significant increase in credit risk *(Continued)*

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

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

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

Despite the foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if (i) it has a low risk of default, (ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when it has an internal or external credit rating of "investment grade" as per globally understood definitions.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Material accounting policy information *(Continued)*

Financial instruments *(Continued)*

Impairment of financial assets *(Continued)*

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

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

(iii) Credit-impaired financial assets

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

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or

(e) the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Material accounting policy information *(Continued)*

Financial instruments *(Continued)*

Impairment of financial assets (Continued)

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition. For a lease receivable, the cash flows used for determining the ECL is consistent with the cash flows used in measuring the lease receivable in accordance with HKFRS 16.

Lifetime ECL for trade and other receivables, loans and interest receivables are considered on a collective basis taking into consideration past due information and relevant credit information such as forward looking macroeconomic information.

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income 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 amortised cost of the financial asset.

Except for investments in debt instruments that are measured at FVTOCI, the Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade and other receivables, loans and interest receivables where the corresponding adjustment is recognised through a loss allowance account. For investments in debt instruments that are measured at FVTOCI, the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve without reducing the carrying amount of these debt instruments. Such amount represents the changes in the investment revaluation reserve in relation to accumulated loss allowance.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Material accounting policy information *(Continued)*

Financial instruments *(Continued)*

Derecognition of financial assets

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

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss.

A modification of a financial asset occurs if the contractual cash flows are renegotiated or otherwise modified. When the contractual terms of a financial asset are modified, the Group assesses whether the revised terms result in a substantial modification from original terms taking into account all relevant facts and circumstances including qualitative factors.

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

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Material accounting policy information *(Continued)*

Financial liabilities and equity *(Continued)*

Equity instruments (Continued)

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

All financial liabilities, including trade and other payables, bank borrowings and lease liabilities, are subsequently measured at amortised cost using the effective interest method.

Derecognition 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.

Offsetting a financial asset and a financial liability

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

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short-term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

Segment reporting

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial information provided to the Group's chief operating decision makers for the purpose of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations. Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of services, the type or class of customers, the methods used to provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going 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.

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

Depreciation of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives after taking into account their estimated residual values. The determination of the useful lives involves management's estimation. The Group assesses annually the useful lives of the property, plant and equipment and if the expectation differs from the original estimate, such a difference may impact the depreciation charges for the future years.

Impairment loss on property, plant and equipment (including right-of-use assets) and other intangible assets

If circumstances indicate that the carrying amounts of property, plant and equipment (including right-of-use assets) and other intangible assets may not be recoverable, the assets may be considered impaired, and an impairment loss may be recognised to reduce the carrying amounts to their recoverable amounts. The recoverable amount is the higher of the fair value less costs of disposal and the value in use. The fair value less costs of disposal is estimated by reference to comparable sales evidence and market conditions. For the value in use, expected cash flows generated by the assets are discounted to their present value, which requires significant estimates and judgments relating to level of future income and operating costs. Changes in these estimates could have significant impact on the carrying amounts of these assets and could result in additional impairment charge or reversal of impairment, if any, in future periods.

As at 31 December 2023, the carrying amounts of property, plant and equipment (including right-of-use assets) and other intangible assets are approximately HK\$7,381,000 (2022: HK\$3,269,000) and HK\$6,550,000 (2022: HK\$1,300,000) respectively. No impairment loss on property, plant and equipment (including right-of-use assets) and other intangible assets were recognised in respect of the current year (2022: Nil). The information about the property, plant and equipment (including right-of-use assets) and other intangible assets are disclosed in Notes 15 and 18 respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

4. KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

Estimation of fair value of investment properties

Investment properties are carried in the consolidated financial statements at their fair value. The best evidence of fair value of the Group's investment properties is current prices in an active market for similar properties in the same location and condition and subject to similar leases and other contracts. In making its judgement, management considers information from: (i) property valuations conducted by independent professional valuers; and (ii) external evidence such as current market rates for similar properties in the same location and condition. The property valuations were based on certain assumptions, which are subject to uncertainty and might materially differ from the actual results. Details regarding the fair value measurement of the Group's investment properties as at 31 December 2023 are set out in note 17.

Leases – Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

4. KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

Measurement of expected credit loss allowance

The management estimates the amount of loss allowance for ECLs on financial assets at amortised cost and debt instruments at FVTOCI based on the credit risk of the respective financial instrument. The loss allowance is measured as the difference between the asset's carrying amount and the present value of estimate future cash flows with the consideration of expected future credit loss of the respective financial instrument and collateral value. The assessment of the credit risk of the respective financial instrument involves high degree of estimation and uncertainty about future economic conditions which have an adverse effect on debtors' business, debtors' creditworthiness, the payment delinquency or default in interest or principal payments or fair values of collaterals. When the actual future cash flows are less than expected or more than expected, a material impairment loss or a material reversal of impairment loss may arise, accordingly.

As at 31 December 2023, the carrying amounts of loans and interest receivables and trade and other receivables are approximately HK\$466,266,000 (2022: HK\$528,700,000) and HK\$125,102,000 (2022: HK\$153,623,000) respectively. The information about the ECLs of loans and interest receivables and trade and other receivables are disclosed in Notes 19 and 22 respectively. Further details about the assessment of ECLs of these financial assets are disclosed in Note 35.

Fair value of financial instruments

When the fair value of financial assets recorded in the consolidated statement of financial position cannot be derived from active markets, their fair value is determined using a variety of valuation techniques that include the use of mathematical models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. The estimates include considerations of liquidity and model inputs such as the share price of the underlying investment, correlation, volatility and transactions of shares. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the consolidated statement of financial position and the level where the instruments are disclosed in the fair value hierarchy.

HKFRS 13 requires disclosures relating to fair value measurements using a three-tier fair value hierarchy that reflects the significance of the inputs used in measuring fair values. The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustments based on unobservable inputs, then that measurement is a Level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgment, considering factors specific to the asset or liability. To assess the significance of a particular input to the entire measurement, the Group performs sensitivity analysis.

The information about the fair values of these financial assets are determined are set in Note 35.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

5. REVENUE

An analysis of the Group's revenue for the year is as follows:

	2023 HK\$'000	2022 HK\$'000
Interest income from money lending	55,076	57,164
Interest income from bond investments	–	696
Income from financial services		
– Commission income from securities brokerage	732	1,153
– Commission income from placing	300	1,446
– Corporate finance advisory services	395	–
– Interest income from clients	16,549	12,132
Rental income	1,020	387
	74,072	72,978

An analysis of the Group's revenue for the year under HKFRS 15 is as follows:

	2023 HK\$'000	2022 HK\$'000
Income from financial services		
– Commission income from securities brokerage	732	1,153
– Commission income from placing	300	1,446
– Corporate finance advisory services	395	–
	1,427	2,599

Disaggregation of revenue from contracts with customers

In the following table, revenue is disaggregated by timing over revenue recognition.

	2023 HK\$'000	2022 HK\$'000
Analysed by timing of recognition:		
Revenue recognised at point in time	1,032	2,599
Revenue recognised over time	395	–
	1,427	2,599

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

6. SEGMENT INFORMATION

Information reported to the Board, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance.

The Group's reportable segments are managed separately as each business offers different products and services and requires different business strategies. The following summary describes the operations in each of the Group's reportable segments:

- Financial services segment – Provision of financial services including securities brokerage, placing, and corporate finance advisory services in Hong Kong;
- Money lending segment – Provision of loan financing in Hong Kong;
- Trading Segment – Trading of healthcare related products in Hong Kong and to overseas; and
- Assets investment segment – Investments in debt securities earning fixed interest income, investments in properties earning rental income and capital gains, as well as investments in listed and unlisted equity securities and investment funds earning variable returns and gains.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

6. SEGMENT INFORMATION *(Continued)*

Segment revenues and results

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

For the year ended 31 December 2023

	Financial services segment HK\$'000	Money lending segment HK\$'000	Trading segment HK\$'000	Assets investment segment HK\$'000	Total HK\$'000
Segment revenue					
Segment revenue from external customers	17,976	55,076	–	1,020	74,072
Other income, gains and losses					
Dividend income from listed equity securities	–	–	–	949	949
Loss on fair value changes of financial assets at FVTPL	–	–	–	(106,062)	(106,062)
Loss on fair value changes of investment property	–	–	–	(2,800)	(2,800)
Impairment loss on:					
– Loans and interest receivables	–	(24,114)	–	–	(24,114)
Impairment loss on trade receivables reversed	18	–	–	–	18
	17,994	30,962	–	(106,893)	(57,937)
Results					
Segment profit/(loss)	8,249	14,467	–	(124,748)	(102,032)
Unallocated corporate income					1,176
Unallocated corporate expenses					(6,164)
Finance costs					(102)
Loss before tax					(107,122)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

6. SEGMENT INFORMATION *(Continued)*

Segment revenues and results *(Continued)*

For the year ended 31 December 2022

	Financial services segment HK\$'000	Money lending segment HK\$'000	Trading segment HK\$'000	Assets investment segment HK\$'000	Total HK\$'000
Segment revenue					
Segment revenue from external customers	14,731	57,164	–	1,083	72,978
Other income, gains and losses					
Dividend income from listed equity securities	–	–	–	1,300	1,300
Loss on disposal of debt instruments at FVTOCI	–	–	–	(39)	(39)
Loss on fair value changes of financial assets at FVTPL	–	–	–	(153,532)	(153,532)
Loss on fair value changes of investment property	–	–	–	(6,900)	(6,900)
Impairment loss on:					
– Loans and interest receivables	–	(28,255)	–	–	(28,255)
– Debt instruments at FVTOCI	–	–	–	(3,753)	(3,753)
Impairment loss on trade receivables reversed	18	–	–	–	18
	14,749	28,909	–	(161,841)	(118,183)
Results					
Segment profit/(loss)	6,656	1,570	(8)	(181,175)	(172,957)
Unallocated corporate income					9,210
Unallocated corporate expenses					(7,299)
Finance costs					(237)
Loss before tax					(171,283)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

6. SEGMENT INFORMATION *(Continued)*

Segment revenues and results *(Continued)*

Segment revenue represents revenue from external customers shown above. There were no inter-segment sales for the year ended 31 December 2023 (2022: Nil).

The accounting policies of the operating segments are the same as the Group's accounting policies described in Note 3. Segment profit/loss represent the profit/loss from each segment without allocation of certain directors' emoluments, certain other income, gains and losses, certain administrative expenses and finance costs. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

Segment assets and liabilities

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

	2023 HK\$'000	2022 HK\$'000
Segment assets		
Financial services segment	120,039	129,690
Money lending segment	451,938	543,421
Assets investment segment	533,133	561,351
Total segment assets	1,105,110	1,234,462
Unallocated assets		
– Bank balances and cash	182,732	205,062
– Other unallocated assets	37,956	33,393
Consolidated total assets	1,325,798	1,472,917
Segment liabilities		
Financial services segment	15,580	17,718
Money lending segment	8,293	8,941
Assets investment segment	24,241	24,677
Total segment liabilities	48,114	51,336
Unallocated liabilities	1,045	2,513
Consolidated total liabilities	49,159	53,849

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

6. SEGMENT INFORMATION *(Continued)*

Segment assets and liabilities *(Continued)*

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

- all assets are allocated to operating segments other than certain property, plant and equipment (including right-of-use assets) and bank balances and cash which are not allocated to segment assets; and
- all liabilities are allocated to operating segments other than certain payables, lease liabilities and income tax payable which are not allocated to segment liabilities.

Other segment information

For the year ended 31 December 2023

	Financial services segment HK\$'000	Money lending segment HK\$'000	Trading segment HK\$'000	Assets investment segment HK\$'000	Unallocated HK\$'000	Total HK\$'000
Additions to non-current assets	50	–	–	11,005	–	11,055
Interest income	17,720	55,076	–	–	5	72,801
Interest expenses	–	–	–	(832)	(102)	(934)
Depreciation of property, plant and equipment	(80)	(147)	–	(375)	(2,015)	(2,617)
Impairment loss on trade receivables reversed	18	–	–	–	–	18

For the year ended 31 December 2022

	Financial services segment HK\$'000	Money lending segment HK\$'000	Trading segment HK\$'000	Assets investment segment HK\$'000	Unallocated HK\$'000	Total HK\$'000
Additions to non-current assets	–	–	–	48,404	3,590	51,994
Interest income	12,132	57,164	–	696	5	69,997
Interest expenses	–	–	–	(340)	(237)	(577)
Depreciation of property, plant and equipment	(211)	(369)	–	–	(5,931)	(6,511)
Impairment loss on trade receivables reversed	18	–	–	–	–	18

Note: Additions to non-current assets excluded those relating to financial instruments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

6. SEGMENT INFORMATION *(Continued)*

Geographical information

The geographical location of customers is based on the location of the customers, irrespective of the origin of the goods or services. The geographical location of the non-current assets is based on the physical location of the assets.

The Group's non-current assets are located in Hong Kong and Japan. The Group operates in Hong Kong and its revenue is derived from its operations in Hong Kong.

Information about major customers

There was no customer contributing over 10% of the total revenue of the Group for the years ended 31 December 2023 and 2022.

7. OTHER INCOME, GAINS AND LOSSES

	2023 HK\$'000	2022 HK\$'000
Interest income	1,176	5
Rental income	–	470
Dividend income from listed equity securities	949	1,300
Sundry income	44	699
Gain on disposal of assets classified as held for sale	–	8,367
Gain on disposal of subsidiary (Note 32)	34	18
Loss on disposal of debt instruments at FVTOCI	–	(39)
Loss on disposal of property, plant and equipment	(1)	(370)
Loss on fair value changes of financial assets at FVTPL	(106,062)	(153,532)
Loss on fair value changes of investment property (Note 17)	(2,800)	(6,900)
Impairment loss on:		
– Loans and interest receivables (Note 19)	(24,114)	(28,255)
– Debt instruments at FVTOCI (Note 20)	–	(3,753)
Impairment loss on trade receivables reversed (Note 22(a))	18	18
	(130,756)	(181,972)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

8. FINANCE COSTS

	2023 HK\$'000	2022 HK\$'000
Interest on bank borrowings	832	340
Interest on lease liabilities	102	237
	934	577

9. LOSS BEFORE TAX

	2023 HK\$'000	2022 HK\$'000
Loss before tax has been arrived at after charging/(crediting):		
Staff costs:		
Directors' emoluments, excluding equity-settled share-based payments (Note 11)	2,018	10,830
Other staff costs (Note)	16,051	12,805
Equity-settled share-based payments (including directors' equity-settled share-based payments) (Note 29)	–	6,590
	18,069	30,225
Auditor's remuneration	968	956
Depreciation of property, plant and equipment (including right-of-use assets)	2,617	6,511
Research expenses	8,000	–
Exchange (gains)/losses, net	(8)	243

Note: Included in other staff costs are contributions of retirement benefits scheme amounted to approximately HK\$295,000 (2022: HK\$277,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

10. INCOME TAX CREDIT

	2023 HK\$'000	2022 HK\$'000
Current tax:		
– Hong Kong Profits Tax	–	–
– Over-provision in respect of prior period	3,061	–
Income tax credit	3,061	–

Hong Kong Profits Tax is calculated at 8.25% (2022: 8.25%) on the first HK\$2,000,000 of estimated assessable profits of the qualifying group entity under the two-tiered profits tax rates regime and at 16.5% (2022: 16.5%) for the portion of the estimated assessable profits of the qualifying entity above HK\$2,000,000. The assessable profits of the group entities not qualifying for the two-tiered profits tax rates regime continue to be taxed at 16.5% (2022: 16.5%).

No provision for Hong Kong Profits Tax has been made for the year ended 31 December 2023 and 2022 as the Group did not generate any assessable profit in Hong Kong for these years.

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

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

	2023 HK\$'000	2022 HK\$'000
Loss before tax	(107,122)	(171,283)
Tax at Hong Kong Profits Tax rate of 16.5% (2022:16.5%)	(17,675)	(28,262)
Tax effect of expenses not deductible for tax purpose	25,104	25,721
Tax effect of income not taxable for tax purpose	(6,504)	(313)
Tax effect of tax losses not recognised	4,895	5,852
Tax effect of utilisation of tax losses previously not recognised	(5,646)	(3,246)
Tax effect of temporary difference not recognised	(174)	248
Over-provision in respect of prior period	3,061	–
Income tax credit	3,061	–

At the end of the reporting period, the Group has unused tax losses, subject to the agreement by the Hong Kong Inland Revenue Department, of approximately HK\$875,745,000 (2022: HK\$846,078,000) available for offset against future profits. No deferred tax asset has been recognised in respect of the tax losses due to the unpredictability of future profit streams. The losses may be carried indefinitely.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

11. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

Directors' emoluments disclosed pursuant to Section 383 of the Hong Kong Companies Ordinance (Cap. 622) and the Companies (Disclosure of Information about Benefits of Directors) Regulation (Cap. 622G) are as follows:

For the year ended 31 December 2023

	Fees HK\$'000	Salaries and other benefits HK\$'000	Performance bonus HK\$'000 (Note (a))	Contributions to retirement benefits scheme HK\$'000	Equity-settled share-based payments HK\$'000 (Note (b))	Total emoluments HK\$'000
Executive directors						
Mr. Li Wing Cheong (Note (f))	-	556	46	18	-	620
Mr. Tong Hin Jo (Note (h))	240	720	60	18	-	1,038
Independent non-executive directors						
Ms. Chan Lai Ping	120	-	-	-	-	120
Ms. Tam Mei Chu (Note (j))	120	-	-	-	-	120
Mr. Ho Yuen Tung (Note (k))	120	-	-	-	-	120
	600	1,276	106	36	-	2,018

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

11. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS *(Continued)*

For the year ended 31 December 2022

	Fees HK\$'000	Salaries and other benefits HK\$'000	Performance bonus HK\$'000 (Note (a))	Contributions to retirement benefits scheme HK\$'000	Equity-settled share-based payments HK\$'000 (Note (b))	Total emoluments HK\$'000
Executive directors						
Mr. Choi Chun Chung, Danny (Note (c))	-	9,000	-	14	-	9,014
Mr. Tau Sai Kit, Terry (Note (d))	56	223	-	8	-	287
Ms. Sin Pui Ying (Note (e))	20	-	-	-	-	20
Mr. Li Wing Cheong (Note (f))	-	496	45	17	1,108	1,666
Mr. Cheng Chun Shing (Note (g))	-	488	-	9	1,108	1,605
Mr. Tong Hin Jo (Note (h))	20	60	33	2	-	115
Independent non-executive directors						
Ms. Leung Mabel (Note (i))	22	-	-	-	-	22
Ms. Chan Lai Ping	120	-	-	-	-	120
Ms. Tam Mei Chu (Note (j))	100	-	-	-	-	100
Mr. Ho Yuen Tung (Note (k))	97	-	-	-	-	97
	435	10,267	78	50	2,216	13,046

The executive directors' and chief executive's emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group. The independent non-executive directors' emoluments shown above were for their services as directors.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

11. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS *(Continued)*

Notes:

- (a) Performance bonus is based on the Group's operation performance.
- (b) During the year ended 31 December 2022, share options were granted to certain directors in respect of their services to the Group under the share option scheme of the Company. Details of the share option scheme are set out in Note 29.
- (c) He was the chief executive of the Company and resigned with effect from 30 September 2022.
- (d) Retired with effect from 17 June 2022.
- (e) Resigned with effect from 31 January 2022.
- (f) Appointed with effect from 31 January 2022.
- (g) Appointed with effect from 28 April 2022 and resigned with effect from 31 October 2022.
- (h) Appointed with effect from 1 December 2022.
- (i) Resigned with effect from 7 March 2022.
- (j) Appointed with effect from 1 March 2022.
- (k) Appointed with effect from 11 March 2022.

There was no arrangement under which a director waived or agreed to waive any remuneration during the years ended 31 December 2023 and 2022.

During the year ended 31 December 2023, no emolument was paid by the Group to the directors or chief executives of the Company as an inducement to join or upon joining the Group or as compensation for loss of office (2022: Nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

12. FIVE HIGHEST PAID EMPLOYEES

The five individuals with the highest emoluments during the year ended 31 December 2023 included one (2022: one) director, whose emolument is included in Note 11. Details of the emoluments of the remaining four (2022: four) individuals during the year are as follows:

	2023 HK\$'000	2022 HK\$'000
Salaries and other benefits	6,492	2,928
Performance bonus	481	340
Equity-settled share-based payments	–	4,374
Contributions to retirement benefits scheme	90	59
	7,063	7,701

The emoluments of the four (2022: four) individuals are within the following bands:

	2023 No. of individuals	2022 No. of individuals
HK\$Nil – HK\$1,000,000	1	–
HK\$1,000,001 – HK\$1,500,000	1	1
HK\$1,500,001 – HK\$3,000,000	2	3

During the year ended 31 December 2023, no emoluments were 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 (2022: Nil).

13. DIVIDEND

No dividend was paid or proposed for ordinary shareholders of the Company during the year ended 31 December 2023, nor has any dividend been proposed since the end of the reporting period (2022: Nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

14. LOSS PER SHARE

Basic loss per share

The calculation of the basic loss per share attributable to owners of the Company is based on the following data:

	2023 HK\$'000	2022 HK\$'000
<i>Loss (for the purpose of basic loss per share)</i>		
Loss for the year attributable to owners of the Company	(104,059)	(171,280)

	2023 '000	2022 '000
<i>Number of shares (for the purpose of basic loss per share)</i>		
Weighted average number of ordinary shares in issue during the year	2,727,568	2,783,553

Note: During the year, the Company repurchased and cancelled a total of 278,270,000 shares (2022: Nil), details of which are set out in note 28.

Diluted loss per share

The diluted loss per share is the same as the basic loss per share as the impact of the exercise of share options was anti-dilutive for the years ended 31 December 2023 and 2022.

Diluted loss per share for the years ended 31 December 2023 and 2022 are not presented as there were no potential shares in issue for both of these years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

15. PROPERTY, PLANT AND EQUIPMENT

	Freehold land HK\$'000	Leasehold improvements HK\$'000	Office equipment HK\$'000	Furniture and fixtures HK\$'000	Motor vehicles HK\$'000	Right-of- use assets HK\$'000	Total HK\$'000
COST							
At 1 January 2022	-	7,737	4,962	842	-	10,722	24,263
Additions	-	257	132	215	-	3,590	4,194
Disposals	-	(7,736)	(1,958)	(232)	-	(10,722)	(20,648)
At 31 December 2022 and 1 January 2023	-	258	3,136	825	-	3,590	7,809
Additions	3,773	133	52	200	1,647	-	5,805
Addition through asset acquisition	-	-	-	-	925	-	925
Disposals	-	-	(873)	(467)	-	-	(1,340)
At 31 December 2023	3,773	391	2,315	558	2,572	3,590	13,199
ACCUMULATED DEPRECIATION							
At 1 January 2022	-	5,477	3,915	427	-	8,488	18,307
Provided for the year	-	2,304	328	149	-	3,730	6,511
Eliminated on disposals	-	(7,736)	(1,755)	(65)	-	(10,722)	(20,278)
At 31 December 2022 and 1 January 2023	-	45	2,488	511	-	1,496	4,540
Provided for the year	-	181	237	101	303	1,795	2,617
Eliminated on disposals	-	-	(873)	(466)	-	-	(1,339)
At 31 December 2023	-	226	1,852	146	303	3,291	5,818
CARRYING AMOUNTS							
At 31 December 2023	3,773	165	463	412	2,269	299	7,381
At 31 December 2022	-	213	648	314	-	2,094	3,269

The freehold land is located in Japan.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

15. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

Right-of-use assets

The right-of-use assets represent the leased office premises which are situated in Hong Kong.

Lease contracts are entered into for fixed term ranging from 2 to 3 years (2022: 2 to 3 years). Lease terms are negotiated on an individual basis and contain different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

As at 31 December 2023, the Group has no extension option in leases for an office premise.

The analysis of expense items in relation to leases recognised in profit or loss is as follows:

	2023 HK\$'000	2022 HK\$'000
Expense relating to leases of low-value assets, excluding short-term leases of low-value assets	145	247
Total cash outflow for leases	145	247

Details of total cash outflow for leases are set out in consolidated statement of cash flows.

Depreciation of property, plant and equipment

The freehold land is not depreciated. The items of other property, plant and equipment, after taking into account the residual values, are depreciated on a straight-line basis at the following rates per annum:

Leasehold improvements	Over the lease terms
Office equipment	10% to 40%
Furniture and fixtures	10% to 40%
Motor vehicles	25%
Right-of-use assets	Over the terms of the lease

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

16. GOODWILL

	HK\$'000
COST	
At 1 January 2022, 31 December 2022 and 31 December 2023	16,221
ACCUMULATED IMPAIRMENT	
At 1 January 2022, 31 December 2022 and 31 December 2023	16,085
CARRYING AMOUNTS	
At 31 December 2023	136
At 31 December 2022	136

Impairment testing on goodwill

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating unit ("CGU") that is expected to benefit from that business combination. The carrying amount of goodwill had been allocated as follows:

	2023 HK\$'000	2022 HK\$'000
E Finance Limited ("E Finance") – money lending business	136	136

E Finance is principally engaged in the money lending.

The recoverable amount of the CGU was determined based on value-in-use calculations using cash flow projections based on financial budgets covering a five-year period approved by the management. Cash flows beyond five-year period are extrapolated using growth rate of 3% (2022: 3%) per annum. The cash flow projections are discounted at pre-tax discount rate of 12.97% (2022: 16.27%) per annum, which reflects the specific risks relating to such CGU.

The key assumptions for the value-in-use calculation are those regarding the discount rates, the budgeted revenue and budgeted expenses during the forecasting periods, which are determined by the management based on the past performance and management's expectations for the market development.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

17. INVESTMENT PROPERTY

	2023 HK\$'000	2022 HK\$'000
Fair value		
At 1 January	40,900	–
Acquisition during the year, at cost	–	47,800
Decrease in fair value recognised in profit or loss (Note 7)	(2,800)	(6,900)
At 31 December	38,100	40,900

The Group's investment property consists of office unit located in Hong Kong held to earn rentals and for capital appreciation.

The investment property is leased to a third party under operating lease, details of which are set out in note 31. The rental income from lease out of the investment property amounted to approximately HK\$1,020,000 for the year (2022: HK\$387,000) and the direct operating expenses incurred amounted to approximately HK\$892,000 for the year (2022: HK\$371,000).

The Group's investment property has been mortgaged to secure bank loan granted to the Group (note 26).

The fair value of the investment property at 31 December 2023 and 2022 has been arrived at on the basis of the valuation carried out by Eidea Professional Services Company Limited, an independent property valuer.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

17. INVESTMENT PROPERTY *(Continued)*

Fair value hierarchy

The recurring fair value measurement hierarchy of the Group's investment property is under Level 3 as the valuation requires significant unobservable inputs.

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 (2022: Nil).

Set out below is a summary of the key input to the "Direct comparison method" valuation technique of investment property.

	Valuation technique	Significant Unobservable input	Estimated market price per square foot	
			2023	2022
Commercial property in Hong Kong	Direct comparison approach	Market price per square foot	HK\$20,300	HK\$21,800

Under direct comparison approach, the property is valued by making reference to comparable sales evidence as available in the relevant markets. Comparison is based on prices realised in actual transactions or asking prices of comparable properties. Appropriate adjustments are then made to account for the differences between such properties in terms of time, floor level, view and area factors.

In estimating fair value of the property, the highest and best use of the property is its current use.

A significant increase or decrease in market price per square foot would correspondingly result in a significant increase or decrease in the fair value of the investment property.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

18. OTHER INTANGIBLE ASSET

	Membership HK\$'000
COST	
At 1 January 2022, 31 December 2022 and 1 January 2023	1,300
Addition	5,250
At 31 December 2023	6,550

The membership at 31 December 2023 represents the database access membership of consumer credit in Hong Kong and Aberdeen Marina Club in Hong Kong. The memberships are considered by the management as having indefinite useful lives because it is expected to contribute to net cash inflows indefinitely. The memberships were tested for impairment by comparing its carrying amount with its recoverable amount, which was determined on the fair value less cost of disposal, or on the basis of value in use calculation.

Based on the impairment assessment, management considers that no impairment loss on the intangible asset is required to be made in the consolidated financial statements.

19. LOANS AND INTEREST RECEIVABLES

	2023 HK\$'000	2022 HK\$'000
Loans and interest receivables thereon		
– Within one year	503,797	586,251
– In the second to fifth years	24,134	–
	527,931	586,251
Less: Allowance for impairment	(81,665)	(57,551)
	446,266	528,700
Analysed for reporting purpose as:		
Non-current assets	23,945	–
Current assets	422,321	528,700
	446,266	528,700

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

19. LOANS AND INTEREST RECEIVABLES *(Continued)*

Movements of allowance of loans and interest receivables are as follows:

	2023 HK\$'000	2022 HK\$'000
At 1 January	57,551	29,296
Impairment loss recognised (Note 7)	24,114	28,255
At 31 December	81,665	57,551

Details of loans receivables (excluding interest receivables) are as follows:

As at 31 December 2023

Loan principals HK\$'000	Interest rate per annum	Maturity date	Security pledged
203,337	9%-12.5%	Within 1 year	Landed properties in Hong Kong, shares of listed and unlisted companies, and vessels
121,817	10%-24%	1 year to 2 years	Guarantees provided by certain independent third parties
188,891	10%-20%	Within 1 year	Nil
514,045			

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

19. LOANS AND INTEREST RECEIVABLES *(Continued)*

As at 31 December 2022

Loan principals HK\$'000	Interest rate per annum	Maturity date	Security pledged
133,432	9%–24%	Within 1 year	Landed properties in Hong Kong, and shares of listed and unlisted companies
205,560	10%–24%	Within 1 year	Guarantees provided by certain independent third parties
<u>239,055</u>	10%–36%	Within 1 year	Nil
<u>578,047</u>			

Before granting loans to outsiders, the Group uses an internal credit assessment process to assess the potential borrower's credit quality and imposes credit limits granted to borrowers. Limits attributed to borrowers are reviewed by the management regularly.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

20. DEBT INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2023 HK\$'000	2022 HK\$'000
Listed bond investments – Hong Kong	–	–

The Group holds the debt instruments for the purpose of collecting the interests of the bonds and sell the bonds under favourable market environment.

As at the end of the reporting period, the Group held certain debt instruments with minimal fair value.

Movements of allowance of debt instruments at FVTOCI, which is recognised in investment revaluation reserve, are as follows:

	2023 HK\$'000	2022 HK\$'000
At 1 January	3,722	12,223
Impairment loss recognised (Note 7)	–	3,753
Eliminated on disposal of debt instruments	–	(12,254)
At 31 December	3,722	3,722

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

21. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2023 HK\$'000	2022 HK\$'000
Fair value		
Equity securities listed in Hong Kong (Note (a))	363,515	382,661
Unlisted investment funds (Note (b))	87,693	77,170
Unlisted equity investment (Note (c))	31,067	22,102
	482,275	481,933
Analysed for reporting purpose as:		
Non-current assets	118,760	99,272
Current assets	363,515	382,661
	482,275	481,933

Notes:

- (a) The fair value of the listed equity securities were determined based on the quoted market prices in an active market. Included in the listed equity securities at 31 December 2022 are certain listed equity securities with the carrying amount of approximately HK\$1,101,000 at that date, the trading of which on the Stock Exchange was suspended by the Securities and Futures Commission (the "Suspended Shares"). Details of the Suspended Shares are set out in the section headed "Fair value measurement of financial instruments" in Note 35.
- (b) The fair value of unlisted investment funds was determined with reference to the fair value of underlying assets of the funds which are provided by the counterparty financial institutions, or are based on underlying documents provided by third party, or on the basis of the valuation carried out by Vista Advisors Group Limited, an independent valuer. These unlisted investments funds are included in non-current assets as they are not expected to be disposed of by the Group within one year after the end of the reporting period.
- (c) The fair value of unlisted equity investment as at 31 December 2023 was estimated to be HK\$31,067,000 (2022: HK\$22,102,000) which was determined with reference to valuations performed by an independent valuer, details of which are set out in the section headed "Fair value measurement of financial instruments" in Note 35.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

22. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2023 HK\$'000	2022 HK\$'000
Trade receivables from:		
Financial services business		
– Cash clients and clearing house (Note (a))	4,624	81
– Margin clients (Note (b))	120,136	143,991
	124,760	144,072
Other receivables	342	9,551
Deposits paid	20,662	25,010
Prepayments	479	626
	146,243	179,259

Notes:

- (a) Cash clients and clearing house of financial services business

	2023 HK\$'000	2022 HK\$'000
Gross receivables	4,813	288
Less: Allowance for impairment	(189)	(207)
	4,624	81

The settlement terms of trade receivables arising from the ordinary course of business of dealing in securities from cash clients and clearing house are one or two days after the respective trade date.

Receivables that were past due but not impaired represent unsettled trade transactions on the last two days prior to the end of reporting period and also relates to a wide range of independent clients for whom there are no recent history of default.

Movements of allowance of trade receivables from cash clients and clearing house are as follows:

	2023 HK\$'000	2022 HK\$'000
At 1 January	207	225
Impairment loss reversed for the year (Note 7)	(18)	(18)
	189	207
At 31 December	189	207

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

22. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

(Continued)

Notes: (Continued)

(b) Margin clients of financial services business

Margin clients are required to pledge securities as collateral to the Group in order to obtain the credit facilities for securities trading, which bear interests at commercial rates. The amount of credit facilities granted to them is determined based on a discount on the market value of securities accepted by the Group. Any excess in the lending ratio will trigger a margin call which the clients have to make good the shortfall. The margin ratio is reviewed and determined periodically. As at 31 December 2023, the market value of securities pledged by clients to the Group as collateral against margin client receivables was approximately HK\$953,455,000 (2022: HK\$760,135,000).

No aged analysis is disclosed as, in the opinion of the directors, such disclosure is not meaningful in view of the revolving nature of the margin financing business.

Movements of allowance of trade receivables from margin clients are as follows:

	2023 HK\$'000	2022 HK\$'000
At 1 January	–	41,147
Amount written-off during the year	–	(41,147)
At 31 December	–	–

The Group seeks to maintain tight control over its outstanding trade receivables in order to minimise credit risk.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

23. BANK TRUST ACCOUNT BALANCES

The Group maintains segregated trust accounts with authorised institutions to hold clients' monies arising from its normal course of securities brokerage business. The Group has classified the clients' monies as bank trust account balances under current assets and recognised the corresponding payables to the respective clients as trade payables (Note 25). The cash held on behalf of the customers is restricted and governed by the Securities and Futures (Client Money) Rules under the Securities and Futures Ordinance.

24. BANK BALANCES AND CASH

Bank balances and cash comprises cash held by the Group and bank balances that bear interest at prevailing market rates ranging from 0.001% to 0.875% (2022: 0.001% to 0.15%) per annum and have original maturity period of three months or less.

25. TRADE AND OTHER PAYABLES

	2023 HK\$'000	2022 HK\$'000
Trade payables from:		
Financial services business (Notes)		
– Cash Clients	3,487	5,624
– Margin Clients	11,736	10,272
– Clearing house	–	1,518
	15,223	17,414
Other payables	8,103	8,242
Accrued charges	2,525	1,707
	25,851	27,363

Notes:

Majority of the payables in respect of financial services business are repayable on demand, except that certain balances payable to clients represent margin deposits received from clients for their trading activities under normal course of business, under which the excess amounts over the required margin deposits stipulated are repayable on demand.

The settlement terms of trade payables to clients and clearing house arising from the ordinary course of business of dealing in securities are two days after trade date.

No aged analysis is disclosed as, in the opinion of the directors, such disclosure is not meaningful in view of the nature of these businesses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

26. BANK BORROWING

	2023 HK\$'000	2022 HK\$'000
Secured bank loan classified under current liabilities	22,958	23,570
	2023 HK\$'000	2022 HK\$'000
The carrying amount of bank loan that contain a repayment on demand clause (shown under current liabilities) but repayable:		
– within one year	608	629
– within a period of more than one year but not exceeding two years	635	649
– within a period of more than two years but not exceeding five years	2,057	2,090
– within a period of over five years	19,658	20,202
	22,958	23,570

The Group's bank borrowing is floating rate borrowing and will mature in the year 2047. The bank borrowing is secured by the mortgage over the investment property of the Group with its assignment of rentals. Effective interest rate at 31 December 2023 is 3.95% (2022: 3.43%) per annum.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

27. LEASE LIABILITIES

	2023		2022	
	Present value of the minimum lease payments HK\$'000	Minimum lease payments HK\$'000	Present value of the minimum lease payments HK\$'000	Minimum lease payments HK\$'000
Within one year	350	353	2,015	2,117
After one year but not more than two years	–	–	350	353
	<u>350</u>	<u>353</u>	<u>2,365</u>	<u>2,470</u>
Less: total future interest expense		<u>(3)</u>		<u>(105)</u>
Present value of lease liabilities		350		2,365
Less: Amount due for settlement within twelve months shown under current liabilities		<u>(350)</u>		<u>(2,015)</u>
Amount due for settlement after twelve months		<u>–</u>		<u>350</u>

The weighted average incremental borrowing rates applied to lease liabilities is 7% (2022: 7%) per annum.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

28. SHARE CAPITAL

	Number of shares	HK\$'000
<i>Ordinary shares of HK\$0.01 each</i>		
Authorised:		
At 1 January 2022, 31 December 2022 and 31 December 2023	30,000,000,000	300,000
Issued and fully paid:		
At 1 January 2022, 31 December 2022 and 1 January 2023	2,783,552,734	27,836
Cancellation of shares (Note)	(278,270,000)	(2,783)
At 31 December 2023	2,505,282,734	25,053

Note: Pursuant to the shareholders' resolution passed by the shareholders of the Company at the annual general meeting held on 16 June 2023, the directors of the Company were granted a general mandate to repurchase up to 278,355,273 shares of the Company, representing 10% of the total number of issued shares on that date. During the year ended 31 December 2023, the Company re-purchased an aggregate of 278,270,000 shares of the Company at a price ranging from HK\$0.128 to HK\$0.145 per share, for a total cash consideration of approximately HK\$38,368,000. All the share repurchased were cancelled by the Company as at 31 December 2023.

29. SHARE OPTION SCHEME

The 2023 Share Option Scheme

The Company has adopted the 2023 share option scheme (the "2023 Share Option Scheme") on 16 June 2023, under which the directors may grant options to eligible persons, including directors and employees of the Group, to subscribe for shares of the Company.

During the year ended 31 December 2023, no share option was granted, exercised, lapsed or cancelled under 2023 share option scheme (2022: N/A).

The following is a summary of the principal terms of the 2023 Share Option Scheme:

1. Purpose

The 2023 Share Option Scheme is to enable the Directors to grant share options to the eligible persons as incentives or rewards for their contribution to the growth and development of the Group and/or to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

29. SHARE OPTION SCHEME *(Continued)*

The 2023 Share Option Scheme *(Continued)*

2. Participants

The Directors may at their discretion grant options to:

- (i) any directors and employees of the Company or any of its subsidiaries (including persons who are granted options or awards under the 2023 Share Option Scheme as an inducement to enter into employment contracts with such companies); or
- (ii) directors and employees of the holding companies, fellow subsidiaries or associated companies of the Company; or
- (iii) business advisers who provide services to the member(s) of the Group on a continuing or recurring basis with recurring service contracts and in their ordinary and usual course of business which are in the interests of the long term growth of the Group (i.e. "Service Provider(s)"). For the avoidance of doubt, Service Provider(s) exclude placing agents or financial advisers providing advisory services for fundraising, mergers or acquisitions or professional service providers such as auditors or valuers who provide assurance, or are required to perform their services with impartiality and objectivity.

For the avoidance of doubt, the grant of any options by the Company for the subscription of Shares or other securities of the Group to any person who fall within any of the above classes of participants shall not, by itself, unless the Directors otherwise determined, be construed as a grant of share option under the 2023 Share Option Scheme.

The basis of eligibility of any of the above class of participants to the grant of any share options shall be determined by the Directors from time to time on the basis of the Directors' opinion as to this contribution or potential contribution to the development and growth of the Group.

3. **Total number of shares available for issue under the 2023 Share Option Scheme and percentage of the issued shares as at the date of this annual report**

The maximum number of ordinary shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the 2023 Share Option Scheme was nil as at 27 March 2024 (i.e. the date of this annual report).

The number of share options available for grant under the 2023 Share Option Scheme was Nil as of 1 January 2023 and 278,355,273 share options as of 31 December 2023.

The number of share options available for grant to Service Provider(s) subject to Service Provider Sublimit under the 2023 Share Option Scheme was Nil as of 1 January 2023 and 27,835,527 share options as of 31 December 2023.

The number of Shares that may be issued in respect of the options granted under the 2023 Share Option Scheme during the Year is Nil, which when divided by 2,727,568,378 Shares (i.e. the weighted average number of Shares in issue for the Year).

During the year ended 31 December 2023, no share option has been granted, exercised, lapsed or cancelled under the 2023 Share Option Scheme since its adoption (i.e. 16 June 2023).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

29. SHARE OPTION SCHEME *(Continued)*

The 2023 Share Option Scheme *(Continued)*

4. **Maximum entitlement of each participant**

The total number of Shares issued and which may fall to be issued upon exercise of the share options granted under the 2023 Share Option Scheme and any other share option scheme of the Group (excluding any options lapsed in accordance with the terms of the 2023 Share Option Scheme) to each participant in any 12-month period shall not exceed 1% of the issued share capital of the Company for the time being ("Individual Limit"). Where any further grant of share options to a grantee under the 2023 Share Option Scheme would result in the ordinary shares of the share capital of the Company ("Shares") issued and to be issued upon exercise of all share options granted and proposed to be granted to such person (excluding any options lapsed in accordance with the terms of the scheme) under the 2023 Share Option Scheme and any other share option schemes of the Group 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 the Shareholders in general meeting with such grantee and his close associates (or associates where such grantee is a connected person of the Company) abstaining from voting.

Where any grant of share options to a substantial Shareholder or an independent non-executive director, or any of their respective associates, would result in the Shares issued and to be issued in respect of all share options already granted and to be granted (including options exercised, cancelled and outstanding but excluding any share options and awards lapsed in accordance with the terms of the 2023 Share Option Scheme) to such person in the 12-month period up to and including the date of such grant representing in aggregate over 0.1% of the relevant class of Shares in issue, such further grant of share options must be approved by the Shareholders in general meeting.

5. **The maximum number of shares available for grant**

The maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the 2023 Share Option Scheme and any other share option schemes of the Company must not in aggregate exceed 30% of the issued share capital of the Company in issue from time to time.

The total number of Shares which may be issued upon exercise of all options to be granted under the 2023 Share Option Scheme and any other share option schemes of the Company must not in aggregate exceed 10% of Shares in issue on 16 June 2023 (the "Scheme Mandate Limit") unless the Company seeks the approval of the Shareholders in general meeting for refreshing the 10% limit under the 2023 Share Option Scheme.

The total number of Shares which may be issued in respect of all options to be granted to the Service Provider(s) under 2023 Share Option Scheme, must not in aggregate exceed 10% of the Scheme Mandate Limit ("Service Provider Sublimit") unless the Company seeks the approval of the Shareholders in general meeting for refreshing the 10% of the Service Provider Sublimit under the 2023 Share Option Scheme.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

29. SHARE OPTION SCHEME *(Continued)*

The 2023 Share Option Scheme *(Continued)*

6. *The period within which the options must be exercised by the grantee*

A share option may be exercised in accordance with the terms of the 2023 Share Option Scheme at any time during a period to be determined and notified by the Directors to each grantee, which period may commence on a day upon which the offer for the grant of share options is made but shall end in any event not later than 10 years from the date of grant of the share option subject to the provisions for early termination thereof.

7. *The vesting period of the options*

A grantee is required to hold an option for minimum 12-months period and achieve any performance targets (if any) before any options granted under the 2023 Share Option Scheme can be exercised unless under the specific circumstances set out below:

- (i) grants of “make-whole” options to grantee to replace the share options they forfeited when the grantee leaving his or her previous employer;
- (ii) grants that are made in batches during a year for administrative and compliance reasons, which include options that should have been granted earlier if not for such administrative or compliance reasons but had to wait for subsequent batch. In such case, the vesting period may be shorter to reflect the time from which the option would have been granted;
- (iii) grants of options with a mixed or accelerated vesting schedule such as where the options may vest evenly over a period of twelve (12) months; or
- (iv) grants with performance-based vesting conditions in lieu of time based vesting criteria.

8. *Acceptance and payment on acceptance of the options*

The time of acceptance of an offer for the grant of options shall not be later than 21 days from the offer for the grant of options (the “Date of Grant”). A nominal consideration of HK\$1.00 is payable on acceptance of the grant of an option.

9. *The basis of determining the exercise price*

The subscription price for Shares under the 2023 Share Option Scheme shall be a price determined by the Directors, but shall not be less than the highest of (i) the closing price of Shares as stated in the Stock Exchange’s daily quotations sheet on the Date of Grant, which must be a business day; (ii) the average closing price of Shares as stated in the Stock Exchange’s daily quotations sheets sheet for the five business days immediately preceding the Date of Grant; and (iii) the nominal value of a Share.

10. *The remaining life of the 2023 Share Option Scheme*

The 2023 Share Option Scheme will remain in force for a period of 10 years commencing from 16 June 2023. Options complying the provisions of the Listing Rules which are granted during the duration of the 2023 Share Option Scheme and remain unexercised immediately prior to the end of the 10 year period shall continue to be exercisable in accordance with their terms of grant within the option period for which such options are granted, notwithstanding the expiry of the 2023 Share Option Scheme.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

29. SHARE OPTION SCHEME *(Continued)*

The 2013 Share Option Scheme

The share option scheme approved and adopted by the Shareholders at the annual general meeting of the Company held on 4 June 2013 (the "2013 Share Option Scheme"), which had expired on 3 June 2023 in accordance with the terms of the 2013 Share Option Scheme. Upon the expiry of the 2013 Share Option Scheme on 3 June 2023, no further share options will be granted under the 2013 Share Option Scheme but the 2013 Share Option Scheme shall in all other respects remain in force to the extent necessary to give effect to the exercise of any outstanding share options granted prior to its termination. The then outstanding share options will continue to be valid and exercisable in accordance with the terms of the 2013 Share Option Scheme. All such share options are not subject to any vesting period and were vested upon their grant.

The following is a summary of the principal terms of the 2013 Share Option Scheme:

1. **Purpose**

The primary purpose of 2013 Share Option Scheme is providing incentives to Directors and employees.

2. **Eligible participants**

The Directors may at their discretion grant options to the below eligible participants:

- (i) any eligible employee (whether full time or part time, including any executive director but excluding any non-executive director) of the Company, any of its subsidiaries or any entity in which any member of the Group holds any equity interest ("Invested Entity"); or
- (ii) any non-executive director (including independent non-executive directors) of the Company, any of its subsidiaries or any Invested Entity; or
- (iii) any person or entity that provides research, development or other technological support or other services to any member of the Group or any Invested Entity; or
- (iv) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity; or
- (v) any adviser (professional or otherwise) or consultant to any area of business or business development of any member of the Group or any Invested Entity.

The share option may be granted to any company wholly-owned by one or more persons belonging to any of the above classes of eligible participants or any discretionary object of an eligible participants which is a discretionary trust. For the avoidance of doubt, the grant of any options by the Company for the subscription of shares or other securities of the Group to any person who fall within any of the above classes of eligible participants shall not, by itself, unless the Directors otherwise determined, be construed as a grant of share option under the 2013 Share Option Scheme.

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For the year ended 31 December 2023

29. SHARE OPTION SCHEME *(Continued)*

The 2013 Share Option Scheme *(Continued)*

3. **Total number of shares available for issue under the 2013 Share Option Scheme and percentage of the issued shares as at the date of this annual report**

The maximum number of ordinary shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the 2013 Share Option Scheme was in aggregate 139,150,000 Shares as at 27 March 2024 (representing approximately 5.55% of the issued shares as at the date of this annual report).

The number of share options available for grant under the 2013 Share Option Scheme was 39,531,273 share options as of 1 January 2023 and Nil as of 31 December 2023.

The number of Shares that may be issued in respect of the options granted under the 2013 Share Option Scheme during the Year is 5.10%, which when divided by 2,727,568,378 Shares (i.e. the weighted average number of the Shares in issue for the Year).

There was no service provider sublimit set by the 2013 Share Option Scheme.

During the year ended 31 December 2023, no share option has been granted, exercised, lapsed or cancelled under the 2013 Share Option Scheme upon expired (i.e. 3 June 2023).

4. **Maximum entitlement of each participant**

The total number of Shares issued and which may fall to be issued upon exercise of the options granted under the 2013 Share Option Scheme and any other share option scheme of the Group (including both exercised, cancelled or outstanding options) to each participant in any 12-month period shall not exceed 1% of the issued share capital of the Company for the time being ("Individual Limit"). Any further grant of options in excess of the Individual Limit in any 12-month period up to and including the date of such further grant shall be subject to the issue of a circular to the Shareholders and the Shareholders' approval in general meeting of the Company with such participant and his associates abstaining from voting.

5. **The maximum number of shares available for grant**

The maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the 2013 Share Option Scheme and any other share option schemes of the Company must not in aggregate exceed 30% of the issued share capital of the Company in issue from time to time.

The total number of shares which may be issued upon exercise of all options to be granted under the 2013 Share Option Scheme and any other share option schemes of the Company must not in aggregate exceed 10% of shares in issue on 4 June 2013 unless the Company seeks the approval of the shareholders in general meeting for refreshing the 10% limit under the 2013 Share Option Scheme.

There was no service provider sublimit set by the 2013 Share Option Scheme.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

29. SHARE OPTION SCHEME *(Continued)*

The 2013 Share Option Scheme *(Continued)*

6. The period within which the options must be exercised by the grantee

A share option may be exercised in accordance with the terms of the 2013 Share Option Scheme at any time during a period to be determined and notified by the Directors to each grantee, which period may commence on a day upon which the offer for the grant of share options is made but shall end in any event not later than 10 years from the date of grant of the share option subject to the provisions for early termination thereof.

7. The vesting period of the options

Unless the directors otherwise determined and stated in the offer to a grantee, a grantee is not required to hold an option for any minimum period nor achieve any performance targets before any options granted under the 2013 Share Option Scheme can be exercised.

8. Acceptance and payment on acceptance of the options

The time of acceptance of an offer for the grant of options shall not be later than 21 days from the Date of Grant. A nominal consideration of HK\$1.00 is payable on acceptance of the grant of an option.

9. The basis of determining the exercise price

The subscription price for shares under the 2013 Share Option Scheme shall be determined by the Board, but shall not be lower than the highest of (i) the closing price of Shares as stated in the daily quotation sheet of the Stock Exchange on the Date of Grant, which must be a trading day; (ii) the average closing price of Shares as stated in the daily quotations sheets of the Stock Exchange for the five trading days immediately preceding the Date of Grant; and (iii) the nominal value of a Share.

10. The remaining life of the 2013 Share Option Scheme

The life of 2013 Share Option Scheme is 10 years (commenced from 4 June 2013 and expired on 3 June 2023). Options complying the provisions of the Listing Rules which are granted during the duration of the 2013 Share Option Scheme and remain unexercised immediately prior to the end of the 10-year period shall continue to be exercisable in accordance with their terms of grant within the option period for which such options are granted, notwithstanding the expiry of the 2013 Share Option Scheme.

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For the year ended 31 December 2023

29. SHARE OPTION SCHEME (Continued)

The 2013 Share Option Scheme (Continued)

The following table discloses the movements of the share options granted under the 2013 Share Option Scheme during the year ended 31 December 2023:

Name	Date of grant	Exercise period	Exercise price per share HK\$	Number of share options				Outstanding as at 31 December 2023
				Outstanding as at 1 January 2023	Granted during the year	Exercised during the year	Cancelled/ lapsed during the year	
Director								
Mr. Li Wing Cheong	29/7/2022	29/7/2022 to 28/7/2024	0.103	27,830,000	-	-	-	27,830,000
Employees								
	29/7/2022	29/7/2022 to 28/7/2024	0.103	111,320,000	-	-	-	111,320,000
Total				139,150,000	-	-	-	139,150,000
Exercisable at the end of the year								139,150,000
Weighted average exercise price								HK\$0.103

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For the year ended 31 December 2023

29. SHARE OPTION SCHEME (Continued)

The 2013 Share Option Scheme (Continued)

The following table discloses the movements of the share options granted under the 2013 Share Option Scheme during the year ended 31 December 2022:

Name	Date of grant	Exercise period	Exercise price per share HK\$	Number of share options				
				Outstanding as at 1 January 2022	Granted during the year	Exercised during the year	Cancelled/lapsed during the year	Outstanding as at 31 December 2022
Director								
Mr. Li Wing Cheong	29/7/2022	29/7/2022 to 28/7/2024	0.103	-	27,830,000	-	-	27,830,000
Mr. Cheng Chun Shing (Note)	29/7/2022	29/7/2022 to 28/7/2024	0.103	-	27,830,000	-	(27,830,000)	-
Employees								
	29/7/2022	29/7/2022 to 28/7/2024	0.103	-	111,320,000	-	-	111,320,000
Total					- 166,980,000	-	(27,830,000)	139,150,000
Exercisable at the end of the year								139,150,000
Weighted average exercise price								HK\$0.103

Note: During the year ended 31 December 2022, the share options granted to Mr. Cheng Chun Shing were lapsed as he resigned with effect from 31 October 2022.

The exercise price of share options outstanding at the end of the year was HK\$0.103 and their weighted average remaining contractual life at that date was 0.58 years (2022: 1.58 years).

Of the total number of share options outstanding at the end of the year, 139,150,000 options (2022: 139,150,000 options) had vested and were exercisable at the end of the year. The total number of share options outstanding under the 2013 Share Option Scheme, which represented approximately 5.55% (2022: 5.00%) of the Company's shares in issue at the end of the year.

For the year ended 31 December 2022, the weighted average fair value of each option granted at the date of grant was HK\$0.039.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

29. SHARE OPTION SCHEME *(Continued)*

The 2013 Share Option Scheme *(Continued)*

The fair value of share options granted at the date of grant was determined in accordance with the valuation performed by an independent valuer using the Binomial option pricing model. The significant variables and assumptions used in computing the fair value of the share options are set forth in the table below. The value of an option varies with different variables of a number of subjective assumptions. Any change in the variables so adopted may materially affect the estimation of the fair value of an option.

Share price at the grant date (HK\$)	HK\$0.101
Exercise price (HK\$)	HK\$0.103
Volatility (%)	72.23%
Dividend yield (%)	0.00%
Expected share option life (years)	2 years
Annual risk-free rate (%)	2.45%

For the year ended 31 December 2023, the Group has not recognised equity-settled share-based payments expenses in respect of the year. For the year ended 31 December 2022, the Group recognised equity-settled share-based payments expenses amounted to approximately HK\$6,590,000 in respect of that year.

30. RETIREMENT BENEFIT SCHEMES

The Group operates a Mandatory Provident Fund Scheme (the "MPF Scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for all qualifying employees including directors in Hong Kong. The assets of the MPF Scheme are held separately from those of the Groups in funds under the control of independent trustees. Both the Group and the employees contribute a fixed percentage to the MPF Scheme based on their monthly salary in accordance with government regulations. The MPF Scheme contributions represent contributions payable to the fund by the Group at rates specified in the rules of the scheme. Where there are employees who leave the MPF Scheme prior to vesting fully in the contributions, the amount of the forfeited contributions will be used to reduce future contributions payable by the Group.

During the year ended 31 December 2023, the total amount contributed by the Group and charged to the consolidated statement of profit or loss and other comprehensive income amounted to approximately HK\$331,000 (2022: HK\$327,000). For the year ended 31 December 2023, the Group has not utilised any amount of the forfeited contributed, to reduce future contributions payable by the Group. As at 31 December 2023, the Group had no forfeited contributions which can be used to reduce future contribution payable by the Group (2022: Nil).

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For the year ended 31 December 2023

30. RETIREMENT BENEFIT SCHEMES *(Continued)*

Pursuant to the Hong Kong Employment Ordinance, Chapter 57, the Group has the obligation to pay LSP to qualifying employees in Hong Kong under certain circumstances (e.g. dismissal by employers or upon retirement), subject to a minimum of 5 years employment period, based on certain formula.

Furthermore, the Mandatory Provident Fund Schemes Ordinance passed in 1995 permits the Group to utilise the Group's mandatory MPF contributions, plus/minus any positive/negative returns thereof, for the purpose of offsetting LSP payable to an employee (the "Offsetting Arrangement").

The Amendment Ordinance was gazetted on 17 June 2022, which abolishes the use of the accrued benefits derived from employers' mandatory MPF contribution to offset the LSP. The Abolition will officially take effect on the Transition Date (i.e. 1 May 2025). Separately, the Government of the HKSAR is also expected to introduce a subsidy scheme to assist employers for a period of 25 years after the Transition Date on the LSP payable by employers up to a certain amount per employee per year. The impact from the Amendment Ordinance on the Group's LSP liability is considered insignificant.

31. OPERATING LEASE ARRANGEMENTS

The Group as lessor

The Group leases out certain office premises in Hong Kong under operating leases. The leases typically run for two years. None of the leases under contingent rentals. At the end of the reporting period, the Group's aggregate future minimum rental income receivables under non-cancellable operating leases is as follows:

	2023 HK\$'000	2022 HK\$'000
Within one year	510	1,020
More than one year but less than five years	–	893
	510	1,913

32. DISPOSAL OF SUBSIDIARIES

The Group has not disposed of any material subsidiaries during the year ended 31 December 2023.

Disposal of subsidiaries during the year ended 31 December 2022

On 14 April 2022, the Company entered into an agreement with an independent third party to dispose of 100% equity interest in a subsidiary, Power Plan Developments Limited ("Power Plan"), for an aggregate cash consideration of HK\$78,000. Power Plan and its subsidiary were principally engaged in the sales of personal care products. The disposal was completed on 14 April 2022.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

32. DISPOSAL OF SUBSIDIARIES *(Continued)*

An analysis of assets and liabilities over which control was lost:

	HK\$'000
Assets	
Bank balances and cash	66
Liabilities	
Other payables	(6)
	<u>60</u>

Gain on disposal of subsidiary

	HK\$'000
Cash consideration	78
Net assets disposed of	(60)
	<u>18</u>

Net cash inflow from disposal of subsidiary

	HK\$'000
Cash consideration received	78
Bank balances and cash disposed of	(66)
	<u>12</u>

33. CAPITAL COMMITMENT

The Group had the following significant capital commitment contracted but not provided for in the consolidated financial statements:

	2023 HK\$'000	2022 HK\$'000
Commitment contracted for but not provided for in respect of investment in an investment fund currently held by the Group	<u>2,378</u>	2,880

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

34. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from that of the prior year.

A subsidiary of the Company is licensed with Securities and Futures Commission of Hong Kong ("SFC") for the business it operates. The Group's licensed subsidiary is subject to liquid capital requirements under Securities and Futures (Financial Resources) Rules ("SF(FR)R") (Chapter 571N of the Laws of Hong Kong) adopted by the SFC. Under SF(FR)R, the licensed subsidiary must maintain a liquid capital (assets and liabilities adjusted as determined by SF(FR)R) in excess of HK\$3 million or 5% of its total adjusted liabilities, whichever is higher. The management closely monitors, on a daily basis, the liquid capital level of that licensed subsidiary to ensure compliance with the minimum liquid capital requirements under the SF (FR) R.

The directors review the capital structure of the Group on a regular basis. As part of this review, the directors consider the cost of capital and the risks associated with each class of capital. The Group seeks to balance its overall capital structure through the payment of dividends, new share issues as well as the issue of new debt or the redemption of existing debt. For the licensed subsidiary, the Group will ensure to maintain a liquid capital level adequate to support the level of activities with sufficient buffer to accommodate for increases in liquidity requirements arising from potential increases in the level of business activities.

The management monitors the capital structure on a regular basis by using a net debt-to-equity ratio. The Group's policy is to maintain the net debt-to-equity ratio at a reasonable level. The net debt-to-equity ratio as at the end of the reporting period was as follows:

	2023 HK\$'000	2022 HK\$'000
Debt (Note (i))	22,958	23,570
Cash and cash equivalents	(188,034)	(220,068)
Net cash	(165,076)	(196,498)
Equity (Note (ii))	1,274,795	1,417,222
Net debt-to-equity ratio	N/A	N/A

Notes:

- (i) Debt comprised bank borrowings as detailed in Note 26.
- (ii) Equity represents capital and reserves attributable to owners of the Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

35. FINANCIAL INSTRUMENTS

Categories of financial instruments

	2023 HK\$'000	2022 HK\$'000
Financial assets		
Financial assets at amortised cost:		
– Other assets	155	412
– Trade and other receivables	125,102	153,623
– Loans and interest receivables	446,266	528,700
– Bank trust account balances	10,658	16,940
– Bank balances and cash	188,034	220,068
	770,215	919,743
Financial assets at FVTPL	482,275	481,933
Financial liabilities		
Amortised cost:		
– Trade and other payables	25,851	27,363
– Bank borrowings	22,958	23,570
– Lease liabilities	350	2,365
	49,159	53,298

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

35. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies

The Group's major financial instruments include other assets, trade and other receivables, loans and interest receivables, bank trust account balances, bank balances and cash, financial assets at FVTPL, debt instruments at FVTOCI, trade and other payables, bank borrowings and lease liabilities. Details of the financial instruments are disclosed in respective notes.

The risks associated with these financial instruments include market risk (currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

(i) Currency risk

The Group operates mainly in Hong Kong and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to United States Dollar ("USD"). As HK\$ is linked to USD, the directors consider that the currency risk is not significant and the Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

(ii) Interest rate risk

The Group's fair value interest rate risk relates primarily to the loans and interest receivables, and debt instruments at FVTOCI which carry at fixed rates. The Group currently does not have any interest rate hedging policy. The Group monitors the interest rate risk exposure closely and may consider to enter any hedging activities should the need arise.

The Group's cash flow interest rate risk relates primarily to variable-rate bank deposits and bank borrowings. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of bank deposits interest rate arising from the Group's variable-rate bank deposits.

Sensitivity analysis

The sensitivity analysis below has been prepared based on the exposure to interest rates for both derivative and non-derivative instruments at the end of the reporting period. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. A 50 basis point (2022: 50 basis point) increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rate.

If interest rates had been 50 basis points (2022: 50 basis points) higher/lower and all other variables were held constant, the Group's post-tax loss for the year ended 31 December 2023 would increase/decrease by approximately HK\$345,000 (2022: HK\$300,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

35. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

Market risk *(Continued)*

(iii) Other price risk

The Group's debt instruments at FVTOCI and financial assets at FVTPL are measured at fair value at the end of the reporting period. Therefore, the Group is exposed to price risk. The management manages this exposure by closely monitoring the price risk and maintaining a portfolio of investments with different risks profiles.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to debt/equity price risk of debt instruments at FVTOCI and financial assets at FVTPL at the end of the reporting period.

If the prices of the respective debt/equity instruments had been 5% (2022: 5%) higher/lower:

- post-tax loss for the year ended 31 December 2023 would decrease/increase by approximately HK\$20,135,000 (2022: HK\$20,121,000) as a result of the changes in fair value of financial assets at FVTPL.

Credit risk

As at 31 December 2023, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position, mainly including receivables on margin financing, loans and interest receivables, debt instruments at FVTOCI and other receivables, bank trust account balances and bank balances and cash.

The Group's current credit risk grading framework comprises the following categories:

Category	Description	Basis for recognising ECL
Stage 1	For financial assets where there has not been a significant increase in credit risk since initial recognition and that are not credit-impaired	12-month ECL
Stage 2	For financial assets where there has been a significant increase in credit risk since initial recognition but are not credit-impaired	Lifetime ECL – not credit-impaired
Stage 3	Financial assets are assessed as credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred	Lifetime ECL – credit-impaired

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

35. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

Credit risk *(Continued)*

The table below details the credit quality of the Group's financial assets as well as the Group's maximum exposure to credit risk by credit risk rating grades.

	Note	Category	12-month or lifetime ECL	2023 Gross carrying amount HK\$'000	2022 Gross carrying amount HK\$'000
Debt instruments at FVTOCI	20	Stage 3	Lifetime ECL – credit-impaired	3,722	3,722
				3,722	3,722
Financial assets at amortised cost					
Trade receivables					
Financial services business					
– Cash clients and clearing house	22	Stage 1 Stage 2	12-month ECL Lifetime ECL – not credit-impaired	4,624 189	81 207
				4,813	288
Financial services business					
– Margin clients	22	Stage 1	12-month ECL	120,136	143,991
Other receivables	22	Stage 1	12-month ECL	342	9,551
Total trade and other receivables				125,291	153,830
Loans and interest receivables	19	Stage 1 Stage 2 Stage 3	12-month ECL Lifetime ECL – not credit-impaired Lifetime ECL – credit-impaired	229,287 213,725 84,919	365,512 151,472 69,267
				527,931	586,251
Bank trust account balances	23	Stage 1	12-month ECL	10,658	16,940
Bank balances and cash	24	Stage 1	12-month ECL	188,034	220,068

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

35. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

Credit risk *(Continued)*

Significant increase in credit risk

The Group monitors all financial assets that are subject to impairment allowances to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk, the Group will measure the loss allowance based on lifetime rather than 12-month ECLs.

At the end of each reporting period, the Group should evaluate if there is a significant increase in credit risk on all financial assets since the initial recognition. A variety of factors were considered during the evaluation stage of ECLs of relevant financial instrument, which includes regulatory and operating environment, internal and external credit rating, solvency, managing ability, terms set out in loan contracts, repayment history and other forward-looking information. When performing evaluation on the significant increase in credit risk, the Group would take below factors into consideration, including but not limited to:

- Significant increase in credit spread;
- Actual or expected significant changes in external credit rating on the obligor or the debts;
- Significant adverse changes in business, financial and/or economic conditions in which the debtor operates;
- Actual or expected forbearance or restructuring;
- Actual or expected significant adverse change in operating results of the debtor;
- Significant change in collateral value (secured facilities only) which is expected to increase risk of default;
- Early signs of cash flow/liquidity problems such as delay in serving of loans; and
- Actual or expected changes in quality of credit support provided by the guarantor.

For the debtor's contractual payments (including principal and interest) that more than 30 days past due, the Group considers a financial instrument to have experienced a significant increase in credit risk and classified it into Stage 2, unless the Group has reasonable and supportable information that demonstrates otherwise.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

35. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

Credit risk *(Continued)*

Significant increase in credit risk (Continued)

Definition of default and credit impaired financial asset

The Group defines a financial instrument as in default, which is aligned with the definition of credit-impaired. Evidence that a financial instrument is credit impaired include observable data about the follow events:

- Significant financial difficulty of the issuer or the debtor;
- Debtors are in breach of contract, such as defaulting on interest or becoming overdue on interest or principal payments overdue;
- The creditor of the debtor, for economic or contractual reasons relating to the debtor's financial difficulty, having granted to the debtor a concession that the creditor would not otherwise consider;
- It is becoming probable that the debtor will enter bankruptcy or other financial restructuring;
- The disappearance of an active market for that financial asset because of financial difficulties;
- The purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses; and
- The debtor leaves any of principal, advance, interest or investment in listed bonds of the Group overdue for more than 90 days.

The credit impairment on a financial asset may be caused by the combined effect of multiple events and may not necessarily due to a single event.

Receivables on margin financing

In respect of amounts due from clients, individual credit evaluations are performed on all clients (including cash and margin clients). Cash clients are required to place deposits as prescribed in the Group's credit policy before execution of any purchase transactions. Receivables due from cash clients are due within the settlement period commonly adopted in the relevant market practice, which is usually within a few days from the trade date. Because of the prescribed deposit requirements and the short settlement period involved, credit risk arising from the amounts due from cash clients is considered low. The Group normally obtains liquid securities and/or cash deposits as collateral for providing margin financing to its clients. Margin loans due from margin clients are repayable on demand. Market conditions and adequacy of securities collateral and margin deposits of each margin account and futures account are monitored by management on a daily basis. Margin calls and forced liquidation are made where necessary.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

35. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

Credit risk *(Continued)*

Receivables on margin financing (Continued)

In order to minimise the credit risk, the management of the Group has formulated a defined fixed credit policy and delegated a team responsible for determination of credit limits and maintenance margin ratio/collateral coverage ratio for the margin financing, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. Any subsequent change in value as well as quality of collateral is closely monitored in order to determine whether any corrective action is required. In addition, the Group reviews the recoverable amount of each individual debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors consider that the Group's credit risk is significantly reduced.

The Group's concentration of credit risk arising from trade receivables by geographical locations is mainly in Hong Kong, which accounted for 100% (2022: 100%) of the total trade receivables as at 31 December 2023.

Loans and interest receivables

For the loans and interest receivables, prior to the lending of loan, the Group will review the financial strength, purpose of the borrowing, repayment ability of the borrower to ensure that the borrower has sound financial repayment ability. The Group assesses the credit profiles of each individual debtors by analysing many factors that influence the default probability, including (but not limited to) the counterparty's financial profile, business prospects and management, macroeconomic development, industrial and sovereign risk, and historical performance. The Group also meets quarterly and reviews from time to time the financial conditions of the borrowers or the guarantors.

For mortgage loans and certain secured loans, the Group holds collateral against loans and interest receivables. Majority of the collateral are residential properties, commercial properties, mortgaged properties, shares of listed companies, shares of unlisted companies, vessels and cash pledged against the balances. Individual risk limits are set based on the value of collaterals provided by customers and internal or external ratings in accordance with limits set by the directors. The utilisation of credit limits is regularly monitored. For unsecured or guaranteed loans, the Group assesses the credit quality of the borrower and guarantor based on the customer's financial position, past experience, internal and external credit rating of the customers and other factors.

The Group make ECLs estimates based on the ageing of the loans and interest balances, borrowers' creditworthiness, the payment delinquency of default in interest or principal payments, borrowers' business and the industry to which borrowers belong and local economic conditions. The directors are of the opinion that no provision of ECLs is necessary for certain loans and receivables as there has not been a significant change in credit risk and the respective principals and interests that have been overdue were still fully secured by the fair values of collaterals at their respective estimated selling prices. As at 31 December 2023, loans and interest receivables of approximately HK\$18,613,000 (2022: HK\$24,258,000) were past due but not impaired. Impairment loss amounted to approximately HK\$24,114,000 was recognised for the current year (2022: HK\$28,255,000) on loans and interest receivables.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

35. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

Credit risk *(Continued)*

Loans and interest receivables (Continued)

The Group's concentration of credit risk arising from loans and interest receivables by geographical locations is mainly in Hong Kong, which accounted for 100% (2022: 100%) of the total loans and interest receivables as at 31 December 2023.

Debt instruments at FVTOCI

Debt instrument at FVTOCI refers to the listed bond investments in Hong Kong. During the year, the management considered the bond performance was not satisfactory, and full impairment loss was recognised.

Other receivables

The directors assessed that the ECLs for other receivables as at 31 December 2023 are not material as the related debtors do not have any default history and have a strong capacity to meet their contractual cash flow obligations in the near term.

Bank trust account balances and bank balances and cash

In respect of cash deposited with banks and financial institutions, the credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies. There has been no recent history of default in relation to these financial institutions. The ECLs of these bank balances and cash is close to zero.

Liquidity risk

Ultimate responsibility for liquidity risk management rests with the directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The following table details the Group's remaining contractual maturity for its non-derivative liabilities based on the agreed repayment terms. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

The table includes both interest and principal cash flows. To the extent the interest flows are floating rate, the undiscounted amount is derived from interest rate curve at the end of the reporting period.

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For the year ended 31 December 2023

35. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

Liquidity risk *(Continued)*

Liquidity tables

	Weighted average interest rate %	On demand or less than 1 year HK\$'000	1-5 years HK\$'000	Over 5 years HK\$'000	Total undiscounted cash flows HK\$'000	Carrying amount HK\$'000
At 31 December 2023						
Non-derivative financial liabilities						
Trade and other payables	–	25,851	–	–	25,851	25,851
Bank borrowings (Note)	3.95%	22,958	–	–	22,958	22,958
Lease liabilities	7.00%	353	–	–	353	350
		49,162	–	–	49,162	49,159
At 31 December 2022						
Non-derivative financial liabilities						
Trade and other payables	–	27,363	–	–	27,363	27,363
Bank borrowings	3.43%	23,570	–	–	23,570	23,570
Lease liabilities	7.00%	2,117	353	–	2,470	2,365
		53,050	353	–	53,403	53,298

Note:

The bank borrowing, which includes a repayment on demand clause, is included in the time band of 'On demand or less than 1 year' in the above maturity analysis. Taking into account the Group's financial position, the management believes that the bank is unlikely to exercise their discretionary rights to require immediate repayment, it is expected that the bank borrowing will be repaid in accordance with the repayment schedule set out in the loan agreement. Details are set out in Note 26.

Fair value measurements of financial instruments

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation techniques(s) and inputs used).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

35. FINANCIAL INSTRUMENTS *(Continued)* Fair value measurements of financial instruments *(Continued)*

Financial assets	Fair value as at 31 December 2023	Fair value hierarchy	Valuation technique(s)
Equity securities listed in Hong Kong classified as financial assets at FVTPL	HK\$363,515,000 (2022: HK\$381,560,000)	Level 1	Quoted bid prices (Note (a))
Suspended shares listed in Hong Kong classified as financial assets at FVTPL (Note b)	HK\$nil (2022: HK\$1,101,000)	Level 3	Index return method (Note (c))
Unlisted investment funds classified as financial assets at FVTPL	HK\$84,091,000 (2022: HK\$77,170,000)	Level 2	Net asset value provided by fund administrator and quoted price provided by third party
Unlisted investment funds classified as financial assets at FVTPL (Note d)	HK\$3,602,000 (2022: nil)	Level 3	Market approach
Unlisted equity investment classified as financial assets at FVTPL	HK\$31,067,000 (2022: HK\$22,102,000)	Level 3	Guideline public company method and discounted cash flow method and scenario-based method (Note (e))

Notes:

- (a) The fair values of equity securities listed in Hong Kong are based on quoted bid prices.
- (b) During the year, the management has reviewed the certain shares that have been suspended for several years and considered that it is not probable to resume trading on Hong Kong Stock Exchange. As a result, and as a prudents measure, no fair value was expected. In 2022, the fair values of the Suspended Shares are based on the reference to market comparable companies. The valuation methods are based on assumptions that are not supported by observable market prices or rates. The valuation requires making estimates about the movements of share prices of other comparable companies during the suspension period and discount for lack of marketability. Management believes that the estimated fair value resulting from the valuation technique is reasonable, and that it was the most appropriate value at the end of the reporting period.
- (c) Under the index return method, the fair value was determined where the last trading price of the suspended share is adjusted by the change of returns of the comparable public companies in the period since the suspension date.
- (d) Fair values of unlisted investment funds included in level 3 have been determined based on market approach as their major assets are held for capital appreciation and the investee does not have sufficient earning history to support the use of other approaches. The value of the assets is adjusted to their fair value at the end of each reporting period for the purpose of determining the Group's share of fair value of the investments.
- (e) Under the guideline public company method, the enterprise value to revenue multiple is adopted by the valuer as the most preferable valuation multiple as the investee's earnings are highly correlated with its revenue.

Under the discounted cash flow method and scenario-based method, fair value is estimated using assumptions regarding the benefits and liabilities of ownership over the asset's life including an exit or terminal value.

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For the year ended 31 December 2023

35. FINANCIAL INSTRUMENTS *(Continued)*

Fair value measurements of financial instruments *(Continued)*

Below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative analysis as at 31 December 2023 and 31 December 2022:

	Valuation technique	Significant unobservable input	Range/Percentage	Sensitivity of fair value to the input
31 December 2023 and 31 December 2022				
Unlisted investment funds classified as financial assets at FVTPL	Market approach	Changes in index price	-20.54% (2022: N/A)	10% increase/decrease in the changes in index price would result in increase/decrease in fair value by approximately HK\$93,000 (2022: N/A).
		Trading discount	50% (2022: N/A)	10% increase/decrease in the change in trading discount would result in decrease/increase in fair value by approximately of HK\$360,000 (2022: N/A).
Unlisted equity investment classified as financial assets at FVTPL	Guideline Public Company Method	Enterprise value to revenue multiple of comparable companies	0.98 to 80.63 (2022: 1.03 to 23.97)	10% increase/decrease in the change of enterprise value to revenue multiple would result in increase/decrease in fair value by approximately HK\$462,000 (2022: HK\$209,000).
		Discount for lack of marketability	20.50% (2022: 20.60%)	10% increase/decrease in the discount for lack of marketability would result in decrease/increase in fair value by approximately HK\$246,000 (2022: HK\$573,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

35. FINANCIAL INSTRUMENTS *(Continued)*

Fair value measurements of financial instruments *(Continued)*

	Valuation technique	Significant unobservable input	Range/Percentage	Sensitivity of fair value to the input
Unlisted equity investment classified as financial assets at FVTPL	Discounted cash flow method	Terminal growth rate	2.5% (2022: N/A)	10% increase/decrease in the terminal growth rate would result in increase/decrease in fair value by approximately HK\$79,000 (2022: N/A).
		Discount rate	16.08% (2022: N/A)	10% increase/decrease in the discount rate would result in decrease/increase in fair value by approximately HK\$80,000 (2022: N/A).
		Discount for lack of control	21.90% (2022: N/A)	10% increase/decrease in the discount for lack of control would result in decrease/increase in fair value by approximately HK\$153,000 (2022: N/A).
		Discount for lack of marketability	20.50% (2022: N/A)	10% increase/decrease in the discount for lack of marketability would result in decrease/increase in fair value by approximately HK\$140,000 (2022: N/A).
	Profit guarantee valuation model	Discount rate	18.54% (2022: N/A)	10% increase/decrease in the discount rate would result in decrease/increase in fair value by approximately HK\$550,000 (2022: N/A).
31 December 2022 Suspended shares listed in Hong Kong classified as financial assets at FVTPL	Index Return Method	Change in returns of comparable companies during the suspension period	2022: 7.14% to -71.75%	10% increase/decrease in the change in returns would result in increase/ decrease in fair value by approximately HK\$30,000.
		Discount for lack of marketability	2022: 20.60%	10% increase/decrease in the discount for lack of marketability would result in decrease/increase in fair value by approximately HK\$28,000.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

35. FINANCIAL INSTRUMENTS *(Continued)*

Fair value measurements of financial instruments *(Continued)*

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

As at 31 December 2023

	Fair value measurement using			Total HK\$'000
	Quoted bid price in active markets Level 1 HK\$'000	Significant observable inputs Level 2 HK\$'000	Significant unobservable inputs Level 3 HK\$'000	
Financial assets at FVTPL				
Listed equity securities	363,515	–	–	363,515
Unlisted investment funds	–	84,091	3,602	87,693
Unlisted equity investment	–	–	31,067	31,067
	363,515	84,091	34,669	482,275

As at 31 December 2022

	Fair value measurement using			Total HK\$'000
	Quoted bid price in active markets Level 1 HK\$'000	Significant observable inputs Level 2 HK\$'000	Significant unobservable inputs Level 3 HK\$'000	
Financial assets at FVTPL				
Listed equity securities	381,560	–	1,101	382,661
Unlisted investment funds	–	77,170	–	77,170
Unlisted equity investment	–	–	22,102	22,102
	381,560	77,170	23,203	481,933

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For the year ended 31 December 2023

35. FINANCIAL INSTRUMENTS *(Continued)*

Fair value measurements of financial instruments *(Continued)*

During the year ended 31 December 2023, there was a transfer of fair value measurements into Level 3 from Level 2 for financial assets at FVTPL.

During the year ended 31 December 2022, there was a transfer of fair value measurements into Level 1 from Level 3 for financial assets at FVTPL.

The reconciliation of fair value measurements in Level 3 are as follows:

	2023 HK\$'000	2022 HK\$'000
Financial assets at FVTPL (Level 3 fair value)		
At 1 January	23,203	52,485
Additions	20,720	–
Transfer from Level 3 to Level 1 (Note a)	–	(19,200)
Transfer from Level 2 to Level 3 (Note b)	9,009	–
Net change in unrealised loss recognised in profit or loss	(18,263)	(10,082)
At 31 December	34,669	23,203

Notes:

- a) Certain listed equity securities, which was Suspended Shares as at 31 December 2022, was resumed their right of trading. Accordingly, these equity securities were reclassified to Level 1 equity securities investments.
- b) Certain unlisted investment funds were transferred from level 2 to level 3 during the year. The fair value of these investments as at 31 December 2023 amounted to HK\$3,602,000 (2022: HK\$9,009,000). Since there is no recent transaction prices available for these investments as at 31 December 2023, the fair value was measured using a valuation technique with significant unobservable inputs and hence was classified as level 3 of the fair value hierarchy.

Financial assets and financial liabilities offsetting

The disclosures set out in the tables below include financial assets and financial liabilities that are subject to an enforceable master netting arrangement or similar agreement.

Under the agreement of continuous net settlement made between the Group and Hong Kong Securities Clearing Company Limited (“HKSCC”), the Group has a legally enforceable right to set off the money obligations receivable and payable with HKSCC on the same settlement date and the Group intends to settle on a net basis. In addition, the Group has a legally enforceable right to set off the trade receivables from and payables to clients that are due to be settled on the same date and the Group intends to settle these balances on a net basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

35. FINANCIAL INSTRUMENTS *(Continued)*

Financial assets and financial liabilities offsetting *(Continued)*

As at 31 December 2023

Financial assets subject to offsetting, enforceable master netting arrangements and similar agreements

	Gross amounts of recognised financial assets after impairment 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	Related amount not offset in the consolidated statement of financial position		Net amount HK\$'000
				Financial instruments HK\$'000	Collateral received HK\$'000	
Trade receivables arising from the business of dealing in securities	125,574	(814)	124,760	-	124,760	-

Financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements

	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	Related amount not offset in the consolidated statement of financial position		Net amount HK\$'000
				Financial instruments HK\$'000	Collateral received HK\$'000	
Trade payables arising from the business of dealing in securities	16,037	(814)	15,223	-	-	15,223

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

35. FINANCIAL INSTRUMENTS (Continued)

Financial assets and financial liabilities offsetting (Continued)

As at 31 December 2022

Financial assets subject to offsetting, enforceable master netting arrangements and similar agreements

	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	Related amount not offset in the consolidated statement of financial position			Net amount HK\$'000
			Financial instruments HK\$'000	Collateral received HK\$'000		
Trade receivables arising from the business of dealing in securities	145,678	(1,606)	144,072	-	144,072	-

Financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements

	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	Related amount not offset in the consolidated statement of financial position			Net amount HK\$'000
			Financial instruments HK\$'000	Collateral received HK\$'000		
Trade payables arising from the business of dealing in securities	19,020	(1,606)	17,414	-	-	17,414

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

36. RELATED PARTY TRANSACTIONS

In addition to those disclosed elsewhere in the consolidated financial statements, the Group had the following transactions with related parties during the year:

Compensation of key management personnel

	2023 HK\$'000	2022 HK\$'000
Short-term employee benefits	1,982	10,780
Post-employment benefits	36	50
Share-based payments	–	2,216
	2,018	13,046

37. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Particulars of principal subsidiaries directly and indirectly held by the Company at 31 December 2023 and 2022 are as follows:

Name of subsidiary	Place of incorporation or establishment/ principal place of operations	Issued and fully paid share capital/ registered capital	Principal activities	Proportion of ownership interest held by the Company				Proportion of voting power held by the Company	
				Directly 2023	2022	Indirectly 2023	2022	2023	2022
Classictime Investments Limited	British Virgin Islands	Ordinary share US\$1	Investment holding and securities trading	100%	100%	–	–	100%	100%
Colour Brave Limited	British Virgin Islands	Ordinary share US\$1	Investment holding	100%	100%	–	–	100%	100%
Fast Choice Limited	Hong Kong	Ordinary share HK\$1	Personnel management	–	–	100%	100%	100%	100%
Hong Kong Gogreen Management Limited	Hong Kong	Ordinary share HK\$1	Provision of management services for the group companies	–	–	100%	100%	100%	100%
Plenty Cash Investment Limited	British Virgin Islands	Ordinary share US\$1	Investment holding	100%	100%	–	–	100%	100%
Profitsway Limited*	British Virgin Islands	Ordinary share US\$1	Investment holding	–	–	–	100%	–	100%
Favour Brightness Limited*	British Virgin Islands	Ordinary share US\$1	Investment holding	–	–	–	100%	–	100%
E Cash Fintech Limited	Hong Kong	Ordinary share HK\$1	Provision of money lending	–	–	100%	100%	100%	100%
E Finance Limited	Hong Kong	Ordinary share HK\$100	Provision of money lending	–	–	100%	100%	100%	100%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

37. PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

Name of subsidiary	Place of incorporation or establishment/ principal place of operations	Issued and fully paid share capital/ registered capital	Principal activities	Proportion of ownership interest held by the Company				Proportion of voting power held by the Company	
				Directly 2023	2022	Indirectly 2023	2022	2023	2022
Golden Moral Investments Limited	British Virgin Islands	Ordinary share US\$2	Investment holding	100%	100%	-	-	100%	100%
Minerva Holding Financial Securities Limited (formerly known as Minerva Securities Limited)	Hong Kong	Ordinary share HK\$500,000,000	Licensed to carry on regulated activity in connection with dealing in securities	-	-	100%	100%	100%	100%
Red Metro Limited*	British Virgin Islands	Ordinary share US\$1	Investment holding	-	100%	-	-	-	100%
Minerva Asset Global Investment Capital Limited	Hong Kong	Ordinary share HK\$7,000,000	Asset management	-	-	100%	100%	100%	100%
Minerva Advisory Global Capital Limited	Hong Kong	Ordinary share HK\$5,000,000	Corporate finance	-	-	100%	100%	100%	100%
Key Winner Investments Limited*	British Virgin Islands	Ordinary share US\$1	Investment holding	-	100%	-	-	-	100%
Bonus First Group Limited*	British Virgin Islands	Ordinary share US\$200	Property holding	-	-	-	100%	-	100%
Terra Mater (BVI) Limited	British Virgin Islands	Ordinary share US\$1	Investment holding	100%	100%	-	-	100%	100%
Pictures Global Limited	Hong Kong	Ordinary share HK\$1	Property investment	-	-	100%	100%	100%	100%
Pictures Global Holdings Limited	British Virgin Islands	Ordinary share US\$1,000	Investment holding	100%	100%	-	-	100%	100%
Kairos (BVI) Limited	British Virgin Islands	Ordinary share US\$1	Investment holding	100%	-	-	-	100%	-
Occasio Investment Limited	British Virgin Islands	Ordinary share US\$1	Investment holding	100%	-	-	-	100%	-

* Deregistered during the year

The above table lists the subsidiaries of the Company which, in the opinion of the directors of the Company, materially contribute to the net income of the Group or hold a material position of the assets or liabilities of the Group. To give details of other subsidiaries would, in the opinion of the directors of the Company, result in particulars of excessive length.

None of the subsidiaries had issued any debt securities at the end of the reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

38. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

	Bank Borrowings (Note 26) HK\$'000	Lease liabilities (Note 27) HK\$'000
At 1 January 2022	–	2,909
Addition of right-of-use assets arising from new lease entered	–	3,590
Changes from cash flows		
Advance from bank borrowings	23,900	–
Payment of lease liabilities	–	(4,371)
Payment of bank borrowings	(670)	–
Total cash outflows from financing activities	23,230	(4,371)
Other change		
Interest expense	340	237
At 31 December 2022 and 1 January 2023	23,570	2,365
Changes from cash flows		
Payment of lease liabilities	–	(2,117)
Payment of bank borrowings	(1,444)	–
Total cash outflows from financing activities	(1,444)	(2,117)
Other change		
Interest expense	832	102
At 31 December 2023	22,958	350

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

39. CONTINGENT LIABILITIES

(i) Writ of summons by Convoy Global Holdings Limited

Classictime Investments Limited (“Classictime”), a wholly-owned subsidiary of the Company, is the 24th Defendant in a writ of summons served on 19 December 2017 on behalf of Convoy Global Holdings Limited (“Convoy”, the 1st Plaintiff), Convoy Collateral Limited (“CCL”, the 2nd Plaintiff) and CSL Securities Limited (“CSL”, the 3rd Plaintiff) (collectively, the “Plaintiffs”) in a set of legal proceedings brought by the Plaintiffs in the High Court of Hong Kong (the “Convoy HC Action”). It is the Plaintiffs’ case that, amongst other things, the 1st Defendant, Mr. Cho Kwai Chee Roy, and his associates (who are named as co-defendants in the Convoy HC Action) implemented a scheme such that shares in Convoy would be allotted to and held by companies related to the 1st Defendant (the “Placees”) which had agreed to act upon the direction of the 1st Defendant. The Plaintiffs alleged that the 1st Defendant and his associates on the board of Convoy, CCL and/or CSL improperly used their power to allot shares and to grant loans to the detriment of the Convoy Group, constituting serious breaches of fiduciary duties or other director’s duties, dishonest assistance, unlawful and/or lawful means conspiracy. Classictime is one of the alleged Placees in the Convoy HC Action. The Plaintiffs, amongst other things, seek an order against Classictime that the allotment of shares to Classictime be set aside, together with damages, interests, costs, and further and/or other relief. As at the date of approval of these consolidated financial statements, pleadings are deemed to be closed as between the Plaintiffs and Classictime but discovery has not taken place.

Please refer to the Company’s announcement dated 20 December 2017 for more details.

(ii) Zhu Xiao Yan Petition

Classictime is one of the thirty three respondents in a petition made by Zhu Xiao Yan as the petitioner (“Petitioner”) under a set of legal proceedings in the High Court of Hong Kong (“Petition”). In summary, the Petitioner alleged that the detriment suffered by her to the real value of her shares in Convoy was a consequence of the unfairly prejudicial mismanagement or misconduct in and about the business and affairs of, amongst other companies, Convoy, CCL and CSL. Such allegations made are mainly based on those set out in the writ in the Convoy HC Action.

Please refer to the Company’s announcement dated 3 January 2018 for more details.

A Case Management Conference was held on 6 March 2018. In summary, the Court directed that the Petition be stayed pending determination of the Convoy HC Action.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

39. CONTINGENT LIABILITIES *(Continued)*

(iii) Counterclaim made by Best Year Enterprises Limited (“Best Year”)

On 25 July 2018, Minerva Holding Financial Securities Limited (formerly known as Minerva Securities Limited) (“Minerva Securities”), a wholly-owned subsidiary of the Company, commenced legal proceedings against, amongst other parties, Best Year and Mr. Sin Kwok Lam (“Mr. Sin”) by way of a writ of summons. Minerva Securities subsequently filed and served the Statement of Claim on 30 November 2018. On 8 March 2019, Best Year and Mr. Sin filed a defence and counterclaim. The said counterclaim was made against, amongst other parties, Minerva Securities and other parties for damages for conspiracy to be assessed, interest, costs and such further and/or other relief.

On 24 June 2019, the Court made a winding-up order (the “Winding-up Order”) against Best Year. By reason of the Winding-up Order, the counterclaim by Best Year against Minerva Securities and Mr. Sit was stayed. On 24 June 2019, Minerva Securities and Mr. Sit took out an application to strike out Mr. Sin’s counterclaim. On 18 July 2019, Mr. Sin took out an application for leave to amend his counterclaim. By the Order of Coleman J dated 5 December 2019 (“Coleman J’s Order”), Mr. Sin’s claim was struck out. On 27 December 2019, Mr. Sin filed a notice of appeal against Coleman J’s Order. Appeal hearing has taken place on 9 July 2021 but the judgement has yet to be handed down.

On 21 April 2023, the Court of Appeal (“CA”) handed down the judgment. The CA dismissed Mr. Sin’s appeal and Mr. Sin’s counterclaim remains to be struck out.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

39. CONTINGENT LIABILITIES *(Continued)*

(iv) Writ of summons by Best Year

On 17 June 2019, Best Year and Mr. Sin commenced another legal proceedings against Minerva Securities and another party based on the same subject matter of the counterclaim set out in Section (iii) above. By the writ of summons, Best Year and Mr. Sin sought for, amongst others, a declaration that the summary judgment (the "Summary Judgment") obtained by Minerva Securities against Best Year previously in relation to a margin shortfall was obtained by fraud, an order that the Summary Judgment be set aside, an account order, payment order, damages, interest, costs and such further and/or other relief.

By reason of the Winding-up Order as set out in Section (iii) above, the claim by Best Year against Minerva Securities was stayed. On 23 July 2019, Minerva Securities took out an application to strike out Mr. Sin's claim. By Coleman J's Order as set out in Section (iii) above, Mr. Sin's claim was struck out. On 9 March 2020, Mr. Sin filed a notice of appeal against Coleman J's order. The appeal hearing has taken place on 9 July 2021.

On 21 April 2023, the CA handed down the judgment. The CA dismissed Mr. Sin's appeal and Mr. Sin's counterclaim remains to be struck out.

Regarding aforementioned cases (i) and (ii), given that they are still in an early stage, and having considered the alleged claims and consulted the Company's legal adviser, the directors are of the view that (i) it is premature to determine the possible outcome of any claim which is pending; (ii) it is uncertain to quantify any financial impact which will have a material effect on the financial position of the Group; and (iii) no provision for the claims of these legal proceedings is required to be made based on its current development.

Regarding aforementioned cases (iii) and (iv), given that the CA has dismissed Mr. Sin's appeal and his claims remain to be struck out, having consulted the Company's legal adviser, the directors of the Company are of the view that no provision for the claims of these legal proceedings is required to be made based on its current development.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

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

(a) Statement of financial position of the Company

	Note	2023 HK\$'000	2022 HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment		340	183
Investments in subsidiaries		33,473	33,436
		33,813	33,619
CURRENT ASSETS			
Amounts due from subsidiaries		1,707,738	1,535,271
Other receivables		995	654
Bank balances and cash		29,255	32,200
		1,737,988	1,568,125
CURRENT LIABILITIES			
Amounts due to subsidiaries		575,914	480,391
Other payables and accruals		1,023	846
		576,937	481,237
NET CURRENT ASSETS		1,161,051	1,086,888
TOTAL ASSETS LESS CURRENT LIABILITIES		1,194,864	1,120,507
NET ASSETS		1,194,864	1,120,507
CAPITAL AND RESERVES			
Share capital		25,053	27,836
Reserves	40(b)	1,169,811	1,092,671
TOTAL EQUITY		1,194,864	1,120,507

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

40. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY *(Continued)*

(b) Movements in the Company's reserves are as follows:

	Capital redemption reserve HK\$'000	Share-based payments reserve HK\$'000	Retained earnings HK\$'000	Total HK\$'000
At 1 January 2022	861	-	1,247,898	1,248,759
Loss and total comprehensive income for the year	-	-	(162,678)	(162,678)
Recognition of equity-settled share based payment	-	6,590	-	6,590
Lapse of share options	-	(1,108)	1,108	-
At 31 December 2022 and 1 January 2023	861	5,482	1,086,328	1,092,671
Profit and total comprehensive income for the year	-	-	112,725	112,725
Repurchase of shares	(38,368)	-	-	(38,368)
Cancellation of shares	38,368	-	(35,585)	2,783
At 31 December 2023	861	5,482	1,163,468	1,169,811

41. EVENTS AFTER THE REPORTING PERIOD

Included in the Group's financial assets at FVTPL as at 31 December 2023 are 870,342,000 listed shares of Town Health International Medical Group Limited ("Town Health") with fair value of approximately HK\$282,861,000 at that date. Subsequent to 31 December 2023, the share price of Town Health declined from HK\$0.325 per share to HK\$0.295 per share between the end of the reporting period and the date of approval of these consolidated financial statements, which resulted in a decline in fair value of approximately HK\$26,110,000 and this decline in fair value of approximately HK\$26,110,000 has not been recognised in the consolidated financial statements for the current year as the event of the fall in share price of Town Health subsequent to 31 December 2023 constitutes a non-adjusting event.

FIVE YEAR FINANCIAL SUMMARY

For the year ended 31 December 2023

The following is a summary of the published results and assets and liabilities of the Group for the last five financial years prepared on the basis set out in the notes below:

RESULTS

	For the year ended 31 December				2023 HK\$'000
	2019 HK\$'000	2020 HK\$'000	2021 HK\$'000	2022 HK\$'000	
Revenue	84,172	101,176	95,721	72,978	74,072
(Loss)/profit before tax	(69,433)	46,716	156,904	(171,283)	(107,122)
Income tax (expense)/credit	(1,810)	(2,537)	(3,156)	–	3,061
(Loss)/profit for the year	(71,243)	44,179	153,748	(171,283)	(104,061)
(Loss)/profit for the year attributable to:					
Owners of the Company	(71,651)	44,190	153,759	(171,280)	(104,059)
Non-controlling interests	408	(11)	(11)	(3)	(2)
	(71,243)	44,179	153,748	(171,283)	(104,061)

ASSETS AND LIABILITIES

	As at 31 December				2023 HK\$'000
	2019 HK\$'000	2020 HK\$'000	2021 HK\$'000	2022 HK\$'000	
Total assets	1,434,426	1,456,134	1,628,885	1,472,917	1,325,798
Total liabilities	(50,749)	(33,950)	(46,384)	(53,849)	(49,159)
	1,383,677	1,422,184	1,582,501	1,419,068	1,276,639
Equity attributable to owners of the Company	1,381,806	1,420,324	1,580,652	1,417,222	1,274,795
Non-controlling interests	1,871	1,860	1,849	1,846	1,844
	1,383,677	1,422,184	1,582,501	1,419,068	1,276,639