# 2023
# Annual Report

Planetree
INTERNATIONAL
梧桐國際

梧桐國際發展有限公司
Planetree International Development Limited

*(Incorporated in Bermuda with limited liability)*
*Stock code: 613*

# Contents

# Corporate Information

## BOARD OF DIRECTORS

### Executive Directors
Mr. Xing Shaonan
*(appointed as Vice Chairman and executive director on 1 March 2024)*
Mr. Cheung Ting Kee
*(redesignated as Managing Director from acting Chairman on 1 February 2024)*
Ms. Cheung Ka Yee
Mr. Lam Hiu Lo

### Non-Executive Director
Dr. Chuang Henry Yueheng
*(appointed as Chairman and non-executive director on 1 February 2024)*

### Independent Non-Executive Directors
Mr. Chan Sze Hung
Mr. Chung Kwok Pan
Mr. Ma Ka Ki
Mr. Zhang Shuang

## COMMITTEES

### Audit Committee
Mr. Ma Ka Ki *(Chairman)*
Mr. Chan Sze Hung
Mr. Chung Kwok Pan

### Nomination Committee
Mr. Chan Sze Hung *(Chairman)*
Mr. Chung Kwok Pan
Mr. Ma Ka Ki

### Remuneration Committee
Mr. Ma Ka Ki *(Chairman)*
Ms. Cheung Ka Yee
Mr. Chung Kwok Pan

## AUTHORISED REPRESENTATIVES

Ms. Cheung Ka Yee
Mr. Chow Chi Wah, Vincent

## COMPANY SECRETARY

Mr. Chow Chi Wah, Vincent

## EXTERNAL AUDITORS

Mazars CPA Limited

## PRINCIPAL BANKERS

Morgan Stanley Bank Asia Limited
The Hongkong and Shanghai Banking Corporation Limited
Standard Chartered Bank (Hong Kong) Limited

## LEGAL ADVISERS

Conyers Dill & Pearman

## REGISTERED OFFICE

Clarendon House, 2 Church Street,
Hamilton HM 11, Bermuda

## HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

8/F, China United Centre, 28 Marble Road,
North Point, Hong Kong
Tel: 3198 0238
Fax: 2520 6103
Email: investors@planetreeintl.com

## 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

http://www.planetreeintl.com

## HKEX STOCK CODE

613

# Introduction

Dear Shareholders,

On behalf of the board of directors (the “**Board**”) of Planetree International Development Limited (the “**Company**”), I am pleased to present this annual report to you.

The global economy made a gradual recovery in the first part of 2023 from the impact of COVID-19, but the post pandemic boom did not extend to the second half of the year. The economy continued to face a vast number of uncertainties, including but not limited to slow global economic growth, high interest rate, as well as persistent geopolitical uncertainty and the negative impact from the wars in Ukraine and the Middle East.

The Hong Kong capital market has been weak and underperforming global stock markets for consecutive years. It is no secret that the city has been performing worse than expected economically since the pandemic – an observation backed by disappointing data from the financial and property markets to the export and local consumer sectors. The economic outlook remains weak, the birth rate is low, and sectors from construction to consumer services face serious manpower shortages.

The overall investor sentiments remain sluggish. During the Year, Hong Kong’s economy recovered in a much slower pace than initially forecasted by the government. The Company anticipates that the global equity and debt markets will continue to face unprecedented challenges and remain difficult to predict. The geopolitical risks brought by the Russian-Ukrainian war, the Israel-Hamas war and the tension between China and the United States may also influence equity market to fluctuate.

Despite the economic slowdown triggered in large by the rapid tightening of global monetary policy in response to inflation, as we enter the year of the Dragon (now known as the year of the “**Loong**”), 2024 has seen positive signs of interest rate drop, the cancellation of Buyer’s Stamp Duty by the government, and a strong recovery in tourist traffic. It is hoped that these positive signs, together with other proactive actions by the government, will inject new momentum into economic activities and reversing the market’s pessimistic expectations.

The Group will continue to implement cost saving initiatives as well as ensure a strong and healthy financial position to weather any unforeseeable headwinds.

On behalf of the Board, I would like to express my sincere gratitude to our shareholders, my fellow directors, and staff members for their support during the year.

By order of the Board
**Planetree International Development Limited**
**Mr. Cheung Ting Kee**
*Managing Director*

Hong Kong, 27 March 2024

# Management Discussion and Analysis

Dear Shareholders,

On behalf of the board (the "**Board**") of directors (the "**Directors**") of Planetree International Development Limited (the "**Company**"), I am pleased to present the annual results of the Company and its subsidiaries (collectively the "**Group**") for the year ended 31 December 2023.

## REVIEW OF RESULTS

During the year under review, the Group's total revenue of HK$113.4 million and other income and gains of HK$43.2 million aggregated to HK$156.6 million, representing a reduction of HK$12.0 million or 7.1% as compared to last year. The Group recorded a consolidated loss after tax of HK$176.5 million (2022: loss of HK$1.5 million). After allocating the loss attributable to non-controlling interests of HK$36.4 million, the loss attributable to shareholders of the Company for the year ended 31 December 2023 (the "**Year**") was HK$140.1 million (2022: loss of HK$17.2 million).

The increase in loss of the Group when compared to the previous year is mainly attributable to the combined effects of: (i) the increase in fair value loss on financial assets at fair value through profit or loss by approximately HK$207.2 million; and (ii) the decrease in corporate advisory service income and margin loan interest income by approximately HK$6.8 million and HK$6.3 million respectively; and (iii) the decrease in loan receivables interest income by approximately HK$22.5 million. The aforementioned factors were partially offset by (i) the increase in recovery of bad debt by approximately HK$42.0 million; and (ii) decrease in share of loss from associates by approximately HK$65.7 million recorded in the Year. To better assess the performance of the Group's core businesses, the share of loss from the associate can be excluded to show the Group's loss before tax for core businesses, which would be HK$140.9 million for the Year when compared to HK$94.2 million profit before tax for the previous year.

The basic and diluted loss per share for the Year were HK14.82 cents and HK14.82 cents respectively, whereas the basic and diluted loss per share of HK1.82 cents and HK1.82 cents respectively were recorded for the last corresponding year (the "**Previous Year**").

## FINAL DIVIDEND

The Board resolved not to recommend the payment of a final dividend for the year ended 31 December 2023 (2022: Nil). No interim dividend was declared for the financial years of 2023 and 2022.

## BUSINESS REVIEW

In 2023, the recovery from the COVID-19 pandemic brought about a strong rebound in the global economy. The growth of which gradually slowed down mainly due to the persistent geopolitical conflicts in Ukraine and Middle East, the high interest rate environment and tightened monetary policy to curb inflation. Besides, in China, the economy has been gradually recovering from the pandemic at a slow and unbalanced pace during the year.

Looking forward, it is anticipated that the global economic environment will continue to be challenging. While global inflation rates and interest rates are projected to show moderate falls in 2024, the ongoing and widening geopolitical tensions as well as the slowdown in the Mainland China economy could prolong the difficult financial conditions and lead to weak momentum of economic growth.

Nevertheless, the Group has been striving to use all of its resources on hand flexibly to cope with the difficulties. Extra prudence is needed in these unprecedented times and the post-pandemic period.

The Group's revenue decreased 27.0% over that of 2022 to approximately HK$113.4 million. Net loss attributable to owners of the Company was up 716.1% to approximately HK$140.1 million.

# Management Discussion and Analysis

The principal activities of the Group are classified into the following business segments:

## (1) Financial services – operations under SFO licences

The Group has been engaging in the provision of dealing in securities (including the provision of margin loans to clients), dealing in futures contracts and asset management services with Type 1, Type 2 and Type 9 licences granted under the Securities and Futures Ordinance (the "**SFO**") for years. It has further stepped into the businesses for the provision of corporate finance advisory services, automated trading services and securities margin financing services with Type 6, Type 7 and Type 8 licences under the SFO. The Group's asset management service income (especially the contribution from performance fee income based on the appreciation in the value of clients' net assets) was inevitably affected by the sluggish stock market performance. Such asset management service income dropped to approximately HK$3.7 million during the Year (2022: approximately HK$4.5 million). Margin loan interest income also dropped to approximately HK$53.2 million during the Year (2022: approximately HK$59.5 million). The decrease in margin loan interest income is mainly due to the margin loan rate was lowered from 10% to 8% on 15 August 2022 even though the average monthly margin loan amount for the Year is slightly higher than the Previous Year. The Group has engaged in Type 6 regulated activity, i.e. advising on corporate finance, under the SFO. The Group's revenue from such services dropped to approximately HK$7.6 million (2022: approximately HK$9.8 million). The decrease in revenue for the Year was mainly due to the drop in number of clients as the financial services market still in a slow recovery pace.

As a result, the segment revenue of approximately HK$65.5 million was 12.7% lower than the corresponding figure of approximately HK$75.0 million for the Previous Year. The segment profit dropped from approximately HK$66.7 million for the Previous Year to approximately HK$49.9 million for the Year. The Group was granted Type 7 licence (providing automated trading services) regulated activity under the SFO on 8 June 2022. The Group intends to roll out a pre-IPO platform, which will allow its retail and corporate clients to trade new stocks before the official listings in Hong Kong. The development of the pre-IPO matching system was completed in August 2023, following a market rehearsal with The Stock Exchange of Hong Kong Limited (the "**HKEx**"). A "soft launch" has been done in early October 2023, after which the pre-IPO matching system was rolled out to the clients subsequently. With an aim to support the business development and grow the client base, the Group will also expand offering services online. In order to further expand the scope of this segment, in the mid of February 2023, the Group applied for the licences to carry on Type 4 (advising on securities) & Type 5 (advising on futures contracts) regulated activities under the SFO. The applications had been accepted by the Securities and Futures Commission (the "**SFC**") and official written approval was obtained from SFC on 27 September 2023. The Group, through its subsidiaries, is licensed by the SFC to engage in a full suite of regulated activities under the SFO, including Type 1, Type 2, Type 4, Type 5, Type 6, Type 7, Type 8 and Type 9 regulated activities. The Board expected that a more comprehensive profile of licences under the SFO will create a synergy effect favourable to the Group's development of the integrated financial services business.

# Management Discussion and Analysis

### (2) Credit and lending services – operations under MLO licences

The Group conducts its money lending business with two money lenders licences held by the Group under the Money Lenders Ordinance (the "**MLO**", Chapter 163 of the laws of Hong Kong). The Group's clientele primarily consists of niche customers including corporations and high net-worth individuals. These clients mostly have been acquired through business referrals and introductions from the Company's senior management, business partners or clients. Besides in compliance with all rules and regulations imposed under the MLO, the Group has also formulated internal money lending policy to guide its two money lending subsidiaries in conducting the money lending operations. The loan terms would be arrived at after considering a combination of factors including prevalent market interest rates, the financial strength of the borrower, the collaterals offered as past credit history of the borrower with the Group and adjusted, if necessary, by arms-length negotiations with the borrower. The related internal control procedures are strictly complied with during the Year.

During the Year, segment revenue from credit and lending services increased from approximately HK$53.8 million in the Previous Year to approximately HK$73.0 million. The increase is due to the bad debt recovery amounted to HK$42.0 million during the Year. Total principal amount and accrued interest of approximately HK$133.1 million remain outstanding, of which the amount of loans receivable due from the largest borrower and the five largest borrowers in aggregate were approximately 26% and 80% thereof respectively. Although the decrease in the gross balance of loan and interest receivables from approximately HK$687.3 million as at 31 December 2022 to approximately HK$133.1 million as at the end of the Year, the segment profit increased to approximately HK$71.7 million during the Year when compared to the segment profit of approximately HK$57.7 million during the Previous Year. The Company retained an independent professional valuer to conduct impairment assessment on the outstanding loans for each reporting period end date, the allowances for impairment loss of approximately HK$0.9 million were provided on the outstanding loans receivable as at 31 December 2023 (31 December 2022: approximately HK$0.6 million).

### (3) Other financial services

To diversify the Group's financial services, the Group has also carried on the business of providing corporate advisory related services in Hong Kong since October 2020. For the Year, the segment revenue amounted to approximately HK$12.7 million (2022: approximately HK$19.9 million) and segment profit amounted to approximately HK$1.6 million (2022: approximately HK$9.1 million). The decrease in revenue for the Year was mainly due to the drop in the number of clients as the competition in 2023 was still intense.

### (4) Property investment and leasing

During the Year, segment revenue of approximately HK$12.0 million (2022: approximately HK$9.4 million) and segment loss of approximately HK$10.7 million (2022: loss of approximately HK$6.2 million). The increase in segment revenue was mainly due to the Group's reallocation of previously own-used property for leasing to a third-party tenant from November 2022. The increase in segment loss was mainly due to the increase in fair value loss on investment properties of HK$8.1 million for the Year. As at 31 December 2023, the Group held four commercial properties in Hong Kong for leasing to independent third-party tenants for rental income with a total fair value at HK$505.7 million.

# Management Discussion and Analysis

### (5) Tactical and strategic investment

The amount of resources allocated by the Group to this segment (in the form of financial assets at FVPL) was approximately HK$148.2 million at the end of the Year (31 December 2022: approximately HK$161.6 million). The Group recorded a negative segment revenue of approximately HK$6.6 million (2022: segment revenue of approximately HK$5.9 million). The segment loss was approximately HK$232.2 million for the Year (2022: approximately HK$84.3 million) mainly due to (i) share of loss of associates (which is principally engaged in holding listed equity investments) amounted to approximately HK$22.1 million (2022: approximately HK$87.8 million); (ii) net fair value loss on the financial assets at FVPL at approximately HK$200.2 million (2022: net fair value gain at approximately HK$6.9 million) and the fair value loss on the financial assets at FVPL mainly attributable to the net fair value loss on a number of Hong Kong listed securities of the amount of approximately HK$187.6 million and two unlisted securities of the amount of approximately HK$12.3 million; and (iii) net fair value gains on Designated FVOCI at approximately HK$13.0 million (2022: Nil).

## OUTLOOK AND STRATEGY

The world economy continues to face with challenges of inflation and slow growth prospects. Ongoing military confrontation in East Europe and Middle East regions, and the continued tensions over between China and USA have introduced greater uncertainty for global business environment. Despite these turbulences and challenges, the management will remain cautious and continue to adopt a proactive and prudent approach to expand its business portfolio.

The Group has been engaging in the provision of dealing in securities (including the provision of margin loans to clients), dealing in futures contracts and asset management services with Type 1, Type 2 and Type 9 licences granted under the SFO for years. It has further stepped into the businesses for the provision of corporate finance advisory services, automated trading services and securities margin financing services with Type 6, Type 7 and Type 8 licences under the SFO. As previous mentioned, the Group was granted Type 7 licence (providing automated trading services) regulated activity under the SFO on 8 June 2022. The Group intends to roll out a pre-IPO platform (named "**Etreemart**"), which will allow its retail and corporate clients to trade new stocks before the official listings in Hong Kong. The development of the pre-IPO matching system was completed in August 2023, following a market rehearsal with The Stock Exchange of Hong Kong Limited (HKEx). A "**soft launch**" has been completed in early October 2023, after which the pre-IPO matching system was rolled out to the clients subsequently. Due to the sluggish Hong Kong stock market and weak investor sentiment, the number of IPO was minimal for the year 2023. With an aim to support the business development and grow the client base, the Group will also to expand offering services online. In order to further expand the scope of this segment, in the mid of February 2023, the Group applied for the licences to carry on Type 4 (advising on securities) & Type 5 (advising on futures contracts) regulated activities under the SFO. The applications had been accepted by the Securities and Futures Commission (the "**SFC**") and official written approval was obtained from SFC on 27 September 2023. The Group, through its subsidiaries, is licensed by the SFC to engage in a full suite of regulated activities under the SFO, including Type 1, Type 2, Type 4, Type 5, Type 6, Type 7, Type 8 and Type 9 regulated activities. The Board expected that a more comprehensive profile of licences under the SFO will create a synergy effect favourable to the Group's development of the integrated financial services business. An imminent end to global interest rate hikes is expected, as indicated by the median projection of the federal funds rate at 4.6% and 3.6% by the end of 2024 and 2025 as disclosed in the latest "**Summary of Economic Projections**" released by the Federal Reserve of the United States of America in December 2023, as compared to the current effective federal funds rate at 5.33%. With the market anticipation on potential interest rate cuts, the Board is optimistic about the improvement on the investor sentiment and the long-term prospect of the Hong Kong stock market.

# Management Discussion and Analysis

Economic recovery was stalling and consumer confidence was severely affected with the negative wealth effect from a steeper drop in property market. The market downturn driven by property market slump may be structural and it may not be able to turn around in the near future. The office market will, in view of the high vacancy rates and new supply of office spaces, continue to be challenging. On a more positive note, it is predicted that investment activities may gradually improve later in 2024 and in 2025, when mortgage rates are expected to be gradually lowered.

The Group's property investment and leasing business was not severely affected under the above-mentioned market conditions in the Year. The Group anticipates that post-pandemic investors will continue to redistribute their capital towards the property market as a more defensive investment strategy amid the persistent pandemic. The Group is confident that property investment is a prudent choice which will help the Group to generate a stable and secure revenue as the property market continues to recover and leasing demand strengthen in future.

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

Simultaneously, the Group continues to implement conservative and stringent cost control policies in order to maintain sufficient working capital and alleviate the financial pressure on the operational expenses by imposing control over operating costs and capital expenditures and strengthening accounts receivable management.

Under the aforesaid challenging operating environment, the Group will stay vigilant of the uncertainties and challenges ahead and strive to maximize returns and value to our shareholders. The Group will continue to render comprehensive services to our clients and to maintain client confidence and loyalty.

## FINANCIAL REVIEW

### Revenue

The overall revenue of the Group was approximately HK$113.4 million for the Year, representing a decrease of approximately HK$41.9 million or 27.0% from the Previous Year. Financial services income including those from other financial services aggregated to approximately HK$77.6 million (2022: approximately HK$93.7 million). Interest income from the Group's money lending business decreased to approximately HK$30.9 million (2022: approximately HK$53.4 million). Rental income remained stable at approximately HK$12.0 million (2022: approximately HK$9.4 million). The revenue from tactical and strategic business recorded a negative revenue of approximately of HK$7.2 million (2022: negative revenue of approximately HK$1.1 million).

### Other comprehensive income

The Group has other comprehensive income of approximately HK$13.4 million for the Year (2022: approximately HK$11.1 million).

# Management Discussion and Analysis

## Net Asset Value

As at 31 December 2023, the consolidated net asset value of the Group was approximately HK$1,907.1 million (2022: approximately HK$2,120.2 million). The consolidated net asset value per share of the Group was approximately HK$2.02 (2022: approximately HK$2.24). The Group's total assets and total liabilities were approximately HK$2,184.4 million (2022: approximately HK$2,412.7 million) and approximately HK$277.3 million (2022: approximately HK$292.5 million) respectively.

## Capital Structure

The Group's capital expenditure and investments were mainly funded from cash on hand, internally-generated funds and bank borrowings.

The Group persistently adopts conservative treasury policies in cash and financial management. Cash is generally placed in short-term deposits mostly denominated in U.S. dollars and Hong Kong dollars. The Group does not use any financial instruments for hedging purpose.

## Liquidity and Financial Resources

The Group's cash and cash equivalents (excluding trust and segregated accounts), being mainly denominated in Hong Kong dollars, was approximately HK$38.5 million as at 31 December 2023 (31 December 2022: approximately HK$229.3 million). The cash and cash equivalents and the financial assets at FVPL in aggregate were approximately HK$103.3 million as at 31 December 2023 (31 December 2022: approximately HK$373.8 million). The liquidity of the Group remained strong with a current ratio of 3.9 as at 31 December 2023 (31 December 2022: 5.8). The Group had bank borrowings in the sum of approximately HK$239.7 million as at 31 December 2023 (31 December 2022: approximately HK$252.6 million). The Group did not have any available short-term revolving banking facilities as at 31 December 2023 (31 December 2022: Nil).

## Capital commitments

The Group did not have any capital commitments as at 31 December 2023 (31 December 2022: Nil).

## Exposure to Fluctuation in Exchange Rates and Related Hedges

As the Group's major source of income, expenses, major assets and bank deposits were denominated in Hong Kong dollars and U.S. dollars, the Group's exposure to fluctuation in foreign exchange rates was minimal due to the pegged exchange rate. The Group did not have any related hedging instruments.

## Gearing Ratio

As at 31 December 2023, the gearing ratio of the Group, as measured by dividing the net debt to Shareholders' equity, was 13.0% (2022: 1.7%). The increase in gearing ratio was mainly attributable to the reduced cash and cash equivalents as a result of utilization of the Group's financial resources to finance the operation of businesses. Net debt was calculated as bank borrowings plus other payables and accruals, net of cash and cash equivalents.

## Contingent Liabilities

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

# Management Discussion and Analysis

## Charges on Group Assets

As at 31 December 2023, the Group pledged its investment properties with carrying value of approximately HK$452.9 million (2022: approximately HK$459.3 million) as security for general banking facilities granted to the Group.

## Repurchase of shares of a subsidiary

On 21 December 2023, Planetree Financial Group Limited (the "**Planetree Financial Group**", the "**Purchaser**"), a company incorporated in Hong Kong with limited liability and as an indirect wholly owned subsidiary of the Company and Polymate Investments Limited (the "**Vendor**", a company incorporated in the British Virgin Islands), entered into a sales and purchase agreement (the "**Planetree S & P Agreement**"). Pursuant to the Planetree S & P Agreement, Planetree Financial Group agreed to repurchase from the Vendor approximately 5.32% of the share capital of Planetree Securities Limited (the "**Planetree Securities**", a company incorporated in Hong Kong with limited liability and an indirect non-wholly owned subsidiary of the Company) at the consideration of HK$50.0 million payable in cash by its internal resources.

The integrated financial services business has been one of the principal core businesses of the Group. The Company has been devoting extensive resources for Planetree Securities to develop its businesses, especially the new pre-IPO platform allowing its retail and corporate clients to trade new stocks before the official listings in Hong Kong. The pre-IPO matching system has been rolled out to the clients in early October 2023. The Group intends to expand its offering services online and leverage the synergistic benefits derived from its comprehensive range of regulated activities under the SFO, with an aim to facilitate the growth of the integrated financial services business and broaden the client base of the Group.

Given the business potential of Planetree Securities and its synergistic benefits to the Group, the Company believes that the repurchase represents an opportunity for the Group to unify its ownership over Planetree Securities and enhance operational efficiency. By acquiring the remaining non-controlling interests of Planetree Securities, the Group can fully capitalize on the business prospects of Planetree Securities with the pre-IPO platform.

Planetree Securities is licensed under the SFO to carry out Type 1 (dealing in securities) and Type 7 (providing automated trading services) regulated activities. Immediately prior to the entering into of the Planetree S & P Agreement, Planetree Securities was owned as to approximately 94.68% by the Purchaser and approximately 5.32% by the Vendor respectively.

Upon completion, all the issued shares of Planetree Securities are owned by Planetree Financial Group and Planetree Securities has become an indirect wholly-owned subsidiary of the Company. The repurchase constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules, detailed information regarding the repurchase of shares was disclosed in the Company's announcement dated 21 December 2023.

# Management Discussion and Analysis

## Significant Investments

The following table further set forth the significant investment with a value of 5% or more of the Group's total assets as at 31 December 2023:

| Name of investee | Number of shares held as at 31 December 2023 | Investment cost as at 31 December 2023 | Fair value as at 31 December 2023 | Gain on deemed disposal recognised during the year ended 31 December 2023 | Unrealised gain/(loss) recognised during the year ended 31 December 2023 | Approximate % to the Group's total assets as at 31 December 2023 | Approximate % of shareholding in investee as at 31 December 2023 | Dividend income recognised during the period ended 31 December 2023 |
|---|---|---|---|---|---|---|---|---|
| | | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* | | | *HK$'000* |
| Green River | 122 | 330,604 | 214,319 | 472 | – | 9.8% | 47.8% | – |

An investment with carrying value of 5% or more of the total assets of the Group is considered as a significant investment of the Group. The Group treated the equity interest in Green River Associates Limited ("**Green River**") incorporated in Marshall Islands as a long-term investment since late 2020 which is in line with the principal businesses of the Group. Green River engaged in securities investment and holds investment portfolio in both listed and unlisted securities across different industry sectors including financial services, natural resources, logistics and property. Green River is a strategic partner of the Group in developing the tactical and strategic investment business.

On 28 February 2023, Green River allotted additional shares to another investor for subscription of shares. The shareholdings by the Group was thus further diluted from 33% to 31.37%.

In order to take the advantage of the general downturn of the stock market in Hong Kong with an expectation for a growth in portfolio value of Green River in future, on 28 December 2023, Planetree International Limited, a company incorporated in Republic of Marshall Islands and a direct wholly-owned subsidiary of the Company (the "**Planetree International**" or the "**Purchaser**") and Mr. Au-Yeung Kai Wah (the "**Vendor**") entered into a sales and purchase agreement (the "**Green River S & P Agreement**"). Pursuant to the Green River S & P Agreement, Planetree International agreed to purchase from the Vendor approximately 16.47% of the share capital of Green River at the consideration of HK$80.0 million settled with internal resources of the Company.

Upon Completion, the Planetree International is the single largest shareholder of the Green River holding approximately 47.84% of the total issued share capital of the Green River and Green River remains as an associate of the Company. The purchase constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules, details information regarding the Acquisition of Shares was disclosed in the Company's announcement dated 28 December 2023.

The carrying amount of investment in 47.84% equity interest in Green River amounted to approximately HK$214.3 million was included in investment in associates in the balance sheet (31 December 2022: approximately HK$153.9 million), which represented approximately 9.8% to the Group's total assets. During the Year, the Group's share of loss of Green River was approximately HK$20.5 million (2022: approximately HK$87.6 million), which was mainly a result of Green River fair value loss on its investments at FVPL. Given the recent downward trend in the local securities market, Green River business of securities investment may still face challenges in the coming year.

# Management Discussion and Analysis

Save as disclosed above and elsewhere in this report, there was no other significant investment held, nor were there any material acquisitions or disposals of subsidiaries, associates or joint ventures during the reporting period under review (2022: Nil). There was no present plan authorised by the Board for material investments or acquisition of material capital assets as at the date of this report.

As at 31 December 2023, the Group held a diversified portfolio of (i) financial assets at FVPL comprising equity investments in 7 listed companies in Hong Kong with a total carrying value of approximately HK$64.8 million (2022: approximately HK$144.5 million); (ii) equity investments in 3 unlisted companies incorporated in the British Virgin Islands and Marshall Islands with a total carrying value of approximately HK$83.4 million (2022: approximately HK$17.1 million); and (iii) Designated FVOCI comprising equity investments in 10 listed companies in Hong Kong with a total carrying value of approximately HK$155.6 million (2022: nil). Each of the equity investments in the said portfolio accounted for less than 5% of the Group's total assets as at 31 December 2023 and therefore was not considered as a significant investment held by the Group.

## SIGNIFICANT EVENTS SINCE THE END OF THE REPORTING PERIOD

### Connected Transaction

On 19 January 2024, Planetree Management Limited (the "**Tenant**"), a wholly-owned subsidiary of the Company, enter into a tenancy agreement with Good Develop Limited (the "**Landlord**") in respect of the premises situated at 8th Floor of China United Centre, No. 28 Marble Road, North Point, Hong Kong for a term of three years commencing from 1 January 2024 and expiring on 31 December 2026 (both days inclusive) at a monthly rental of HK$330,000.

As at the date of this report, the substantial shareholder of the Company namely Ms. LO Ki Yan Karen ("**Ms. LO**") indirectly held 82.19% equity interest in Landlord. Therefore, the Landlord was an associate of Ms. LO and a connected person of the Company. Details of the above-mentioned connected transaction are set out in the announcement of the Company dated 19 January 2024.

### Appointment of directors and re-designation of Acting Chairman as Managing Director

On 1 February 2024, Dr. Chuang Henry Yueheng was appointed as a Non-executive Director and the Chairman of the Company. At the same time, Mr. Cheung Ting Kee was re-designated from the Acting Chairman to the Managing Director of the Company. Detailed information regarding the appointment and re-designation was disclosed in the Company's announcement dated 31 January 2024.

On 1 March 2024, Mr. Xing Shaonan was appointed as an Executive Director and the Vice Chairman of the Company. Detailed information regarding the appointment was disclosed in the Company's announcement dated 29 February 2024.

# Management Discussion and Analysis

## OTHER INFORMATION

### Corporate Governance

The Company has adopted and complied with the code provisions as set out in the Corporate Governance Code under Appendix C1 Part 2 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") throughout the year ended 31 December 2023, except for the following deviation:

Code Provision C.1.6 stipulates that independent non-executive Directors and other non-executive Directors should attend general meetings, to gain and develop a balanced understanding of the views of shareholders. Mr. Chan Sze Hung, an independent non-executive director, did not attend the annual general meeting (the "**AGM**") of the Company held on 28 June 2023 due to other engagement. However, there were sufficient Directors, including executive Directors and independent non-executive Directors, present at the AGM to enable the Board to develop a balanced understanding of the views of the Company's shareholders and to answer questions at the AGM.

### Model Code for Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Listing Rules as its own code of conduct regarding securities transaction by the Directors and the relevant employees of the Group. Following specific enquiry by the Company, each Director confirmed that throughout the year ended 31 December 2023, they have complied with the required standards set out in the Model Code.

### Environmental, Social and Governance ("ESG") Performance

The Board is committed to achieving sustainable development and protection of the environment and engaging ESG considerations as an integral part of the business operations and investment of the Company. The Company's strategy in ESG management can be achieved by adopting eco-friendly management practices, making efficient use of resources, and promoting green awareness within the Group. The Company strives to promote awareness on environmental protection and optimise efficient use of energy in daily operation by encouraging employees to recycle office supplies, plus a series of measures to develop practices to promote energy-saving and emission reduction. The Company will further enhance ESG management by participating in community engagement and ensuring our business development will take into consideration the communities' interests. The Company has complied with all the applicable environmental laws and regulations that have a significant impact on the Company. Details of ESG practice of the Group is set out in this report on page 38 which are prepared in accordance with the Environmental, Social and Governance Reporting Guide as set out in Appendix C2 to the Listing Rules.

# Management Discussion and Analysis

### Human Resources Practices

The Group's remuneration policy is to ensure fair and competitive packages based on business needs and industry practice. The Company aims to provide incentives to Directors, senior management and employees to perform at their highest levels as well as to attract, retain and motivate the very best people. Remuneration will be determined by taking into consideration factors such as market and economic situation, inflation, employment conditions elsewhere in the Group and salaries paid by comparable companies. In addition, performance-based assessment such as individual's potential and contribution to the Group, time commitment and responsibilities undertaken will all be considered.

There were 36 work forces (inclusive of all the directors of the Company) working for the Group as at 31 December 2023. The Group also provides other staff benefits including mandatory provident fund, medical insurance and discretionary training subsidy. The Company also operates a discretionary share option scheme and a discretionary share award scheme to motivate employees' performance and loyalty.

## APPRECIATION

The Board would like to take this opportunity to extend our gratitude and sincere appreciation to the management team and all staff for their diligence and dedication throughout the Year.

By order of the Board
**Planetree International Development Limited**
**Ms. Cheung Ka Yee**
*Executive Director*

Hong Kong, 27 March 2024

# Corporate Governance Report

The Board is committed to an ongoing enhancement of effective and efficient corporate governance practices. The Board recognises that good corporate governance practices are essential in bringing up the success of the Company, upholding accountability and transparency, and balancing the interests of shareholders, investors and employees of the Company as a whole.

## CORPORATE GOVERNANCE PRACTICE

The Company has adopted and complied with the code provisions as set out in the Corporate Governance Code under Appendix C1 Part 2 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") throughout the year ended 31 December 2023.

## DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Listing Rules as its own code of conduct regarding securities transaction by the Directors and the relevant employees of the Group. Following specific enquiry by the Company, each Director confirmed that throughout the year ended 31 December 2023, they have complied with the required standards set out in the Model Code.

## DIRECTORS' INTERESTS

The interests and short positions of Directors of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) as at 31 December 2023 and as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were contained in the section headed "Directors' and Chief Executive's Interests" of the report of the directors on page 54.

## STRATEGIC PLANNING

The corporate strategy of the Group focuses on the development of the financial services business for long-term growth. In addition, the Group aims to strike a balance between maintaining a sound financial and management capabilities and enhancing the shareholder's return.

# Corporate Governance Report

## THE BOARD

### A. Board Composition

The Company is headed by an effective Board which is responsible for promoting the success of the Company, and balancing the long-term interests of shareholders and stakeholders. At the date of this report, the Board comprises nine Directors, including four executive Directors, one non-executive Director and four independent non-executive Directors ("**INEDs**"). More than one-third of the Board consists of INEDs which complied with Rule 3.10 and 3.10A of the Listing Rules. Such balanced composition of executive and non-executive Directors ensures a strong independent element on the Board, and provides adequate check and balance to safeguard the interest of shareholders and the Company as a whole. Members of the Board come from different backgrounds and possess diverse range of professional expertise and experience, collectively have a balance mix of skill, competence and personal qualities relevant to the business of the Group and therefore would be able to discharge the responsibilities efficiently and effectively. They are experienced personnel with academic or professional qualifications either in accounting, legal or business management and at least one of whom has appropriate professional qualification of accounting or related financial management expertise.

***Chairman and Chief Executive Officer***

As at 31 December 2023, Mr. Cheung Ting Kee ("**Mr. Cheung**") was the Acting Chairman of the Board. The Chief Executive Officer of the Company have not been determined by the mutual consensus of the Board, therefore no Chief Executive Officer has not been appointed. Under Code Provision C.2.1 of the Appendix C1, the roles of Chairman and Chief Executive Officer should be separate and should not be performed by the same individual. The responsibilities of Chief Executive Officer have been delegated to the executive Directors of the Company who are collectively responsible for day-to-day operations and business development generally. Mr. Cheung, being the Acting Chairman of the Board, provides leadership for the Board and ensures that the Board works effectively and discharges its responsibility.

In this regards, there is segregation of duties between Chairman and Chief Executive Officer and under which ensure the balances of power between the Board and the Group's management as well as their independence and accountability, thereby in compliance with Part 2 of the Appendix C1-Corporate Governance Code.

Mr. Cheung is the leader of the Board and he oversees the Board so that it acts in the best interests of the Group. The Acting Chairman is responsible for approving and deciding the agenda of each Board meeting, taking into account, where appropriate, matters proposed by other directors for inclusion in the agenda. Mr. Cheung has the overall responsibility for leading the Company and providing leadership, vision and direction in the development of the business of the Company. Mr. Cheung delegates the above-mentioned responsibility of the Chief Executive Officer to the fellow directors to undertake and perform those duties.

Mr. Cheung annually holds one meeting with the independent non-executive directors and ensures that appropriate steps are taken to provide effective communication with shareholders and that their views are communicated to the board as a whole.

Mr. Cheung is responsible for formulation and successful implementation of Company's policies, and assumes full accountability to the Board for all operations of the Group. Working with the executive management team, He ensures smooth operations and development of the Group. He maintains a persistent dialogue with all the Directors to keep them fully informed of all significant business developments and issues. He is also in charge of setting up and maintaining an effective executive team to back him up in his role.

# Corporate Governance Report

***Non-Executive Directors***

No non-executive directors of the Company was appointed during the Year. In case any appointment of the non-executive director(s), which will be subject to retirement by rotation at least once every three years and re-election at the annual general meetings of the Company in conformity with the bye-law 87 of the bye-laws of the Company. As such, the Company considers that adequate measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those in the Corporate Governance Code.

***Independent Non-Executive Directors***

During the Year, the Board fulfilled the requirements of the Listing Rules in regards to the appointment of at least three independent non-executive Directors which representing one-third of the Board with two of whom possessing appropriate professional qualifications or accounting or related financial management expertise. The Company has received written confirmation from each of the independent non-executive Director of their independence to the Group. The Group considered all independent non-executive Directors were satisfied with the independence guidelines set out in Rule 3.13 of the Listing Rules. All of them are not connected with any Directors or substantial shareholders of the Company. The Company is of the view that all independent non-executive directors are independent of the Company.

## B. Board Diversity

For sake of achieving diversity on the Board, the Board has approved and adopted a board diversity policy (the "**Board Diversity Policy**") and revised the terms of reference of the Nomination Committee to ensure the appropriate implementation of the Board Diversity Policy. The Policy was made with a view to achieving a sustainable and balanced development of the Company, through the invitation and selection of different talents to join the Board taking into accounts the importance of Board diversity. The Company is committed to establishing procedures of candidates' selection based on a range of diversity perspectives including gender, age, cultural background, ethnicity, educational background, professional experience, skills and knowledge. The final decision will be based on merit and contribution that the nominated candidates will bring to the Board.

As at the date of this report, the Board comprises Directors with gender, diverse background and experience. The Board has a balanced composition for its executive Directors being in possession of extensive industrial expertises and experience in the operation of Group's business and the independent non-executive Directors contributing their independent opinions and judgements, which facilitate an effective decision-making process for the Board. The composition of the Board is reviewed by the Nomination Committee from time to time.

The Company's Board Diversity Policy was rolled out in place. As at the date of this report, the Board comprises nine Directors, one of which is female.

As at the date of this report, the Board has one female Director and has achieved gender diversity on board level. The Board also recognizes the importance of diversity at the workforce level. As at the date of this report, the Group had a total of 36 employees, of which 16 were male and 20 were female. The gender ratio of the Group's workforce (including senior management) was approximately 44% male to 56% female.

# CORPORATE GOVERNANCE REPORT

As the plans for the Group in terms of gender diversity in workforce, the Group will persistently review internal records on gender diversity, identify proper female candidates for relevant positions within the Company, and ensure that there is gender diversity when recruiting staff at the middle level and training female staff for the purpose of promoting them to the senior management or directorship of the Company, so as to maintain the balance of gender diversity in the near future.

At a meeting held on 27 March 2024, the Nomination Committee reviewed the Board composition and resolved that the structure, size, composition and diversity (including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service) of the Board was appropriate and thereby achieving the measurable objectives of the Board Diversity Policy and complied with the Listing Rules. Save as disclosed herein, none of the Directors have any relationship (including financial, business, family or other material/relevant relationship) between each other. The list of Directors and their biographical details are set out in the section headed "Profiles of Directors and Senior Management" of this report.

The following chart illustrates the current Board composition including Board Committees:

**Board of Directors**

| **Executive Directors** | **Non-Executive Director** | **Independent Non-Executive Directors** |
|---|---|---|
| Xing Shaonan<br>Cheung Ting Kee<br>Cheung Ka Yee<br>Lam Hiu Lo | Chuang Henry Yueheng | Chan Sze Hung<br>Chung Kwok Pan<br>Ma Ka Ki<br>Zhang Shuang |

| **Audit Committee** | **Nomination Committee** | **Remuneration Committee** |
|---|---|---|
| Ma Ka Ki *(Chairman)*<br>Chan Sze Hung<br>Chung Kwok Pan | Chan Sze Hung *(Chairman)*<br>Chung Kwok Pan<br>Ma Ka Ki | Ma Ka Ki *(Chairman)*<br>Cheung Ka Yee<br>Chung Kwok Pan |

# CORPORATE GOVERNANCE REPORT

## C. Board Delegation

The Board steers the Company's business direction. The executive Directors undertake full accountability to the Board for day-to-day management and operation of the Group. Directions as to the powers delegated to management are clearly identified. The Board shall review the delegation arrangement periodically to ensure it remains appropriate to the Company's need.

The Board has reserved the following functions to the Board. Or, prior approval from the Board is required if the management is dealing with the following functions:

1. To formulate long-term corporate strategy and business development plans;

2. To declare an interim dividend, a final dividend or to declare or recommend other distribution;

3. To supervise and monitor performance of management;

4. To review the effectiveness of the risk management and internal control systems of the Group;

5. To be responsible for the appointment, removal or re-appointment of Directors, senior management and external auditors, and determine the remuneration of Directors and senior management based on the recommendations of the Remuneration Committee; and

6. To recommend members of the Company for winding up of the Company.

## D. Board Committees

The Board delegated authorities to three Board committees to deal with matters, and specific written terms of reference were clearly set out to enable them to perform their functions properly. Board committees are required, unless restricted by laws and regulations, to report to the Board on their decisions or recommendations on a regular basis.

### *1. Audit Committee*

Detailed information on the works and duties of the Audit Committee is contained in the Report of the Audit Committee in this report.

### *2. Nomination Committee*

Members of the Nomination Committee during the Year and up to the date of this report were:

Mr. Chan Sze Hung *(Chairman)*
Mr. Chung Kwok Pan
Mr. Ma Ka Ki

The Nomination Committee is provided with sufficient resources to discharge its duties and has access to independent professional advice at the Company's expense if considered necessary. The major roles and functions of the Nomination Committee are set out in its terms of reference which are published on websites of the Company and the Stock Exchange.

# Corporate Governance Report

On 26 August 2013, the Company adopted the Board Diversity Policy which was then amended by the resolutions of the Board on 30 November 2018 to take effect on 1 January 2019, which aims to set out the approach to achieve diversity on the Board. The Nomination Committee is responsible for monitoring the implementation and recommending any revisions that may be required to ensure effectiveness of the Policy. In addition, the Nomination Committee will discuss, review and agree annually on measurable objectives for implementing diversity on the Board. Moreover, the Board has adopted the Director Nomination Policy on 13 March 2014 which was then amended by the resolutions of the Board on 30 November 2018 to take effect on 1 January 2019. The Board will review these policies periodically to keep it up to date and in compliance with the Listing Rules, all applicable laws and regulatory obligations and requirements.

Board diversity policy and nomination policy have been adopted to maintain the Board with a diversity of directors and with a nomination process of candidates respectively.

The work of the Nomination Committee during the year included the following issues:

1. to review the terms of reference of the Nomination Committee and evaluate the Directors' skills, qualifications, knowledge and experiences;

2. to review the composition of the Board in accordance with the measurable objective of the Board Diversity Policy; and

3. to review the nomination policy to achieve the selection, appointment and re-appointment of the Directors.

The number of Nomination Committee meetings held during the Year and record of individual attendance of members, on a named basis, at meetings held during the Year was set out in section headed "Directors' Attendance and Time Commitment" in this report.

*Nomination policy*

The Board has adopted a nomination policy setting out the key nomination criteria and principles of the Company for nomination of Directors. The Nomination Committee is responsible for reviewing the structure, size and composition (including gender, balance of skills, knowledge, experience and diversity of perspectives) of the Board at least annually and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy. It shall identify individuals suitably qualified to become Board member(s) and select or make recommendations to the Board on the selection of individuals nominated for directorships. In identifying suitable candidates, the Nomination Committee shall consider the candidates on merit and contribution the candidate will bring to the Board with due regard to the Board Diversity Policy. It has to make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors in particular the Chairman of the Board and the Chief Executive Officer. The Nomination Committee shall take into account the challenges and opportunities facing the Company and therefore, what skills and expertise are needed on the Board in the future.

# Corporate Governance Report

*Nomination procedures*

The Nomination Committee is delegated by the Board to identify suitable candidates and evaluate potential candidates based on the Board Diversity Policy.

Once opportunity for Board appointment is identified, there will be scheduled interviews with the suitable candidate. Results of the interviews will be put forward to the Nomination Committee for consideration. The recommendations of the Nomination Committee will be put forward to the Board for consideration and approval.

In case of re-appointments of members of the Board at the AGM, the Nomination Committee will review the profile of the members of the Board who have offered themselves for re-appointment to consider their suitability in light of the strategy of the Company as well as the structure, size and composition of the Board at that time. The Nomination Committee will then make recommendations for the Board's consideration and the Board will, at its discretion, make recommendations to the shareholders.

At a meeting of the Nomination Committee held on 27 March 2024, the following matters were discussed, reviewed and approved:

2.1 the structure, size, composition and diversity of the Board, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service;

2.2 to assess the independence of INEDs by reference to the independent criteria set out in Rule 3.13 of the Listing Rules; and

2.3 the Director Nomination Policy and the Board Diversity Policy and their implementation.

The Nomination Committee considers that the current composition of the Board is characterised by diversity after taking into account its own business model and specific needs, whether considered in terms of professional background or skills.

Attendance of individual Directors at the meeting of the Nomination Committee is set out in the section headed "Directors' Attendance and Time Commitment" in this report.

### 3. *Remuneration Committee*

Members of the Remuneration Committee during the Year and up to the date of this report were:

Mr. Ma Ka Ki *(Chairman)*
Ms. Cheung Ka Yee
Mr. Chung Kwok Pan

The company secretary of the Company serves as the secretary of the Remuneration Committee and minutes of the meetings have been sent to members within a reasonable time after the meetings. The major roles and functions of the Remuneration Committee are set out in its terms of reference which are published on the websites of the Company and the Stock Exchange.

Pursuant to the amendments to Chapter 17 of the Listing Rules which effected on 1 January 2023, the terms of reference of the Remuneration Committee were amended and approved by the Board on 30 December 2022.

In dealing with remuneration packages of Directors, no member of the Remuneration Committee was involved in deciding his/her own remuneration packages. The Board reviews the Remuneration Policy annually to ensure remuneration packages offered by the Company remains fair and competitive based on business needs and industry practice to attract and retain Directors to run the Company successfully without paying more than necessary. The Company aims to provide incentives to Directors, senior management and employees to perform at their highest level as well as to attract, retain and motivate the very best people. Remuneration will be determined by taking into consideration factors such as market and economic situation, inflation, employment conditions elsewhere in the Group and salaries paid by comparable companies. In addition, performance-based assessment such as individual's potential and contribution to the Group, time commitment and responsibilities undertaken will all be considered. The Remuneration Committee considered the remuneration proposals of Directors, and taking into consideration other relevant factors including corporate goals and objectives of the Company in recommending remuneration of Directors. The Company has provided sufficient resources for them to perform duties and they may access to professional advice if considered necessary.

At a meeting of the Remuneration Committee held on 27 March 2024, the following matters were discussed, reviewed and approved:

3.1 2024 Remuneration Policy of the Group including the status of the Company's share schemes under Chapter 17 of the Listing Rules;

3.2 management's remuneration proposal with reference to the Company's corporate goals and objectives;

3.3 to make recommendation to the Board on the remuneration packages of individual executive Directors and senior management, including benefits in kind, pension rights and compensation payments, and compensation payable for loss or termination of their office or appointment (if any); and

3.4 to make recommendation to the Board on the remuneration of non-executive Directors.

Attendance of individual Directors at the meeting of the Remuneration Committee is set out in the section headed "Directors' Attendance and Time Commitment" in this report. Information relating to the remuneration of each Director for 2023 is set out in note 11 of the Notes to the Consolidated Financial Statements in this report.

# CORPORATE GOVERNANCE REPORT

4. ***Corporate Governance Functions***

The Board does not have a Corporate Governance Committee. However, the Corporate Governance functions as set out in Appendix A.2.1 of the Corporate Governance Code are performed by the Board. On 27 March 2024, the Board has conducted a meeting to transact the following corporate governance matters:

4.1 to review the Company's policies and practices on corporate governance;

4.2 to review the training and continuous professional development of Directors and senior management;

4.3 to review the Company's policies and practices in compliance with legal and regulatory requirements;

4.4 to review the employee's handbook and Code of Conduct; and

4.5 to review the Company's compliance with the Corporate Governance Code and applicable disclosure in the Corporate Governance Report.

## E. Directors' Attendance and Time Commitment

The members of the Board meet regularly to review and discuss the overall strategy, operational and financial performance of the Company. Normally four regular meetings of the full Board will be held at quarterly intervals and special ad hoc Board meetings will be convened when necessary to deal with everyday matters which require the Board's prompt decision. In addition, the Company has established various Board committees under the Board and members of the committees have met at least annually to conduct business of the committees. All Directors are experienced personnel with academic or professional qualifications either in accounting, legal or business management, and who have given the Board and Board committees the benefits of their skills, expertise, backgrounds and qualifications through regular attendance and active participation. Most of the Directors have attended the general meeting except for Mr. Chan Sze Hung who was unable to attend the general meeting due to other engagement. The Directors have developed a balanced understanding of the views of Shareholders in general.

During the year of 2023, the attendance record of Directors at Board meetings, Board committee meetings and general meeting are set out hereunder:

| | Number of meetings attended/held | | | | | |
|---|---|---|---|---|---|---|
| | Board Meetings | Audit Committee Meetings | Remuneration Committee Meetings | Nomination Committee Meetings | General Meeting | Chairman and INED Meetings |
| Number of meetings held | 8/8 | 2 | 1 | 1 | 1 | 1 |
| **Executive Directors** | | | | | | |
| Cheung Ting Kee | 8/8 | N/A | N/A | N/A | 1/1 | 1/1 |
| Cheung Ka Yee | 8/8 | N/A | 1/1 | N/A | 1/1 | N/A |
| Lam Hiu Lo | 5/8 | N/A | N/A | N/A | 1/1 | N/A |
| **Independent Non-Executive Directors** | | | | | | |
| Chan Sze Hung | 7/8 | 2/2 | N/A | 1/1 | 0/1 | 1/1 |
| Chung Kwok Pan | 5/8 | 2/2 | 1/1 | 1/1 | 1/1 | 1/1 |
| Ma Ka Ki | 5/8 | 2/2 | 1/1 | 1/1 | 1/1 | 1/1 |
| Zhang Shuang | 3/8 | N/A | N/A | N/A | 1/1 | 1/1 |

# Corporate Governance Report

Each Director is aware of his/her obligation to give sufficient time and attention to the affairs of the Company and should not accept the appointment if he/she cannot do so. Upon reviewing (i) the attendance rates of each Director in general meeting, Board meetings and their respective board committee meetings; (ii) written confirmation of Directors regarding the number and nature of offices held in public companies or organisations and other significant commitments pursuant to Appendix C.1.5 of the Corporate Governance Code; and (iii) written confirmation of Directors to give sufficient time and attention to the affairs of the Company throughout the terms of their appointments, the Board is of the view that all Directors have spent sufficient time in performing their responsibilities during the Year under review.

## F. Induction and Continuous Professional Development of Directors

Every Director is required to keep abreast of his/her responsibilities as a Director and of the conduct, business activities and development of the Company. In-house briefings on regulatory updates and relevant continuous professional development seminars have been provided at the Company's expenses. Every newly appointed Director had received a comprehensive, formal and tailored induction on the first occasion of his/her appointment, and subsequently further briefings and continuous professional development will be arranged if necessary, to ensure each Director has a proper understanding of the Company's operation and business and that he is fully aware of his/her responsibilities under statute and common law, the Listing Rules and all other applicable regulations and governance.

The Company acknowledges that Directors' training is an ongoing process. During the Year under review, all Directors had been updated on the latest developments of the Listing Rules, Companies Ordinance or other applicable laws and regulations related to Directors' duties and responsibilities. In addition, the Company Secretarial Department has arranged training courses and encouraged Directors to attend courses at the Company's expenses. Directors have provided records of training to the Company Secretarial Department. All Directors confirmed that they have complied with Appendix C.1.4 of the Corporate Governance Code by attending various continuous professional development seminars held by external professional firms, in-house briefings or reading materials relevant to Directors' duties and responsibilities.

## G. Supply of and Access to Information

The management has supplied the Board and Board Committees with adequate information in a timely manner to enable the Board to make informed decisions and to perform their duties and responsibilities as Director of the Company.

Generally, notice of Board meetings together with the proposed agenda are given to all Directors at least 14 days before each regular Board meeting and Directors are given an opportunity to include matters they wish to discuss in the agenda. Agendas and accompanying Board papers are provided to Directors at least 3 days before the intended date of a board or board committee meetings.

Minutes of the Board/Board Committee meetings with details of matters considered and decisions reached, including any concerns raised by Directors or dissenting views expressed, after circulation for comments by Directors, are kept by the company secretary or a duly appointed secretary of the relevant meeting and are open for inspection by Directors if necessary.

All Directors have access to the advices and services of the company secretary to ensure necessary Board procedures and all applicable rules and regulations are followed. All Directors are regularly updated on governance and regulatory matters. Directors, upon reasonable request, may have access to independent professional advice in appropriate circumstances at the Company's expenses.

# Corporate Governance Report

The Company has arranged appropriate insurance cover in respect of legal action against Directors.

The Board is fully aware that, if a substantial shareholder or a Director has a conflict of interest in a matter to be considered by the Board which the Board has determined to be material, the matter will not be dealt with by way of written resolution or by a committee (except for an appropriate Board committee set up for that purpose pursuant to a resolution passed in a Board meeting) but a Board meeting will be held. INEDs who, and whose associates, have no material interest in the transaction will be present at such Board meeting.

## ACCOUNTABILITY AND AUDIT

### A. Directors' Responsibility for Financial Reporting

The Directors acknowledge the responsibility for preparing the accounts of the Group and to present a balanced, clear and understandable assessment in the Company's annual and interim reports and other financial disclosures in accordance with the Listing Rules and other statutory requirements and applicable accounting standards, so as to give a true and fair view of the state of affairs of the Company. As at 31 December 2023, the Directors were not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Company's ability to continue as a going concern. The Directors also ensure the timely publication of the financial statements of the Group. During the Year, in strict compliance with relevant provisions, the Company published the 2023 interim report and the 2022 annual report.

Management undertakes to provide sufficient explanation and information to the Board to enable it to make an informed assessment of financial and other information put before the Board for approval. In addition, management provides all members of the Board with monthly financial updates which give a balanced and understandable assessment of the Group's performance, position and prospects in sufficient details to enable the Board as a whole and each Director to discharge their duties under the relevant requirements of the Listing Rules.

In preparing the financial statements for the year ended 31 December 2023, the Board:

1. adopted Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants;

2. selected suitable accounting policies and applied them consistently;

3. made prudent and reasonable judgments and estimates; and

4. prepared the accounts on a going concern basis.

### B. External Auditors and their Remuneration

The auditor's acknowledgment of reporting responsibilities is set out in the Independent Auditor's Report of the annual report. The independence of auditors is monitored by the Audit Committee and disclosed in the Report of the Audit Committee. Apart from providing audit services to the Group on annual consolidated financial statements, the auditors also provided non-audit services such as tax compliance services and services relating to the preparation of the internal control review and enterprise risk assessment, all appointments are in line with the Company's Policy on Use of External Auditors for Non-audit Services.

# Corporate Governance Report

During the Year under review, the remuneration paid/payable for services to the external auditors is as follows:

| **Services rendered** | **Fees paid/ payable** *(HK$)* |
|---|---|
| Audit fee | 1,450,000 |
| Non-audit fees *(Note)* | 1,031,700 |
| Total | 2,481,700 |

*Note:* Non-audit fees include fees of HK$215,700, HK$181,000, HK$285,000, HK$350,000 for tax compliance services, risk advisory services, services relating to the interim financial reports and special audit, respectively.

## C. Risk Management and Internal Control Systems

The Board acknowledges the responsibility of establishing, maintaining and operating a sound and effective risk management and internal control systems, and reviews its effectiveness periodically. An annual review on the effectiveness of the Group's risk management and internal control systems has been conducted by the Board and reviewed by the Audit Committee. The Board is of the view that the risk management and internal control systems of the Group for the Year under review is sound and effective. The management is responsible for designing, implementing and monitoring of the Group's risk management framework and internal control systems, identifying and evaluating the Group's key existing and potential risks, and determining their respective control measures and/or mitigation strategies, so as to ensure the effectiveness of the risk management & internal control systems.

The Group has engaged an independent external internal control consultant to carry on and assess the Group's overall internal controls for the Year and to give recommendations to make any enhancement or and improvement. The risk management and internal control systems are constantly reviewed by the Board for the Year.

It was reported that there were no significant deficiencies or material weaknesses in relation to the Group's internal controls. The Board is of the view that the internal control measures of the Group are adequately and effectively monitoring its business operations for the Year. The Board expects that a review of the risk management and internal control systems will be performed annually.

# Corporate Governance Report

The risk management and internal control on the credit and lending services operation of the Group under the MLO is summarized as follows:

**(1) Internal control procedures for credit and lending services**

To monitor the credit status of borrowers, the management of money lending department and credit control team review the loan portfolio of the Group regularly and conduct comprehensive review over the credit policies and control procedures annually to ensure the Group's interests are well-protected. The Company has put in place clear credit policies, guidelines and controls procedures covering the entire life cycle of money lending operation, which are summarised as follows:

– Loan application

Upon receipt of loan application from potential borrower, a series of know-your-client (the "**KYC**") procedures are performed by our credit control team. The KYC procedures include interviewing the applicants to understand their financial needs and repayment abilities, inspecting supporting documents to verify their information submitted, performing background research and on-site visiting. The credit control team summarises the results of the KYC procedures and reports to the management of money lending department for recommendations of approval.

– Loan approval

With reference to the application information and the KYC result, the credit control team make recommendations to the management of money lending department in terms of approvability, credit limit, interest rate and length of loan period. Factors being taken into account in considering the loan application include:

1) the financial strength of the applicant, namely, their assets, liabilities and annual income;

2) the past repayment records of the applicant;

3) prevalent market interest rates; and

4) the availability of guarantee or provision of collateral.

If the management of money lending department approved the loan application, a set of loan documents together with the loan agreement are prepared and arranged among the borrower, the guarantor (if any) and the Group. Once the loan is properly documented and executed, the borrower can request for loan drawdown in accordance with the loan agreement.

– Loan monitoring and repayment collection

The management of money lending department monitor and review the loan portfolio regularly. A loan summary is prepared by the credit control team and indicates changes and maturity of each loan.

In response to the mature loans, the credit control team reminds the borrowers with the repayment schedules via phone calls, email or text messages. In case of overdue loans or default, the management of money lending department determine the follow up actions including issue demand letter, seize of collateral, request guarantor for repayment and commence legal proceeding if necessary.

# Corporate Governance Report

### (2) Top five borrowers

The following table sets out the top five borrowers and the principal terms of loans under money lending business:

| | Interest rate, term, maturity and securities obtained | 2023 Carrying Amount *HK$'000* | Percentage to the total gross carrying amount | 2022 Carrying Amount *HK$'000* | Percentage to the total gross carrying amount |
|---|---|---|---|---|---|
| Gross: | | | | | |
| Customer 1 | 7.5% per annum, 1-year ending in Mar 2024, secured by unlisted equity securities | **34,983** | **26.3%** | 90,555 | 13.2% |
| Customer 2 | 10% per annum, 1-year ending in Mar 2024, unsecured | **20,005** | **15.0%** | 89,867 | 13.1% |
| Customer 3 | 8% per annum, 1-year ending in Apr 2024, unsecured | **17,554** | **13.2%** | 75,016 | 10.9% |
| Customer 4 | 10% per annum, 9-months ending in Jun 2024, unsecured | **17,000** | **12.8%** | 50,797 | 7.4% |
| Customer 5 | 8% per annum, 8-months ending in Jun 2024, unsecured | **17,000** | **12.8%** | 21,192 | 3.1% |
| Others | | **26,583** | **19.9%** | 359,862 | 52.3% |
| Total gross carrying amount | | **133,125** | **100%** | 687,289 | 100% |

# Corporate Governance Report

## (3) Expected Credit Loss (the "ECL") of Loan Receivables

| | Internal credit rating for 2023 balance | Notes | 2023 Amount of allowance HK$'000 | Percentage to the total allowance | 2022 Amount of allowance HK$'000 | Percentage to the total allowance |
|---|---|---|---|---|---|---|
| *Less:* Allowance for impairment loss | | | | | | |
| Customer 1 | Underperforming | *note 1* | **(172)** | **19.2%** | (98) | 17.0% |
| Customer 2 | Underperforming | *note 2* | **(108)** | **12.1%** | (94) | 16.3% |
| Customer 3 | Underperforming | *note 3* | **(125)** | **14.0%** | (19) | 3.3% |
| Customer 4 | Underperforming | *note 4* | **(218)** | **24.3%** | (13) | 2.3% |
| Customer 5 | Underperforming | *note 5* | **(220)** | **24.5%** | (22) | 3.8% |
| Others | Performing/ Underperforming | | **(53)** | **5.9%** | (329) | 57.3% |
| Total allowance | | | **(896)** | **100.0%** | (575) | 100.0% |
| Total net carrying amount | | | **132,229** | | 686,714 | |

## (4) Basis of Assessment of ECL

ECL assessment on receivables is performed in accordance with HKFRS 9 to estimate the ECL of the loan receivables. In valuing the ECL under HKFRS 9, probability-weighted loss default (the "**PLD**") model is adopted. The PLD model involves the following four key parameters:

(i) Probability of default (the "**PD**");

(ii) Loss given default (the "**LGD**");

(iii) Exposure at default (the "**EAD**"); and

(iv) Discount factor (the "**DF**").

In this model, the ECL is derived by summing the ECL of all the expected default events within a specific period. The ECL for each possible event is calculated as the product of the four parameters above.

# CORPORATE GOVERNANCE REPORT

| Internal credit rating | Year-end status of recoverability | Length of assessment |
|---|---|---|
| Performing | **Normal credit quality** – the loans that have not had a significant increase in credit risk nor any past-due amounts. | 12-month ECL |
| Underperforming | **Significant increases in credit risk** – the loans that have had a significant increase in credit risk since initial recognition through information developed internally or external resources. | Lifetime ECL – not credit-impaired |
| Not performing | **Credit impaired** – the loans that have past due or it has become probably that the borrower will enter into bankruptcy or reorganization. | Lifetime ECL – credit-impaired |

**(5) General collaterals, guarantees obtained and comments over the movement in the total provision for ECL**

As at 31 December 2023, loan receivables (net of loss allowance) of HK$34,810,000 were secured by unlisted equity securities. The remaining balance of HK$97,419,000 are unsecured.

There was no events which indicated any significant concerns in their repayment abilities. Some of them have been assessed as underperforming due to loan extensions.

*Notes:*

1. As at 31 December 2023, the cumulative ECL amount of HK$172,000 (2022: HK$98,000) is based on EAD of HK$34,983,000 (2022: HK$90,555,000), PD of 0.50% (2022: 0.17%), LGD of 62.0% (2022: 61.8%) or recovery rate of 38.0% (2022: 38.2%) and discount factor of 0.99 (2022: 0.99). There was no significant movement in the loss allowance, the slight adjustment was due to the update in parameters in response to external factors.

2. As at 31 December 2023, the cumulative ECL amount of HK$108,000 (2022: HK$21,000) is based on EAD of HK$20,005,000 (2022: HK$20,546,000), PD of 0.55% (2022: 0.17%), LGD of 62.0% (2022: 61.8%) or recovery rate of 38.0% (2022: 38.2%) and discount factor of 0.98 (2022: 0.98). There was no significant movement in the loss allowance, the slight adjustment was due to the update in parameters in response to external factors.

3. As at 31 December 2023, the cumulative ECL amount of HK$125,000 (2022: HK$22,000) is based on EAD of HK$17,554,000 (2022: HK$21,192,000), PD of 0.73% (2022: 0.17%), LGD of 62.0% (2022: 61.8%) or recovery rate of 38.0% (2022: 38.2%) and discount factor of 0.98 (2022: 0.98). There was no significant movement in the loss allowance, the slight adjustment was due to the update in parameters in response to external factors.

4. As at 31 December 2023, the cumulative ECL amount of HK$218,000 (2022: HK$20,000) is based on EAD of HK$17,000,000 (2022: HK$19,427,000), PD of 1.34% (2022: 0.17%), LGD of 62.0% (2022: 61.8%) or recovery rate of 38.0% (2022: 38.2%) and discount factor of 0.95 (2022: 0.97). There was no significant movement in the loss allowance, the slight adjustment was due to the update in parameters in response to external factors.

5. As at 31 December 2023, the cumulative ECL amount of HK$220,000 is based on EAD of HK$17,000,000, PD of 1.34%, LGD of 62.0% or recovery rate of 38.0% and discount factor of 0.96. The loan was newly granted in 2023 and no comparison with prior year is made.

# Corporate Governance Report

## COMPANY SECRETARY

Mr. Chow Chi Wah, Vincent ("**Mr. Chow**") has acted as the Company Secretary of the Company. The Company Secretary supports the Board by ensuring an unimpeded flow of information within the Board and that policies and procedures formulated by the Board are followed. Mr. Chow is responsible for advising the Board on governance matters and facilitates induction and professional developments of the Directors. The appointment and dismissal of the Company Secretary are subject to the Board's approval in accordance with the Company's bye-laws. All members of the Board have access to the advice and services of the Company Secretary. Mr. Chow has duly complied with the relevant training requirement under Rule 3.29 of the Listing Rules.

## SHAREHOLDERS' RIGHTS

Set out hereunder is a summary of Shareholders' rights as required to be disclosed pursuant to Appendix C1 Part 1 Section K of the Corporate Governance Code, which are subject to the Bye-Laws, Companies Act 1981 of Bermuda and applicable legislation and regulation.

### Procedures to Convene a Special General Meeting

Every year, an annual general meeting will be held by the Company. Further, the Board may whenever it thinks fit call general meetings known as special general meetings.

Shareholders who wish to convene a special general meeting or put forward proposals at any general meeting, including the proposal to nominate a person for election as a Director, should follow the applicable procedures described below.

1. Shareholders holding at the date of deposit of the requisition not less than one-tenth (1/10) 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 Company, to require a special general meeting to be called by the Board for transaction of any business specified in such requisition.

2. The requisition must state the purposes of such meeting, and must be signed by the requisitionists and deposited at the Company's registered office in Bermuda at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda (the "**Registered Office**"), and may consist of several documents in like form each signed by one or more requisitionists. To ensure that the requisition is received by the Company at the earliest opportunity, a copy of the signed requisition may also be deposited at the Company's principal place of business in Hong Kong at 8/F., China United Centre, 28 Marble Road, North Point, Hong Kong (the "**Principal Place of Business**"), marked for the attention of the Board or the company secretary.

3. If Directors do not within twenty-one (21) days from the date of deposit of requisition proceed duly to convene a special general meeting to be held within two (2) months after the deposit of the requisition, the requisitionists, or any of them representing more than one-half of the total voting rights of all of them, may themselves convene a meeting and be repaid by the Company for any reasonable expenses incurred, provided that any meeting so convened by the requisitionists shall not be held after the expiration of three (3) months from the said date of deposit of the requisition.

# Corporate Governance Report

4. Other than an adjourned meeting,

   4.1 a special general meeting at which the passing of a special resolution is to be considered shall be called by Notice of not less than fourteen (14) clear days.

   4.2 any special general meeting may be called by shorter notice than that specified in sub-paragraph 4.1 above if it is so agreed by a majority in number of the Shareholders having a right to attend and vote at the meeting, being a majority together holding not less than ninety-five per cent (95%) in nominal value of the shares giving that right.

### Procedures to Put Forward Proposals at General Meetings

1. Any number of Shareholders representing not less than one-twentieth (1/20) of the total voting rights of all the Shareholders having at the date of the requisition a right to vote at the general meetings of the Company; or not less than one hundred (100) Shareholders, shall (unless otherwise resolved by the Company) at their own expense have the right, by written requisition to the Company: (a) to require notice of any resolution which may properly be moved and is intended to be moved at the next annual general meeting to be given to Shareholders; and/or (b) to request for circulation to Shareholders any statement of not more than one thousand (1000) words with respect to the matter referred to in any proposed resolution or the business to be dealt with at any general meeting.

2. The requisition must be signed by the requisitionists in a single document or in separate copies prepared for the purpose. A copy of the signed requisition, accompanied by a sum reasonably sufficient to meet the Company's expenses, must be deposited at the Company's Registered Office: (a) in the case of a requisition requiring notice of a resolution, not less than six (6) weeks before the annual general meeting unless an annual general meeting is called for a date six (6) weeks or less after the copy has been deposited, in which case the copy shall be deemed to have been properly deposited though not deposited within the time required; and (b) in the case of any other requisition, not less than one (1) week before the general meeting. To ensure that the requisition is received by the Company at the earliest opportunity, a copy of the signed requisition may also be deposited at the Company's Principal Place of Business in Hong Kong, marked for the attention of the Board or the company secretary.

### Procedures to Propose a Person for Election as a Director

Detailed information and procedures for Shareholders to propose a person for election as a Director are set out in the Company's website www.planetreeintl.com.

### Communication with Shareholders

The Board recognises the importance of good communications with Shareholders and the investment community, and the value of providing current and relevant information in a timely and appropriate manner. The Board has formulated the Shareholder Communication Policy, aiming to ensure Shareholders and investment community are provided with ready, equal and timely access to current and relevant information of the Company, in order to enable the Shareholders to have a better understanding on the financial and business operation of the Company, as well as to exercise their rights in a timely and informed manner. In addition, the Board has adopted the Inside Information Policy which sets out a guideline for identifying, assessing and broadly disseminating inside information of the Group to the public in a timely and equal manner in accordance with the Listing Rules, laws and regulations applicable to the Company. In compliance with Code Provision F.1.1 of the Corporate Governance Code, the Board adopted the Dividend Policy which aims to maximize interests of Shareholders and at the same time, maintains a strong balance sheet for investment opportunities and sustainable development of the Group in the future. The Board will review these policies regularly to ensure their effectiveness.

# Corporate Governance Report

The Board endeavors to maintain an on-going dialogue with Shareholders, general meetings of the Company provide the best opportunity for communication between the Board and Shareholders. Shareholders are encouraged to participate in general meetings or, if they are unable to attend meetings, to appoint proxies to attend and vote at the meetings on their behalf. At the annual general meeting held on 28 June 2023, a separate resolution was proposed by the chairman in respect of each substantially separate issue. The Company complied with the required notice periods for general meetings under the applicable laws, rules and regulations. The chairman of the Board, the chairman of the Audit Committee, Remuneration Committee and Nomination Committee, and representative from the external auditors attended the 2022 annual general meeting to answer questions of Shareholders. Poll voting has been used for passing all resolutions at annual general meetings since 29 April 2005. Details of the poll voting procedures are clearly explained at the commencement of the meetings. The poll results are posted on the websites of the Company and the Stock Exchange on the same day of the poll.

In addition, information may also be communicated to Shareholders and the investment community through the following methods:

1. periodic disclosure through financial reports of the Company, including but not limited to interim and annual reports, financial statements, results announcement etc;

2. disclosure of information through circulars, announcements, notice of meetings and any other special notices whenever and wherever necessary in accordance with the Listing Rules;

3. the Company's website at http://www.planetreeintl.com and the Stock Exchange's website at www.hkex.com.hk; and

4. Shareholders may put enquires to the Board either by email at investors@planetreeintl.com or by sending letters to the Company's Principal Place of Business in Hong Kong at 8/F, China United Centre, 28 Marble Road, North Point, Hong Kong.

The Company has reviewed the implementation and effectiveness of the Shareholder Communication Policy during the Year and with reference to the Shareholders' participation and feedbacks in the meetings, the Company considered the Shareholders' Communication Policy described above effective during the Year.

## INVESTOR RELATIONS

There was no change in the Company's constitutional documents during the Year. A copy of the Company's constitutional documents is available on both the websites of the Company and the Stock Exchange's website at www.hkex.com.hk.

# Corporate Governance Report

## DIVIDEND POLICY

The Board adopted the Dividend Policy on 30 November 2018 to take effect from 1 January 2019. The Dividend Policy aims to maximize interests of Shareholders, and maintains a strong balance sheet for investment opportunities and sustainable development of the Group in the future.

Pursuant to the Dividend Policy, dividends proposed or declared, recommended or not recommended, the form, frequency and dividend amount are to be determined by the Board by taking into account various factors including the followings:

1. Any restrictions or requirements under Companies Act 1981 of Bermuda, other applicable laws and regulations and the Bye-Laws of the Company;

2. The liquidity, cash flow and general financial position of the Group;

3. The current and future commitments, business strategy, capital needs forecast and capital structure target of the Group for the current and future development plans;

4. Any banking or other funding covenants by which the Group is bound from time to time; and

5. Any other factors the Board may deem appropriate and/or relevant.

The Dividend Policy will be reviewed periodically to keep it up to date and in compliance with applicable laws, rules and regulations.

## RELATED PARTY TRANSACTIONS

Details of the significant related party transactions are provided under note 32 of the Notes to the Consolidated Financial Statements in this report.

# Report of the Audit Committee

## AUDIT COMMITTEE

Members of the Audit Committee during the Year and up to the date of this report were:

Mr. Ma Ka Ki *(Chairman)*
Mr. Chan Sze Hung
Mr. Chung Kwok Pan

The composition of the Audit Committee comprises INEDs with diversified industry experience, such as accounting, legal, commercial or management sectors. The chairman has appropriate professional qualifications and experiences in accounting matters. The Audit Committee met regularly since its establishment and full minutes of the meeting of the Audit Committee were kept by the company secretary of the Company. Draft and final version of minutes of the Audit Committee meetings were sent to all members for comments and record within a reasonable time.

The Audit Committee is delegated by the Board to provide independent oversight of the Group's financial reporting process, relationship with external auditors, risk management and internal control systems of the Group. The Audit Committee held two meetings in 2023 and members' attendance records are disclosed in the section headed "Directors' Attendance and Time Commitment" of the Corporate Governance Report. The Audit Committee was effective in fulfilling its roles in 2023 and significant matters which were reviewed and discussed by the Audit Committee include the followings:

### 1. Review of Financial Results

In the financial reporting process, the Audit Committee reviewed the respective work of management including the following:

1.1 review and discuss with management and external auditors the unaudited consolidated financial statements of the Group for the six months ended 30 June 2023 and recommend to the Board for approval;

1.2 review and discuss with the management and external auditors the audited consolidated financial statements of the Group for the year ended 31 December 2023 and recommend to the Board for approval;

1.3 review the 2023 interim report and 2023 annual report; and to consider any significant financial reporting judgments contained in them; and

1.4 consider and discuss with management any significant or unusual items that may need to be reflected in the 2023 annual report and any matters that have been raised by the Company's staff responsible for accounting and financial reporting function, compliance officer or auditors (if any).

# Report of the Audit Committee

**2. Review of Risk Management & Internal Control Systems**

The Audit Committee received from, and discussed with management (i) Report on the effectiveness of the risk management of the Group performed by external independent professional consultant; and (ii) Report on the effectiveness of the internal control system of the Group. The Audit committee has:

2.1 reviewed on the effectiveness of the risk management and internal control systems of the Group, covering all material controls, including financial, operational and compliance control, and risk management functions. The annual review had, in particular, considered the adequacy of resources, staff qualifications and experience, training programmes and budgets of the Company's accounting and financial reporting function;

2.2 considered major investigation findings on risk management and internal control matters and management's response to these findings (if any);

2.3 reviewed the financial and accounting policies and practices of the Group; and

2.4 reviewed if any employees has raised concerns about any possible improprieties in financial reporting, internal control or other matters.

**3. Review the Independence of External Auditors**

The Audit Committee reviewed and considered the relationship of the external auditors in the following aspects:

3.1 to consider the terms of engagement of Mazars CPA Limited, the Company's external auditors;

3.2 to consider the independence and objectivity of external auditors by reference to the Letter of Independence issued by Mazars CPA Limited; and the effectiveness of the audit process in accordance with applicable standards;

3.3 to make recommendations to the Board on the re-appointment of the external auditors; and

3.4 to review the Policy on Engaging External Auditors to Supply Non-audit Services.

**4. Review of Internal Audit Function**

The Audit Committee reviewed the internal audit function of the Group and the scope of work performed by external independent professional consultant to carry out the internal audit function during the Year including the followings aspects:

4.1 to review the internal control manual at corporate level to determine the main features of risk management and internal control systems;

4.2 to review strategies, policies, procedures and guidelines authorised by the Board from which operational activities and related internal controls are identified;

4.3 to meet with appropriate process owners/managers to identify business objectives, related risks and key controls for each process;

# REPORT OF THE AUDIT COMMITTEE

4.4 to review relevant plan, budget and management reports for each process to understand how management monitors the effectiveness of internal controls;

4.5 to review financial, operational and administrative information, documents and records for each process to ascertain that the related transactions are properly reflected in the accounting books and records and related assets are safeguarded;

4.6 to walk through selected procedures and inspect related documents with responsible personnel; and

4.7 to review the co-ordination between the internal and external auditors, adequacy of resources, standing and effectiveness of the internal audit function.

# Environmental, Social and Governance Report

The Board is pleased to present the Environmental, Social and Governance Report (the "ESG Report") which is made in accordance with the Environmental, Social and Governance Reporting Guide under Appendix C2 to the Listing Rules. The information disclosed in the ESG Report is derived from the internal statistics, results and analyses of the Group's internal management systems.

## 1. SUSTAINABILITY APPROACH AND STRATEGY

The Board is committed to the long-term sustainable development of environmental, social and governance ("ESG") practice and its reporting. The Board recognises the importance of ESG factors and aims to manage ESG issues and their associated risks and adhere to a high standard business practice in maintaining environmental and social sustainability. In addition, the Board is committed to engaging ESG considerations as an integral part of business operations of the Group and strives to continually improve our environmental performance in line with Corporate Governance Code, environmental protection laws, applicable rules and regulations. The Group will further enhance ESG management by actively participating in community engagement and ensuring our business development will take into consideration the communities' interests.

## 2. THE ESG POLICY

In furtherance of this commitment, the Board adopted the ESG Policy of the Group (the "ESG Policy") on 6 June 2016 aiming to set out guidelines and framework for the Group to handle ESG issues associated with the business operation and investment of the Group. The ESG Policy applies to all Directors, management and employees throughout the Group and all employees have a duty to uphold the standards established in the ESG Policy, which enable the Group to achieve a high standard of business ethics, governance and integrity.

## 3. SCOPE OF REPORT AND PERIOD

The ESG Report covers the core businesses of the Group in Hong Kong (the "Core Businesses") including: (i) financial services operation under SFO licences; (ii) credit and lending services operation under MLO licences; (iii) other financial services; (iv) property investment and leasing; and (v) tactical and strategic investment. In view of the business nature of the Group, we are not aware of any environmental laws and regulations that would have a significant impact on the Group. The ESG Report disclosed information on the Group's ESG Policy and performance, management approach, strategy, priorities and objectives during the year from 1 January 2023 to 31 December 2023 (the "Reporting Period" or "FY2023").

## 4. REPORTING PRINCIPLES

- Materiality – Materiality assessment was conducted to diagnose material issues during the Reporting Period. Materiality of issues was reviewed by the board of directors (the "Board") of the Group and senior management of the Group.

- Quantitative – The standards and methodologies used in the calculation of relevant data, as well as the assumptions used were disclosed in this ESG Report.

- Consistency – The preparation of this ESG Report was substantially consistent with the previous year. Explanations were provided regarding data with changes in the scope of disclosure and calculation methodologies.

- Completeness – Covered the relevant scope and information for material topics, for readers of this ESG report to have a good understanding of the Group's sustainability performance during the Reporting Period.

To ensure the quality of the content in this ESG Report, we observed the principles of balance, comparability, accuracy, timeliness, clarity and reliability. The data has been obtained from reports generated from our internal systems and we have relied on internal data monitoring and verification to ensure its accuracy. The ESG data and information are reported in good faith and have not been verified by an independent third party.

# Environmental, Social and Governance Report

## 5. STAKEHOLDER ENGAGEMENT

The Group's main stakeholder engagement in ESG promotion includes employees, shareholders, local communities, investors and regulators. The Group shall ensure the communication of the ESG Policy, management strategy and approach of the Group in environmental protection to our stakeholders through different channels including annual general meeting, the Group's website and regular seminars to employees, etc.

## 6. BOARD STATEMENT AND GOVERNANCE STRUCTURE

The Board is responsible for formulating ESG strategy and reporting, evaluating and determining the Group's ESG related risks, and ensuring that appropriate and effective ESG risk management and internal control systems are in place. Management is responsible for assisting the Board in discharging the above duties and responsibilities, implementing the ESG Policy, and providing confirmation to the Board on the effectiveness of ESG risk management and internal control systems. Management will, where appropriate, delegate ESG responsibilities to officers and managers at departmental levels, or instruct external professionals in the identification and management of its risks and opportunities.

## 7. MATERIALITY ASSESSMENT

The Group has adopted the principle of materiality in the ESG reporting by understanding the key ESG issues that are important to the business of the Group. During FY2023, the Group undertook its annual materiality assessment exercise. The objective of materiality assessment is to identify ESG topics that are material and relevant to the Group's operation. This involved conducting interviews and/or surveys with internal and external stakeholders to identify the most significant environmental and social impacts on its business. To identify potential material topics for disclosure in the ESG Report, we took reference to the ESG Reporting Guide and set possible topics for assessment. According to the results of the materiality assessment, the items below demonstrated the ESG topics with high materiality to the Group, including:

- Employee welfare
- Inclusion and equal opportunities
- Talent attraction and retention
- Occupational health and safety
- Prevention of child and forced labour
- Supply chain management
- Labour standards in supply chain
- Economic value generation
- Protection of intellectual property rights
- Protection of customer privacy
- Corporate governance
- Anti-corruption
- Community investments

# Environmental, Social and Governance Report

## 8. REPORT ON ENVIRONMENTAL ASPECTS

### A.1 Emissions

The Group complied with the ESG Policy, Corporate Governance Code, environmental protection laws and all the applicable laws and regulations that have a significant impact on the Group relating to air and greenhouse gas ("GHG") emission, discharges into water and land, and/or generation of hazardous and non-hazardous waste.

During the Reporting Period, the Group has no nitrogen oxides, sulphur dioxide, particulate matter, and other air pollutants emissions because the Group has no gaseous fuel consumption and emission from vehicles.

The Group has emitted 106.7 tonnes of GHG, with an intensity of 2.96 tonnes per employee during the reporting period. The emission mainly came from electricity consumption in office (Scope 2). There is zero GHG emission for Scope 1 and 3 emissions, because the Group has rare combustion activities from stationary and/or mobile combustion sources and the Group did not have any business air trip during the reporting period.

The Group aims to achieve 45% reduction of GHG emission by 2030 from a base year of 2021 (scope 1, 2 & 3).

The Group did not generate any hazardous waste during its business operation for the Core Businesses and has very insignificant amount of non-hazardous waste, which most of them are domestic waste generated in office area and are unmeasurable.

The Group aims to achieve 50% reduction of non-hazardous wastes by 2030 from a base year of 2021.

The operation of the Core Businesses does not have significant impact on the environment and the Group has taken the following steps to closely monitor and manage the environmental effect of the operations of the business:

1.1 Environmental or green procurement-related materials have been distributed to employees to enhance their awareness on ESG issues. Actively encourage employees to cherish our environment and embrace green products, foster low carbon office and green working environment, whenever practicable;

1.2 The Group plans switching to power saving devices such as compact fluorescent lamps and inverter air-conditioner. The indoor temperature and running time of air-conditioning system are controlled to reduce energy consumption and carbon emissions;

1.3 Teleconference or internet-meeting is encouraged to avoid unnecessary business travel;

1.4 The most effective way to reduce the amount of waste is to reduce at source. To reduce the amount of paper waste generated, the Group applies duplex printing instead of single-sided printing. They also encourage their employees to reuse the clean side of used paper. Moreover, the Group will select and purchase goods with eco-friendly packaging; and

1.5 The non-hazardous waste will be divided into recyclable or non-recyclable waste and handled in an environmentally responsible manner in line with the applicable environmental protection laws and regulations whenever practicable.

### A.2 Use of Resources

Due to the Group's business nature, the energy, power and water utilisation is relatively low and only restricted to workplace.

During the Reporting Period, the Group has consumed a total of 147,912 kWh of electricity, which is a sum up of its two offices in Hong Kong. In average, 4,108.7 kWh of energy is being consumed per employee. The Group aims to achieve 20% decrease in energy use per person by year 2030 from the base year of 2021.

In terms of water consumption, the two offices of the Group have altogether consumed 39 cubic meter (m3) of water, which each employee has consumed 1.08 m3 of water during the reporting period. The Group aims to achieve 10% decrease in water consumption by year 2030 from the base year of 2021.

Furthermore, due to the business nature of the Group, the Group has used no packaging material during the Reporting Period.

In order to achieve the goals set and committed to conserve natural resources, the Group has adopted green office practices to reduce natural resources consumption which included the followings:

2.1 The Group strives to minimize environmental impact by encouraging employees to conserve resources by reducing energy consumption and water usage, and exploring energy use efficiency initiatives or alternatives, whenever practicable;

2.2 The Group encourages employees to handle documents electronically. When the use of paper is required, employees are encouraged to print documents in double-sided papers and black-and-white to conserve printer ink;

2.3 The Group used wood-free FSC certified paper in printing of its interim and annual reports since 2016;

2.4 Recycle bins are placed in the office to encourage employees to use recycle office supplies whenever practicable; and

2.5 Office electrical appliances were set in standby mode whenever practicable and will shut down after office hours to avoid unnecessary electricity consumption.

### A.3 The Environment and Natural Resources

The Group shall ensure compliance with all applicable environmental related legislations and regulations. Notwithstanding the Core Businesses have remote impact on the environment and natural resources, the Board is still committed to give careful consideration to identify whether the Group's performances in respect of emissions, waste production and disposal, and use of resources have imposed negative impacts on the environment. The Group also takes initiative measures and actions to manage and minimize these impacts whenever practicable in order to achieve a long-term sustainable development of ESG practice.

### A.4 Climate Change

Climate change and global warming are the major environmental concerns in the world. Despite having no significant impact on the Group's businesses, the Group still strives to put forward environmental conservation and raise the environmental awareness of the employees.

Since the Group have been engaged in the Core Businesses which are office-based, climate change does not have significant impacts on the business directly. With a higher temperature in the future, the Group may need to allocate more spending on indoor cooling.

Employees are not recommended to go to work since the road conditions are not favourable and their safety are seriously being threatened under bad weather conditions. Hence, the Group may experience productivity loss due to increased extreme weather, like typhoons and heavy rain. The Group will review the existing measures for adverse weather conditions from time to time and ensure the safety of the employees.

## 9. REPORT ON SOCIAL ASPECT

### B.1 Employment and Labour Practices

Employees are regarded as the greatest value of the Group. The Group adheres to a fair and open recruitment of staff and provides protection of rights and interests for employees. The Group's Remuneration Policy is to ensure fair and competitive packages based on business needs and industry practice. The Group aims to provide incentives to Directors, senior management and employees to allow them to perform at their highest potential as well as to attract, retain and motivate the talents and professionals. Remuneration will be determined by taking into consideration factors such as market and economic situation, inflation, employment conditions elsewhere in the Group and salaries paid by comparable companies. In addition, performance-based assessment such as individual's potential and contribution to the Group, time commitment and responsibilities undertaken will all be considered. The Group also provides other staff benefits including MPF, medical insurance, meal allowance and discretionary training subsidy. The Group also operates a discretionary share option scheme to motivate the performance of employees.

The Group complied with the Employment Ordinance (Cap 57 of the Laws of Hong Kong) and all the relevant laws and regulations that have a significant impact on the Group relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare for FY2023.

The Group had a total number of 36 employees as at 31 December 2023. All the employee data is from one core operation unit in Hong Kong, so there is no breakdown based on geographical regions.

# Environmental, Social and Governance Report

The employee compositions by gender, employee category, and age group were as follows:

| Employee Structure | | Number of employees as at 31.12.2023 | Number of employees as at 01.01.2023 |
|---|---|---|---|
| Total number of employees | | 36 | 45 |
| By gender | Male | 16 | 22 |
| | Female | 20 | 23 |
| By age | Aged 18-30 | 3 | 9 |
| | Aged 31-40 | 7 | 6 |
| | Aged 41-60 | 24 | 28 |
| | Aged over 60 | 2 | 2 |
| By Employment Category | General Staff | 17 | 21 |
| | Middle Management | 7 | 8 |
| | Senior Management | 12 | 16 |
| | Contract or short term | 0 | 0 |

During the Reporting Period, the employee turnover rate of the Group was 34.6%. The breakdown of turnover rate by gender and age group were as follows:

| | | Number of employees resigned | Turnover Rate |
|---|---|---|---|
| Total number of employees resigned | | 14 | 34.6% |
| By gender | Male | 8 | 42.1% |
| | Female | 6 | 27.9% |
| By age | Aged 18-30 | 3 | 50.0% |
| | Aged 31-40 | 1 | 15.4% |
| | Aged 41-60 | 9 | 34.6% |
| | Aged over 60 | 1 | 50.0% |

## B.2 Health and Safety

The Group is committed to enhancing occupational safety and ensuring that health and safety standards are given prime consideration in the operation of our business. Initiative safety measures have been/will be taken to maintain a safe working environment sufficiently enough in order to protect employees from occupational hazards.

The Group provides a safe, healthy and hygienic working environment to staff with labour protection, reasonable remuneration and various welfares. The Group provides medical insurance covering out-patient, hospitality and annual body check-up for employees. The Group encourages employees to maintain a work-life balance and numerous sports and recreation activities have been/will be conducted through Staff Club which includes health & nutrition talks, yoga class and outing activities.

The Group complied with all the 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 during the Reporting Period.

During the past three years, the Group did not record any work-related injury or fatality of employees, nor any lost days due to work injury.

### B.3 Development and Training

The Group acknowledges the importance of continuous training of employees and has in place a comprehensive training scheme and program to enhance professional ethics and product knowledge of employees. The Group has periodically arranged seminars, briefings or trainings on regulatory updates or industry practices related to the business needs of the Group and encouraged Directors and employees to attend at the Group's expenses. In addition, the Group has provided/will provide training subsidy to employees attending job-related training courses.

| Occupational Training Data | | 2023 |
|---|---|---|
| Total workforce trained | No. of employees | 17 |
| Employees trained by gender | Male | 10 |
| | Female | 7 |
| Employees trained by employment category | General Staff | 6 |
| | Middle Management | 5 |
| | Senior Management | 6 |
| | Contract or short term | 0 |
| Average training hours per employees by gender | Male | 4.9 |
| | Female | 5.4 |
| Average training hours per employees by employment category | General Staff | 3.3 |
| | Middle Management | 6.9 |
| | Senior Management | 6.8 |
| | Contract or short term | N/A |
| Total percentage of trained employees | | 42.0% |
| Percentage of employees trained by gender | Male | 58.8% |
| | Female | 41.2% |
| Percentage of employees trained by employment category | General Staff | 35.3% |
| | Middle Management | 29.4% |
| | Senior Management | 35.3% |
| | Contract or short term | N/A |

### B.4 Labour Standards

The Group is committed to preventing and effectively eliminating all forms of child and forced labour. In case any irregularities in ages, identities and/or validities of employment status were found, employment will be terminated immediately, and the Group will report the incident to relevant authorities. The Group has complied with all the relevant laws and regulations that have a significant impact on the Group relating to preventing child and forced labour during the Reporting Period.

# Environmental, Social and Governance Report

## B.5 Supply Chain Management

Due to the Group's business nature, there are no major suppliers during the Reporting Period. Even if there is any, the Group's business operation may not directly cause significant negative environmental and social impacts to our suppliers. However, the Group shall ensure the communication of the ESG Policy and management's strategy and approach in environmental protection to our stakeholders including suppliers and employees for the purpose of managing potential environmental and social risks of the supply chain.

To integrate the environmental vision into the procurement of office supplies, the Group have a green procurement policy (i.e., reusable, repairable and durable) and make a conscious effort to not be wasteful when using or ordering supplies. With this in mind, we have purchased refillable pens, environment-friendly paper and refillable potable water. The Group give priority to the suppliers who are environmentally friendly and socially responsible to promote and support environmentally preferable products and services in supply chain. To minimize the carbon emission, suppliers engaged by the Group are local suppliers.

## B.6 Product Responsibility

The Group shall ensure compliance with relevant laws and regulations that have a significant impact on the Group relating to health and safety, advertising, labelling, and privacy matters relating to services provided and methods of redress. The Group aims to incorporate ESG considerations in our business operation and investment decisions.

Given the nature of its business, the Group did not sell or ship any products and did not receive any products and service-related complaints during FY2023.

The Group is committed to protect intellectual property rights and not to infringe any third-party interests. We protect intellectual property rights by ensuring licensed software is used for our business operations.

The Group is not aware of any material non-compliance with the Personal Data (Privacy) Ordinance and other applicable laws and regulations that have a significant impact relating to privacy matters regarding products and services provided by the Group in FY2023. No significant fines had been reported in FY2023.

## B.7 Anti-corruption

The Group's anti-bribery and anti-corruption practices are governed by the Code of Conduct of the Group which provides clear guidelines for employees to work in an ethical and socially responsible manner. The Group has adopted the "Policy for Employees Raising Concerns about Possible Improprieties in Financial Reporting, Internal Control or Other Matters" which allows employees to voice out their concerns in confidence without fear of victimization, subsequent discrimination or disadvantage. The Group complied with relevant laws and regulations that have a significant impact on the Group relating to bribery, extortion, fraud and money laundering, among other things, Prevention of Bribery Ordinance (Cap 201 of the Laws of Hong Kong) during the Reporting Period.

During the Reporting Period, there are a total of 14 staff members undergoing a total of 6 sessions of anti-corruption training.

During the Reporting Period, no directors and employees obtained or provided benefits to customers, suppliers, or people with business relationship with the Group, no whistleblowing disclosures were received and no litigations relating to matters of bribery, extortion, fraud or money laundering were brought against the Group or our employees.

### B.8 Community Investment

The Group is committed to delivering positive community engagement, particularly understanding the needs of the communities where the Group operates its business and ensuring our business activities and investments shall take into consideration the communities' interests. The Group's community involvement includes the direct or indirect participating and/or contributing to dedicated projects through donations. The Board also recognises ESG practice as a continuous process of improvement and actively carries out environmentally friendly practices whenever appropriate and possible.

The Group pays attention to various social issues including but not limited to anxiety, depression and suicide prevention, and it strives to help create a harmonious community by making donation to charitable organisation supporting these causes. The Group strives to identify latest social issues to make contribution on an on-going commitment basis.

## 10. ENVIRONMENTAL KPIS

Number of effective work forces for the period from 1 January 2023 to 31 December 2023 is 36

| KPIs | | | Unit | 2023 |
|---|---|---|---|---|
| A1.1 | Air Emissions | Nitrogen Oxides (NOx) | kg | 0.0 |
| | | Sulphur Oxide (SOx) | kg | 0.0 |
| | | Particulate Matter (PM) | kg | 0.0 |
| A1.2 | Greenhouse Gas | Scope 1 – Direct emissions | $tCO_2e$ | 0.0 |
| | | Scope 2 – Energy indirect emissions | $tCO_2e$ | 105.0 |
| | | Scope 3 – Other indirect emissions | $tCO_2e$ | 1.6 |
| | | **Total GHG emissions** | $tCO_2e$ | **106.7** |
| | | GHG emissions intensity | $tCO_2e$/ employee | 2.96 |
| A1.3 | Emission | **Total Hazardous Waste** | tonnes | **0.0** |
| A1.4 | Hazardous Waste[1] | **Total Non-Hazardous Waste** | tonnes | **10.3** |
| | | Non-Hazardous Waste intensity | tonnes/ employee | 0.22 |
| A1.5 | Measures to mitigate emissions and results achieved | Please refer to A.1 Emissions | | |
| A1.6 | How hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved | Please refer to A.1 Emissions | | |

# Environmental, Social and Governance Report

| KPIs | | | Unit | 2023 |
|---|---|---|---|---|
| A2.1 | Energy Consumption | **Total Electricity Consumption** | kWh | **147,912.0** |
| | | Energy consumption intensity | kWh/employee | 4,108.7 |
| A2.2 | Water Consumption[2] | **Total Water Consumption** | $m^3$ | **39.0** |
| | | Water consumption intensity | $m^3$/employee | 1.08 |
| A2.3 | Description of energy use efficiency initiatives and results achieved | Please refer to A.2 Use of Resources | | |
| A2.4 | Sourcing water that is fit for purpose, water efficiency initiatives and results achieved | Please refer to A.2 Use of Resources | | |
| A2.5 | Total packaging material used for finished products | **Total amount of packaging material used** | tonnes | **0.0** |
| A3.1 | Description of significant impacts of activities on the environment and natural resources and actions taken to manage them | The operation of the Core Businesses of the Group does not have significant impact on the environment | | |
| 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 | Please refer to A.4 Climate Change | | |

Note 1: The Group's non-hazardous waste are estimated with reference to the "Monitoring of Solid Waste in Hong Kong – Waste Statistics for 2022" issued by Environmental Protection Department.

Note 2: The Group operates in leased office premises for which both the water supply and discharge are solely controlled by the building management.

## 11. SOCIAL KPIS

| KPIs | | Data Collection | Remarks |
|---|---|---|---|
| B1.1 | Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region. | Please refer to B.1 Employment and Labour Practices | |
| B1.2 | Employee turnover rate by gender, age group and geographical region. | Please refer to B.1 Employment and Labour Practices | |
| B2.1 | Number and rate of work-related fatalities occurred in each of the past three years including the reporting year. | Please refer to B.2 Health and Safety | |
| B2.2 | Lost days due to work injury. | Please refer to B.2 Health and Safety | |
| B2.3 | Description of occupational health and safety measures adopted, and how they are implemented and monitored. | Please refer to B.2 Health and Safety | |
| B3.1 | The percentage of employees trained by gender and employee category (e.g. senior management, middle management). | Please refer to B.3 Development and Training | |
| B3.2 | The average training hours completed per employee by gender and employee category. | Please refer to B.3 Development and Training | |
| B4.1 | Description of measures to review employment practices to avoid child and forced labour. | Please refer to B.4 Labour Standards | |
| B4.2 | Description of steps taken to eliminate such practices when discovered. | Please refer to B.4 Labour Standards | |
| B5.1 | Number of suppliers by geographical region. | Please refer to B.5 Supply Chain Management | |
| 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. | Please refer to B.5 Supply Chain Management | |
| B5.3 | Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored. | Please refer to B.5 Supply Chain Management | |
| B5.4 | Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored. | Please refer to B.5 Supply Chain Management | |

# Environmental, Social and Governance Report

| KPIs | | Data Collection | Remarks |
|---|---|---|---|
| B6.1 | Percentage of total products sold or shipped subject to recalls for safety and health reasons. | Please refer to B.6 Product Responsibility | |
| B6.2 | Number of products and service related complaints received and how they are dealt with. | Please refer to B.6 Product Responsibility | |
| B6.3 | Description of practices relating to observing and protecting intellectual property rights. | Please refer to B.6 Product Responsibility | |
| B6.4 | Description of quality assurance process and recall procedures. | Please refer to B.6 Product Responsibility | |
| B6.5 | Description of consumer data protection and privacy policies, and how they are implemented and monitored. | Please refer to B.6 Product Responsibility | |
| 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. | Please refer to B.7 Anti-corruption | |
| B7.2 | Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored. | Please refer to B.7 Anti-corruption | |
| B7.3 | Description of anti-corruption training provided to directors and staff. | Please refer to B.7 Anti-corruption | |
| B8.1 | Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport). | Please refer to B.8 Community Investment | |
| B8.2 | Resources contributed (e.g. money or time) to the focus area. | Please refer to B.8 Community Investment | |

# Report of the Directors

The Board is pleased to present the report of Directors together with the audited consolidated financial statements of the Group for the year ended 31 December 2023 (the "Year").

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Planetree International Development Limited is incorporated in Bermuda and its head office and principal place of business in Hong Kong is situated at 8th Floor, China United Centre, 28 Marble Road, North Point, Hong Kong.

## PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are set out in note 37 of the Notes to the Consolidated Financial Statements.

There were no significant changes in the nature of the Group's principal activities during the Year, except for focusing on development of Financial Services Business during the Year.

## RESULTS AND STATE OF AFFAIRS

The results of the Group for the Year and the state of affairs of the Group at that date are set out in the consolidated financial statements on pages 68 to 164.

## BUSINESS REVIEW

A fair review of business and a discussion and analysis on the performance of the Group during the Year are set out in the section headed "Business Review" of the Management Discussion and Analysis of this annual report. Discussion and analysis on particulars of important events affecting the Company that have occurred since the end of the financial year of 2023, and an indication of likely future development in the Company's business are set out in the sections headed "Outlook and Strategy" and "Significant Events since the End of the Reporting Period" of Management Discussion and Analysis of this annual report. In addition, an analysis using financial key performance indicators is set out in the section headed "Financial Review" of the Management Discussion and Analysis of this annual report.

### Environmental, Social and Governance ("ESG") Performance

The Company is committed to achieving sustainable development and protection of the environment and engaging ESG considerations as an integral part of our business operations and investment. The Company's strategy in ESG management can be achieved by adopting eco-friendly management practices, making efficient use of resources, and promoting green awareness within the Company. The Company strives to promote awareness on environmental protection and optimizes efficient use of energy in daily operation by encouraging employees to recycle office supplies, plus a series of measures to develop practices to promote energy-saving and emission reduction. The Company will further enhance ESG management by participating in community engagement and ensuring our business development will take into consideration the communities' interest. The Company has complied with all the applicable environmental laws and regulations that have a significant impact on the Company. Details of ESG practice of the Company are set out in the ESG Report of this annual report which is prepared in accordance with the Environmental, Social and Governance Reporting Guide as set out in Appendix C2 to the Listing Rules.

### Compliance with Regulations

The Company complies with the relevant laws and regulations that have a significant impact on the Company including Companies Act 1981 of Bermuda, the Companies Ordinance (to the extent applicable to the Group), as well as the Listing Rules and the SFO for, among other things, the disclosure of information and corporate governance practice.

# Report of the Directors

### Relationship with Employees, Customers, Suppliers and Others

The Company actively manages its relationships with employees, customers, investors, regulators, members of the communities in which we operate, and other stakeholders whose actions can affect the Company's performance and value.

## DIVIDEND

The Board resolved not to recommend the payment of a final dividend for the Year (2022: Nil). No interim dividend was declared for the financial years of 2023 and 2022.

## RESERVES

Particulars of movement in the reserves of the Company and the Group during the Year are set out in note 38(b) of the Notes to the Consolidated Financial Statements and the Consolidated Statement of Changes in Equity respectively.

## DISTRIBUTABLE RESERVES

The Company's deficit of reserves as at 31 December 2023, calculated in accordance with Companies Act 1981 of Bermuda, amounted to HK$12,716,000 (2022: HK$8,922,000), none of which (2022: none) was proposed as final dividend for the Year. In addition, the Company's share premium account, in the amount of HK$918,950,000 (2022: HK$918,950,000), may be distributed in the form of fully paid bonus shares.

## BANK BORROWING

There was bank borrowing of the Group for HK$239,720,000 as at 31 December 2023 (2022: HK$252,555,000). The movement of bank borrowing of the Group for the Year is set out in note 26 of the Notes to the Consolidated Financial Statements.

## SEGMENT INFORMATION

An analysis of the segment performance of the Group for the Year is set out in note 6 of the Notes to the Consolidated Financial Statements.

## FIVE YEAR FINANCIAL SUMMARY

A summary of the published results, assets and liabilities of the Group for the past five financial years, as extracted from the audited financial statements, is set out on page 166. This summary does not form part of the audited financial statements.

## PROPERTY AND EQUIPMENT

Particulars of the property and equipment of the Group and any movement thereof during the Year are set out in note 14 of the Notes to the Consolidated Financial Statements.

## INVESTMENT PROPERTIES

The Group's investment properties as at 31 December 2023 were revalued by an independent professional valuer. The drop in fair value arising on the revaluation, which has been debited directly to the Consolidated Statement of Comprehensive Income, amounted to HK$8,100,000. Details of the investment properties of the Group and any movement thereof during the Year are set out in note 15 of the Notes to the Consolidated Financial Statements, and Particulars of Properties on page 165 which does not form part of the audited financial statements.

## PRINCIPAL SUBSIDIARIES

Particulars of the Company's principal subsidiaries are set out in note 37 of the Notes to the Consolidated Financial Statements.

## SHARE CAPITAL

Particulars of the Company's share capital and any movement thereof during the Year are set out in note 28 of the Notes to the Consolidated Financial Statements.

# Report of the Directors

## PRE-EMPTIVE RIGHTS

There are no pre-emptive rights provisions in Companies Act 1981 of Bermuda or the Bye-Laws.

## EQUITY-LINKED AGREEMENTS

Other than the Share Option Scheme as disclosed below, no equity-linked agreements were entered into by the Company during the Year or subsisted at the end of the Year.

## DONATIONS

No charitable donation was made by the Group during the Year (2022: Nil).

## DIRECTORS

The Directors during the Year and up to the date of this report were:

### Executive Directors

Mr. Xing Shaonan
Mr. Cheung Ting Kee
Ms. Cheung Ka Yee
Mr. Lam Hiu Lo

### Non-Executive Director

Dr. Chuang Henry Yueheng

### Independent Non-Executive Directors

Mr. Chan Sze Hung
Mr. Chung Kwok Pan
Mr. Ma Ka Ki
Mr. Zhang Shuang

Dr. Chuang Henry Yueheng, Mr. Xing Shaonan, Mr. Lam Hiu Lo, Ms. Cheung Ka Yee and Mr. Zhang Shuang will retire at the forthcoming annual general meeting ("**AGM**") of the Company and have offered themselves for re-election at the AGM. The biographical details of Directors and senior management is set out in the section headed "Profiles of Directors and Senior Management" of this annual report.

## CONFIRMATION OF INDEPENDENCE

The Company has received from each of the independent non-executive Directors an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules and considers all the independent non-executive Directors to be independent.

## CHANGE IN INFORMATION OF DIRECTORS

Changes in information of Directors during the Year and up to the date of this annual report discloseable pursuant to Rule 13.51B are as follows:

During the Year and up to the date of this report, there were changes in the composition of the Board as follows:

- Mr. Cheung Ting Kee has been redesignated as the Managing Director of the Company from an Acting Chairman with effect from 1 February 2024.

- Dr. Chuang Henry Yueheng has been appointed as a non-executive director and Chairman of the Board with effect from 1 February 2024. In compliance with the Listing Rules 3.09D, Dr. Chuang has obtained the legal advice on 31 January 2024 and confirmed he understood his obligations as a director of the Company.

- Mr. Xing Shaonan has been appointed as an executive director and Vice Chairman of the Board with effect from 1 March 2024. In compliance with the Listing Rules 3.09D, Mr. Xing has obtained the legal advice on 28 February 2024 and confirmed he understood his obligations as a director of the Company.

Save as disclosed herein, upon specific enquiry by the Company and following confirmations from Directors, there is no change in information of Directors which are required to be disclosed pursuant to Rule 13.51B of the Listing Rules.

# Report of the Directors

## EMOLUMENTS OF DIRECTORS AND THE FIVE HIGHEST PAID EMPLOYEES
Particulars of Directors' emoluments and the five highest paid employees of the Group are set out in note 11 of the Notes to the Consolidated Financial Statements respectively.

## MANAGEMENT CONTRACTS
No contract concerning management and/or administration of the whole or any substantial part of the business of the Company was entered into or existed during the Year.

## DIRECTORS' SERVICE CONTRACTS
No Director has a service contract with the Company that is not determinable by the Company within one year without compensation (other than statutory compensation).

## DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE
There were no transaction, arrangement or contract of significance in relation to the Group's business to which the Company or any of its holding companies or any of its subsidiaries or fellow subsidiaries was a party and in which a Director or an entity connected with the Director had a material interest, whether directly or indirectly, subsisting during or at the end of the Year.

## DIRECTORS' INTERESTS IN COMPETING BUSINESS
Pursuant to Rule 8.10 of the Listing Rules, during the Year and up to the date of this annual report, none of Directors and their associates had any interest in business which competed or was likely to compete, directly or indirectly, with the principal business of the Group.

## RELATED PARTY TRANSACTIONS
During the Year, the Group entered into certain transactions with parties regarded as "related parties" under the applicable accounting principles. None of which were subject to the reporting requirements under Chapter 14A to the Listing Rules. Details of these transactions are disclosed in note 32 of the Notes to the Consolidated Financial Statements.

## MAJOR CUSTOMERS AND SUPPLIERS
In 2023, revenue to the Group's five largest customers accounted for 14% of the total revenue (before deduction of net loss on disposal of financial assets at fair value through profit or loss) for the Year whereas revenue to the largest customer included therein amounted to 5%. There was no purchase from suppliers by the Group during the Year.

None of Directors, their associates or any shareholders who, to the knowledge of Directors, own more than 5% of the issued shares, had any interest in any of the five largest customers.

## MANDATORY PROVIDENT FUND
The Group operates a defined contribution Mandatory Provident Fund Scheme (the "**MPF Scheme**") for all of its employees. Under the MPF Scheme, the Group has only made mandatory contributions, which are fully and immediately vested in the employees; therefore, there were no forfeited contributions during the Year. Further particulars of the MPF Scheme are set out in note 2 of the Notes to the Consolidated Financial Statements.

## CORPORATE GOVERNANCE
The Company's principal corporate governance practice is set out in the Corporate Governance Report.

# Report of the Directors

## SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of Directors, the Company has maintained the prescribed amount of public float during the Year and up to the date of this annual report as required under the Listing Rules.

## PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries has purchased, redeemed or sold any of the listed securities of the Company during the Year.

## PERMITTED INDEMNITY PROVISIONS

The Bye-Laws provides that each Director or other officer of the Company shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities which he or she may sustain or incur in or about the execution of duties of his or her office or otherwise in relation thereto. In addition, the Company has maintained appropriate directors and officers liability insurance in respect of relevant legal actions against the Directors.

Such permitted indemnity provisions have been in force throughout the Year under review and is currently in force at the time of approval of this report.

## DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS

As at 31 December 2023, none of Directors or chief executive of the Company and their respective associates had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

## SHARE OPTION SCHEME

On 21 May 2015, a share option scheme (the "**Share Option Scheme**") was approved and conditionally adopted by the Company, whereby the Board may, at its absolute discretion and on such terms as it may think fit, grant options to any officer, employee (full-time or part-time), director or proposed director of and business consultant, professional or other advisers to any member of the Eligible Group (as defined in the Share Option Scheme). No service provider sublimit was set under the Share Option Scheme. For details of the Share Option Scheme, please refer to the circular dated 16 April 2015.

From 1 January 2023, the Company has relied on the transitional arrangements provided for the existing Share Option Schemes and has complied with the new Chapter 17 of the Listing Rules accordingly (effective from 1 January 2023). As at the date of this annual report, the total number of Shares which may be issued upon the exercise of all options to be granted under the Share Option Scheme is 93,352,767 Shares, representing approximately 9.9% of the issued share capital of the Company as at the date of this annual report.

During the Year, no share options were granted, exercised, cancelled or lapsed under the Share Option Scheme and there were no share options with respect to the Share Option Scheme and any other option schemes of the Company outstanding at the beginning and at the end of the Year, and at the date of this annual report. The grant of share options under the Share Option Scheme and any other option schemes of the Company will be in compliance with Chapter 17 of the Listing Rules.

# REPORT OF THE DIRECTORS

The particulars in relation to the Share Option Scheme that are required to be disclosed under Rules 17.07 to 17.09 of the Listing Rules are set out below:

| | | |
|---|---|---|
| (1) | Purpose | To provide the Company with a flexible means of giving incentive to, rewarding, remunerating, compensating and/or providing benefits, to the Participants (as hereinafter defined) and to serve such other purposes as the Board may approve from time to time. |
| (2) | Participants | It includes any director (or any persons proposed to be appointed as such, whether executive or non-executive), officer or employee (whether full-time or part-time) of each member of the Eligible Group (as hereinafter defined); any business consultant, professional or other advisers (in the areas of legal, technical, financial or corporate managerial) (including any executive, officer or employee of such business consultant, professional and other advisers) to each member of the Eligible Group (or persons proposed to be appointed as such) who has rendered service or will render service to the Group, as absolutely determined by the Board;<br><br>The Eligible Group includes:<br><br>(i) the Company and each of its substantial shareholders; and<br><br>(ii) each associate or substantial shareholder or direct or indirect subsidiary, associated company or joint venture of any of the Company or of a substantial shareholder referred to in (i) above; and<br><br>(iii) each associate or substantial shareholder or direct or indirect subsidiary, associated company or joint venture of any of the foregoing entities referred to in (ii) above; and<br><br>(iv) each associate or substantial shareholder or direct or indirect subsidiary, associated company or joint venture of any of the foregoing entities referred to in (iii) above; and<br><br>(v) each associate or substantial shareholder or direct or indirect subsidiary, associated company or joint venture of any of the foregoing entities referred to in (iv) above. |
| (3) | The total number of securities available for issue under the Share Option Scheme together with the percentage of the issued share capital as at the date of this annual report | 93,352,767 ordinary shares which represent 9.9% of the issued share capital of the Company as at the date of this annual report. |

(4) The maximum entitlement of shares of each Participant

(a) Subject to sub-paragraphs (b), (c) and (d) below, the total number of shares issued and to be issued upon exercise of all options granted to each Participant under the Share Option Scheme and any other share option schemes of the Company (including those exercised, cancelled and outstanding options) in any 12-month period shall not exceed 1 per cent of the total number of shares in issue.

(b) Notwithstanding sub-paragraph (a), where any further grant of options to a Participant would result in the shares issued and to be issued upon exercise of all options granted and to be granted to such Participant (including those exercised, cancelled and outstanding options) in the 12-month period up to and including the date of such further grant representing in aggregate over 1 per cent of the total number of shares in issue, such further grant must be separately approved by the Shareholders in general meeting with such Participant and his or her close associates, or his or her associates if the Participant is a connected person of the Company (all within the meaning as ascribed under the Listing Rules), abstaining from voting.

(c) Each grant of options to a Participant who is a director, chief executive or substantial shareholder of the Company (all within the meaning as ascribed under the Listing Rules) or any of their respective associates, must be approved by the INEDs (excluding any INED who is a proposed grantee).

(d) Where the Board proposes to grant any option to a Participant who is a substantial shareholder or an INEDs, or any of their respective associates which would result in the shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to the Participant under the Share Option Scheme and any other share option schemes of the Company in the 12-month period up to and including the date of such grant:

(i) representing in aggregate more than 0.1 per cent of the total number of shares in issue; and

(ii) having an aggregate value, based on the closing price of the shares at the date of each grant, in excess of HK$5,000,000,

# REPORT OF THE DIRECTORS

| | | |
|---|---|---|
| | | such proposed grant of options must be approved by the Shareholders in general meeting. The Participant, his or her associates, and all core connected persons (within the meaning as ascribed under the Listing Rules) of the Company shall abstain from voting in favour at such general meeting. |
| (5) | The period within which the securities must be taken up under an option | An option may be exercised at any time during a period to be determined and notified by Directors to each grantee, but shall end in any event not later than 10 years from the date of offer of the grant of options subject to the provisions for early termination set out in the Share Option Scheme. |
| (6) | The minimum period for which an option must be held before it can be exercised | There is no minimum period for which an option granted must be held before it can be exercised except otherwise imposed by Directors. |
| (7) | Amount payable on acceptance of the option and the period within which such payment must be made | The offer of a grant of share options may be accepted with a consideration of HK$1.00 being payable by the grantee. |
| (8) | The basis of determining the exercise price | The exercise price shall be a price solely determined by the Board and shall not be less than the highest of:<br><br>(i) the closing price of the shares as stated in the Stock Exchange's daily quotation sheet on the date of grant of the option which must be a Business Day;<br><br>(ii) the average closing price of the shares as stated in the Stock Exchange's daily quotation sheets for the 5 consecutive business days immediately preceding the date of grant of the option; and<br><br>(iii) the nominal value of a Share on the date of grant of the option.<br><br>Without prejudice to the generality of the foregoing and subject to the Listing Rules, the Board may grant the options in respect of which the exercise price is fixed at different prices for different periods during the option period. |
| (9) | The remaining life of the Share Option Scheme | The Share Option Scheme remains in force until 20 May 2025. |

There were no share options granted during the Year and there were no outstanding share options as at 31 December 2023.

## SHARE AWARD SCHEME

The Company adopted a share award scheme on 8 May 2020 (the "**Share Award Scheme**") which has a term of 10 years and will expire on 8 May 2030.

From 1 January 2023, the Company has relied on the transitional arrangements provided for the existing Share Award Scheme and has complied with the new Chapter 17 accordingly (effective from 1 January 2023).

The specific objectives of the Share Award Scheme are:

(i) to recognise the contributions by the selected grantees and to provide them with incentives in order to retain them for the continual operation and development of the Group, particularly in respect of its existing financial services business; and

(ii) to enhance the Group's competitiveness in attracting and/or retaining suitable personnel or professionals who are capable of making contributions to the growth and development of the Group, particularly in respect of its principal business in financial services.

The maximum number of awarded shares that may be issued pursuant to the Share Award Scheme would be 10% of the issued share capital of the Company at the date of adoption of the Share Award Scheme (the "**Share Award Scheme Mandate Limit**"), being 93,052,767 shares of the Company. Subject to the Share Award Scheme Mandate Limit, the maximum number of awarded shares that may be granted in any financial year would be 3% of the issued shares of the Company (the "**Annual Limit**"). The Annual Limit is the maximum number of awarded shares which can be issued from the date of general meeting of the Company approving the Annual Limit to the earliest of (a) the conclusion of the next annual general meeting of the Company; (b) the expiration of the period within which the next annual general meeting of the Company is required by its bye-laws or any applicable law to be held; and (c) the revocation or variation of the approval by members of the Company in general meeting. The Annual Limit may be refreshed by Shareholders so that the Annual Limit refreshed shall not exceed 3% of the issued share capital of the Company as at the date of the general meeting approving such refreshment. The maximum aggregate number of the awarded shares which may be granted to a selected grantee under the Share Award Scheme shall not exceed 1% of the issued share capital of the Company from time to time.

At the beginning of the Year, the maximum number of awarded shares that may be granted under the Share Award Scheme were 28,365,830, representing 3% of the total issued shares of the Company on that date. The Annual Limit had not been refreshed by the Company at the annual general meeting held on 28 June 2023, thus no awarded share is available for grant under the Share Award Scheme at the end of the Year and at the date of this annual report. The Company may not grant any awarded share until the adoption of a new share award scheme is approved by the shareholders of the Company at a general meeting. No service provider sublimit was set under the Share Award Scheme.

During the Year, no share award was granted, vested, cancelled or lapsed under the Share Award Scheme to any Directors or other grantees and there were no unvested awarded shares granted under the Share Award Scheme at the beginning and at the end of the Year. The grant of share awards under the Share Award Scheme will be in compliance with Chapter 17 of the Listing Rules.

Further details of Share Award Scheme are set out in note 29 of the Notes to the Consolidated Financial Statements.

# Report of the Directors

## DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the sections headed "Directors' and Chief Executive's Interests", "Share Option Scheme" and "Share Award Scheme" above, at no time during the Year under review, was the Company or any of its subsidiaries or its holding company, a party to any arrangement to enable the Directors to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate, and none of Directors, or any of their associates, had any interests in or was granted any rights to subscribe for shares, or had exercised any such rights.

## INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As at 31 December 2023, the following persons had interests or short positions in the shares or underlying shares which were recorded in the register required to be kept by the Company pursuant to section 336 of the SFO; or as otherwise notified to the Company and the Stock Exchange:

**Long positions in the shares of the Company:**

| Name | | Capacity and Nature of Interest | Number of Ordinary Shares Held | Percentage of Issued Share Capital |
|---|---|---|---|---|
| Future Capital Group Limited | *Note* | Beneficial Owner | 628,263,640 | 66.45% |
| Ms. Lo Ki Yan Karen | | Interest of controlled corporation | 628,263,640 | 66.45% |
| | | Beneficial Owner | 5,271,800 | 0.56% |
| | | | 633,535,440 | 67.01% |

*Note:* Future Capital Group Limited is 100% beneficially owned by Ms. Lo Ki Yan Karen.

Save as disclosed above, as at 31 December 2023, the Company has not been notified of any other relevant interests or short positions in the shares or underlying shares that were recorded in the register required to be kept by the Company under section 336 of the SFO; or as otherwise notified to the Company and the Stock Exchange.

## AUDITORS

The financial statements for the Year have been audited by Mazars CPA Limited, Certified Public Accountants, who will retire at the forthcoming annual general meeting (the "**AGM**"), being eligible, offer themselves for reappointment at the AGM. A resolution for re-appointment of Mazars CPA Limited as auditors of the Company and to authorise Directors to fix their remuneration will be proposed at the AGM.

By order of the Board

**Mr. Cheung Ting Kee**
*Managing Director*

Hong Kong, 27 March 2024

# PROFILES OF DIRECTORS AND SENIOR MANAGEMENT

**Cheung Ting Kee**, aged 54, has been appointed as an executive director and the acting chairman of the Company with effect from 27 June 2022 and 30 June 2022 respectively. He has over 27 years of working experience in the securities industry including equity research, equity sales, fund management and corporate finance. Mr. Cheung is currently the sole director and a responsible officer of Akron Corporate Finance Limited, an indirect wholly-owned subsidiary of the Company, which is a Hong Kong company licensed to carry out Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) ("**SFO**"). Mr. Cheung is a holder of a Bachelor Degree of Business Administration and a Master Degree in Professional Accounting. He is a fellow member of the Institute of Certified Management Accountants, Australia.

Mr. Cheung is an independent non-executive director of Yue Da International Holdings Limited (stock code: 629), the shares of which are listed on the Main Board of the Stock Exchange, since July 2015.

**Cheung Ka Yee**, aged 42, was appointed an executive director of the Company in April 2019. She is also a member of remuneration committee and a director of certain subsidiaries of the Company. She holds a Master's degree in Mathematics from the California State University in the United States of America. Ms. Cheung has around 15 years of experience in property investment and property leasing. She was previously a director of a private investment company principally engaged in securities investment in Hong Kong. Ms. Cheung was an executive director of Mason Group Holdings Limited (formerly known as Willie International Holdings Limited, stock code: 273), a company formerly listed on the Stock Exchange, from July 2013 to April 2016.

**Lam Hiu Lo**, aged 62, was appointed an executive director of the Company in 1993. He is mainly responsible for business development and investment of the Group. He is an independent non-executive director of EVA Precision Industrial Holdings Limited (stock code: 838), a public company listed on the Stock Exchange.

**Chan Sze Hung**, aged 71, was appointed an independent non-executive director of the Company in April 2019. He is also the chairman of nomination committee and a member of audit committee of the Company. He graduated from the University of Hong Kong with a degree in law. He is now a consultant of Chan, Lau and Wai, a firm of solicitors in Hong Kong. He has over 40 years' experience in the legal profession. During the period from June 2012 to June 2016, Mr. Chan was an independent non-executive director of China Touyun Tech Group Limited (stock code: 1332, currently known as Touyun Biotech Group Limited) of which the shares are listed on the Stock Exchange.

**Chung Kwok Pan**, aged 60, was appointed as an independent non-executive director, a member of the audit committee, remuneration committee and nomination committee of the Company in April 2020.

He has been responsible for the business management of Chungweiming Knitting Factory Limited since early 1988. He formed Hong Kong Carbon Trading Centre Co., Ltd ("**HKCTC**") in early 2022 as the Founder & CEO. HKCTC helps all kinds and sizes of industrial companies in how to reduce the carbon emission in order to help the World's climate change. Mr. Chung also has several social positions, including a member of the 5th and 6th Legislative Council of Hong Kong (Textile and Garment Sector), Honorary Life Chairman of Hong Kong Apparel Society, a member of Honorary General Committee of The Chinese Manufacturers' Association of Hong Kong, an advisor of New Territories General Chamber of Commerce, Chairman of Fashion Industry Training Advisory Committee, Education Bureau of the Hong Kong Special Administrative Region and a member of Carbon Market Opportunities Working Group of Financial Services Development Council. He was also a member of the 9th Guangdong Provincial Committee of the Chinese People's Political Consultative Conference in 2005. He is appointed to be an adjunct Professor in the Department of Government and Public Administration at The Chinese University of Hong Kong (CUHK) from 1 August 2023 and adjunct Professor in the Department of Public and International Affairs of the College of Liberal Arts

# Profiles of Directors and Senior Management

and Social Sciences of City University of Hong Kong from 1 September 2023. Mr. Chung obtained a Bachelor's degree in Quantity Surveying from Robert Gordon's Institute of Technology, Scotland (currently known as Robert Gordon University, Aberdeen) in July 1986 and a Master's degree in Business Administration from the University of Stirling, Scotland, United Kingdom in May 1988. He served as an independent non-executive director of SFund International Holdings Limited (previously known as "Hanbo Enterprises Holdings Limited") (stock code: 1367), a company listed on the Stock Exchange, from June 2014 to November 2016. He has served as an independent non-executive director of High Fashion International Limited (stock code: 608) since July 2019 and an independent non-executive director of Esprit Holdings Limited (stock code: 330) since July 2020. He also served as an independent non-executive director of Legendary Group Limited (formerly known as L&A International Holdings Limited) (stock code: 8195) since June 2021. These companies are listed on the Stock Exchange.

**Ma Ka Ki**, aged 43, has been appointed as an independent non-executive director, a member of the audit committee, remuneration committee and nomination committee of the Company, with effect from 1 October 2022. He has been appointed as the chairman of the audit committee and remuneration committee of the Company with effect from 1 November 2022. He holds a Bachelor's degree in Accounting and Information System with merit from the University of New South Wales, Australia. Mr. Ma is a member of both the Hong Kong Institute of Certified Public Accountants and the Institute of Chartered Accountants in England & Wales. He is also a member of both the Hong Kong Chartered Governance Institute and the Chartered Governance Institute. He has over 15 years of experience in auditing and accounting sectors and has extensive experience in financial and corporate secretarial services.

During the period from February 2021 to September 2022, Mr. Ma was an independent non-executive director of Blue River Holdings Limited (stock code: 498), the shares of which are listed on the Main Board of the Stock Exchange. During the period from March 2018 to July 2020, Mr. Ma was an independent non-executive director of Celebrate International Holdings Limited ("**Celebrate International**") (previous stock code: 8212), which was incorporated in the Cayman Islands with limited liability and was delisted from the GEM Board of the Stock Exchange on 8 July 2020. An order was granted by the High Court of Hong Kong to wind up Celebrate International, whose principal businesses were money lending and securities investment and trading, on 22 July 2020 upon petition of Citizens Money Lending Corporation Limited filed on 12 May 2020 for an outstanding sum of approximately HK$27 million together with interests accrued as set out in its announcement. Mr. Ma resigned as the independent non-executive director of Celebrate International with effect from 29 July 2020. During the period from June 2016 to June 2018, Mr. Ma was an independent non-executive director of Oshidori International Holdings Limited (stock code: 622), the shares of which are listed on the Main Board of the Stock Exchange.

**Zhang Shuang**, aged 52, was appointed as an independent non-executive director of the Company in April 2020. Mr. Zhang graduated from Nanjing University (南京大學), majoring in natural resources management, in July 1994 and obtained a Master's degree in Science from James Madison University in the United States in May 2002. He has been chief executive officer of The Paradise International Foundation (桃花源生態保護基金會) since 2015. Mr. Zhang has been a project director of the China region at The Nature Conservancy (大自然保護協會) from 2005 to 2015. He was an independent non-executive director of ZhongAn Online P & C Insurance Co., Ltd. (stock code: 6060), a company listed on the Stock Exchange, from November 2016 to November 2022.

# Profiles of Directors and Senior Management

## DIRECTORS APPOINTED AFTER THE YEAR ENDED 31 DECEMBER 2023

**Dr. Chuang Henry Yueheng** (“**Dr. Chuang**”), aged 68, was appointed as a Non-executive Director and the Chairman of the Company on 1 February 2024. He holds Master Degrees in Petroleum Engineering and Business Administration from the University of Southern California. Dr. Chuang received an Honorary Doctorate degree from Dubna University of Russia in 2007 in recognition of his achievements in the field of petroleum engineering. Dr. Chuang studied under the late Professor George Chilingar (“**Dr. Chilingar**”), one of the foremost experts in the field of petroleum engineering, and was his assistant for many years. Dr. Chuang assisted in the research and editing of many books authored by Dr. Chilingar, several of which were dedicated to Dr. Chuang. In addition to years of field experience in the energy industry, Dr. Chuang also has more than 25 years of experience in corporate finance and development. In compliance with the Listing Rules 3.09D, Dr. Chuang has obtained the legal advice on 31 January 2024 and confirmed he understood his obligations as a director of the Company.

Dr. Chuang is the brother-in-law of the controlling shareholder of the Company, Ms. Lo Ki Yan Karen.

**Mr. Xing Shaonan** (“**Mr. Xing**”), aged 68, was appointed as an Executive Director and the Vice Chairman of the Company on 1 March 2024. He obtained a master degree of business administration from Murdoch University in Perth, Western Australia in March 1998. In January 2018, he was appointed as a committee member of the Guangdong Provincial Committee of the Chinese People’s Political Consultative Conference. Mr. Xing has more than 20 years of experience in the finance industry. Since 2003, Mr. Xing has been working at Offshore Capitals Investment (Holdings) Limited (“**Offshore Capitals**”)（海外資本投資（控股）有限公司）as the chief executive officer and an executive director. Subsequently, Mr. Xing will resign from all the current positions at Offshore Capitals. From June 1999 to June 2002, Mr. Xing served as the secretary to the office of the chief executive officer of Asia Television Limited, one of the two wireless commercial television stations in Hong Kong at the relevant time.

Mr. Xing was an independent non-executive director of Min Fu International Holding Limited (formerly known as Zhicheng Technology Group Ltd.) (stock code: 8511), the shares of which are listed on the GEM board of the Stock Exchange, during the period from March 2018 to January 2022.

In compliance with the Listing Rules 3.09D, Mr. Xing has obtained the legal advice on 28 February 2024 and confirmed he understood his obligations as a director of the Company.

# Independent Auditor's Report

mazars

**Mazars CPA Limited**
**中審眾環(香港)會計師事務所有限公司**
42nd Floor, Central Plaza
18 Harbour Road, Wanchai, Hong Kong
香港灣仔港灣道18號中環廣場42樓
Tel 電話: (852) 2909 5555
Fax 傳真: (852) 2810 0032
Email 電郵: info@mazars.hk
Website 網址: www.mazars.hk

To the members of
**Planetree International Development Limited**
*(incorporated in Bermuda with limited liability)*

## OPINION

We have audited the consolidated financial statements of Planetree International Development Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 68 to 164, which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2023, and of its financial performance and 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 (the "HKICPA") and have been properly prepared in compliance with the disclosure requirements of Hong Kong Companies Ordinance.

## BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the "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.

## KEY AUDIT MATTERS

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

# INDEPENDENT AUDITOR'S REPORT

## KEY AUDIT MATTERS *(continued)*

| Key Audit Matters | How our audit addressed the key audit matters |
|---|---|
| ***Loss allowance for expected credit loss ("ECL") on loan and interest receivables from credit and lending business*** | |
| We identified the loss allowance for ECL on loan and interest receivables from credit and lending business as a key audit matter due to the application of significant judgement by the management in evaluating the recoverability and creditworthiness of the borrowers.<br><br>Management assessed the impairment losses on loan and interest receivables with reference to valuations carried out by an independent professional valuer engaged by the Group, based on probability-weighted estimate of credit losses over the expected life of these receivables and whether there are any events or changes in circumstances indicate a detrimental impact on the estimated future cash flows of these balances.<br><br>In particular, as detailed in note 34 to the consolidated financial statements, the Group has concentration of credit risk as the exposure of the largest borrower and the five largest borrowers represents 26% and 80% of the total loans to credit and lending borrowers as at 31 December 2023 respectively. As any impairment of such receivables will have a significant impact on the Group's financial position and financial performance, we consider impairment assessment of such receivables as a key audit matter.<br><br>The carrying value of the loan and interest receivables from credit and lending business was approximately HK$132,229,000 as at 31 December 2023, in respect of which loss allowance for ECL of HK$896,000 has been made. Further details are set out in notes 4, 20 and 34 to the consolidated financial statements. | Our key audit procedures in relation to management's recoverability assessment of loan and interest receivables from credit and lending business included:<br><br>• Understanding, through enquiry with the management, the established policies and procedures on credit risk management of receivables from credit and lending business;<br><br>• Assessing and evaluating the design and implementation of controls with respect to the identification of receivables with overdue or default payments;<br><br>• Assessing, on a sample basis, management's judgement over the ECL and creditworthiness of the borrowers by assessing the available information, such as background information of the borrowers, market value of securities collateral, past collection history of borrowers, concentration risk of borrowers, the Group's actual loss experience, forward-looking information and subsequent settlement of the loan and interest receivables.<br><br>• Assessing the competence, capabilities and objectivity of independent professional valuer who assisted the management to determine the ECL; and<br><br>• Challenging the judgements and estimates made by management and valuer regarding the factors considered during ECL assessment. |

# Independent Auditor's Report

## KEY AUDIT MATTERS *(continued)*

| Key Audit Matters | How our audit addressed the key audit matters |
|---|---|
| ***Valuation of investment properties*** | |
| As at 31 December 2023, the Group's investment properties amounted to HK$505,700,000, which were measured at fair value. The fair values of the investment properties as at 31 December 2023 were determined based on valuations by an independent external valuer.<br><br>We identified the valuation of investment properties as a key audit matter due to the significance of carrying amount and the application of significant judgement associated with determining the fair value.<br><br>Significant estimation is required to determine the fair values of the investment properties, which reflect market conditions at the end of the reporting period. Management engaged independent external valuer to perform valuations on these investment properties at the end of the reporting period and, in case of the absence of current prices in an active market for similar properties, the external valuer considered information from a variety of sources such as estimated rental value of the relevant properties and made assumptions about capitalisation rates.<br><br>Related disclosures are included in notes 4 and 15 to the consolidated financial statements. | Our key audit procedures in relation to the assessment of the valuations of investment properties included:<br><br>• Obtaining and reviewing the valuation reports prepared by the independent external valuer engaged by the Group;<br><br>• Assessing the competence, capabilities and objectivity of independent professional valuer's qualifications who assisted the management to determine the valuations of investment properties;<br><br>• Discussing with the valuer to understand the valuation process and methodologies, the performance of the property market, and assessing the significant assumptions adopted and critical judgements used in the valuation of investment properties; and<br><br>• Challenging the judgements and estimates made by management and valuer regarding the factors considered during the valuation of investment properties. |
| ***Loss allowance for ECL on trade receivables from margin clients arising from the business of securities brokerage*** | |
| At 31 December 2023, the trade receivables from margin clients arising from the business of securities brokerage amounted to approximately HK$635,058,000, net of loss allowance for ECL of approximately HK$1,361,000.<br><br>Management assessed the provision for ECL of trade receivables from margin clients based on various inputs such as credit quality of clients, the collateral to margin receivables balance ratio, amount of shortfall of margin clients and pledged listed securities and forward-looking factors that are specific to the debtors and general economic conditions of the industry analysis.<br><br>We considered this matter to be a key audit matter due to the significance of the balance and the significant judgement in determining ECL on the trade receivables from margin clients.<br><br>Further details are set out in notes 4, 20 and 34 to the consolidated financial statements. | Our key audit procedures in relation to management's recoverability assessment of trade receivables from margin clients arising from the business of dealing in securities margin financing included:<br><br>• Understanding, through enquiry with the management, the established policies and procedures on credit risk management of trade receivables from margin clients;<br><br>• Assessing and evaluating the design and implementation of controls with respect to the identification of receivables with margin call made or default payments after the margin call made or insufficient collateral without call; and<br><br>• Assessing and challenging management's judgement and estimates over the ECL and discussing with the management to understand the valuation process and methodologies, the performance of the securities market such as checking the recoverable amount of the securities collateral, significant assumptions adopted, critical judgements used in the ECL assessment. |

# 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 Company's 2023 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. This report is made solely to you, as a body, in accordance with Section 90 of the Companies Act 1981 of Bermuda (as amended), 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.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

# Independent Auditor's Report

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with 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 and 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.

**Mazars CPA Limited**
*Certified Public Accountants*
Hong Kong, 27 March 2024

The engagement director on the audit resulting in this independent auditor's report is:
**Chan Wai Man**
Practising Certificate Number: P02487

# Consolidated Statement of Comprehensive Income

Year ended 31 December 2023

| | Note | 2023<br>*HK$'000* | 2022<br>*HK$'000* |
|---|---|---|---|
| **Revenue** | | | |
| Fee and commission income | | **494** | 435 |
| Asset management service income | | **3,673** | 4,510 |
| Corporate advisory service income | | **12,664** | 19,508 |
| Financial advisory service income | | **7,613** | 9,785 |
| Net loss on disposal of financial assets at fair value through profit or loss ("FVPL") | | **(7,508)** | (1,221) |
| Interest income from margin clients and loan receivables | | **84,134** | 112,927 |
| Dividend income from financial assets at FVPL | | **335** | 7 |
| Gross rental income | | **11,989** | 9,376 |
| **Total revenue** | 5 | **113,394** | 155,327 |
| Other income and gains | 5 | **43,225** | 13,278 |
| (Impairment loss) Reversal of impairment loss on loan and interest receivables | 34 | **(321)** | 4,893 |
| (Impairment loss) Reversal of impairment loss on margin loan receivables | 34 | **(831)** | 7,786 |
| Impairment loss on trade receivables | 34 | **(669)** | (231) |
| Impairment loss on other receivables | 34 | **(4,187)** | – |
| Depreciation of property and equipment and rights-of-use assets | 14 | **(12,849)** | (13,474) |
| Administrative expenses | | **(54,615)** | (58,170) |
| Other losses | 7 | **(208,329)** | (6,613) |
| Finance costs | 8 | **(15,691)** | (8,580) |
| Share of result of associates | 18 | **(22,080)** | (87,786) |
| **(Loss) Profit before taxation** | 9 | **(162,953)** | 6,430 |
| Income tax expense | 10 | **(13,587)** | (7,962) |
| **Loss for the year** | | **(176,540)** | (1,532) |
| **Other comprehensive income (loss)** | | | |
| *Items that will not be reclassified to profit or loss* | | | |
| Property revaluation reserve upon transfer from property and equipment to investment properties | | **–** | 11,111 |
| Fair value change on equity investments measured at fair value through other comprehensive income ("Designated FVOCI") | | **12,990** | – |
| Share of other comprehensive income (loss) of an associate | 18 | **408** | (44) |
| Total other comprehensive income for the year | | **13,398** | 11,067 |
| Total comprehensive (loss) income for the year | | **(163,142)** | 9,535 |

# Consolidated Statement of Comprehensive Income

Year ended 31 December 2023

| | Note | **2023** **HK$'000** | 2022 HK$'000 |
|---|---|---|---|
| **Loss for the year attributable to:** | | | |
| Owners of the Company | | **(140,145)** | (17,172) |
| Non-controlling interests | | **(36,395)** | 15,640 |
| | | **(176,540)** | (1,532) |
| **Total comprehensive (loss) income attributable to:** | | | |
| Owners of the Company | | **(126,747)** | (6,105) |
| Non-controlling interests | | **(36,395)** | 15,640 |
| | | **(163,142)** | 9,535 |
| | | **2023** **HK cents** | 2022 HK cents |
| **Loss per share** | 13 | | |
| Basic | | **(14.82)** | (1.82) |
| Diluted | | **(14.82)** | (1.82) |

# Consolidated Statement of Financial Position

At 31 December 2023

| | Note | 2023 HK$'000 | 2022 HK$'000 |
|---|---|---|---|
| **Non-current assets** | | | |
| Property and equipment | 14 | **31,865** | 43,117 |
| Investment properties | 15 | **505,700** | 513,800 |
| Intangible assets | 16 | **12,667** | 12,717 |
| Goodwill | 17 | **6,115** | 6,115 |
| Investment in associates | 18 | **319,111** | 161,707 |
| Designated FVOCI | 21 | **155,586** | – |
| Financial assets at FVPL | 22 | **83,400** | 17,080 |
| Other receivables | 20 | **964** | 1,286 |
| Other assets | 19 | **3,205** | 3,205 |
| | | **1,118,613** | 759,027 |
| **Current assets** | | | |
| Trade, loan and other receivables | 20 | **952,352** | 1,274,942 |
| Financial assets at FVPL | 22 | **64,832** | 144,496 |
| Income tax recoverable | | **6,258** | 1,899 |
| Bank balances – trust and segregated accounts | 23 | **3,856** | 3,070 |
| Bank balances and cash | 23 | **38,517** | 229,308 |
| | | **1,065,815** | 1,653,715 |
| **Current liabilities** | | | |
| Trade and other payables | 24 | **21,984** | 22,158 |
| Lease liabilities – current portion | 25 | **3,275** | 7,632 |
| Interest-bearing borrowings | 26 | **239,720** | 252,555 |
| Income tax payable | | **7,557** | 4,887 |
| | | **272,536** | 287,232 |
| **Net current assets** | | **793,279** | 1,366,483 |
| **Total assets less current liabilities** | | **1,911,892** | 2,125,510 |
| **Non-current liabilities** | | | |
| Other payables | 24 | **1,562** | 1,562 |
| Lease liabilities – non-current portion | 25 | **–** | 3,275 |
| Deferred taxation | 27 | **3,235** | 436 |
| | | **4,797** | 5,273 |
| **NET ASSETS** | | **1,907,095** | 2,120,237 |
| **Capital and reserves** | | | |
| Share capital | 28 | **94,553** | 94,553 |
| Reserves | | **1,521,111** | 1,647,229 |
| Equity attributable to owners of the Company | | **1,615,664** | 1,741,782 |
| Non-controlling interests | 37 | **291,431** | 378,455 |
| **TOTAL EQUITY** | | **1,907,095** | 2,120,237 |

The consolidated financial statements on pages 68 to 164 were approved and authorised for issue by the Board of Directors on 27 March 2024 and are signed on its behalf by:

| | |
|---|---|
| **CHEUNG Ting Kee** | **Cheung Ka Yee** |
| *Director* | *Director* |

# Consolidated Statement of Changes in Equity

Year ended 31 December 2023

| | Attributable to owners of the Company | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Reserves | | | | | | | | | |
| | Share capital HK$'000 | Share premium HK$'000 (Note i) | Contribution surplus HK$'000 (Note ii) | Property revaluation reserve HK$'000 (Note iii) | Investment revaluation reserve (non-recycling) HK$'000 (Note iv) | Share award reserve HK$'000 (Note 29(b)) | Retained earnings HK$'000 | Total reserves HK$'000 | Total HK$'000 | Non-controlling interests HK$'000 | Total HK$'000 |
| At 1 January 2022 | 94,253 | 916,940 | 44,641 | – | – | – | 689,743 | 1,651,324 | 1,745,577 | 190,507 | 1,936,084 |
| (Loss) Profit and total comprehensive (loss) income for the year | – | – | – | – | – | – | (17,172) | (17,172) | (17,172) | 15,640 | (1,532) |
| Other comprehensive income (loss) | | | | | | | | | | | |
| *Items that will not be reclassified to profit or loss* | | | | | | | | | | | |
| Transfer of reserve upon transfer from property and equipment to investment properties (Note 14(b)) | – | – | – | 11,111 | – | – | – | 11,111 | 11,111 | – | 11,111 |
| Share of other comprehensive loss of an associate (Note 18) | – | – | – | – | (44) | – | – | (44) | (44) | – | (44) |
| Total other comprehensive income (loss) for the year | – | – | – | 11,111 | (44) | – | – | 11,067 | 11,067 | – | 11,067 |
| Total comprehensive (loss) income for the year | – | – | – | 11,111 | (44) | – | (17,172) | (6,105) | (6,105) | 15,640 | 9,535 |
| Transactions with owners: | | | | | | | | | | | |
| *Contribution and distribution* | | | | | | | | | | | |
| Recognition of equity-settled share-based payments (Note 29(b)) | – | – | – | – | – | 2,310 | – | 2,310 | 2,310 | – | 2,310 |
| Shares vested under the share award scheme (Note 29(b)) | 300 | 2,010 | – | – | – | (2,310) | – | (300) | – | – | – |
| Dividend declared to non-controlling interests | – | – | – | – | – | – | – | – | – | (2,692) | (2,692) |
| Changes in non-controlling interests arising from right issues | – | – | – | – | – | – | – | – | – | 125,000 | 125,000 |
| | 300 | 2,010 | – | – | – | – | – | 2,010 | 2,310 | 122,308 | 124,618 |
| *Change in ownership interests* | | | | | | | | | | | |
| Change in ownership interests in subsidiaries that do not result in a loss of control | – | – | – | – | – | – | – | – | – | 50,000 | 50,000 |
| | – | – | – | – | – | – | – | – | – | 50,000 | 50,000 |
| At 31 December 2022 | 94,553 | 918,950 | 44,641 | 11,111 | (44) | – | 672,571 | 1,647,229 | 1,741,782 | 378,455 | 2,120,237 |

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
Year ended 31 December 2023

| | Attributable to owners of the Company | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Reserves | | | | | | | | |
| | Share capital HK$'000 | Share premium HK$'000 (Note i) | Contribution surplus HK$'000 (Note ii) | Property revaluation reserve HK$'000 (Note iii) | Investment revaluation reserve (non-recycling) HK$'000 (Note iv) | Retained earnings HK$'000 | Total reserves HK$'000 | Total HK$'000 | Non-controlling interests HK$'000 | Total HK$'000 |
| At 1 January 2023 | 94,553 | 918,950 | 44,641 | 11,111 | (44) | 672,571 | 1,647,229 | 1,741,782 | 378,455 | 2,120,237 |
| Loss and total comprehensive loss for the year | – | – | – | – | – | (140,145) | (140,145) | (140,145) | (36,395) | (176,540) |
| Other comprehensive income | | | | | | | | | | |
| *Items that will not be reclassified to profit or loss* | | | | | | | | | | |
| Fair value change on Designated FVOCI (Note 21) | – | – | – | – | 12,990 | – | 12,990 | 12,990 | – | 12,990 |
| Share of other comprehensive income of an associate (Note 18) | – | – | – | – | 408 | – | 408 | 408 | – | 408 |
| Total other comprehensive income for the year | – | – | – | – | 13,398 | – | 13,398 | 13,398 | – | 13,398 |
| Total comprehensive (loss) income for the year | – | – | – | – | 13,398 | (140,145) | (126,747) | (126,747) | (36,395) | (163,142) |
| Transactions with owners: | | | | | | | | | | |
| *Contribution and distribution* | | | | | | | | | | |
| Change in ownership interests in subsidiaries (Note 31) | – | – | – | – | – | 629 | 629 | 629 | (50,629) | (50,000) |
| | – | – | – | – | – | 629 | 629 | 629 | (50,629) | (50,000) |
| At 31 December 2023 | 94,553 | 918,950 | 44,641 | 11,111 | 13,354 | 533,055 | 1,521,111 | 1,615,664 | 291,431 | 1,907,095 |

Notes:

(i) Share premium represents the excess of the net proceeds or consideration from issuance of the Company's shares over their par value. The application of the share premium account is governed by Section 46(2) of the Companies Act 1981 of Bermuda (as amended).

(ii) Contribution surplus represented the excess of the net asset values of the subsidiaries acquired over the nominal value of the Company's shares issued for their acquisitions at the time of the reorganisation in preparation for the listing of the Company's shares in 1993. Under the Bermuda Companies Act 1981 (as amended from time to time), the contributed surplus may be distributed to shareholders under certain circumstances.

(iii) The property revaluation reserves comprise the net changes in fair value arising on the revaluation of properties held for own use upon transfer to investment properties.

(iv) Investments revaluation reserve (non-recycling) comprises the accumulated net change in the fair value of Designated FVOCI that have been recognised in other comprehensive income, net of the amounts reclassified to accumulated profits or losses when those investments are disposed of.

# Consolidated Statement of Cash Flows

Year ended 31 December 2023

| | Note | **2023**<br>***HK$'000*** | 2022<br>*HK$'000* |
|---|---|---|---|
| **OPERATING ACTIVITIES** | | | |
| (Loss) Profit before taxation | | **(162,953)** | 6,430 |
| Depreciation of property and equipment and right-of-use assets | 14 | **12,849** | 13,474 |
| Amortisation of intangible assets | 16 | **50** | 50 |
| Impairment loss (Reversal of impairment loss) on loan and interests receivables | 34 | **321** | (4,893) |
| Impairment loss (Reversal of impairment loss) on margin loan receivables | 34 | **831** | (7,786) |
| Impairment loss on trade receivables | 34 | **669** | 231 |
| Impairment loss on other receivables | 34 | **4,187** | – |
| Gain on disposal of a subsidiary | | **–** | (3,999) |
| (Gain) Loss on deemed disposal of an associate | 18 | **(472)** | 397 |
| Dividend income | 5 | **(335)** | – |
| Interest income | 5 | **(84,446)** | (112,977) |
| Interest expenses | 8 | **15,691** | 8,580 |
| Net fair value loss on investment properties | 7 | **8,100** | 5,900 |
| Net fair value loss (gains) on financial assets at FVPL | 5, 7 | **200,229** | (6,941) |
| Equity-settled share-based payment | 29 | **–** | 2,310 |
| Share of result of associates | 18 | **22,080** | 87,786 |
| Bad debts recovery | 5 | **(42,000)** | – |
| *Changes in working capital:* | | | |
| Financial assets at FVPL | | **(27,172)** | (8,334) |
| Trade, loan and other receivables | | **207,934** | (414,762) |
| Bank balances – trust and segregated accounts | | **(786)** | 237 |
| Trade and other payables | | **(1,081)** | (5,269) |
| Cash generated from (used in) operations | | **153,696** | (439,566) |
| Interest paid for margin financing | | **(986)** | (779) |
| Income tax paid | | **(12,477)** | (11,816) |
| **NET CASH FROM (USED IN) OPERATING ACTIVITIES** | | **140,233** | (452,161) |

# CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2023

| | Note | 2023 HK$'000 | 2022 HK$'000 |
|---|---|---|---|
| **INVESTING ACTIVITIES** | | | |
| Interest received | | **75,703** | 107,767 |
| Dividend received | | **335** | – |
| Purchases of items of equipment | 14 | **(1,597)** | (196) |
| Injection of fund to an associate | 18 | **(178,604)** | (243) |
| Purchase of Designated FVOCI | 21 | **(142,596)** | – |
| Net cash inflow arising from disposal of a subsidiary | | **–** | 4,000 |
| Acquisition of an associate | | **–** | (8,000) |
| **NET CASH (USED IN) FROM INVESTING ACTIVITIES** | | **(246,759)** | 103,328 |
| **FINANCING ACTIVITIES** | | | |
| Net cash outflow arising from acquisition of additional interests in subsidiaries | 31 | **(50,000)** | – |
| Net cash inflow arising from partial disposal of a subsidiary | | **–** | 50,000 |
| Net cash inflow arising from right issue of a subsidiary from non-controlling interests | | **–** | 125,000 |
| Repayment of interest-bearing borrowings | 30(a) | **(12,835)** | (12,835) |
| Principal portion of lease payments | 30(a) | **(7,632)** | (4,445) |
| Interest paid | 30(a) | **(13,798)** | (7,960) |
| Dividend paid non-controlling interests of a non-wholly owned subsidiary | | **–** | (2,692) |
| **NET CASH (USED IN) FROM FINANCING ACTIVITIES** | | **(84,265)** | 147,068 |
| **Net decrease in cash and cash equivalents** | | **(190,791)** | (201,765) |
| **Cash and cash equivalents at beginning of the reporting period** | | **229,308** | 431,073 |
| **Cash and cash equivalents at end of the reporting period, represented by cash and bank balances** | | **38,517** | 229,308 |

# Notes to the Consolidated Financial Statements

Year ended 31 December 2023

## 1. GENERAL

Planetree International Development Limited (the "Company") is a limited liability company incorporated in Bermuda as an exempted company and its shares are listed on Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The address of the registered office and principal place of business of the Company are disclosed in the corporate information section to the 2023 annual report of the Company.

The Company and its subsidiaries (collectively, the "Group") is principally engaged in (i) financial services with operations licensed under the Securities and Futures Ordinance ("SFO"), (ii) credit and lending services with operations under Money Lenders Ordinance (the "MLO"), (iii) other financial services, (iv) property investment and leasing and (v) tactical and strategic investment.

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

## 2. PRINCIPAL ACCOUNTING POLICIES

### Basis of preparation

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

The consolidated financial statements have been prepared on a basis consistent with the accounting policies adopted in the consolidated financial statements for the year ended 31 December 2022 except for the adoption of the following new/revised HKFRSs that are relevant to the Group and effective from the current year.

### Adoption of new/revised HKFRSs

***Amendments to HKAS 1: Disclosure of Accounting Policies***

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

The amendments have no effect on the measurement, recognition or presentation of any items in the consolidated financial statements. Management has reviewed the disclosure of accounting policy information and considered it is consistent with the amendments.

***Amendments to HKAS 8: Definition of Accounting Estimates***

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

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2023

## 2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

### Adoption of new/revised HKFRSs *(continued)*

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

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

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

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

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

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

### Basis of measurement

The measurement basis used in the preparation of these consolidated financial statements is historical cost, except for investment properties, Designated FVOCI and financial assets at FVPL, which are measured at fair values as explained in the accounting policies set out below.

### Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and all of its subsidiaries. The financial statements of the subsidiaries are prepared for the same reporting year as that of the Company using consistent accounting policies.

All intra-group balance, transactions, income and expenses and profits and losses resulting from intra-group transactions are eliminated in full. The results of subsidiaries are consolidated from the date on which the Group obtains control and continue to be consolidated until the date that such control ceases.

Non-controlling interests are presented, separately from owners of the Company, in the consolidated statement of profit or loss and other comprehensive income and within equity in the consolidated statement of financial position. The non-controlling interests in the acquiree, that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in event of liquidation, are measured initially either at fair value or at the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. This choice of measurement basis is made on an acquisition-by-acquisition basis.

***Allocation of total comprehensive income***

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2023

## 2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

### Basis of consolidation *(continued)*

***Changes in ownership interest***

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. 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 the owners of the Company.

When the Group loses control of a subsidiary, the profit or loss on disposal 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 determined at the date when control is lost and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests at the date when control is lost. The amounts previously recognised in other comprehensive income in relation to the disposed subsidiary are accounted for on the same basis as would be required if the parent had directly disposed of the related assets or liabilities. Any investment retained in the former subsidiary and any amounts owed by or to the former subsidiary are accounted for as a financial asset, associate, joint venture or others as appropriate from the date when control is lost.

### Subsidiaries

A subsidiary is an entity that is controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control.

In the Company's statement of financial position which is presented in note 37 to the consolidated financial statements, investments in subsidiaries are stated at cost less accumulated impairment losses. The carrying amount of the investments is reduced to its recoverable amount on an individual basis, if it is higher than the recoverable amount. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

### Associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies.

The Group's investment in associate is accounted for under the equity method of accounting, except when the investment or a portion thereof is classified as held for sale. Under the equity method, the investment is initially recorded at cost and adjusted thereafter for the post-acquisition changes in the Group's share of the investee's net assets and any impairment loss relating to the investment. Except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee, the Group discontinues recognising its share of further losses when the Group's share of losses of the investee equals or exceeds the carrying amount of its interest in the investee, which includes any long term interests that, in substance, form part of the Group's net investment in the investee.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2023

## 2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

### Associates *(continued)*

Goodwill arising on acquisition of an associate is measured as the excess of the cost of investment over the Group's share of the net fair value of the identifiable assets and liabilities of the acquired associate. Such goodwill is included in interests in associates. On the other hand, any excess of the Group's share of its net fair value of identifiable assets and liabilities over the cost of investment is recognised immediately in profit or loss as an income.

Unrealised profits and losses resulting from transactions between the Group and its associate are eliminated to the extent of the Group's interest in the investees, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

### Property and equipment

Property and equipment are stated at cost less accumulated depreciation and impairment losses. The cost of an item of equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Repairs and maintenance are charged to profit or loss during the year in which they are incurred.

Depreciation is provided to write off the cost less accumulated impairment losses of property and equipment over their estimated useful lives from the date on which they are available for use and after taking into account their estimated residual values, using the straight-line method, at the following rates per annum:

| | |
|---|---|
| Land and buildings | Over the shorter of the lease terms and 50 years |
| Leasehold improvements | Over the shorter of the lease terms and 20% |
| Furniture and fixtures | 20% |
| Office equipment | 20% |
| Yacht | 10% |

An item of 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 derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the year in which the item is derecognised.

# Notes to the Consolidated Financial Statements

Year ended 31 December 2023

## 2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

### Property and equipment *(continued)*

If a property occupied by the Group as an owner-occupied property becomes an investment property measured at fair value, the Group accounts for such property in accordance with the policy stated under "Property and equipment" up to the date of change in use, and any difference at that date between the carrying amount and the fair value of the property is accounted for as a revaluation surplus or deficit. The revaluation surplus is recognised in profit or loss to the extent of impairment loss previously recognised in profit or loss, with the remaining surplus recognised in other comprehensive income as property revaluation reserves within equity. The revaluation deficit is recognised in other comprehensive income to reduce the property revaluation reserves to the extent of the amount previously recognised in property revaluation reserves, with the remaining deficit recognised in profit or loss.

The property revaluation reserves are derecognised upon the disposal of investment property.

### Investment properties

Investment properties are buildings that are held by owner or lessee, to earn rental income and/or for capital appreciation. These include properties held for a currently undetermined future use.

Investment properties are stated at fair value at the end of the reporting period. Any gain or loss arising from a change in fair value is recognised in profit or loss. The fair value of investment property is based on a valuation by an independent valuer who holds a recognised professional qualification and has recent experience in the location and category of property being valued. The fair value is based on market value, being the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties have each acted knowledgeably, prudently and without compulsion.

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 its disposals. Any gain or loss arising on derecognition of the asset (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 the item is derecognised.

### Intangible assets

***Trading rights and licenses***

The amount represented trading rights that confer eligibility on the Group to trade on the Stock Exchange and The Hong Kong Futures Exchange Limited. The trading rights and licenses have no foreseeable limit to the period over which the Group can use to generate cash flows. As a result, the trading rights are considered by the management of the Group as having indefinite useful lives because they are expected to contribute to net cash inflows indefinitely. The trading rights will not be amortised until its useful life is determined to be finite.

***Country club membership***

The useful lives of country club membership is assessed to be indefinite. Club membership with indefinite useful life is tested for impairment annually either individually or at the cash-generating unit level. Such intangible asset is not amortised. The useful life of club membership with indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

# Notes to the Consolidated Financial Statements
Year ended 31 December 2023

## 2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

### Intangible assets *(continued)*

***Golf club membership***

The useful lives of membership of golf club is assessed to be definite. Membership with finite life is subsequently amortised over the useful economic life of 10 years and assessed for impairment whenever there is an indication that the membership may be impaired. The amortisation period and the amortisation method for membership with a finite useful life are reviewed at least at each financial year end.

### Financial instruments

***Financial assets***

*Recognition and derecognition*

Financial assets are recognised when and only when the Group becomes a party to the contractual provisions of the instruments and on a trade date basis.

A financial asset is derecognised when and only when (i) the Group's contractual rights to future cash flows from the financial asset expire or (ii) the Group transfers the financial asset and either (a) it transfers substantially all the risks and rewards of ownership of the financial asset, or (b) it neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset but it does not retain control of the financial asset.

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.

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 the financial asset to the extent of its continuing involvement and an associated liability for amounts it may have to pay.

*Classification and measurement*

Financial assets (except for trade receivables without a significant financing component which are initially measured at their transaction price) are initially recognised at their fair value plus, in the case of financial assets not carried at FVPL, transaction costs that are directly attributable to the acquisition of the financial assets.

On initial recognition, a financial asset is classified as (i) measured at amortised cost; (ii) Designated FVOCI; or (iii) measured at FVPL.

The classification of financial assets at initial recognition depends on the Group's business model for managing the financial assets and the financial asset's contractual cash flow characteristics. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing them, in which case all affected financial assets are reclassified on the first day of the first annual reporting period following the change in the business model.

Derivatives embedded in a hybrid contract in which a host is an asset within the scope of HKFRS 9 are not separated from the host. Instead, the entire hybrid contract is assessed for classification.

1) *Financial assets measured at amortised cost*

   A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVPL:

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2023

## 2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

### Financial instruments *(continued)*

***Financial assets (continued)***

*Classification and measurement (continued)*

1) *Financial assets measured at amortised cost (continued)*

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses arising from impairment, derecognition or through the amortisation process are recognised in profit or loss.

The Group's financial assets at amortised cost include trade, loan and other receivables, other assets, bank balances – trust and segregated accounts and bank balances and cash.

2) *Designated FVOCI*

Upon initial recognition, the Group may make an irrevocable election to present subsequent changes in the fair value of an investment in an equity instrument that is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 applies in other comprehensive income. The classification is determined on an instrument-by-instrument basis.

These equity investments are subsequently measured at fair value and are not subject to impairment. Dividends are recognised in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other gains or losses are recognised in other comprehensive income and shall not be subsequently reclassified to profit or loss. Upon derecognition, the cumulative gain or loss is transferred directly to accumulated profits or losses.

The Group's Designated FVOCI include listed equity securities not held for trading.

3) *Financial assets at FVPL*

These investments include financial assets that are not measured at amortised cost or FVOCI, including financial assets held for trading, financial assets designated upon initial recognition as at FVPL, financial assets resulting from a contingent consideration arrangement in a business combination to which HKFRS 3 applies and financial assets that are otherwise required to be measured at FVPL. They are carried at fair value, with any resultant gain and loss recognised in profit or loss, which does not include any dividend or interest earned on the financial assets. Dividend or interest income is presented separately from fair value gain or loss.

A financial asset is classified as held for trading if it is:

(i) acquired principally for the purpose of selling it in the near term;

(ii) part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking on initial recognition; or

(iii) a derivative that is not a financial guarantee contract or not a designated and effective hedging instrument.

Financial assets are designated at initial recognition as at FVPL only if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains or losses on them on different bases.

The Group's financial assets mandatorily measured at FVPL include listed and unlisted equity securities.

## 2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

### Financial instruments *(continued)*

***Financial liabilities***

*Recognition and derecognition*

Financial liabilities are recognised when and only when the Group becomes a party to the contractual provisions of the instruments.

A financial liability is derecognised when and only when the liability is extinguished, that is, when the obligation specified in the relevant contract is discharged, cancelled or expires.

*Classification and measurement*

Financial liabilities are initially recognised at their fair value plus, in the case of financial liabilities not carried at FVPL, transaction costs that are directly attributable to the issue of the financial liabilities.

The Group's financial liabilities include trade and other payables and interest-bearing borrowings. All financial liabilities, except for financial liabilities at FVPL, are recognised initially at their fair value and subsequently measured at amortised cost, using the effective interest method, unless the effect of discounting would be insignificant, in which case they are stated at cost.

***Impairment of financial assets and other items under HKFRS 9***

The Group recognises loss allowances for expected credit loss ("ECL") on financial assets that are measured at amortised cost to which the impairment requirements apply in accordance with HKFRS 9. Except for the specific treatments as detailed below, at each reporting date, the Group measures a loss allowance for a financial asset at an amount equal to the lifetime ECL if the credit risk on that financial asset has increased significantly since initial recognition. If the credit risk on a financial asset has not increased significantly since initial recognition, the Group measures the loss allowance for that financial asset at an amount equal to 12-month ECL.

*Measurement of ECL*

ECL is a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial instrument.

For financial assets, a credit loss is the present value of the difference between the contractual cash flows that are due to an entity under the contract and the cash flows that the entity expects to receive.

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

Where ECL is measured on a collective basis, the financial instruments are grouped based on the following one or more shared credit risk characteristics:

(i) past due information

(ii) nature of instrument

(iii) nature of collateral

(iv) industry of debtors

(v) geographical location of debtors

## 2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

**Financial instruments *(continued)***

***Impairment of financial assets and other items under HKFRS 9 (continued)***

*Measurement of ECL (continued)*

Loss allowance is remeasured at each reporting date to reflect changes in the financial instrument's credit risk and loss since initial recognition. The resulting changes in the loss allowance are recognised as an impairment gain or loss in profit or loss with a corresponding adjustment to the carrying amount of the financial instrument, except in the case of debt investment measured at FVOCI, the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve (recycling).

*Definition of default*

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that the Group may not receive the outstanding contractual amounts in full if the financial instrument that meets any of the following criteria.

(i) 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); or

(ii) there is a breach of financial covenants by the counterparty.

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

*Assessment of significant increase in credit risk*

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument 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. In particular, the following information is taken into account in the assessment:

- the debtor's failure to make payments of principal or interest on the due dates;
- an actual or expected significant deterioration in the financial instrument's external or internal credit rating (if available);
- an actual or expected significant deterioration in the operating results of the debtor; and
- actual or expected changes in the technological, market, economic or legal environment that have or may have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial instrument has increased significantly since initial recognition when contractual payments are more than 30 days past due.

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

# Notes to the Consolidated Financial Statements

Year ended 31 December 2023

## 2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

### Financial instruments *(continued)*

***Impairment of financial assets and other items under HKFRS 9 (continued)***

*Simplified approach of ECL*

For trade receivables other than margin clients and loan and interest receivables, the Group applies a simplified approach in calculating ECL. The Group recognises a loss allowance based on lifetime ECL at each reporting date and has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

*Low credit risk*

A financial 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.

As detailed in note 34 to the consolidated financial statements, other receivables and bank balances are determined to have low credit risk.

*Credit-impaired financial asset*

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 include 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.

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

(f) the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

# Notes to the Consolidated Financial Statements
Year ended 31 December 2023

## 2. PRINCIPAL ACCOUNTING POLICIES *(continued)*
### Financial instruments *(continued)*
***Impairment of financial assets and other items under HKFRS 9 (continued)***

*Write-off*

The Group writes off a financial asset when the Group has no reasonable expectations of recovering the contractual cash flows on a financial asset in its entirety or a portion thereof. The Group has a policy of writing off the gross carrying amount based on historical experience of recoveries of similar assets. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities under the Group's procedures for recovery of amounts due, taking into account legal advice if appropriate. Any subsequent recovery is recognised in profit or loss.

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

### Cash equivalents
For the purpose of the consolidated statement of cash flows, cash equivalents represent short-term highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

### Revenue recognition
***Rental income***

Rental income under operating leases is recognised when the assets are let out and on the straight-line basis over the lease term. Variable lease payments that depend on an index or a rate are initially measured using the index or rate at the commencement date and subsequently adjusted when such index or rate changes. Such payments are recognised as income on the straight-line basis over the lease term. Other variable lease payments are recognised as income in the period in which the event or condition that triggers those payments occurs.

***Dividend income***

Dividend income from financial assets is recognised when the Group's rights to receive dividend is established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

# Notes to the Consolidated Financial Statements

Year ended 31 December 2023

## 2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

### Revenue recognition *(continued)*

***Revenue from contracts with customers within HKFRS 15***

*Nature of goods or services*

The nature of the goods or services provided by the Group is securities brokerage, financial, consultancy and corporate financial services.

*Identification of performance obligations*

At contract inception, the Group assesses the goods or services promised in a contract with a customer and identifies as a performance obligation each promise to transfer to the customer either:

(a) a good or service (or a bundle of goods or services) that is distinct; or

(b) a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.

A good or service that is promised to a customer is distinct if both of the following criteria are met:

(a) the customer can benefit from the good or service either on its own or together with other resources that are readily available to the customer (i.e. the good or service is capable of being distinct); and

(b) the Group's promise to transfer the good or service to the customer is separately identifiable from other promises in the contract (i.e. the promise to transfer the good or service is distinct within the context of the contract).

*Timing of revenue recognition*

Revenue is recognised when (or as) the Group satisfies a performance obligation by transferring a promised good or service (i.e. an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset.

The Group transfers control of a good or service over time and, therefore, satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

(a) the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;

(b) the Group's performance creates or enhances an asset (for example, work in progress) that the customer controls as the asset is created or enhanced; or

(c) 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.

If a performance obligation is not satisfied over time, the Group satisfies the performance obligation at a point in time when the customer obtains control of the promised asset. In determining when the transfer of control occurs, the Group considers the concept of control and such indicators as legal title, physical possession, right to payment, significant risks and rewards of ownership of the asset, and customer acceptance.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year ended 31 December 2023

## 2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

### Revenue recognition *(continued)*

***Revenue from contracts with customers within HKFRS 15 (continued)***

*Timing of revenue recognition (continued)*

Revenue or income arising commission income for broking business is recorded as income at a point in time on a trade date basis.

Asset management and corporate advisory service income are recognised over time when the relevant services have been rendered.

Advisory services income are recognised at a point in time when services are rendered.

For revenue recognised over time under HKFRS 15, provided the outcome of the performance obligation can be reasonably measured, the Group applies the output method (i.e. based on the direct measurements of the value to the customer of the goods or services transferred to date relative to the remaining goods or services promised under the contract) to measure the progress towards complete satisfaction of the performance obligation because the method provides a faithful depiction of the Group's performance and reliable information is available to the Group to apply the method. Otherwise, revenue is recognised only to the extent of the costs incurred until such time that it can reasonably measure the outcome of the performance obligation.

***Interest income***

- Interest income from margin clients is recognised on a time proportion basis, taking into account the principal amounts outstanding and the effective interest rate applicable.

- Other interest income from financial assets is recognised using the effective interest method.

For financial assets measured at amortised cost that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the assets while it is applied to the amortised cost (i.e. the gross carrying amount net of loss allowance) in case of credit-impaired financial assets.

### Foreign currency translation

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

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

### Impairment of non-financial assets other than goodwill

At the end of each reporting period, the Group reviews internal and external sources of information to assess whether there is any indication that its property and equipment, intangible assets and investments in subsidiaries and associates may be impaired or impairment loss previously recognised no longer exists or may be reduced. If any such indication exists, the recoverable amount of the asset is estimated, based on the higher of its fair value less costs of disposal and value in use. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the smallest group of assets that generates cash flows independently (i.e. cash-generating unit).

# Notes to the Consolidated Financial Statements

Year ended 31 December 2023

## 2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

### Impairment of non-financial assets other than goodwill *(continued)*

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 cash-generating unit is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately.

A reversal of impairment loss is limited to the carrying amount of the asset or cash-generating unit that would have been determined had no impairment loss been recognised in prior years. Reversal of impairment loss is recognised as income in profit or loss immediately.

### Borrowing costs

Borrowing costs incurred, are recognised as an expense in the period in which they are incurred.

### Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the years necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

### Leases

The Group assesses whether a contract is, or contains, a lease at inception of the contract. 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.

***As lessee***

The Group applies the recognition exemption to short-term leases and low-value asset leases. Lease payments associated with these leases are recognised as an expense on a straight-line basis over the lease term.

The Group has elected not to separate non-lease components from lease components, and accounts for each lease component and any associated non-lease components as a single lease component.

The Group accounts for each lease component within a lease contract as a lease separately. 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.

Amounts payable by the Group that do not give rise to a separate component are considered to be part of the total consideration that is allocated to the separately identified components of the contract.

The Group recognises a right-of-use asset and a lease liability at the commencement date of the lease.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2023

## 2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

### Leases *(continued)*

***As lessee (continued)***

The right-of-use asset is initially measured at cost, which comprises:

(a) the amount of the initial measurement of the lease liability;

(b) any lease payments made at or before the commencement date, less any lease incentives received;

(c) any initial direct costs incurred by the Group; and

(d) an estimate of costs to be incurred by the Group in dismantling and removing the underlying asset, 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, unless those costs are incurred to produce inventories.

Subsequently, the right-of-use asset is measured at cost less any accumulated depreciation and any accumulated impairment losses and adjusted for any remeasurement of the lease liability. Depreciation is provided on a straight-line basis over the shorter of the lease term and the estimated useful lives of the right-of-use asset (unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or if the cost of the right-of-use asset reflects that the Group will exercise a purchase option – in which case depreciation is provided over the estimated useful life of the underlying asset) as follows:

| | |
|---|---|
| Office premises | 1-2 years |

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date of the contract.

The lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset, if any, during the lease term that are not paid at the commencement date:

(a) fixed payments (including in-substance fixed payments), less any lease incentives receivable;

(b) variable lease payments that depend on an index or a rate;

(c) amounts expected to be payable under residual value guarantees;

(d) exercise price of a purchase option if the Group is reasonably certain to exercise that option; and

(e) payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate the lease.

The lease payments are discounted using the interest rate implicit in the lease, or where it is not readily determinable, the incremental borrowing rate of the lessee.

Subsequently, the lease liability is measured by increasing the carrying amount to reflect interest on the lease liability and by reducing the carrying amount to reflect the lease payments made.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2023

## 2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

### Leases *(continued)*

***As lessee (continued)***

The lease liability is remeasured using a revised discount rate when there are changes to the lease payments arising from a change in the lease term or the reassessment of whether the Group will be reasonably certain to exercise a purchase option.

The lease liability is remeasured by using the original discount rate when there is a change in the residual value guarantee, the in-substance fixed lease payments or the future lease payments resulting from a change in an index or a rate (other than floating interest rate). In case of a change in future lease payments resulting from a change in floating interest rates, the Group remeasures the lease liability using a revised discount rate.

The Group recognises the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. If the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Group recognises any remaining amount of the remeasurement in profit or loss.

***As lessor***

The Group classifies each of its leases as either a finance lease or an operating lease at the inception date of the lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset. All other leases are classified as operating leases.

The Group accounts for each lease component within a lease contract as a lease separately from non-lease components of the contract. The Group allocates the consideration in the contract to each lease component on a relative stand-alone price basis.

***As lessor – operating lease***

The Group applies the derecognition and impairment requirements in HKFRS 9 to the operating lease receivables.

### Employee benefits

***Short term employee benefits***

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees.

***Retirement benefit costs***

Payment to defined contribution retirement benefit scheme and the Mandatory Provident Fund Scheme are recognised as expenses when employees have rendered service entitling them to the contributions.

***Long service payments***

The Group's net obligation in respect of long service payments under the Employment Ordinance is the amounts of future benefit that employees have earned in return for their services in the current and prior periods. The obligation is calculated using the projected unit credit method and discounted to its present value and after deducting the fair value of any related assets, including those retirement scheme benefits.

# Notes to the Consolidated Financial Statements

Year ended 31 December 2023

## 2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

### Share-based payment transactions

***Equity-settled transactions***

The Group's employees, including directors, receive remuneration in the form of share-based payment transactions, whereby the employees rendered services in exchange for shares or rights over shares. The cost of such transactions with employees is measured by reference to the fair value of the equity instruments at the grant date. The fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in a reserve within equity. The fair value is determined using the binomial model, taking into account any market conditions and non-vesting conditions.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the vesting conditions are to be fulfilled, ending on the date on which the entitlement of relevant employees to the award is no longer conditional on the satisfaction of any non-market vesting conditions ("vesting date"). During the vesting period, the number of share options that is expected to vest ultimately is reviewed. Any adjustment to the cumulative fair value recognised in prior periods is charged/credited to profit or loss for the year of review, with a corresponding adjustment to the reserve within equity.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described above.

### Taxation

The charge for current income tax is based on the results for the year as adjusted for items that are non-assessable or disallowed. It is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, any deferred tax arising from initial recognition of goodwill; or other asset or liability in a transaction other than a business combination that at the time of the transaction affects neither the accounting profit nor taxable profit or loss is not recognised.

The deferred tax liabilities and assets are measured at the tax rates that are expected to apply to the period when the asset is recovered or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, tax losses and credits can be utilised.

Deferred tax is provided on temporary differences arising on investment in subsidiaries and associates, except where the timing of the reversal of the temporary differences is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

# Notes to the Consolidated Financial Statements

Year ended 31 December 2023

## 2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

### Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed 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.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

# Notes to the Consolidated Financial Statements

Year ended 31 December 2023

## 2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

### Related parties

A related party is a person or entity that is related to the Group.

(a) A person or a close member of that person's family is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group.

(b) An entity is related to the Group if any of the following conditions applies:

(i) the entity and the Group are members of the same group (which means that each holding company, subsidiary and fellow subsidiary is related to the others).

(ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) both entities are joint ventures of the same third party.

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group.

(vi) the entity is controlled or jointly controlled by a person identified in (a).

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a holding company of the entity).

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

(a) that person's children and spouse or domestic partner;

(b) children of that person's spouse or domestic partner; and

(c) dependants of that person or that person's spouse or domestic partner.

In the definition of a related party, an associate includes subsidiaries of the associate and a joint venture includes subsidiaries of the joint venture.

# Notes to the Consolidated Financial Statements

Year ended 31 December 2023

## 2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

### Segment reporting

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial information provided regularly to the Group's chief operating decision makers, who are the executive directors of the Company, for the purpose of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individual 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 products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or 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.

## 3. FUTURE CHANGES IN HKFRSs

At the date of authorisation of the consolidated financial statements, the HKICPA has issued the following new/revised HKFRSs that are relevant to the Group and are not yet effective for the current year, which the Group has not early adopted.

| | |
|---|---|
| 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 HKFRS10 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

The directors do not anticipate that the adoption of these new/revised HKFRS in future periods will have any material impact on the result of the Group.

# Notes to the Consolidated Financial Statements

Year ended 31 December 2023

## 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and assumptions concerning the future and judgements are made by the management in the preparation of the consolidated financial statements. They affect the application of the Group's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. Where appropriate, revisions to accounting estimates are recognised in the period of revision and future periods, in case the revision also affects future periods.

### Key sources of estimation uncertainty

***Provision for ECL on loan and interest receivables, trade and other receivables***

The measurement of impairment losses under HKFRS 9 requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, such as risks of default, losses given default and value of collateral, changes in which can result in different levels of allowances.

The Group's ECL calculations on loan and interest receivables, trade and other receivables are based on assumptions about risk of default and losses given default. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculations, based on credit risks of the debtors or comparable companies in the market, existing market conditions as well as forward looking estimates (such as gross domestic product and market volatility) at the end of each reporting period. It has been the Group's policy to regularly review its models in the context of actual loss experience and adjust when necessary.

At 31 December 2023, the carrying amount of the Group's loan and interest receivables, trade and other receivables amounted to HK$132,229,000 (2022: HK$686,714,000), HK$649,029,000 (2022: HK$579,001,000) and HK$166,327,000 (2022: HK$5,178,000) respectively. Net impairment losses of HK$896,000 (2022: HK$575,000), HK$2,406,000 (2022: HK$906,000) and HK$4,187,000 (2022: HK$nil) have been recognised for the Group's loan and interest receivables, trade and other receivables as at 31 December 2023 respectively. Further details, including the key assumptions and inputs used for impairment calculations, of the Group's loan and interest receivables and trade receivables are set out in notes 20 and 34 to the consolidated financial statements.

***Estimation of fair value of investment properties***

The fair values of the Group's investment properties are assessed by management based on the property valuation performed by independent professionally qualified valuer on an open market, existing use basis. The assumptions adopted in the property valuation are based on market conditions existing at each reporting date, with reference to comparable sales transactions and where appropriate, on the basis of capitalisation of the rental income and reversionary income potential.

***Estimation of fair value of unlisted equity securities***

The fair values of the Group's unlisted financial assets at FVPL have been valued based on the valuation from management and an independent professionally valuer. The valuation requires the Group to make some estimation on a number of significant unobservable inputs associated with the investment. As at 31 December 2023, the Group has unlisted financial assets at FVPL of approximately HK$83,400,000. Details of the valuation techniques, key assumption and inputs used in the valuation are set out in note 35 to the consolidated financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year ended 31 December 2023

## 5. REVENUE, OTHER INCOME AND GAINS

| | Note | 2023<br>*HK$'000* | 2022<br>*HK$'000* |
|---|---|---|---|
| **Revenue from contracts with customers within HKFRS 15** | | | |
| Fee and commission income | | **494** | 435 |
| Financial advisory service income | | **7,613** | 9,785 |
| Revenue recognised at point in time | | **8,107** | 10,220 |
| Asset management service income | | **3,673** | 4,510 |
| Corporate advisory service income | | **12,664** | 19,508 |
| Revenue recognised over time | | **16,337** | 24,018 |
| | | **24,444** | 34,238 |
| Revenue from other sources | | | |
| Net loss on disposal of financial assets at FVPL | (a) | **(7,508)** | (1,221) |
| Interest income from: | | | |
| – margin clients | | **53,190** | 59,510 |
| – loan receivables | | **30,944** | 53,417 |
| | | **84,134** | 112,927 |
| Dividend income from financial assets at FVPL | | **335** | 7 |
| Gross rental income | | **11,989** | 9,376 |
| | | **88,950** | 121,089 |
| Total revenue | | **113,394** | 155,327 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2023

## 5. REVENUE, OTHER INCOME AND GAINS *(continued)*

| | Note | **2023** **HK$'000** | 2022 HK$'000 |
|---|---|---|---|
| **Other income and gains** | | | |
| Interest income on: | | | |
| – bank deposits | | **248** | 38 |
| – others | | **64** | 12 |
| | | **312** | 50 |
| Gain on disposal of a subsidiary | | **–** | 3,999 |
| Gain on deemed disposal of an associate | 18(a) | **472** | – |
| Bad debts recovery | (b) | **42,000** | – |
| Government subsidies | | **–** | 560 |
| Net exchange gain | | **–** | 340 |
| Net fair value gains on financial assets at FVPL | | **–** | 6,941 |
| Others | | **441** | 1,388 |
| | | **42,913** | 13,228 |
| **Total other income and gains** | | **43,225** | 13,278 |

Notes:

(a) The amount represented the proceeds from the disposal of financial assets at FVPL of HK$15,125,000 (2022: HK$4,136,000) less relevant costs and carrying value of the investments sold of HK$22,633,000 (2022: HK$5,357,000).

(b) Loss allowance of loan and interest receivables which was classified as under-performing and not-performing amounting to HK$42,973,000 was fully written off during the year ended 31 December 2022. The borrower had repaid the loan of HK$42,000,000 in aggregate during the year ended 31 December 2023, which resulted in bad debt recovery.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2023

## 6. SEGMENT INFORMATION

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

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

(a) Financial services – operations licensed under the SFO, which engages in the provision of dealing in securities, dealing in futures contracts, advising on securities, advising on future contracts, advising on corporate finance, providing automated trading services, securities margin financing and asset management business with Type 1, Type 2, Type 4, Type 5, Type 6, Type 7, Type 8 and Type 9 licences granted under the SFO;

(b) Credit and lending services – operations licensed under the MLO, which engages in the provision of money lending services for interest income with licences granted under the MLO;

(c) Other financial services – engages in the provision of corporate advisory related services;

(d) Property investment and leasing – engages in leasing of properties directly owned by the Group for rental income and/or capital appreciation potential; and

(e) Tactical and strategic investment – engaged in trading and holding of debt and equity securities, which earns interest and dividend income from the relevant securities investments.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year ended 31 December 2023

## 6. SEGMENT INFORMATION *(continued)*

### Segment revenue and results

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

**For the year ended 31 December 2023**

| | Financial services – operations licensed under the SFO *HK$'000* | Credit and lending services – operations licensed under the MLO *HK$'000* | Other financial services *HK$'000* | Property investment and leasing *HK$'000* | Tactical and strategic investment *HK$'000* | Consolidated *HK$'000* |
|---|---|---|---|---|---|---|
| **Revenue** | | | | | | |
| Fee and commission income | 494 | – | – | – | – | 494 |
| Asset management service income | 3,673 | – | – | – | – | 3,673 |
| Corporate advisory service income | – | – | 12,664 | – | – | 12,664 |
| Financial advisory service income | 7,613 | – | – | – | – | 7,613 |
| Net loss on disposal of financial assets at FVPL | – | – | – | – | (7,508) | (7,508) |
| Interest income from margin clients and loan receivables | 53,190 | 30,944 | – | – | – | 84,134 |
| Dividend income from financial assets at FVPL | – | – | – | – | 335 | 335 |
| Gross rental income | – | – | – | 11,989 | – | 11,989 |
| Total revenue | 64,970 | 30,944 | 12,664 | 11,989 | (7,173) | 113,394 |
| Other income and gains | 565 | 42,056 | 44 | 4 | 524 | 43,193 |
| Segment revenue | 65,535 | 73,000 | 12,708 | 11,993 | (6,649) | 156,587 |
| Segment profit (loss) | 49,855 | 71,727 | 1,564 | (10,670) | (232,240) | (119,764) |
| Unallocated other income and gains | | | | | | 32 |
| Corporate and unallocated expenses, net | | | | | | (43,221) |
| Loss before taxation | | | | | | (162,953) |
| Income tax expense | | | | | | (13,587) |
| Loss for the year | | | | | | (176,540) |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year ended 31 December 2023

## 6. SEGMENT INFORMATION *(continued)*
### Segment revenue and results *(continued)*

For the year ended 31 December 2022

| | Financial services – operations licensed under the SFO HK$'000 | Credit and lending services – operations licensed under the MLO HK$'000 | Other financial services HK$'000 | Property investment and leasing HK$'000 | Tactical and strategic investment HK$'000 | Consolidated HK$'000 |
|---|---|---|---|---|---|---|
| **Revenue** | | | | | | |
| Fee and commission income | 435 | – | – | – | – | 435 |
| Asset management service income | 4,510 | – | – | – | – | 4,510 |
| Corporate advisory service income | – | – | 19,508 | – | – | 19,508 |
| Financial advisory service income | 9,785 | – | – | – | – | 9,785 |
| Net loss on disposal of financial assets at FVPL | – | – | – | – | (1,221) | (1,221) |
| Interest income from margin clients and loan receivables | 59,510 | 53,271 | – | – | 146 | 112,927 |
| Dividend income from financial assets at FVPL | – | – | – | – | 7 | 7 |
| Gross rental income | – | – | – | 9,376 | – | 9,376 |
| Total revenue | 74,240 | 53,271 | 19,508 | 9,376 | (1,068) | 155,327 |
| Other income and gains | 800 | 564 | 342 | 2 | 6,941 | 8,649 |
| Segment revenue | 75,040 | 53,835 | 19,850 | 9,378 | 5,873 | 163,976 |
| Segment profit (loss) | 66,669 | 57,718 | 9,065 | (6,213) | (84,311) | 42,928 |
| Unallocated other income and gains | | | | | | 4,629 |
| Corporate and unallocated expenses, net | | | | | | (41,127) |
| Profit before taxation | | | | | | 6,430 |
| Income tax expense | | | | | | (7,962) |
| Loss for the year | | | | | | (1,532) |

Segment revenue includes revenue from financial services – operations licensed under the SFO, credit and lending services – operations licensed under the MLO, other financial services, property investment and leasing and tactical and strategic investment.

# Notes to the Consolidated Financial Statements

Year ended 31 December 2023

## 6. SEGMENT INFORMATION *(continued)*

### Segment revenue and results *(continued)*

Segment results represent the profit earned or loss incurred by each segment without allocation of the central corporate expenses. The chief operating decision makers consider share of result of associates as segment results under tactical and strategic investment segment.

### Segment assets and liabilities

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

**At 31 December 2023**

| | **Financial services – operations licensed under the SFO** *HK$'000* | **Credit and lending services – operations licensed under the MLO** *HK$'000* | **Other financial services** *HK$'000* | **Property investment and leasing** *HK$'000* | **Tactical and strategic investment** *HK$'000* | **Unallocated** *HK$'000* | **Consolidated** *HK$'000* |
|---|---|---|---|---|---|---|---|
| Assets | **842,312** | **141,194** | **14,712** | **507,699** | **623,299** | **55,212** | **2,184,428** |
| Liabilities | **(4,127)** | **(6,202)** | **(249)** | **(210,631)** | **(43,637)** | **(12,487)** | **(277,333)** |

At 31 December 2022

| | Financial services – operations licensed under the SFO HK$'000 | Credit and lending services – operations licensed under the MLO HK$'000 | Other financial services HK$'000 | Property investment and leasing HK$'000 | Tactical and strategic investment HK$'000 | Unallocated HK$'000 | Consolidated HK$'000 |
|---|---|---|---|---|---|---|---|
| Assets | 672,272 | 750,008 | 32,094 | 518,498 | 338,773 | 101,097 | 2,412,742 |
| Liabilities | (6,800) | (3,847) | (957) | (222,044) | (43,750) | (15,107) | (292,505) |

For the purposes of monitoring segment performances and allocating resources between segments:

- all assets are allocated to operating and reportable segments other than corporate assets including certain property and equipment, other receivables and bank balances and cash.
- all liabilities are allocated to operating and reportable segments other than corporate liabilities including certain other payables, lease liabilities, interest-bearing borrowings, income tax payable and deferred taxation.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2023

## 6. SEGMENT INFORMATION *(continued)*

### Other segment information

**For the year ended 31 December 2023**

| | Financial services – operations licensed under the SFO *HK$'000* | Credit and lending services – operations licensed under the MLO *HK$'000* | Other financial services *HK$'000* | Property investment and leasing *HK$'000* | Tactical and strategic investment *HK$'000* | Unallocated *HK$'000* | Consolidated *HK$'000* |
|---|---|---|---|---|---|---|---|
| Amounts included in the measure of segment profit or segment assets: | | | | | | | |
| Capital expenditure | (1,528) | – | (46) | – | – | (23) | (1,597) |
| Interest income included in other income and gains | 266 | – | – | 4 | 1 | 41 | 312 |
| Interest expenses | – | – | – | (12,424) | (2,912) | (355) | (15,691) |
| Impairment loss on loan and interest receivables | – | (321) | – | – | – | – | (321) |
| Impairment loss on margin loan receivables | (831) | – | – | – | – | – | (831) |
| Reversal of impairment loss (Impairment loss) on trade receivables | 229 | – | (898) | – | – | – | (669) |
| Impairment loss on other receivables | (4,187) | – | – | – | – | – | (4,187) |
| Gain on deemed disposal of an associate | – | – | – | – | 472 | – | 472 |
| Net fair value loss on investment properties | – | – | – | (8,100) | – | – | (8,100) |
| Depreciation of property and equipment and right-of-use assets | (724) | – | (90) | (48) | – | (11,987) | (12,849) |
| Amortisation of intangible assets | (50) | – | – | – | – | – | (50) |
| Share of result of associates | – | – | – | – | (22,080) | – | (22,080) |
| Bad debts recovery | – | 42,000 | – | – | – | – | 42,000 |
| Net fair value loss on financial assets at FVPL | – | – | – | – | (200,229) | – | (200,229) |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year ended 31 December 2023

## 6. SEGMENT INFORMATION *(continued)*
### Other segment information *(continued)*

For the year ended 31 December 2022

| | Financial services – operations licensed under the SFO HK$'000 | Credit and lending services – operations licensed under the MLO HK$'000 | Other financial services HK$'000 | Property investment and leasing HK$'000 | Tactical and strategic investment HK$'000 | Unallocated HK$'000 | Consolidated HK$'000 |
|---|---|---|---|---|---|---|---|
| Amounts included in the measure of segment profit or segment assets: | | | | | | | |
| Capital expenditure | (84) | – | – | – | – | (112) | (196) |
| Interest income included in other income and gains | 37 | – | – | – | – | 13 | 50 |
| Interest expenses | – | – | – | (6,607) | (1,787) | (186) | (8,580) |
| Reversal of impairment loss on loan and interest receivables | – | 4,893 | – | – | – | – | 4,893 |
| Reversal of impairment loss on margin loan receivables | 7,786 | – | – | – | – | – | 7,786 |
| Impairment loss on trade receivables | (231) | – | – | – | – | – | (231) |
| Loss on futures trading | – | – | – | – | (316) | – | (316) |
| Loss on deemed disposal of an associate | – | – | – | – | – | (397) | (397) |
| Net fair value loss on investment properties | – | – | – | (5,900) | – | – | (5,900) |
| Gain on disposal of a subsidiary | – | – | – | – | – | 3,999 | 3,999 |
| Depreciation of property and equipment and right-of-use assets | (630) | – | (99) | (425) | – | (12,320) | (13,474) |
| Amortisation of intangible assets | (50) | – | – | – | – | – | (50) |
| Share based payment expenses | – | – | – | – | – | (2,310) | (2,310) |
| Share of result of associates | – | – | – | – | (87,786) | – | (87,786) |
| Net fair value gains on financial assets at FVPL | – | – | – | – | 6,941 | – | 6,941 |

### Geographical information
The Group's operations are located in Hong Kong. Accordingly, the Group's revenue from external customers and all non-current assets (excluding financial assets) are located in Hong Kong.

# Notes to the Consolidated Financial Statements

Year ended 31 December 2023

## 6. SEGMENT INFORMATION *(continued)*

### Information about major customers

Revenue from the customers individually accounted for 10% or more of the Group's revenue, excluding revenue from trades and holds debt and equity securities, for the years ended 31 December 2023 and 2022 is as follows:

| | **2023** | 2022 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Customer A * | **6,092** | 7,251 |
| Customer B ^ | **3,920** | 3,920 |
| Customer C ^^ | **3,300** | 4,910 |
| Customer D ** | **2,496** | 2,691 |

* Attributable to credit and lending services – operations under MLO licences segment.

^ Attributable to property investment and leasing segment.

^^ Attributable to other financial services segment.

** Attributable to financial services – operations under SFO licences segment.

## 7. OTHER LOSSES

| | **2023** | 2022 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Loss on deemed disposal of an associate | **–** | 397 |
| Loss on futures trading | **–** | 316 |
| Net fair value loss on financial assets at FVPL | **200,229** | – |
| Net fair value loss on investment properties (Note 15) | **8,100** | 5,900 |
| | **208,329** | 6,613 |

## 8. FINANCE COSTS

| | **2023** | 2022 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Interest on interest-bearing borrowings | **14,350** | 7,615 |
| Interest on margin account | **986** | 779 |
| Imputed interest on lease liabilities (Note 25) | **355** | 186 |
| | **15,691** | 8,580 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year ended 31 December 2023

## 9. (LOSS) PROFIT BEFORE TAXATION

This is stated after charging (crediting):

| | **2023** | 2022 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Employee benefits expenses (including directors' emoluments) | | |
| Salaries and other benefits | **25,023** | 29,597 |
| Retirement benefit scheme contributions | **614** | 722 |
| Share-based payment expenses | | |
| – grant of share award to an employee (Note 29(b)) | **–** | 2,310 |
| | **25,637** | 32,629 |
| Auditor's remuneration | | |
| –Audit service | **1,450** | 1,570 |
| –Non-audit service | **635** | 280 |
| Amortisation of intangible assets | | |
| – included in administrative expenses | **50** | 50 |
| Direct operating expenses (including repairs and maintenance) arising from rental-earning investment properties | **1,846** | 1,828 |
| Net exchange gain | **–** | (340) |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year ended 31 December 2023

## 10. INCOME TAX EXPENSE

For the years ended 31 December 2023 and 2022, under the two-tiered profits tax rates regime, the profits tax rate for the first HK$2,000,000 assessable profits arising from Hong Kong of qualifying entities will be taxed at 8.25%, and assessable profits arising from Hong Kong above HK$2,000,000 will be taxed at the rate of 16.5%. As only one of the subsidiaries in the Group is eligible to elect the two-tiered profits tax rates, profits of the remaining subsidiaries of the Group will continue to be taxed at a flat rate of 16.5%.

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

| | **2023**<br>***HK$'000*** | 2022<br>*HK$'000* |
|---|---|---|
| **Current tax** | | |
| Hong Kong Profits Tax | | |
| Current year | **10,051** | 8,345 |
| Under provision in prior year | **737** | 17 |
| | **10,788** | 8,362 |
| **Deferred taxation** | | |
| Origination and reversal of temporary difference (Note 27) | **2,799** | (400) |
| Income tax expense | **13,587** | 7,962 |

***Reconciliation of income tax expense***

| | **2023**<br>***HK$'000*** | 2022<br>*HK$'000* |
|---|---|---|
| (Loss) Profit before taxation | **(162,953)** | 6,430 |
| Income tax at applicable tax rate 16.5% (2022: 16.5%) | **(26,887)** | 1,061 |
| Effect of two-tiered profits tax rates regime | **(165)** | (165) |
| Effect of share of result of an associate | **3,643** | 14,485 |
| Non-deductible expenses | **37,232** | 5,863 |
| Tax exempt revenue | **(1,744)** | (3,680) |
| Unrecognised tax losses | **2,676** | 2,345 |
| Unrecognised temporary differences | **3,224** | 2,202 |
| Utilisation of previously unrecognised tax losses | **(2,415)** | (13,788) |
| Under provision in prior year | **737** | 17 |
| Others | **(2,714)** | (378) |
| Income tax expense for the year | **13,587** | 7,962 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2023

## 11. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' REMUNERATION

### (i) Directors' and Chief Executive's remuneration:

The emoluments paid or payable to each of the 7 (2022: 10) directors were as follows:

**For the year ended 31 December 2023**

| | Directors' fees *HK$'000* | Salaries, allowance and benefits-in-kind *HK$'000* | Discretionary bonuses *HK$'000* | Share-based payment *HK$'000* (Note 29(b)) | Retirement scheme contributions *HK$'000* | Total *HK$'000* |
|---|---|---|---|---|---|---|
| Executive directors: | | | | | | |
| Lam Hiu Lo | – | 2,040 | – | – | 18 | 2,058 |
| Cheung Ka Yee | – | 780 | – | – | 18 | 798 |
| Cheung Ting Kee (Note (b)) | – | 600 | – | – | 18 | 618 |
| Independent non-executive directors: | | | | | | |
| Chan Sze Hung | 240 | – | – | – | – | 240 |
| Zhang Shuang | 240 | – | – | – | – | 240 |
| Chung Kwok Pan | 240 | – | – | – | – | 240 |
| Ma Ka Ki (Note (d)) | 240 | – | – | – | – | 240 |
| | 960 | 3,420 | – | – | 54 | 4,434 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year ended 31 December 2023

## 11. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' REMUNERATION *(continued)*

### (i) Directors' and Chief Executive's remuneration *(continued)*:

For the year ended 31 December 2022

| | Directors' fees HK$'000 | Salaries, allowance and benefits-in-kind HK$'000 | Discretionary bonuses HK$'000 | Share-based payment HK$'000 (Note 29(b)) | Retirement scheme contributions HK$'000 | Total HK$'000 |
|---|---|---|---|---|---|---|
| Executive directors: | | | | | | |
| Dr. Leung Wing Cheung, William (Note (c)) | – | 750 | – | – | – | 750 |
| Lam Hiu Lo | – | 2,040 | 170 | – | 18 | 2,228 |
| Cheung Ka Yee | – | 823 | – | – | 18 | 841 |
| Man Wai Chuen (Note (a)) | – | 1,014 | – | – | 5 | 1,019 |
| Cheung Ting Kee (Note (b)) | – | 307 | – | 2,310 | 9 | 2,626 |
| Independent non-executive directors: | | | | | | |
| Chan Sze Hung | 240 | – | – | – | – | 240 |
| Zhang Shuang | 240 | – | – | – | – | 240 |
| Chung Kwok Pan | 240 | – | – | – | – | 240 |
| Liu Yan (Note (e)) | 200 | – | – | – | – | 200 |
| Ma Ka Ki (Note (d)) | 60 | – | – | – | – | 60 |
| | 980 | 4,934 | 170 | 2,310 | 50 | 8,444 |

Notes:

(a) On 1 April 2022, Mr. Man Wai Chuen resigned as an executive director of the Company.

(b) On 27 June 2022, Mr. Cheung Ting Kee was appointed as an executive director of the Company.

(c) On 30 June 2022, Dr. Leung Wing Cheung, William resigned as an executive director of the Company.

(d) On 1 October 2022, Mr. Ma Ka Ki was appointed as an independent non-executive director of the Company.

(e) On 1 November 2022, Ms. Liu Yan resigned as an independent non-executive director of the Company.

# Notes to the Consolidated Financial Statements

Year ended 31 December 2023

## 11. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' REMUNERATION *(continued)*

### (i) Directors' and Chief Executive's remuneration *(continued)*:

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during both years. In addition, no emoluments were paid by the Group to any of the directors as an inducement to join, or upon joining the Group or as a compensation for loss of office for the years ended 31 December 2023 and 2022.

### (ii) Employees' remuneration:

The five highest paid individuals of the Group included 3 (2022: 4) directors of the Company. Details of their emoluments are included in note 11 (i) above.

The emoluments of the remaining 2 (2022: 1) highest paid individual for the year are set out as follows:

| | **2023** | 2022 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Salaries, allowances and benefits-in-kind | **2,850** | 1,902 |
| Contribution to retirement benefits schemes | **36** | 18 |
| | **2,886** | 1,920 |

The emoluments of the individuals are within the following bands:

| | **2023** | 2022 |
|---|---|---|
| | ***Number of employees*** | *Number of employees* |
| HK$1,000,001 to HK$1,500,000 | **1** | – |
| HK$1,500,001 to HK$2,000,000 | **1** | 1 |
| | **2** | 1 |

During the years ended 31 December 2023 and 2022, 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.

## 12. DIVIDEND

The Board of Directors does not recommend the payment of a dividend for the years ended 31 December 2023 and 2022.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2023

## 13. LOSS PER SHARE

The calculation of the basic and diluted loss per share is based on loss attributable to the owners of the Company and the weighted average number ordinary shares in issue during the year.

For the years ended 31 December 2023 and 2022, diluted loss per share is the same as basic loss per share. The Company did not have any dilutive potential ordinary shares during the years ended 31 December 2023 and 2022.

The calculations of basic and diluted loss per share are based on:

### Loss

| | **2023** | 2022 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Loss for the year attributable to owners of the Company, for the purpose of basic loss per share | **(140,145)** | (17,172) |
| Loss for the year attributable to owners of the Company, for the purpose of diluted loss per share | **(140,145)** | (17,172) |

### Number of shares

| | **2023** | 2022 |
|---|---|---|
| Issued ordinary shares at 1 January | **945,527,675** | 942,527,675 |
| Shares vested under the share award scheme (Note 29(b)) | **–** | 1,906,849 |
| Weighted average number of ordinary shares in issue for the purpose of basic and diluted loss per share | **945,527,675** | 944,434,524 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year ended 31 December 2023

## 14. PROPERTY AND EQUIPMENT

| | Right-of-use assets – Office premises HK$'000 (Note a) | Right-of-use assets – Land and buildings HK$'000 | Leasehold improvements HK$'000 | Furniture and fixtures HK$'000 | Office equipment HK$'000 | Yacht HK$'000 | Total HK$'000 |
|---|---|---|---|---|---|---|---|
| **Reconciliation of carrying amount – year ended 31 December 2022** | | | | | | | |
| At 1 January 2022 | 7,609 | 162,782 | 348 | 118 | 2,137 | 35,110 | 208,104 |
| Additions | 7,580 | – | 34 | 34 | 128 | – | 7,776 |
| Transfer to investment properties (Note b) | – | (159,289) | – | – | – | – | (159,289) |
| Depreciation | (4,447) | (3,493) | (329) | (94) | (856) | (4,255) | (13,474) |
| At 31 December 2022 | 10,742 | – | 53 | 58 | 1,409 | 30,855 | 43,117 |
| **Reconciliation of carrying amount – year ended 31 December 2023** | | | | | | | |
| At 1 January 2023 | 10,742 | – | 53 | 58 | 1,409 | 30,855 | 43,117 |
| Additions | – | – | – | 19 | 1,578 | – | 1,597 |
| Depreciation | (7,584) | – | (29) | (33) | (948) | (4,255) | (12,849) |
| **At 31 December 2023** | 3,158 | – | 24 | 44 | 2,039 | 26,600 | 31,865 |
| **At 31 December 2022** | | | | | | | |
| Cost | 22,275 | – | 4,261 | 513 | 3,935 | 42,557 | 73,541 |
| Accumulated depreciation | (11,533) | – | (4,208) | (455) | (2,526) | (11,702) | (30,424) |
| | 10,742 | – | 53 | 58 | 1,409 | 30,855 | 43,117 |
| **At 31 December 2023** | | | | | | | |
| Cost | 22,275 | – | 4,261 | 532 | 5,513 | 42,557 | 75,138 |
| Accumulated depreciation | (19,117) | – | (4,237) | (488) | (3,474) | (15,957) | (43,273) |
| | 3,158 | – | 24 | 44 | 2,039 | 26,600 | 31,865 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year ended 31 December 2023

## 14. PROPERTY AND EQUIPMENT *(continued)*
Notes:

(a) The Group leases office premises for its daily operations with a lease term of 1-2 years (2022: 2-3 years).

The Group has recognised the following amounts for the year:

| | **2023** | 2022 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Lease payments: | | |
| Total cash outflow for leases (Note 30(a)) | **7,987** | 4,631 |

(b) On 31 October 2022, the property interests in land and buildings, which were leased for own use as at 31 December 2021, with carrying value of approximately HK$159,289,000 were transferred to investment property upon change of its use to earn rental income and/or for capital appreciation. In the opinion of the directors, the estimated fair value of the property at date of transfer amounted to approximately HK$170,400,000 which is estimated by directors making reference to the valuation from Ravia Global Appraisal Advisory Limited ("Ravia"), an independent professional qualified valuer. The net change in fair value arising on the revaluation of properties held for own use upon transfer to investment properties of HK$11,111,000 was credited to property revaluation reserve.

## 15. INVESTMENT PROPERTIES

| | | **2023** | 2022 |
|---|---|---|---|
| | Note | ***HK$'000*** | *HK$'000* |
| **Fair value** | | | |
| At the beginning of the reporting period | | **513,800** | 349,300 |
| Transfer from property and equipment (Note 14(b)) | | **–** | 170,400 |
| Change in fair value | 7 | **(8,100)** | (5,900) |
| At the end of the reporting period | | **505,700** | 513,800 |

At the end of the reporting period, the investment properties of HK$505,700,000 (2022: HK$513,800,000) are held with the remaining lease term of 37 to 102 years (2022: 38 to 103 years).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2023

## 15. INVESTMENT PROPERTIES *(continued)*

The Group's investment properties as at 31 December 2023 consist of four commercial properties (2022: four commercial properties) in Hong Kong.

The property interests in investment properties thereon (including the whole or part of undivided share in the underlying land) in Hong Kong of HK$505,700,000 (2022: HK$513,800,000) are held by the Group as the registered owner. Those property interests were acquired from the previous registered owners by making lump sum payments at the upfront (which may be financed by a mortgage). Except for the variable amounts to be charged by the government subsequently that are reviewed regularly with reference to the rateable values, for example, there are no ongoing payments to be made under the terms of the land lease.

The Group's investment properties were revalued on 31 December 2023 based on valuations performed by Ravia, an independent professional valuer in Hong Kong which is a member of The Hong Kong Society of Financial Analysts Ltd, at HK$505,700,000.

Certain of the Group's investment properties with an aggregate carrying value at the end of the reporting period of HK$452,900,000 (2022: HK$459,300,000) were pledged to secure banking facilities granted to the Group (Note 26).

### Leasing arrangement – as lessor

The Group leases its investment properties to third parties under operating leases with lease term of 2 to 5 years, certain of which had an initial non-cancellable lease term of 2 years (2022: 2 years) and certain leases provide the lessees with options to extend at the end of the term for 3 years (2022: 3 years).

The investment properties are subject to residual value risk. The lease contract, as a result, includes a provision on residual value guarantee based on which the Group has the right to charge the tenant for any damage to certain of the investment properties at the end of the lease, unless the loss or damage caused through the act, neglect, omission or negligence of the Group. Besides, the Group has purchased insurance to protect it against any loss that may arise from accidents or physical damages of the properties.

Below is a maturity analysis of undiscounted lease payments to be received from the leasing of investment properties as at the end of the reporting period:

| | **2023**<br>***HK$'000*** | 2022<br>*HK$'000* |
|---|---|---|
| Year 1 | **11,832** | 8,461 |
| Year 2 | **1,731** | 6,600 |
| Year 3 | **–** | 350 |
| Undiscounted lease payments to be received | **13,563** | 15,411 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year ended 31 December 2023

## 15. INVESTMENT PROPERTIES *(continued)*

### Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Group's investment properties:

| | **Fair value measurement as at 31 December 2023 using** | | | |
|---|---|---|---|---|
| | **Quoted prices in active markets (Level 1)** | **Significant observable inputs (Level 2)** | **Significant unobservable inputs (Level 3)** | **Total** |
| | ***HK$'000*** | ***HK$'000*** | ***HK$'000*** | ***HK$'000*** |
| Recurring fair value measurement for: | | | | |
| Commercial properties | **–** | **–** | **505,700** | **505,700** |

| | Fair value measurement as at 31 December 2022 using | | | |
|---|---|---|---|---|
| | Quoted prices in active markets (Level 1) | Significant observable inputs (Level 2) | Significant unobservable inputs (Level 3) | Total |
| | HK$'000 | HK$'000 | HK$'000 | HK$'000 |
| Recurring fair value measurement for: | | | | |
| Commercial properties | – | – | 513,800 | 513,800 |

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

# Notes to the Consolidated Financial Statements

Year ended 31 December 2023

## 15. INVESTMENT PROPERTIES *(continued)*

### Fair value hierarchy *(continued)*

Reconciliation of fair value measurement categorised within Level 3 of the fair value hierarchy:

| | Commercial properties | |
|---|---|---|
| | **2023** | 2022 |
| | ***HK$'000*** | *HK$'000* |
| At the beginning of the reporting period | **513,800** | 349,300 |
| Transfer from property and equipment (Note 14(b)) | **–** | 170,400 |
| Net fair value loss on investment properties | **(8,100)** | (5,900) |
| At the end of the reporting period | **505,700** | 513,800 |

### Description of the valuation techniques and inputs used in Level 3 fair value measurement

At the end of the reporting period, the investment properties were revalued by Ravia, independent professional qualified valuer in Hong Kong, which is a member of The Hong Kong Society of Financial Analysis Ltd., on the market value basis using direct comparison approach.

Below is a summary of the valuation techniques used and the key inputs to the valuation of investment properties classified as Level 3 of the fair value hierarchy:

| | Valuation techniques | Significant inputs | Weighted average |
|---|---|---|---|
| **As at 31 December 2023** | | | |
| Commercial properties | Direct comparison approach | Price (per square foot) | HK$16,000 to HK$21,000 |

| | Valuation techniques | Significant inputs | Weighted average |
|---|---|---|---|
| As at 31 December 2022 | | | |
| Commercial properties | Direct comparison approach | Price (per square foot) | HK$16,000 to HK$22,000 |

Under the direct comparison approach, fair value is determined by reference to comparable market transactions and adjusted for differences on location, physical and transaction attributes and is positively correlated to the estimated price.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2023

## 16. INTANGIBLE ASSETS

| | Trading rights and licenses *HK$'000* | Country club membership *HK$'000* | Golf club membership *HK$'000* | Total *HK$'000* |
|---|---|---|---|---|
| **Reconciliation of carrying amount** | | | | |
| At 1 January 2022 | 7,425 | 5,000 | 342 | 12,767 |
| Amortisation | – | – | (50) | (50) |
| At 31 December 2022 | 7,425 | 5,000 | 292 | 12,717 |
| At 1 January 2023 | **7,425** | **5,000** | **292** | **12,717** |
| Amortisation | **–** | **–** | **(50)** | **(50)** |
| **At 31 December 2023** | **7,425** | **5,000** | **242** | **12,667** |
| At 31 December 2022 | | | | |
| Cost | 7,425 | 5,000 | 400 | 12,825 |
| Accumulated amortisation | – | – | (108) | (108) |
| Net carrying amount | 7,425 | 5,000 | 292 | 12,717 |
| **At 31 December 2023** | | | | |
| Cost | **7,425** | **5,000** | **400** | **12,825** |
| Accumulated amortisation | **–** | **–** | **(158)** | **(158)** |
| **Net carrying amount** | **7,425** | **5,000** | **242** | **12,667** |

Notes:

(a) Trading rights and licenses confer eligibility on the Group to trade on the Stock Exchange and the Hong Kong Future Exchange Limited. The Trading rights and licenses have no foreseeable limit to the period over which the Group can use to generate cash flows. As a result, trading rights and licenses are considered by the management of the Group as having indefinite useful life. The trading rights and licenses will not be amortised until its useful life is determined to be finite.

(b) The membership of Hong Kong Country Club has no foreseeable limit to the period over which the Group can use to generate cash flows. As a result, membership is considered by the management of the Group as having indefinite useful life. The membership will not be amortised until its useful life is determined to be finite.

(c) No impairment losses on trading rights and licenses and country club membership have been recognised for the year ended 31 December 2023.

(d) Golf club membership has a validity of 10 years and the Group has determined that this asset has a useful life of 10 years. It is tested for impairment where an indicator of impairment appears.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2023

## 17. GOODWILL

| | HK$'000 |
|---|---|
| **Reconciliation of carrying amount** | |
| At 1 January 2022, at 31 December 2022, **1 January 2023 and 31 December 2023** | **6,115** |
| At 31 December 2022 and 31 December 2023 | |
| Cost | **6,115** |
| Accumulated impairment losses | **–** |
| Net carrying amount | **6,115** |

In October 2021, the Group acquired 100% equity interests in Briscoe Wong Advisory Limited ("Briscoe") at a consideration of HK$16,800,000. Briscoe, as a cash-generating unit, is engaged in provision of corporate advisory related services (the "Briscoe Business CGU"). The excess of the consideration transferred over the acquisition-date fair values of the identifiable assets acquired and the liabilities assumed amounted to approximately HK$6,115,000 and was recognised as a goodwill.

At 31 December 2023, the Group assessed the recoverable amount of the Briscoe Business CGU with reference to business valuation of Briscoe based on cash flow projection of Briscoe. The calculation uses cash flow projection based on the most recent financial budgets approved by the management that covering a 5-year period with reference to the financial information of the selected listed companies, which principal business being comparable to that of Briscoe. Cash flows beyond the 5-year period have been extrapolated using a 2% (2022: 2%) long-term growth rate.

The recoverable amount of the Briscoe Business CGU exceeded the carrying amount based on value-in-use calculation. Accordingly, no impairment on goodwill was recognised during the year ended 31 December 2023.

Key assumptions and inputs used for the business valuation are as follows:

| | **2023** | 2022 |
|---|---|---|
| Average growth rate | **15.20%** | 2.00% |
| Long-term growth rate | **2.00%** | 2.00% |
| Pre-tax discount rate | **21.50%** | 21.16% |

Management determined the average growth rate and long-term growth rate based on past performance and the expectation of market development. The discount rate used is pre-tax and reflects specific risks relating to the Briscoe Business CGU.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2023

## 17. GOODWILL *(continued)*

### Sensitivity of key assumptions

The management believes that any reasonably possible change in the key assumptions on which the recoverable amount is based would not cause the carrying amount of the Briscoe Business CGU to exceed its recoverable amount.

## 18. INVESTMENT IN ASSOCIATES

| | **2023** | 2022 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Share of net assets | **319,111** | 161,707 |

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

| **Name of associate** | **Principal place of business/ incorporation** | **Particular of issued share capital/ registered capital** | **Proportion of value of registered and paid-up capital indirectly held by the Company** | | **Principal activities** |
|---|---|---|---|---|---|
| | | | **2023** | 2022 | |
| Green River Associates Group ("Green River Marshall") | Hong Kong/ Marshall Islands | 255 ordinary shares of no par value | **48%** | 33% | Investment holding |
| HEC Securities Company Limited ("HEC Securities") | Hong Kong/ British Virgin Islands | 154,380,000 ordinary shares of US$1 each | **33%** | 33% | Investment holding |

# Notes to the Consolidated Financial Statements
Year ended 31 December 2023

## 18. INVESTMENT IN ASSOCIATES *(continued)*
Note:

(a) On 28 February 2023, Green River Marshall allotted 13 shares to an independent third party for subscription of shares at a consideration of HK$25,000,000, representing approximately 5.10% of the enlarged share capital of Green River Marshall and the subscription was completed on the same date. Upon completion of the subscription, the Group's equity interest in Green River Marshall was decreased from 33% to 31% and resulting in gain on deemed disposal of an associate of HK$472,000 during the year.

On 28 December 2023, the Group entered into a sale and purchase agreement with a third party to purchase 16.47% equity interest in Green River Marshall at a consideration of HK$80,000,000 The consideration was settled by cash and the subscription was completed on the same date. Consequently, the Group's equity interest in Green River Marshall was increased from 31% to 48%. The fair value of the identifiable assets and liabilities of 16.47% equity interests in Green River Marshall at the date of completion is approximately the same as the consideration.

(b) On 19 January 2023, HEC Securities had issued shares to all its shareholders, in proportion to their then existing share holdings, by way of open offer and the Group subscribed 49,302,000 shares at a consideration of HK$98,604,000. Since all its shareholders including the Group participated in the open offer, the Group's shareholding in HEC Securities remains unchanged.

The above associates are accounted for using the equity method in the consolidated financial statements.

### Relationship with associates
Green River Marshall engaged in securities investment, is a strategic partner of the Group in developing the tactical and strategic investment business.

HEC Securities engaged in provision of dealing in securities (Type 1), allows the Group to penetrate this market through the extensive network of the associate.

### Fair value of investments
The above associates are private companies and there is no quoted market price available for the investments.

### Financial information of individually material associate
Summarised financial information of the associate is set out below, which represents amounts shown in the associates' financial statements prepared in accordance with HKFRSs and adjusted by the Group for equity accounting purposes including any differences in accounting policies and fair value adjustments.

| **At 31 December 2023** | **Green River Marshall** *HK$'000* | **HEC Securities** *HK$'000* |
|---|---|---|
| **Gross amount** | | |
| Current assets | 285,531 | 399,039 |
| Non-current assets | 284,338 | 417 |
| Current liabilities | (121,878) | (81,903) |
| | 447,991 | 317,553 |
| Group's ownership interests | 48% | 33% |
| **Group's share of equity and carrying amount of interest** | 214,319 | 104,792 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year ended 31 December 2023

## 18. INVESTMENT IN ASSOCIATES *(continued)*
### Financial information of individually material associate *(continued)*

| Year ended 31 December 2023 | Green River Marshall *HK$'000* | HEC Securities *HK$'000* |
|---|---|---|
| **Gross amount** | | |
| Revenue and other loss | (32,131) | 1,033 |
| Loss for the year | (43,954) | (4,885) |
| Other comprehensive income for the year | 1,178 | – |
| Total comprehensive loss for the year | (42,776) | (4,885) |
| Group's ownership interests | 31 – 48% (note 18(a)) | 33% (note 18(b)) |
| **Group's share of:** | | |
| Loss from operations for the year | (20,468) | (1,612) |
| Other comprehensive income for the year | 408 | – |
| Total comprehensive loss for the year | (20,060) | (1,612) |
| Dividend received from the associates | – | – |

| At 31 December 2022 | Green River Marshall *HK$'000* | HEC Securities *HK$'000* |
|---|---|---|
| **Gross amount** | | |
| Current assets | 617,180 | 40,612 |
| Non-current assets | – | 421 |
| Current liabilities | (151,410) | (17,395) |
| | 465,770 | 23,638 |
| Group's ownership interests | 33% | 33% |
| **Group's share of equity and carrying amount of interest** | 153,906 | 7,801 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2023

## 18. INVESTMENT IN ASSOCIATES *(continued)*

### Financial information of individually material associate *(continued)*

| Year/period ended 31 December 2022 | Green River Marshall *HK$'000* | HEC Securities *HK$'000* *(Acquired on 29 December 2022)* |
|---|---|---|
| **Gross amount** | | |
| Revenue and other loss | (136,248) | 63 |
| Loss for the period | (256,960) | (606) |
| Other comprehensive loss for the year/period | (133) | – |
| Total comprehensive loss for the year/period | (257,093) | (606) |
| Group's ownership interests | 33 – 40% | 33% |
| Group's share of: | | |
| Loss from operations for the year/period | (87,586) | (200) |
| Other comprehensive loss for the year/period | (44) | – |
| Total comprehensive loss for the year/period | (87,630) | (200) |
| Dividend received from the associates | – | – |

***Contingent liabilities of associates***

At the end of the reporting period, there are no contingent liabilities incurred by the Group in relation to its interest in associates.

## 19. OTHER ASSETS

At 31 December 2023 and 2022, other assets represent statutory and other deposits with various exchanges and clearing houses and except for stamp deposits placed in the Stock Exchange, all other deposits are non-interest bearing.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year ended 31 December 2023

## 20. TRADE, LOAN AND OTHER RECEIVABLES

| | Note | 2023 HK$'000 | 2022 HK$'000 |
|---|---|---|---|
| **Trade receivables** | | | |
| Trade receivables arising from the business of securities brokerage | (a) | | |
| – margin clients | (b) | **636,419** | 563,402 |
| – Hong Kong Securities Clearing Company Limited ("HKSCC") | (c) | **12** | 237 |
| Trade receivables from futures clearing house arising from the business of dealing in futures contracts | (a) | **3,517** | 3,424 |
| | | **639,948** | 567,063 |
| Less: Loss allowance | 34 | **(1,361)** | (530) |
| | | **638,587** | 566,533 |
| Trade receivables from provision of corporate advisory service | | **7,472** | 9,676 |
| Trade receivables from provision of financial advisory service | | **3,790** | 2,892 |
| Trade receivables from provision of assets management service | | | |
| – from independent third parties | | **140** | 177 |
| – from an associate | | **85** | 99 |
| | (d) | **11,487** | 12,844 |
| Less: Loss allowance | 34 | **(1,045)** | (376) |
| | | **10,442** | 12,468 |
| **Loan and interest receivables** | | | |
| Loan and interest receivables from independent third parties | (e) | **133,125** | 687,289 |
| Less: Loss allowance | 34 | **(896)** | (575) |
| | | **132,229** | 686,714 |
| **Other receivables** | | | |
| Prepayments | | **1,979** | 3,169 |
| Deposits | | **1,726** | 1,727 |
| Other receivables | (f) | **170,514** | 5,178 |
| Due from an associate | (g) | **2,026** | 439 |
| | | **176,245** | 10,513 |
| Less: Loss allowance | 34 | **(4,187)** | – |
| | | **172,058** | 10,513 |
| | | **953,316** | 1,276,228 |
| Less: Non-current portion | | | |
| Other receivables | | **(964)** | (1,286) |
| Current portion | | **952,352** | 1,274,942 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2023

## 20. TRADE, LOAN AND OTHER RECEIVABLES *(continued)*

Information about the Group's exposure to credit risks and loss allowance for trade, loan and other receivables is included in note 34 to the consolidated financial statements.

Notes:

(a) No ageing analysis by invoice date is disclosed as in the opinion of the directors of the Company, the ageing analysis does not give additional value in view of the nature of financial services business of the Group. The Group offsets certain trade receivables and trade payables when the Group has a legally enforceable right to set off the balances; and intends to settle on a net basis or to realise the balances simultaneously. Details are set out in note 36 to the consolidated financial statements.

(b) Trade receivables from margin clients are repayable on demand and bear interest ranging from 8% to 20% (2022: 8% to 20%) per annum for the year ended 31 December 2023. The loans are secured by pledged listed securities with a total fair value of approximately HK$1,143,914,000 (2022: HK$1,945,249,000). The Group is permitted to sell or repledge the listed securities if the customers default on the payment when requested by the Group. Included in trade receivables from margin clients of HK$79,629,000 at 31 December 2023 was amount due from an associate (2022: nil).

As at 31 December 2023, allowance for impairment loss of HK$1,361,000 (2022: HK$530,000) is recognised for the trade receivables from margin clients. Details are set out in note 34 to the consolidated financial statements.

(c) The settlement terms of trade receivables arising from the provision of securities brokerage business with HKSCC are usually two days after trade date.

(d) Trade receivables from provision of corporate advisory service, financial advisory service and assets management service are unsecured, interest-free and repayable within 30 days upon presentation of invoices.

As at 31 December 2023, allowance for impairment loss of HK$1,045,000 (2022: HK$376,000) is recognised for the trade receivables from provision of corporate advisory service, financial advisory service and asset management service. Details are set out in note 34 to the consolidated financial statements.

(e) Loan and interest receivables represent receivables arising from the Group's credit and lending business and are stated at amortised cost.

Details of the personal and corporate loan receivables for the year ended 31 December 2023 and 31 December 2022 respectively are as follows:

2023

| Category | Unsecured/Secured | Principal amount in range | Interest rate in range | Duration (months) | Number of loans | Collateral | Gross amount HK$'000 | Impaired amount HK$'000 | Net amount HK$'000 |
|---|---|---|---|---|---|---|---|---|---|
| Personal | Secured | HK$30,000,000 | 7.50% | 24 | 1 | Unlisted equity securities | 34,983 | 173 | 34,810 |
| | Unsecured | HK$16,000,000 to HK$18,500,000 | 8% to 10% | 8 to 27 | 4 | N/A | 71,559 | 670 | 70,889 |
| Corporate | Unsecured | HK$3,382,005 to HK$15,000,000 | 10% | 8 to 12 | 3 | N/A | 26,583 | 53 | 26,530 |
| | | | | | 8 | | 133,125 | 896 | 132,229 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year ended 31 December 2023

## 20. TRADE, LOAN AND OTHER RECEIVABLES *(continued)*
Notes:

(e) *(continued)*

2022

| Category | Unsecured/Secured | Principal amount in range | Interest rate in range | Duration (months) | Number of loans | Collateral | Gross amount | Impaired amount | Net amount |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | *HK$'000* | *HK$'000* | *HK$'000* |
| Personal | Secured | HK$90,000,000 | 7.50% | 12 | 1 | Unlisted equity securities | 90,555 | 99 | 90,456 |
| | Unsecured | HK$9,509,642 to HK$85,000,000 | 5% to 10% | 6 to 12 | 17 | N/A | 391,080 | 406 | 390,674 |
| | Unsecured | HK$19,500,000 | 36% | 1 | 1 | N/A | 20,077 | 21 | 20,056 |
| Corporate | Secured | HK$15,000,000 | 10% | 18 | 1 | Property in Hong Kong | 15,058 | 4 | 15,054 |
| | Unsecured | HK$5,000,000 to HK$75,000,000 | 4% to 8% | 7 to 12 | 5 | N/A | 170,519 | 45 | 170,474 |
| | | | | | 25 | | 687,289 | 575 | 686,714 |

The amount granted to individuals and corporates depends on management's assessment of credit risk of the customers by evaluation on background check (such as their profession, salaries and current job position for individual borrowers and their industry and financial position for corporate borrowers) and repayment abilities. As at 31 December 2023, allowance for impairment loss of HK$896,000 (2022: HK$575,000) is recognised for the loan receivables. Details are set out in note 34 to the consolidated financial statements. The ageing analysis of loan and interest receivables (net of loss allowance) are set out in note 34 to the consolidated financial statements.

(f) Included in the other receivables are other loan receivables of HK$164,000,000 from an independent third party. The amounts of other loan receivables were secured by pledged listed securities with a total fair value of approximately HK$159,813,000 (2022: nil), interest-free and repayable on demand.

(g) The amount due is unsecured, interest-free and has no fixed repayment term.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year ended 31 December 2023

## 21. DESIGNATED FVOCI

| | 2023<br>HK$'000 | 2022<br>HK$'000 |
|---|---|---|
| Listed securities in Hong Kong | | |
| Imagi International Holdings Ltd. | 53,251 | – |
| Auto Italia Holdings Ltd. | 29,600 | – |
| Oshidori International Holdings Ltd. | 10,394 | – |
| Y.T. Realty Group Ltd. | 12,000 | – |
| Blue River Holdings Ltd. | 15,000 | – |
| ZhongAn Online P&C Insurance Co., Ltd. | 17,126 | – |
| Others | 18,215 | – |
| | 155,586 | – |

At the date of initial recognition, the Group irrevocably designated certain investments in equity securities as Designated FVOCI because these equity securities represent investments that the Group intends to hold for long-term strategic purposes. The Group considers the accounting treatments under this classification provide more relevant information for those investments.

During the year ended 31 December 2023, the net fair value gains on Designated FVOCI of HK$12,990,000 (2022: HK$nil) was recognised in other comprehensive income.

At the end of the reporting period, no investments exceeded 10% of the Group's total assets.

## 22. FINANCIAL ASSETS AT FVPL

| | Note | 2023<br>HK$'000 | 2022<br>HK$'000 |
|---|---|---|---|
| Unlisted equity securities, at fair value | (a) | 83,400 | 17,080 |
| Listed securities in Hong Kong | (b) | 64,832 | 144,496 |
| | | 148,232 | 161,576 |
| Analysed as: | | | |
| Non-current | | 83,400 | 17,080 |
| Current | | 64,832 | 144,496 |
| | | 148,232 | 161,576 |

# Notes to the Consolidated Financial Statements

Year ended 31 December 2023

## 22. FINANCIAL ASSETS AT FVPL *(continued)*

Note:

(a) On 9 March 2023, Magic Hand Limited, an indirect wholly owned subsidiary of the Company, had subscribed 35 shares of Hope Capital Limited ("Hope Capital"), an unlisted company incorporated in the British Virgin Islands, at a total consideration of HK$25,000,000 which is payable by cash. The principal activity of Hope Capital is investment holding. Upon completion of the settlement, the Group owned 3.26% equity interests in Hope Capital and Hope Capital had been classified as financial assets at FVPL. In the opinion of the directors of the Company, Hope Capital was held for long term investment.

On 29 December 2023, the Group entered into an agreement with an independent third party borrower, to settle the borrower's partial outstanding balances of HK$198,000,000 due to the Group. The borrower agreed to settle the outstanding margin loan payable by 240 shares of Co-Lead Holdings Limited ("Co-Lead") and 7 shares of SHOG II Creation Limited ("SHOG"), in the sum of HK$34,000,000, which are unlisted company incorporated in the British Virgin Islands and Marshall Islands respectively. The settlement was completed on the same date. The fair value of relevant investment in Co-Lead and SHOG are approximately the same as the borrower's partial outstanding balance, no gain or loss was recognised from this transaction. Upon completion of the settlement, the Group owned 1.69% and 7% equity interests in Co-Lead and SHOG respectively, and Co-Lead and SHOG had been classified as financial assets at FVPL. In the opinion of the directors of the Company, Co-Lead and SHOG were held for long term investment.

(b) On 14 September 2023, the Group entered into an agreement with an independent third party, which is the same borrower mentioned in note 22(a), to settle on behalf of a group of borrowers' outstanding loan balances about HK$125,713,000 due to the Group. The third party agreed to settle the outstanding loans payable by the equivalent of a bank's equity securities listed on the Stock Exchange at approximately same value. The settlement was completed on 19 September 2023. The fair value of relevant securities as payment in kind was approximately the same as the borrowers' outstanding balance, no gain or loss was recognised from this transaction. In the opinion of the directors of the Company, the securities as payment in kind were held for trading purpose and had been classified as financial assets at FVPL.

At the end of the reporting period, no investments exceeded 10% of the Group's total assets.

## 23. BANK BALANCES – TRUST AND SEGREGATED ACCOUNTS/BANK BALANCES AND CASH

### Bank balances – trust and segregated accounts

The Group receives and holds money deposited by clients and other institutions in the course of the conduct of the regulated activities of its ordinary business. These clients' monies are maintained in one or more segregated bank accounts. The Group has recognised the corresponding accounts payable to respective clients and other institutions.

### Bank balances and cash

Cash at banks earns interest at floating rates based on daily bank deposit rates.

# Notes to the Consolidated Financial Statements

Year ended 31 December 2023

## 24. TRADE AND OTHER PAYABLES

| | Note | 2023<br>HK$'000 | 2022<br>HK$'000 |
|---|---|---|---|
| **Trade payables** | | | |
| Trade payables arising from the business of securities brokerage | (a) | | |
| – cash clients | | **546** | 663 |
| – margin clients | | **1,264** | 3,402 |
| Trade payables arising from the business of options broking | (a) | **209** | 209 |
| Trade payables arising from the business of dealing in futures contract | (b) | **1,482** | 1,320 |
| Secured margin loans from securities brokers | (c) | **11,493** | 10,514 |
| | | **14,994** | 16,108 |
| **Other payables** | | | |
| Other payables and accrued charges | | **6,990** | 6,050 |
| Rental deposits received | | **1,562** | 1,562 |
| | | **8,552** | 7,612 |
| Less: non-current portion | | **(1,562)** | (1,562) |
| Current portion | | **6,990** | 6,050 |
| Total current portion | | **21,984** | 22,158 |

Notes:

(a) Trade payables to cash, margin and option clients are repayable on demand. The settlement terms of trade payables arising from the provision of securities brokerage business with HKSCC are usually two days after trade date. No ageing analysis is disclosed as in the opinion of the directors of the Company, the ageing analysis does not give additional value in view of the nature of securities brokerage business. The Group offsets certain trade receivable and trade payable when the Group currently has a legally enforceable right to set off the balances; and intends to settle on a net basis or to realise the balances simultaneously. Details are set out in note 36 to the consolidated financial statements.

(b) Trade payables to clients arising from the business of dealing in futures contracts are margin deposits received from clients for their trading of futures contracts on the Hong Kong Futures Exchange Limited (the "HKFE"). The excesses of the outstanding amounts over the required initial margin deposits stipulated by the HKFE are repayable to clients on demand.

(c) For secured margin loans provided by the securities broker to the Group, the loans are repayable on demand (except certain balance arising from trades pending settlement or margin deposits) and are interest-bearing at a range from 9% to 15% per annum (2022: 9% to 15% per annum). The total market value of debt and equity securities pledged as collateral in respect of the loans was approximately HK$38,533,000 as at 31 December 2023 (2022: HK$117,158,000) which was included in the financial assets at FVPL.

# Notes to the Consolidated Financial Statements

Year ended 31 December 2023

## 25. LEASE LIABILITIES

| | 2023<br>HK$'000 | 2022<br>HK$'000 |
|---|---|---|
| At 1 January | **10,907** | 7,772 |
| Addition | **–** | 7,580 |
| Imputed interest expense on lease liabilities | **355** | 186 |
| Lease payments | **(7,987)** | (4,631) |
| At 31 December | **3,275** | 10,907 |
| Less: Non-current portion | **–** | (3,275) |
| Current portion | **3,275** | 7,632 |

Lease liabilities as at 31 December 2023 are carried at incremental borrowing rate ranging from 1.98% to 6.42% per annum (2022: 1.98% to 6.42% per annum) repayable within 1 year (2022: 1 to 2 years).

## 26. INTEREST-BEARING BORROWINGS

| | 2023<br>HK$'000 | 2022<br>HK$'000 |
|---|---|---|
| Secured bank loans repayable on demand | **239,720** | 252,555 |

The ranges of interest rates on the Group's interest-bearing borrowings are as follows:

| | 2023 | 2022 |
|---|---|---|
| Interest rates | | |
| 1 month HIBOR* | **Plus 1.5% to 1.7% per annum** | Plus 1.5% to 1.7% per annum |

* Hong Kong Interbank Offer Rate

At the end of the reporting period, bank loans with a clause in their terms that gives the banks an overriding right to demand for repayment are classified as current liabilities even though the directors do not expect that the banks would exercise their right to demand repayment. The bank loans were denominated in Hong Kong dollars and secured by the Group's certain investment properties with carrying value of approximately HK$452,900,000 (2022: certain investment properties with carrying value of approximately HK$459,300,000) and a corporate guarantee of HK$282,300,000 (2022: HK$282,300,000) was provided by the Company.

# Notes to the Consolidated Financial Statements

Year ended 31 December 2023

## 26. INTEREST-BEARING BORROWINGS *(continued)*

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

| | **2023** | 2022 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Within one year | **162,019** | 12,835 |
| In the second year | **77,701** | 162,019 |
| In the third to fifth years inclusive | **–** | 77,701 |
| | **239,720** | 252,555 |

## 27. DEFERRED TAXATION

The movements for the year in the Group's net deferred tax position are as follows:

| | **Depreciation allowance** | **Collective impairment on intangible assets** | **Tax losses** | **Total** |
|---|---|---|---|---|
| | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* |
| At 1 January 2022 | (1,850) | (1,073) | 2,087 | (836) |
| (Charged) Credited to profit or loss for the year (Note 10) | (430) | – | 830 | 400 |
| At 31 December 2022 | (2,280) | (1,073) | 2,917 | (436) |
| At 1 January 2023 | (2,280) | (1,073) | 2,917 | (436) |
| (Charged) Credited to profit or loss for the year (Note 10) | (4,876) | – | 2,077 | (2,799) |
| At 31 December 2023 | **(7,156)** | **(1,073)** | **4,994** | **(3,235)** |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2023

## 27. DEFERRED TAXATION *(continued)*

Recognised deferred tax assets (liabilities) at the end of the reporting period represent the following:

| | Assets | | Liabilities | |
|---|---|---|---|---|
| | **2023** | 2022 | **2023** | 2022 |
| | ***HK$'000*** | *HK$'000* | ***HK$'000*** | *HK$'000* |
| Depreciation allowance | **–** | – | **(7,156)** | (3,013) |
| Collective impairment on intangible assets | **–** | – | **(1,073)** | (1,073) |
| Tax losses | **4,994** | 3,650 | **–** | – |
| Deferred tax asset (liabilities) | **4,994** | 3,650 | **(8,229)** | (4,086) |
| Offsetting | **(4,994)** | (3,650) | **4,994** | 3,650 |
| Net deferred tax liabilities | **–** | – | **(3,235)** | (436) |

At the end of the reporting period, the Group had unrecognised temporary differences arising from unused tax losses of approximately HK$93,307,000 (2022: HK$91,726,000). Deferred tax assets have not been recognised due to the unpredictability of future profit available against which the Group can utilise the benefits therefrom. The tax losses do not expire under current tax legislation.

## 28. SHARE CAPITAL

| | **Number of shares** | **Share capital** |
|---|---|---|
| | | *HK$'000* |
| Ordinary shares of HK$0.1 each | | |
| Authorised: | | |
| **At 31 December 2022, 1 January 2023 and 31 December 2023** | **5,000,000,000** | **500,000** |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2023

## 28. SHARE CAPITAL *(continued)*

| | Number of shares | Share capital *HK$'000* |
|---|---|---|
| Issued and fully paid: | | |
| At 1 January 2022 | 942,527,675 | 94,253 |
| Issue of shares under share award scheme | 3,000,000 | 300 |
| **At 31 December 2022, 1 January 2023 and 31 December 2023** | **945,527,675** | **94,553** |

## 29. SHARE OPTION AND SHARE AWARD SCHEME

### (a) Share Option Scheme

***2015 Share Option Scheme***

On 21 May 2015, a share option scheme (the "Share Option Scheme") was approved and conditionally adopted by the Company, whereby the Board may, at its absolute discretion and on such terms as it may think fit, grant options to any officer, employee (full-time or part-time), director or proposed director of and business consultant, professional or other advisers to any member of the Eligible Group (as defined in the Share Option Scheme). No service provider sublimit was set under the Share Option Scheme.

As at 31 December 2023, the total number of Shares which may be issued upon the exercise of all options to be granted under the Share Option Scheme is 93,352,767 Shares, representing approximately 9.9% of the issued share capital of the Company.

During the year ended 31 December 2023, no share options were granted, exercised, cancelled or lapsed under the Share Option Scheme and there were no share options with respect to the Share Option Scheme and any other option schemes of the Company outstanding at the beginning and at the end of the reporting period.

### (b) Share Award Scheme

***2020 Share Award Scheme***

The Company adopted a share award scheme on 8 May 2020 (the "Share Awarded Scheme") which has a term of 10 years and will expire on 8 May 2030.

The specific objectives of the Share Award Scheme are:

(i) to recognize the contributions by the selected grantees and to provide them with incentives in order to retain them for the continual operation and development of the Group, particularly in respect of its existing financial services business; and

(ii) to enhance the Group's competitiveness in attracting and/or retaining suitable personnel or professionals who are capable of making contributions to the growth and development of the Group, particularly in respect of its principal business in financial services.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2023

## 29. SHARE OPTION AND SHARE AWARD SCHEME *(continued)*

### (b) Share Award Scheme *(continued)*

***2020 Share Award Scheme (continued)***

The maximum number of awarded shares that may be granted pursuant to the Share Award Scheme would be 10% of the issued share capital of the Company at the date of adoption of the Share Award Scheme (the "Share Award Scheme Mandate Limited"), being 93,052,767 shares of the Company. Subject to the Share Award Scheme Mandate Limit, the maximum number of awarded shares that may be granted in any financial year would be 3% of the issued shares of the Company (the "Annual Limit"). The Annual Limit is the maximum number of awarded shares which can be issued from the date of general meeting of the Company approving the Annual Limit to the earliest of (i) the conclusion of the next annual general meeting of the Company; (ii) the expiration of the period within which the next annual general meeting of the Company is required by its bye-laws or any applicable law to be held; and (iii) the revocation or variation of the approval by members of the Company in general meeting. The Annual Limit may be refreshed by Shareholders so that the Annual Limit refreshed shall not exceed 3% of the issued share capital of the Company as at the date of the general meeting approving such refreshment. The maximum aggregate number of the awarded shares which may be granted to a selected grantee under the Share Award Scheme shall not exceed 1% of the issued share capital of the Company from time to time.

At the beginning and the end of the year ended 31 December 2023, the maximum number of awarded shares that may be granted under the Share Award Scheme were 28,365,830 and 28,365,830 respectively, representing 3% of the total issued shares of the Company on that dates. No service provider sublimit was set under the Share Award Scheme. The Annual Limit had not been refreshed by the Company at the annual general meeting held on 28 June 2023, thus no awarded share is available for grant under the Share Award Scheme at the end of the reporting period. The Company may not grant any awarded share until the adoption of a new share award scheme is approved by the shareholders of the Company at a general meeting. No service provider sublimit was set under the Share Award Scheme.

On 14 May 2020, the Company granted 9,000,000 awarded shares to an employee of the Group who is not a director, chief executive or substantial shareholder of the Company or any of their respective associates. Among the aforesaid 9,000,000 awarded shares, 3,000,000 awarded shares each were vested on 14 May 2020, 14 May 2021 and 14 May 2022 respectively. Details of movements of the awarded shares during the year ended 31 December 2022 are set out below:

| | | | Number of awarded shares | | | | | |
|---|---|---|---|---|---|---|---|---|
| **Category of grantee** | **Date of grant** | **Average fair value per awarded share (HK$)** *(HK$)* | **Outstanding as at 1 January 2022** | **Granted** | **Vested** | **Lapsed/ Cancelled** | **Unvested and exercisable at 31 December 2022** | **Vesting dates** |
| **Employee** | | | | | | | | |
| (Total no.: 1) | 14 May 2020 | 0.77 | 3,000,000 | – | (3,000,000) | – | – | N/A |
| | | | 3,000,000 | – | (3,000,000) | – | – | |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2023

## 29. SHARE OPTION AND SHARE AWARD SCHEME *(continued)*

### (b) Share Award Scheme *(continued)*

***2020 Share Award Scheme (continued)***

The average fair value of the awarded shares on the grant date is determined by reference to the closing market price of the Company's shares at HK$0.77 on the grant date.

During the year ended 31 December 2022, 3,000,000 awarded shares were vested and the Group recognised share award expenses of HK$2,310,000.

During the year ended 31 December 2023, no share award was granted, vested, cancelled or lapsed under the Share Award Scheme to any Directors or other grantees and there were no unvested awarded shares granted under the Share Award Scheme at the beginning and at the end of the reporting period.

## 30. OTHER CASH FLOW INFORMATION

### (a) Change in liabilities arising from financing activities

Details of the changes in the Group's liabilities from financing activities are as follows:

**For the year ended 31 December 2023**

| | Lease liabilities *HK$'000* | Interest-bearing borrowings *HK$'000* | Accrued interest *HK$'000* | Total *HK$'000* |
|---|---|---|---|---|
| At 1 January 2023 | 10,907 | 252,555 | 83 | 263,545 |
| Interest expenses | 355 | – | 14,350 | 14,705 |
| Cash outflow in financing activities: | | | | |
| Repayment of interest-bearing borrowings | – | (12,835) | – | (12,835) |
| Principal portion of lease payments | (7,632) | – | – | (7,632) |
| Interest paid | (355) | – | (13,443) | (13,798) |
| **At 31 December 2023** | 3,275 | 239,720 | 990 | 243,985 |

# Notes to the Consolidated Financial Statements
Year ended 31 December 2023

## 30. OTHER CASH FLOW INFORMATION *(continued)*

### (a) Change in liabilities arising from financing activities *(continued)*

For the year ended 31 December 2022

| | Lease liabilities HK$'000 | Interest-bearing borrowings HK$'000 | Accrued interest HK$'000 | Total HK$'000 |
|---|---|---|---|---|
| At 1 January 2022 | 7,772 | 265,390 | 242 | 273,404 |
| Lease modification | 7,580 | – | – | 7,580 |
| Interest expenses | 186 | – | 7,615 | 7,801 |
| Cash outflow in financing activities: | | | | |
| Repayment of interest-bearing borrowings | – | (12,835) | – | (12,835) |
| Principal portion of lease payments | (4,445) | – | – | (4,445) |
| Interest paid | (186) | – | (7,774) | (7,960) |
| At 31 December 2022 | 10,907 | 252,555 | 83 | 263,545 |

### (b) Major non-cash transactions

Other than disclosed in note 22 to the consolidated financial statements, there was no major non-cash transaction during the year.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2023

## 31. CHANGES IN OWNERSHIP INTERESTS IN A SUBSIDIARY

On 1 August 2023 and 30 October 2023, Planetree Securities Limited ("PSL") allotted and issued 101,576,291 and 84,518,135 shares of PSL, which represents 13.18% and 9.88% of the enlarged share capital of PSL, to Planetree Financial Group Limited ("PFGL"), a wholly owned subsidiary of the Company, at cash considerations of HK$111,000,000 and HK$100,000,000 respectively. The transactions were completed on the same date and the net book value of the 13.18% and 9.88% equity interest of PSL was approximately to the relevant consideration on the completion date.

Upon completion of the allotment, the Group's equity interest in PSL increased from 93.20% to 94.68% as a result of the change in ownership interests in a subsidiary.

On 21 December 2023, PFGL entered into a sales and purchase agreement (the "Sales and Purchase Agreement") with an independent third party (the "Vendor"). Pursuant to the Sales and Purchase Agreement, PFGL agreed to purchase and the Vendor agreed to sell 45,508,328 shares of PSL, representing approximately 5.32% of the equity interest of PSL, at a cash consideration of HK$50,000,000.

Upon completion of the Sales and Purchase Agreement, the Group's equity interest in PSL increased from 94.68% to 100% and PSL has become an indirect wholly-owned subsidiary of the Company. The financial impact of the repurchase to the consolidated financial statements is set out as follows:

| | *HK$'000* |
|---|---|
| Net consideration paid to non-controlling interests | (50,000) |
| Carrying amount of non-controlling interests acquired | 50,629 |
| Difference recognised directly in equity | 629 |

## 32. RELATED PARTY TRANSACTIONS

In addition to the transactions/information disclosed elsewhere in these consolidated financial statements, during the year, the Group had the following transactions with related parties:

| **Related party relationship** | **Nature of transaction** | **2023** *HK$'000* | 2022 *HK$'000* |
|---|---|---|---|
| Associate | Asset management income | **1,177** | 1,585 |
| | Interest income from margin client | **3,001** | 7,878 |

The key management personnel are the directors of the Company. The details of the remuneration paid to them are set out in note 11 to the consolidated financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year ended 31 December 2023

## 33. CAPITAL 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 prior year.

The capital structure of the Group consists of net debt, which includes equity attributable to owners of the Company, comprising issued share capital and reserves.

The directors of the Company review the capital structure 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 will balance its overall capital structure through the payment of dividends and new share issues as well as the issue of new debts.

The Group is not subject to any externally imposed capital requirements except for certain subsidiaries engaged in dealing in securities (Type 1), dealing in futures contracts (Type 2), advising on securities (Type 4), advising on futures contracts (Type 5), advising on corporate finance (Type 6), providing automated trading services (Type 7), providing margin financing services (Type 8) and asset management services (Type 9) which are regulated entities under the SFO and are required to maintain respective minimum capital and liquid capital under Securities and Futures (Finance Resource) Rules (the "SF(FR)R"). The management closely monitors, on a daily basis, the liquid capital requirements under SF(FR)R. The Group's regulated entities have complied with the capital requirements imposed by SF(FR)R throughout the years ended 31 December 2023 and 2022.

## 34. FINANCIAL INSTRUMENTS

### Categories of financial instruments

| | Note | **2023** *HK$'000* | 2022 *HK$'000* |
|---|---|---|---|
| **Financial assets** | | | |
| Financial assets at FVPL | | **148,232** | 161,576 |
| Designated FVOCI | | **155,586** | – |
| Amortised cost | (a) | **996,915** | 1,508,642 |
| **Financial liabilities** | | | |
| Amortised cost | (b) | **263,266** | 276,275 |

Notes:

(a) Financial assets at amortised cost include trade, loan and other receivables (excluding prepayments), other assets, bank balances – trust and segregated accounts and bank balances and cash.

(b) Financial liabilities at amortised cost include trade and other payables and interest-bearing borrowings.

### Financial risk management objectives and policies

At 31 December 2023, the Group's major financial instruments include trade, loan and other receivables, financial assets at FVPL, Designated FVOCI, bank balances – trust and segregated accounts, bank balances and cash, trade and other payables and interest-bearing borrowings. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner. The risks associated and the management policies remain unchanged from prior year.

## 34. FINANCIAL INSTRUMENTS *(continued)*

### Financial risk management objectives and policies *(continued)*

***Market risk***

*Interest rate risk*

The Group is exposed to cash flow interest rate risk in relation to variable-rate interest-bearing borrowings. The management monitors interest rate exposure and will consider hedging significant interest rate risk should the need arise.

*Sensitivity analysis*

The sensitivity analysis has been determined based on the exposure to interest rate risks at the end of the reporting period. If the interest rates had been 100 (2022:100) basis points higher/lower and all other variables were held constant, the Group's loss before tax would increase/decrease by approximately HK$1,203,000 (2022: profit before tax would decrease/increase by approximately HK$1,366,000).

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred throughout the reporting period and had been applied to the exposure to interest rate risk for the average balances of the interest-bearing loans from independent third parties in existence during the reporting period. The 100 basis point increase or decrease represents management's assessment of a reasonably possible change in interest rates.

*Equity price risk*

The Group is exposed to equity price risk through listed securities in financial assets at FVPL and Designated FVOCI. The directors of the Company manage the exposure by closely monitoring the portfolio of these financial instruments. The fair value of these financial instruments will be affected either positively or negatively, amongst others, by the changes in the closing market prices of the relevant listed equity securities.

The sensitivity analysis has been determined based on the exposure to equity price risks at the end of the reporting period. If the prices of the respective financial assets at FVPL had been 14% (2022: 15%) higher/lower, and held other variables constant, the Group's loss after taxation for the year would decrease/increase by approximately HK$7,579,000 (2022: HK$20,238,000), as a result of changes in the fair value of financial assets at FVPL. If the prices of the respective Designated FVOCI had been 14% (2022: Nil) higher/lower, and held other variables constant, the Group's other comprehensive income for the year would increase/decrease by approximately HK$18,188,000 (2022: Nil), as a result of changes in the fair value of Designated FVOCI.

The sensitivity analysis has been determined assuming that the reasonably possible changes in the stock market index or other relevant risk variables had occurred at the end of the reporting period and had been applied to the exposure to equity price risk in existence at that date. It is also assumed that the fair values of the Group's investments would change in accordance with the historical correlation with the relevant stock market index or the relevant risk variables, and that all other variables remain constant. The stated changes represent management's assessment of reasonably possible changes in the relevant stock market index or the relevant risk variables over the period until the next annual end of the reporting period. The analysis is performed on the same basis for 2022.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2023

## 34. FINANCIAL INSTRUMENTS *(continued)*

### Financial risk management objectives and policies *(continued)*

***Credit risk***

The carrying amount of financial assets on the consolidated statement of financial position, which is net of impairment losses, represents the Group's exposure to credit risk without taking into account the value of any collateral held or other credit enhancements.

The Group's maximum exposure to credit risk in the event of the counterparties fail to perform their obligations in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated statement of financial position.

The Group reviews the recoverable amount of each individual financial assets at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

*Trade receivables from margin clients*

The Group provides financing services only to recognised and creditworthy third parties. It is the Group's policy that all these margin clients are subject to credit verification procedures. The margin loans are secured by pledged listed securities and margins are set to ensure that certain proportion of the fair value of pledged listed securities of the individual margin clients is higher than the corresponding outstanding loans.

As at 31 December 2023, the Group has concentration of credit risk as 28% and 96% (2022: 34% and 93%) of the total loans to margin clients which due from the Group's largest margin client and the five largest margin clients respectively.

The Group's customer base consists of twelve (2022: twelve) clients and the trade receivables from margin clients are categorised by common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms.

In estimating the ECL and in determining whether there is a significant increase in credit risk since initial recognition, whether the financial asset is credit-impaired and the amount of loss given default, the Group has taken into account the credit quality of clients, the collateral to margin receivable balances ratio, amount of margin shortfall of margin clients and pledged listed securities and adjusted for forward-looking factors that are specific to the debtors and general economic conditions of the industry, in estimating the probability of default of these financial assets, as well as the loss upon default in each case. There was no change in the estimation techniques or significant assumptions made during the year.

The Group has established a margin client credit risk classification system and performs credit risk management based on margin client classification in four categories of internal credit rating, including performing, underperforming, not performing and write off. The information about the ECL for the margin loan receivables as at 31 December 2023 is summarised below. After considering the above factors, a loss allowance of HK$1,361,000 (2022: HK$530,000) has been made as of 31 December 2023.

# Notes to the Consolidated Financial Statements
Year ended 31 December 2023

## 34. FINANCIAL INSTRUMENTS *(continued)*
### Financial risk management objectives and policies *(continued)*
***Credit risk (continued)***

*Trade receivables from margin clients (continued)*

**At 31 December 2023**

| **Internal credit rating** | **Gross carrying amount** *HK$'000* | **ECL** | **Loss allowance** *HK$'000* | **Net carrying amount** *HK$'000* |
|---|---|---|---|---|
| Performing (Note i) | **636,419** | **12-month** | **1,361** | **635,058** |
| | **636,419** | | **1,361** | **635,058** |

At 31 December 2022

| Internal credit rating | Gross carrying amount HK$'000 | ECL | Loss allowance HK$'000 | Net carrying amount HK$'000 |
|---|---|---|---|---|
| Performing (Note i) | 563,402 | 12-month | 530 | 562,872 |
| | 563,402 | | 530 | 562,872 |

Note:

(i) Performing (Normal Credit Quality) refers to the margin clients that have not had a significant increase in credit risk and ECL in the next 12 months will be recognised.

(ii) Underperforming (Significant Increase in Credit Risk) refers to the margin clients that have had a significant increase in credit risk, such as receivables with margin call made or default payments or insufficient collateral without call, and for which the lifetime ECL will be recognised.

## 34. FINANCIAL INSTRUMENTS *(continued)*

**Financial risk management objectives and policies *(continued)***

***Credit risk (continued)***

*Trade receivables from margin clients (continued)*

During the year ended 31 December 2023, the Group recognised loss allowance of HK$831,000 (2022: reversal of loss allowance of HK$7,786,000) on its margin loan receivables. The movement in the loss allowance for margin loan receivables during the year is summarised below.

| | **2023** | | | |
|---|---|---|---|---|
| | **12-month ECL Performing** | **Lifetime ECL Under-performing** | **Lifetime ECL Not-performing** | **Total** |
| | ***HK$'000*** | ***HK$'000*** | ***HK$'000*** | ***HK$'000*** |
| At the beginning of the reporting period | **530** | **–** | **–** | **530** |
| Increase of loss allowance | **831** | **–** | **–** | **831** |
| **At the end of the reporting period** | **1,361** | **–** | **–** | **1,361** |

| | 2022 | | | |
|---|---|---|---|---|
| | 12-month ECL Performing | Lifetime ECL Under-performing | Lifetime ECL Not-performing | Total |
| | HK$'000 | HK$'000 | HK$'000 | HK$'000 |
| At the beginning of the reporting period | 1,272 | 22,841 | – | 24,113 |
| Reversal of loss allowance | (742) | (7,044) | – | (7,786) |
| Written off loss allowance | – | (15,797) | – | (15,797) |
| At the end of the reporting period | 530 | – | – | 530 |

The management closely monitors the credit quality of the margin loans and there are no indications that the margin loan receivables neither past due nor impaired will be uncollectible.

*Trade receivables from financial and other financial services business other than trade receivables from margin clients and trade receivable from an associate*

The Group trades with recognised and creditworthy third parties. The receivable balances are monitored on an ongoing basis by senior management and the Group's exposure to bad debts is not significant.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2023

## 34. FINANCIAL INSTRUMENTS *(continued)*

### Financial risk management objectives and policies *(continued)*

***Credit risk (continued)***

*Trade receivables from financial and other financial services business other than trade receivables from margin clients and trade receivable from an associate*

As at 31 December 2023, the Group has concentration of credit risk as 33% and 82% (2022: 29% and 58%) of total trade receivables from financial and other financial services business other than trade receivables from margin clients and trade receivable from an associate was due from the Group's largest receivable and the five largest receivables respectively.

The Group applies a simplified approach in calculating ECL for trade receivables and recognises a loss allowance based on 12-month ECL at each reporting date and has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The expected loss rate used in the provision matrix is calculated for each category based on actual credit loss experience over the past two years and adjusted for current and forward-looking factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group's estimate on future economic conditions over the expected lives of the receivables. There was no change in the estimation techniques or significant assumptions made during the year.

**As at 31 December 2023**

| | **Expected loss rate** % | **Gross carrying amount** *HK$'000* | **Loss allowance** *HK$'000* | **Credit-impaired** |
|---|---|---|---|---|
| Not past due | **–** | **949** | **–** | **No** |
| 1 – 30 days past due | **3.42** | **4,295** | **147** | **No** |
| Over 30 days past due | **14.58** | **6,158** | **898** | **No** |
| | | **11,402** | **1,045** | |

As at 31 December 2022

| | Expected loss rate % | Gross carrying amount HK$'000 | Loss allowance HK$'000 | Credit-impaired |
|---|---|---|---|---|
| Not past due | – | 2,584 | – | No |
| 1 – 30 days past due | 3.70 | 10,161 | 376 | No |
| | | 12,745 | 376 | |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year ended 31 December 2023

## 34. FINANCIAL INSTRUMENTS *(continued)*

**Financial risk management objectives and policies *(continued)***

***Credit risk (continued)***

*Trade receivables from financial and other financial services business other than trade receivables from margin clients and trade receivable from an associate (continued)*

Ageing analysis

Ageing analysis of trade receivables (net of loss allowance) prepared based on invoice date is as follows:

| | **2023** | 2022 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Less than 1 month | **949** | 2,584 |
| 1 to 3 months | **9,408** | 9,785 |
| At the end of the reporting period | **10,357** | 12,369 |

The information about the ECL for the trade receivables from financial and other financial services business other than trade receivables from margin clients and trade receivable from an associate as at 31 December 2023 is summarised below. After considering the above factors, a loss allowance of HK$1,045,000 (2022: HK$376,000) has been made as of 31 December 2023.

| | **12-month ECL Performing** | |
|---|---|---|
| | **2023** | 2022 |
| | ***HK$'000*** | *HK$'000* |
| At the beginning of the reporting period | **376** | 145 |
| Increase in allowance | **669** | 231 |
| At the end of the reporting period | **1,045** | 376 |

# Notes to the Consolidated Financial Statements

Year ended 31 December 2023

## 34. FINANCIAL INSTRUMENTS *(continued)*

### Financial risk management objectives and policies *(continued)*

***Credit risk (continued)***

*Loan and interest receivables*

Management has credit and lending policies in place and the exposure to the credit risk is monitored on an ongoing basis. The Group grants loans only to recognised and creditworthy third parties. It is the Group's policy that all these borrowers are subject to credit verification procedures. Also, the Group has other monitoring procedures to ensure that follow-up action is promptly taken to recover overdue debts.

As at 31 December 2023, the Group has concentration of credit risk as 26% and 80% (2022: 13% and 48%) of total loan and interest receivables was due from the Group's largest borrower and the five largest borrowers respectively, within the credit and lending activities.

In estimating the ECL and in determining whether there is a significant increase in credit risk since initial recognition and whether the financial asset is credit-impaired, the Group has taken into account the historical actual credit loss experience for the borrowers and the financial position of the counterparties by reference to, among others, their management or audited accounts and available press information, adjusted for forward-looking factors that are specific to the debtors and general economic conditions of the industry in which the counterparties operate, in estimating the probability of default of these financial assets, as well as the loss upon default in each case. There was no change in the estimation techniques or significant assumptions made during the year.

The Group has established a loan credit risk classification system and performs credit risk management based on loan classification in four categories of internal credit rating, including performing, underperforming, not performing and write off. The information about the ECL for the loan receivables as at 31 December 2023 is summarised below. After considering the above factors, a loss allowance of HK$896,000 (2022: HK$575,000) has been made as of 31 December 2023.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year ended 31 December 2023

## 34. FINANCIAL INSTRUMENTS *(continued)*
### Financial risk management objectives and policies *(continued)*
***Credit risk (continued)***

*Loan and interest receivables (continued)*

**At 31 December 2023**

| **Internal credit rating** | **Gross carrying amount** *HK$'000* | **ECL** | **Loss allowance** *HK$'000* | **Net carrying amount** *HK$'000* |
|---|---|---|---|---|
| Performing (Note i) | **23,042** | **12-month** | **26** | **23,016** |
| Underperforming (Note ii) | **110,083** | **Lifetime** | **870** | **109,213** |
| Not performing (Note iii) | **–** | **Lifetime** | **–** | **–** |
| | **133,125** | | **896** | **132,229** |

At 31 December 2022

| Internal credit rating | Gross carrying amount HK$'000 | ECL | Loss allowance HK$'000 | Net carrying amount HK$'000 |
|---|---|---|---|---|
| Performing (Note i) | 687,289 | 12-month | 575 | 686,714 |
| Underperforming (Note ii) | – | Lifetime | – | – |
| Not performing (Note iii) | – | Lifetime | – | – |
| | 687,289 | | 575 | 686,714 |

Note:

(i) Performing (Normal Credit Quality) refers to the loans that have not had a significant increase in credit risk and ECL in the next 12 months will be recognised.

(ii) Underperforming (Significant Increase in Credit Risk) refers to the loans that have had a significant increase in credit risk and for which the lifetime ECL will be recognised.

(iii) Not performing (Credit Impaired) refers to the loans that have past due or it has become probably that the borrower will enter into bankruptcy or reorganisation for which the life time ECL will be recognised.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year ended 31 December 2023

## 34. FINANCIAL INSTRUMENTS *(continued)*

### Financial risk management objectives and policies *(continued)*

***Credit risk (continued)***

*Loan and interest receivables (continued)*

Ageing analysis

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

| | **2023** | | | | |
|---|---|---|---|---|---|
| | **Personal** | | **Corporate** | | |
| | **Secured** | **Unsecured** | **Secured** | **Unsecured** | **Total** |
| | ***HK$'000*** | ***HK$'000*** | ***HK$'000*** | ***HK$'000*** | ***HK$'000*** |
| Less than 1 month | **–** | **–** | **–** | **–** | **–** |
| 1 to 3 months | **–** | **–** | **–** | **–** | **–** |
| 4 to 6 months | **–** | **–** | **–** | **14,988** | **14,988** |
| 7 to 12 months | **–** | **16,780** | **–** | **11,542** | **28,322** |
| Over 12 months | **34,810** | **54,109** | **–** | **–** | **88,919** |
| At the end of the reporting period | **34,810** | **70,889** | **–** | **26,530** | **132,229** |

| | 2022 | | | | |
|---|---|---|---|---|---|
| | Personal | | Corporate | | |
| | Secured | Unsecured | Secured | Unsecured | Total |
| | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* |
| Less than 1 month | – | – | – | – | – |
| 1 to 3 months | – | – | – | 50,785 | 50,785 |
| 4 to 6 months | – | 46,173 | – | 74,997 | 121,170 |
| 7 to 12 months | 90,456 | 364,557 | – | 44,692 | 499,705 |
| Over 12 months | – | – | 15,054 | – | 15,054 |
| At the end of the reporting period | 90,456 | 410,730 | 15,054 | 170,474 | 686,714 |

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

| | **2023** | 2022 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Not yet past due | **132,229** | 686,714 |
| 1 – 90 days past due | **–** | – |
| | **132,229** | 686,714 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2023

## 34. FINANCIAL INSTRUMENTS *(continued)*

### Financial risk management objectives and policies *(continued)*

***Credit risk (continued)***

*Loan and interest receivables (continued)*

As at 31 December 2023, the Group recognised loss allowance of HK$896,000 (2022: HK$575,000) on its loan and interest receivables. The movement in the loss allowance for loan and interest receivables during the year is summarised below.

| | **2023** | | | |
|---|---|---|---|---|
| | **12-month ECL Performing *HK$'000*** | **Lifetime ECL Under-performing *HK$'000*** | **Lifetime ECL Not-performing *HK$'000*** | **Total *HK$'000*** |
| At the beginning of the reporting period | **575** | **–** | **–** | **575** |
| (Decrease) Increase in loss allowance | **(549)** | **870** | **–** | **321** |
| At the end of the reporting period | **26** | **870** | **–** | **896** |

| | 2022 | | | |
|---|---|---|---|---|
| | 12-month ECL Performing HK$'000 | Lifetime ECL Under-performing HK$'000 | Lifetime ECL Not-performing HK$'000 | Total HK$'000 |
| At the beginning of the reporting period | 767 | 16,779 | 30,895 | 48,441 |
| Increase (Decrease) in loss allowance | (192) | 299 | (5,000) | (4,893) |
| Bad debt written off | – | (17,078) | (25,895) | (42,973) |
| At the end of the reporting period | 575 | – | – | 575 |

The management closely monitors the credit quality of the loans and there are no indications that the loan and interest receivables neither past due nor impaired will be uncollectible.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year ended 31 December 2023

## 34. FINANCIAL INSTRUMENTS *(continued)*

### Financial risk management objectives and policies *(continued)*

***Credit risk (continued)***

*Other receivables*

In estimating the ECL and in determining whether there is a significant increase in credit risk since initial recognition and whether the financial asset is credit-impaired, the Group has taken into account the historical actual credit loss experience for the debtors and the financial position of the counterparties by reference to, among others, their management or audited accounts, legal advice of claims from counterparty and available press information, adjusted for forward-looking factors that are specific to the debtors and general economic conditions of the industry in which the counterparties operate, in estimating the probability of default of these financial assets, as well as the loss upon default in each case.

The Group has established a credit risk classification system and performs credit risk management in four categories of internal credit rating, including performing, underperforming, not performing and write off. The information about the ECL for the other receivables as at 31 December 2023 is summarised below. After considering the above factors, a loss allowance of HK$4,187,000 (2022: Nil) has been made as of 31 December 2023.

**At 31 December 2023**

| **Internal credit rating** | **Gross carrying amount** *HK$'000* | **ECL** | **Loss allowance** *HK$'000* | **Net carrying amount** *HK$'000* |
|---|---|---|---|---|
| Performing (Note i) | **–** | **12-month** | **–** | **–** |
| Underperforming (Note ii) | **176,245** | **Lifetime** | **4,187** | **172,058** |
| Not performing (Note iii) | **–** | **Lifetime** | **–** | **–** |
| | **176,245** | | **4,187** | **172,058** |

**At 31 December 2022**

| **Internal credit rating** | Gross carrying amount *HK$'000* | ECL | Loss allowance *HK$'000* | Net carrying amount *HK$'000* |
|---|---|---|---|---|
| Performing (Note i) | – | 12-month | – | – |
| Underperforming (Note ii) | – | Lifetime | – | – |
| Not performing (Note iii) | – | Lifetime | – | – |
| | – | | – | – |

Note:

(i) Performing (Normal Credit Quality) refers to other receivables that have not had a significant increase in credit risk and ECL in the next 12 months will be recognised.

(ii) Underperforming (Significant Increase in Credit Risk) refers to other receivables that have had a significant increase in credit risk and for which the lifetime ECL will be recognised.

(iii) Not performing (Credit Impaired) refers to other receivables that have past due or its has become probably that the borrower will enter into bankruptcy or reorganisation for which the life time ECL will be recognised.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year ended 31 December 2023

## 34. FINANCIAL INSTRUMENTS *(continued)*

### Financial risk management objectives and policies *(continued)*

***Credit risk (continued)***

*Other receivables (continued)*

As at 31 December 2023, the Group recognised loss allowance of HK$4,187,000 (2022: Nil) on its other receivables. The movement in the loss allowance for other receivables during the year is summarised below.

| | 2023 | | | |
|---|---|---|---|---|
| | **12-month ECL Performing** *HK$'000* | **Lifetime ECL Under-performing** *HK$'000* | **Lifetime ECL Not-performing** *HK$'000* | **Total Total** *HK$'000* |
| At the beginning of the reporting period | – | – | – | – |
| Increase in loss allowance | – | 4,187 | – | 4,187 |
| At the end of the reporting period | – | 4,187 | – | 4,187 |

The management closely monitors the credit quality of other receivables and there are no indications that the other receivables neither past due nor impaired will be uncollectible.

*Deposits with financial institution*

The credit risk on bank balances – trust and segregated accounts and cash and cash equivalents is limited because majority of the counterparties are financial institutions with high credit-ratings assigned by international credit-rating agencies and state-owned banks with good reputation. No loss allowance was recognised for both years.

***Liquidity risk***

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The following table details the Group's remaining contractual maturity for its financial liabilities and lease liabilities based on the agreed repayment terms. The table has been drawn up based on the undiscounted cash flows of financial liabilities and lease liabilities based on the earliest date on which the Group can be required to pay. The table includes both principal and interest cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curve at the end of the reporting period.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2023

## 34. FINANCIAL INSTRUMENTS *(continued)*

### Financial risk management objectives and policies *(continued)*

***Liquidity risk (continued)***

*Liquidity risk tables*

| | **On demand or less than 3 months** *HK$'000* | **3 to 12 months** *HK$'000* | **1 to 5 years** *HK$'000* | **Total undiscounted cash flows** *HK$'000* | **Carrying amount at 31.12.2023** *HK$'000* |
|---|---|---|---|---|---|
| **2023** | | | | | |
| **Non-derivative financial liabilities** | | | | | |
| Trade and other payables | **21,984** | **–** | **1,562** | **23,546** | **23,546** |
| Lease liabilities | **1,007** | **2,349** | **–** | **3,356** | **3,275** |
| Interest bearing borrowings (note) | **239,720** | **–** | **–** | **239,720** | **239,720** |
| | **262,711** | **2,349** | **1,562** | **266,622** | **266,541** |

| | On demand or less than 3 months *HK$'000* | 3 to 12 months *HK$'000* | 1 to 5 years *HK$'000* | Total undiscounted cash flows *HK$'000* | Carrying amount at 31.12.2022 *HK$'000* |
|---|---|---|---|---|---|
| 2022 | | | | | |
| Non-derivative financial liabilities | | | | | |
| Trade and other payables | 22,158 | – | 1,562 | 23,720 | 23,720 |
| Lease liabilities | 1,997 | 5,990 | 3,356 | 11,343 | 10,907 |
| Interest bearing borrowings (note) | 252,555 | – | – | 252,555 | 252,555 |
| | 276,710 | 5,990 | 4,918 | 287,618 | 287,182 |

Note:

At the end of the reporting period, the bank loan with a clause in their terms that gives the bank on overriding right to demand for repayment without notice or with notice period of less than 12 months at their sole discretion are classified as current liabilities even though the directors do not expect that the banks would exercise their right to demand repayment.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2023

## 34. FINANCIAL INSTRUMENTS *(continued)*

**Financial risk management objectives and policies *(continued)***

***Liquidity risk (continued)***

*Liquidity risk tables (continued)*

The interest-bearing borrowings would be repaid according to the following schedule (ignoring the effect of any repayment on demand clause) as set out in the loan agreements:

| | **2023** | 2022 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Within one year | **170,155** | 20,859 |
| Over one year but within two years | **79,879** | 169,508 |
| Over two years but within five years | **–** | 79,580 |
| | **250,034** | 269,947 |

## 35. FAIR VALUE MEASUREMENTS

The following presents the assets and liabilities measured at fair value or required to disclose their fair value in these financial statements on a recurring basis across the three levels of the fair value hierarchy defined in HKFRS 13, Fair Value Measurement, with the fair value measurement categorised in its entirety based on the lowest level input that is significant to the entire measurement. The levels of inputs are defined as follows:

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

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

- Level 3 (lowest level): unobservable inputs for the asset or liability.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year ended 31 December 2023

## 35. FAIR VALUE MEASUREMENTS *(continued)*

### (a) Fair value of the Group's financial assets that are measured at fair value

| Financial assets | Fair value as at 2023 | Fair value as at 2022 | Fair value hierarchy | Valuation techniques and key inputs |
|---|---|---|---|---|
| 1) Investments in listed equity securities classified as financial assets at FVPL | **Listed equity securities in: – Hong Kong HK$64,832,000** | Listed equity securities in: – Hong Kong HK$144,496,000 | Level 1 | Quoted bid prices in an active market |
| 2) Investment in unlisted equity securities classified as financial assets at FVPL | **HK$17,000,000** | Nil | Level 2 | Net asset value method and derived from inputs for the asset or liability |
| 3) Investment in unlisted equity securities classified as financial assets at FVPL | **HK$50,000,000** | Nil | Level 3 | Derived from unobservable inputs for the asset or liability by an independent professional qualified valuer |
| 4) Investment in unlisted equity securities classified as financial assets at FVPL | **HK$16,400,000** | HK$17,080,000 | Level 3 (2022: Level 2) | Derived from unobservable inputs for the asset or liability by an independent professional qualified valuer (2022: Net asset value method and derived from inputs for the asset or liability) |
| 5) Investments in listed equity securities classified as financial assets at FVOCI | **Listed equity securities in: – Hong Kong HK$155,586,000** | Nil | Level 1 | Quoted bid prices in an active market |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2023

## 35. FAIR VALUE MEASUREMENTS *(continued)*

### (a) Fair value of the Group's financial assets that are measured at fair value *(continued)*

During the year ended 31 December 2023, there were no transfers between Level 1, Level 2, however, an investment in unlisted equity securities classified as financial assets at FVPL of HK$16,400,000 was transferred from Level 2 to Level 3 due to a lack of observable market data, resulting from a decrease in market activity for the underlying asset of investment. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

The details of the designated FVOCI and financial assets at FVPL are set out in notes 21 and 22 respectively to the consolidated financial statements.

The details of the movements of the fair value measurements categorised as Level 3 of the fair value hierarchy during the years ended 31 December 2023 are as follows:

***Movements in Level 3 fair value measurements***

2023

| Description | Financial assets at FVPL<br>Unlisted equity securities<br>*HK$'000* |
|---|---|
| At the beginning of the year | – |
| Addition | **61,600** |
| Decrease in fair value | **(11,600)** |
| Transfer into Level 3 | **16,400** |
| **At the end of the reporting period** | **66,400** |

# Notes to the Consolidated Financial Statements

Year ended 31 December 2023

## 35. FAIR VALUE MEASUREMENTS *(continued)*

### (a) Fair value of the Group's financial assets that are measured at fair value *(continued)*

***Quantitative information of the significant unobservable inputs and description of valuation techniques used in Level 3 fair value measurement***

The quantitative information of the significant unobservable input and description of valuation techniques used in Level 3 fair value measurement, including the description of the sensitivity to changes in unobservable inputs for recurring Level 3 fair value measurements, are as follows:

| Description | Fair value at 31 December 2023 *HK$'000* | Fair value at 31 December 2022 *HK$'000* | Valuation techniques | Unobservable input | Sensitivity of fair value to changes in unobservable inputs |
|---|---|---|---|---|---|
| *Assets* | | | | | |
| Financial assets at FVPL | | | | | |
| (a) Unlisted equity securities | **49,400** | Nil | Adjusted net asset value method | a) The Discount for Lack of Control ("DLOC") of 19.74% | a) If the DLOC is 1% higher/lower, the fair value of the unlisted equity securities will decrease/increase by HK$231,000. |
| (b) Unlisted equity securities | **17,000** | Nil | Adjusted net asset value method | a) The mean of market value of invested capital-to-total asset ("MVIC")/Total assets ratios of the comparable companies of 0.45<br>b) The mean of price-to-net assets ("P/B") ratios of the comparable companies of 0.33<br>c) Weighting factor of 50:50 for fair value arrived by MVIC/Total assets ratio and P/B ratio | a) If the MVIC/Total assets ratio increased/decreased by 5%, the fair value of the unlisted equity securities would increase/decrease by HK$905,000.<br>b) If the P/B ratio increased/decreased by 5%, the fair value of the unlisted equity securities would increase/decrease by HK$860,000.<br>c) If the weighting factor was changed to 55:45/45:55 for fair value arriving by MVIC/Total assets ratio and P/B ratio, the fair value of the unlisted equity securities would decrease/increase by HK$2,000. |
| Investment property | | | | | |
| (c) Commercial properties located in Hong Kong | **505,700** | 513,800 | Direct comparison approach | Price (per square foot) | The higher the price (per square foot), the higher the fair value. |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2023

## 35. FAIR VALUE MEASUREMENTS *(continued)*

### (a) Fair value of the Group's financial assets that are measured at fair value *(continued)*

***Quantitative information of the significant unobservable inputs and description of valuation techniques used in Level 3 fair value measurement (continued)***

The fair value of the financial assets arising from unlisted equity securities classified in Level 3 fair value measurement was determined by the management based on the valuation from Ravia Global Appraisal Advisory Limited, an independent professional qualified valuer.

***Valuation process***

The management of the Group is responsible to determine the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value of an asset, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group will establish the appropriate valuation techniques and inputs to the model. Management reports to executive directors semi-annually to explain the cause of fluctuations in the fair value of the assets.

Information about the valuation techniques and inputs used in determining the fair value of various assets are disclosed above.

### (b) Fair value of the Group's financial assets and financial liabilities carried at other than fair value

The management of the Group estimates the fair value of its financial assets and financial liabilities measured at amortised cost using the discounted cash flows analysis. The management of the Group considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated statement of financial position approximate their fair values.

## 36. FINANCIAL ASSETS AND FINANCIAL LIABILITIES SUBJECT TO OFFSETTING, ENFORCEABLE MASTER NETTING ARRANGEMENTS AND SIMILAR AGREEMENTS

The disclosures set out in the tables below include financial assets and financial liabilities that:

- are offset in the Group's consolidated statement of financial position; or
- are subject to an enforceable master netting arrangement or similar agreement that covers similar financial instruments, irrespective of whether they are offset in the Group's consolidated statement of financial position.

Under the continuous net settlement arrangement, money obligations receivable and payable with HKSCC due to or from the Group entities on the same settlement date are settled on a net basis. The Group has legally enforceable right to set off the amounts of receivables and payables with margin clients that are due to be settled on the same date.

# Notes to the Consolidated Financial Statements

Year ended 31 December 2023

## 36. FINANCIAL ASSETS AND FINANCIAL LIABILITIES SUBJECT TO OFFSETTING, ENFORCEABLE MASTER NETTING ARRANGEMENTS AND SIMILAR AGREEMENTS *(continued)*

The gross amounts of the recognised financial assets and financial liabilities and their net amounts as presented in the Group's consolidated statement of financial position are as follows:

| | Gross amounts of recognised financial assets | Gross amounts of recognised financial liabilities set off in the consolidated statement of financial position | Net amounts of financial assets presented in the consolidated statement of financial position | Related amount not set off in the consolidated statement of financial position | | Net amount |
|---|---|---|---|---|---|---|
| | | | | Financial instruments | Collateral pledged | |
| | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* |
| **As at 31 December 2023** | | | | | | |
| Accounts receivable arising from the business dealing in securities, options and futures contracts | 638,645 | (58) | 638,587 | – | (635,058) | 3,529 |

| | Gross amounts of recognised financial liabilities | Gross amounts of recognised financial assets set off in the consolidated statement of financial position | Net amounts of financial liabilities presented in the consolidated statement of financial position | Related amount not set off in the consolidated statement of financial position | | Net amount |
|---|---|---|---|---|---|---|
| | | | | Financial instruments | Collateral pledged | |
| | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* |
| **As at 31 December 2023** | | | | | | |
| Accounts payables arising from the business dealing in securities, options and futures contracts | 3,559 | (58) | 3,501 | – | – | 3,501 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2023

## 36. FINANCIAL ASSETS AND FINANCIAL LIABILITIES SUBJECT TO OFFSETTING, ENFORCEABLE MASTER NETTING ARRANGEMENTS AND SIMILAR AGREEMENTS *(continued)*

| | Gross amounts of recognised financial assets | Gross amounts of recognised financial liabilities set off in the consolidated statement of financial position | Net amounts of financial assets presented in the consolidated statement of financial position | Related amount not set off in the consolidated statement of financial position | | |
|---|---|---|---|---|---|---|
| | | | | Financial instruments | Collateral pledged | Net amount |
| | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* |
| As at 31 December 2022 | | | | | | |
| Accounts receivable arising from the business dealing in securities, options and futures contracts | 566,533 | – | 566,533 | – | (562,872) | 3,661 |

| | Gross amounts of recognised financial liabilities | Gross amounts of recognised financial assets set off in the consolidated statement of financial position | Net amounts of financial liabilities presented in the consolidated statement of financial position | Related amount not set off in the consolidated statement of financial position | | |
|---|---|---|---|---|---|---|
| | | | | Financial instruments | Collateral pledged | Net amount |
| | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* |
| As at 31 December 2022 | | | | | | |
| Accounts payables arising from the business dealing in securities, options and futures contracts | 5,594 | – | 5,594 | – | – | 5,594 |

The amounts which have been offset against the related recognised financial assets and financial liabilities in the Group's consolidated statement of financial position are measured on the same basis as the recognised financial assets and financial liabilities, which is amortised cost.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2023

## 37. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Details of the Company's principal subsidiaries as at 31 December 2023 and 2022 are as follows:

| Name of subsidiary | Place of incorporation/ establishment and operation | Issued and fully paid share capital/ registered capital | Proportion of nominal value of issued share capital/registered capital held by the Company | | | | Principal activities |
|---|---|---|---|---|---|---|---|
| | | | 2023 | | 2022 | | |
| | | | Directly | Indirectly | Directly | Indirectly | |
| Akron Corporate Finance Limited | Hong Kong | HK$10,000,000 | – | 100 | – | 100 | Advising on Corporate Finance |
| August Estate Limited | British Virgin Islands/ Hong Kong | US$2 | – | 100 | – | 100 | Property leasing |
| Briscoe Wong Advisory Limited | Hong Kong | HK$10 | – | 100 | – | 100 | Corporate advisory service |
| Genius Spring Limited | British Virgin Islands/ Hong Kong | US$999 | – | 90.1 | – | 90.1 | Securities investment |
| Green River Associates Limited | British Virgin Islands/ Hong Kong | HK$1 | – | 100 | – | 100 | Securities investment |
| ISL Investments Limited | Hong Kong | HK$125,298,484 | – | 65 | – | 65 | Property holding |
| Jumbo Hall International Limited | Hong Kong | HK$2 | – | 65 | – | 65 | Property holding |
| Maxlord Enterprises Limited | Hong Kong | HK$700,495,157 (2022: HK$325,495,157) | – | 66.67 | – | 66.67 | Money lending |
| Planetree (Cayman) Capital Limited | Cayman Islands | US$3,700 | – | 100 | – | 100 | Investment holding |
| Planetree Asset Management Limited | Hong Kong | HK$554,000,000 | – | 100 | – | 100 | Asset management |
| Planetree Cayman Limited | Cayman Islands | US$1 | 100 | – | 100 | – | Investment holding |
| Planetree Finance Limited | Hong Kong | HK$1 | – | 100 | – | 100 | Money lending |
| Planetree Futures Limited | Hong Kong | HK$22,000,000 | – | 100 | – | 100 | Dealing in future contract |
| Planetree Management Limited | Hong Kong | HK$1 | – | 100 | – | 100 | Corporate management |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2023

## 37. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(continued)*

| Name of subsidiary | Place of incorporation/ establishment and operation | Issued and fully paid share capital/ registered capital | Proportion of nominal value of issued share capital/registered capital held by the Company | | | | Principal activities |
|---|---|---|---|---|---|---|---|
| | | | **2023** | | 2022 | | |
| | | | **Directly** | **Indirectly** | Directly | Indirectly | |
| Planetree Securities Limited (Note 31) | Hong Kong | 2023: HK$909,000,000 (2022: HK$698,000,000) | **–** | **100** | – | 93.2 | Securities brokerage and financial services |
| Regulator Holdings Limited | British Virgin Islands/ Hong Kong | US$1 | **–** | **100** | – | 100 | Securities investment |
| Sharp Light International Limited | Hong Kong | HK$1 | **–** | **100** | – | 100 | Property leasing |
| Senico Investments Limited | British Virgin Islands/ Hong Kong | US$2 | **–** | **100** | – | 100 | Securities investment |
| Top Insight Holdings Limited | British Virgin Islands/ Hong Kong | US$1,000 | **–** | **65** | – | 65 | Investment holding |
| Yugang International (B.V.I.) Limited | British Virgin Islands | US$5 | **100** | **–** | 100 | – | Investment holding |
| Yugang Management Limited | Hong Kong | HK$2 | **–** | **100** | – | 100 | Corporate management |

The above list includes the subsidiaries of the Company which, in the opinion of the directors of the Company, principally affected the results of the year or assets and liabilities of the Group. To give details of all other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

None of the subsidiaries had any debt securities outstanding at the end of the reporting period, or at any time during the year.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2023

## 37. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(continued)*

The following table shows the information relating to each of the non-wholly owned subsidiaries that has material NCI. The summarised financial information represents amounts before inter-company eliminations.

| | **Maxlord Enterprise Limited** *HK$'000* | **Top Insight Group** *HK$'000* |
|---|---|---|
| **At 31 December 2023** | | |
| Proportion of NCI's ownership interests | **33.33%** | **35%** |
| | *HK$'000* | *HK$'000* |
| Non-current assets | **–** | **218,406** |
| Current assets | **635,214** | **101,257** |
| Current liabilities | **(1,920)** | **(93,178)** |
| Non-current liabilities | **–** | **–** |
| Net assets | **633,294** | **226,485** |
| Carrying amount of NCI | **211,098** | **79,269** |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year ended 31 December 2023

## 37. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(continued)*

**Financial information of subsidiaries with individually material non-controlling interests ("NCI")**

| **Year ended 31 December 2023** | **Maxlord Enterprise Limited** *HK$'000* | **Top Insight Group** *HK$'000* |
|---|---|---|
| Proportion of NCI's ownership interests | **33.33%** | **35%** |
| Revenue | **31,502** | **6,863** |
| Expenses | **(120,342)** | **(5,078)** |
| (Loss) Profit for the year | **(88,840)** | **1,785** |
| Other comprehensive income | **–** | **–** |
| Total comprehensive (loss) income | **(88,840)** | **1,785** |
| (Loss) Profit attributable to NCI | **(29,613)** | **625** |
| Other comprehensive income | **–** | **–** |
| Total comprehensive (loss) income attributable to NCI | **(29,613)** | **625** |
| Dividends paid to NCI | **–** | **(2,692)** |
| Net cash flows from (used in): | | |
| Operating activities | **72,972** | **7,281** |
| Investing activities | **(125,713)** | **–** |
| Financing activities | **–** | **(8,622)** |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2023

## 37. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(continued)*

**Financial information of subsidiaries with individually material non-controlling interests ("NCI")** ***(continued)***

| | Maxlord Enterprise Limited *HK$'000* | Top Insight Group *HK$'000* | Planetree Securities Limited *HK$'000* |
|---|---|---|---|
| At 31 December 2022 | | | |
| Proportion of NCI's ownership interests | 33.33% | 35% | 6.80% |
| | *HK$'000* | *HK$'000* | *HK$'000* |
| Non-current assets | – | 222,054 | 2,649 |
| Current assets | 771,954 | 96,795 | 743,523 |
| Current liabilities | (49,819) | (10,704) | (8,841) |
| Non-current liabilities | – | (83,444) | – |
| Net assets | 722,135 | 224,701 | 737,331 |
| Carrying amount of NCI | 240,711 | 78,645 | 50,152 |
| Year ended 31 December 2022 | *HK$'000* | *HK$'000* | *HK$'000* |
| Proportion of NCI's ownership interests | 33.33% | 35% | 6.80 – 8.48% |
| Revenue | 39,701 | 9,832 | 41,119 |
| Expenses | (7,497) | (6,896) | (41,261) |
| Profit (Loss) for the year | 32,204 | 2,936 | (142) |
| Other comprehensive income | – | – | – |
| Total comprehensive income (loss) | 32,204 | 2,936 | (142) |
| Profit attributable to NCI | 10,735 | 1,028 | 153 |
| Other comprehensive income | – | – | – |
| Total comprehensive income attributable to NCI | 10,735 | 1,028 | 153 |
| Dividends paid to NCI | – | (2,692) | – |
| Net cash flows from (used in): | | | |
| Operating activities | (503,708) | 4,414 | (182,894) |
| Investing activities | – | 2,000 | (72) |
| Financing activities | 375,000 | (8,932) | 160,789 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2023

## 38. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

| | Note | **2023** *HK$'000* | 2022 *HK$'000* |
|---|---|---|---|
| **Non-current assets** | | | |
| Interests in subsidiaries | (a) | **995,991** | 999,100 |
| Intangible assets | | **5,000** | 5,000 |
| | | **1,000,991** | 1,004,100 |
| **Current assets** | | | |
| Prepayments | | **44** | 423 |
| Cash and cash equivalents | | **234** | 54 |
| Tax recoverable | | **383** | 383 |
| | | **661** | 860 |
| **Current liabilities** | | | |
| Other payables and accruals | | **865** | 379 |
| | | **865** | 379 |
| **Net current (liabilities) assets** | | **(204)** | 481 |
| **NET ASSETS** | | **1,000,787** | 1,004,581 |
| **Capital and reserves** | | | |
| Share capital | 28 | **94,553** | 94,553 |
| Reserves | (b) | **906,234** | 910,028 |
| **TOTAL EQUITY** | | **1,000,787** | 1,004,581 |

This statement of financial position was approved and authorised for issue by the Board of Directors on 27 March 2024 and is signed on its behalf by:

**Cheung Ting Kee**
*Director*

**Cheung Ka Yee**
*Director*

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year ended 31 December 2023

## 38. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(continued)*

Note:

**(a) Interests in subsidiaries**

Information about the interests in subsidiaries of the Company at the end of the reporting period is as follows:

| | **2023** | 2022 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Unlisted shares, at cost | **105,759** | 105,759 |
| Amounts due from subsidiaries | **890,232** | 893,341 |
| | **995,991** | 999,100 |

The amounts due from subsidiaries included in the interests in subsidiaries above are unsecured, interest-free and have no fixed terms of repayment. In the opinion of the Company's directors, the advance is considered as quasi-equity loan to the subsidiaries.

**(b) Movement of the reserves**

| | Share premium | Share award reserve | Accumulated losses | Total |
|---|---|---|---|---|
| | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* |
| At 1 January 2022 | 916,940 | – | (3,456) | 913,484 |
| Loss and total comprehensive loss for the year | – | – | (5,466) | (5,466) |
| Transactions with owners: | | | | |
| Contributions and distributions | | | | |
| Recognition of equity-settled share-based payments | – | 2,310 | – | 2,310 |
| Shares vested under the share award scheme | 2,010 | (2,310) | – | (300) |
| | 2,010 | – | – | 2,010 |
| At 31 December 2022 | 918,950 | – | (8,922) | 910,028 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2023

## 38. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(continued)*

Note: (continued)

**(b) Movement of the reserves (continued)**

| | Share premium *HK$'000* | Share award reserve *HK$'000* | Accumulated losses *HK$'000* | Total *HK$'000* |
|---|---|---|---|---|
| **At 1 January 2023** | **918,950** | **–** | **(8,922)** | **910,028** |
| Loss and total comprehensive loss for the year | **–** | **–** | **(3,794)** | **(3,794)** |
| **At 31 December 2023** | **918,950** | **–** | **(12,716)** | **906,234** |

## 39. EVENTS AFTER THE REPORTING PERIOD

In addition to the events disclosed elsewhere in these consolidated financial statements, the Group had the following subsequent events:

### (a) Connected Transaction

On 19 January 2024, Planetree Management Limited (the "Tenant"), a wholly-owned subsidiary of the Company, entered into a tenancy agreement with Good Develop Limited (the "Landlord") in respect of the premises situated at 8th Floor of China United Centre, No. 28 Marble Road, North Point, Hong Kong for a term of three years commencing from 1 January 2024 and expiring on 31 December 2026 (both days inclusive) at a monthly rental of HK$330,000.

As at the date of this report, the substantial shareholder of the Company namely Ms. LO Ki Yan Karen ("Ms. Lo") indirectly held 82.19% equity interest in Landlord. Therefore, the Landlord was considered as a connected person of the Company. Details of the above-mentioned connected transaction are set out in the announcement of the Company dated 19 January 2024.

### (b) Appointment of directors and re-designation of Acting Chairman as Managing Director

On 1 February 2024, Dr. Chuang Henry Yueheng was appointed as a Non-executive Director and the Chairman of the Company. At the same time, Mr. Cheung Ting Kee was re-designated from the Acting Chairman to the Managing Director of the Company. Detailed information regarding the appointment was disclosed in the Company's announcement dated 31 January 2024.

On 1 March 2024, Mr. Xing Shaonan was appointed as an Executive Director and the Vice Chairman of the Company. Detailed information regarding the appointment was disclosed in the Company's announcement dated 29 February 2024.

### (c) Significant change in fair value on Designated FVOCI

Subsequent to the reporting period, the stock market remained volatile and Hang Seng Index dropped by 3% while the fair value of the Group's listed equity investments under Designated FVOCI decreased as compared to their fair values as at 31 December 2023, which represents approximately 8.2% of the Group's net assets as at 31 December 2023.

# Particulars of Properties

## INVESTMENT PROPERTIES

| Location | Use | Tenure | Attributable interest of the Group |
|---|---|---|---|
| 1/F, Stamps Gallery, “28 Marble Road”, No.28 Marble Road, North Point, Hong Kong | Commercial | Long-term | 100% |
| 11/F, China United Centre, “No.28 Marble Road”, No.28 Marble Road, North Point, Hong Kong | Commercial | Long-term | 100% |
| Offices Nos. 1 - 5 on 12th Floor, Kwan Chart Tower, No.6 Tonnochy Road, Hong Kong | Commercial | Long-term | 65% |
| The 9th Floor and Car Parking Spaces Nos.109, 110 and 111 on the 1st Floor, Global Trade Square, No. 21 Wong Chuk, Hang Road, Hong Kong | Commercial | Long-term | 65% |

# Five Year Financial Summary

A summary of the results and of the assets and liabilities of the Group for the last five financial years, as extracted from the published audited financial statements, is set out below.

## RESULTS

| | Year ended 31 December | | | | |
|---|---|---|---|---|---|
| | **2023** | 2022 | 2021 | 2020 | 2019 |
| | ***HK$'000*** | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* |
| REVENUE | **113,394** | 155,327 | 195,316 | 176,776 | 5,818 |
| (LOSS) PROFIT BEFORE TAXATION | **(162,953)** | 6,430 | (8,310) | 49,307 | 28,037 |
| Income tax expense | **(13,587)** | (7,962) | (6,949) | (8,464) | (6,962) |
| (LOSS) PROFIT FOR THE YEAR | **(176,540)** | (1,532) | (15,259) | 40,843 | 21,075 |

## ASSETS AND LIABILITIES

| | At 31 December | | | | |
|---|---|---|---|---|---|
| | **2023** | 2022 | 2021 | 2020 | 2019 |
| | ***HK$'000*** | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* |
| TOTAL ASSETS | **2,184,428** | 2,412,742 | 2,245,672 | 2,309,124 | 2,040,457 |
| TOTAL LIABILITIES | **(277,333)** | (292,505) | (309,588) | (465,395) | (263,769) |
| NET ASSETS | **1,907,095** | 2,120,237 | 1,936,084 | 1,843,729 | 1,776,688 |