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華富建業國際金融有限公司

QUAM PLUS INTERNATIONAL FINANCIAL LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 952)

ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2024

The board of directors (the “Board” or “Directors”) of Quam Plus International Financial Limited (the “Company”) presents the unaudited condensed consolidated interim financial statements (the “Interim Financial Statements”) of the Company and its subsidiaries (together, the “Group”) for the six months ended 30 June 2024, together with the comparative figures, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		Six months ended 30 June 2024	Six months ended 30 June 2023
	<i>Notes</i>	HK\$'000 (Unaudited)	<i>HK\$'000</i> (Unaudited) (Restated)
Fee and commission income	4	40,859	58,763
Interest income			
— Calculated using the effective interest method	4	42,109	205,800
— Calculated using other method	4	57,773	56,653
Net investment (loss)/gain	4	(1,799)	47,484
Total revenue	4	138,942	368,700

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
(CONTINUED)**

		Six months ended 30 June 2024 <i>HK\$'000</i> (Unaudited)	Six months ended 30 June 2023 <i>HK\$'000</i> (Unaudited) (Restated)
	<i>Notes</i>		
Other (loss)/income, net	5	(14,084)	1,300
Direct costs		(35,052)	(49,477)
Staff costs	6	(81,030)	(81,827)
Depreciation and amortisation	6	(10,167)	(19,213)
Expected credit loss (“ECL”) net reversal/ (charges)		45,453	(47,794)
Finance costs			
— Interest on borrowings		(25,318)	(25,187)
— Interest on lease liabilities		(1,241)	(1,814)
Other operating expenses	7	(27,236)	(29,487)
Share of results of associates		21,493	—
Profit before tax	6	11,760	115,201
Tax expense	8	(598)	(3,932)
Net profit attributable to equity holders of the Company		11,162	111,269
Earnings per share for net profit attributable to equity holders of the Company		<i>HK cent(s)</i>	<i>HK cent(s)</i>
— Basic	9	0.2	1.8
— Diluted	9	0.2	1.8
Dividend per share	10	—	1.1

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

	Six months ended 30 June 2024 <i>HK\$'000</i> (Unaudited)	Six months ended 30 June 2023 <i>HK\$'000</i> (Unaudited)
Net profit attributable to equity holders of the Company	<u>11,162</u>	<u>111,269</u>
Other comprehensive loss including reclassification adjustments		
Item that may be reclassified subsequently to profit or loss — Exchange loss on translation of financial statements of foreign operations	<u>(755)</u>	<u>(1,237)</u>
Other comprehensive loss including reclassification adjustments and net of tax	<u>(755)</u>	<u>(1,237)</u>
Total comprehensive income attributable to equity holders of the Company	<u><u>10,407</u></u>	<u><u>110,032</u></u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 30 June 2024			As at 31 December 2023			
		Current	Non-current	Total	Current	Non-current	Total
	Notes	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Audited)	HK\$'000 (Audited)	HK\$'000 (Audited)
ASSETS							
Cash and cash equivalents		164,475	—	164,475	122,380	—	122,380
Bank balances held on behalf of clients		905,221	—	905,221	823,120	—	823,120
Financial assets held for trading		463,929	36,204	500,133	566,351	38,190	604,541
Financial assets not held for trading		135,586	4,210	139,796	135,586	4,210	139,796
Loans to margin clients	11	520,434	—	520,434	547,986	—	547,986
Credit loans	12	332,997	21,003	354,000	422,182	—	422,182
Accounts receivable	13	317,645	—	317,645	302,272	—	302,272
Prepayments, deposits and other receivables		59,392	—	59,392	48,920	—	48,920
Investment properties		—	913,380	913,380	—	913,380	913,380
Interests in associates	14	—	288,452	288,452	—	1,180	1,180
Goodwill and other intangible assets		—	18,663	18,663	—	17,000	17,000
Other assets		—	20,084	20,084	—	21,106	21,106
Property and equipment		—	77,272	77,272	—	85,497	85,497
Deferred tax assets		—	14,652	14,652	—	14,652	14,652
TOTAL ASSETS		<u>2,899,679</u>	<u>1,393,920</u>	<u>4,293,599</u>	<u>2,968,797</u>	<u>1,095,215</u>	<u>4,064,012</u>
LIABILITIES AND EQUITY							
Liabilities							
Bank and other borrowings		620,425	178,366	798,791	674,007	—	674,007
Accounts payable	15	1,133,564	—	1,133,564	1,076,880	—	1,076,880
Contract liabilities		4,578	—	4,578	4,620	—	4,620
Lease liabilities		11,898	43,436	55,334	12,070	49,445	61,515
Accruals and other payables		224,560	—	224,560	184,834	—	184,834
Tax payables		1,098	—	1,098	518	—	518
Deferred tax liabilities		—	223	223	—	223	223
TOTAL LIABILITIES		<u>1,996,123</u>	<u>222,025</u>	<u>2,218,148</u>	<u>1,952,929</u>	<u>49,668</u>	<u>2,002,597</u>
Equity							
Share capital				20,657			20,657
Reserves				2,054,794			2,040,758
TOTAL EQUITY				<u>2,075,451</u>			<u>2,061,415</u>
TOTAL LIABILITIES AND EQUITY				<u>4,293,599</u>			<u>4,064,012</u>
<i>Net current assets</i>				<u>903,556</u>			<u>1,015,868</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The Interim Financial Statements have been prepared in accordance with accounting principles generally accepted in Hong Kong and complies with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and with applicable requirements of the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited.

2. MATERIAL ACCOUNTING POLICIES

The accounting policies and methods of computation that have been used in the preparation of the Interim Financial Statements are consistent with those applied in the preparation of the Group’s annual financial statements for the year ended 31 December 2023, except for the adoption of amended Hong Kong Financial Reporting Standards (“HKFRSs”), which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards and Interpretations.

The HKICPA has issued a number of amended HKFRSs that are first effective for the current accounting period of the Group. The adoption of these amended HKFRSs does not have significant impact on the Group’s Interim Financial Statements. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

Change in presentation and classification of certain revenue items

During the preparation of the Interim Financial Statements of the Group for the period ended 30 June 2024, the management has identified certain adjustments relating to the interest income on the credit-impaired loans and the ECL allowance.

In order to present overdue interest on those credit-impaired loans, the management has made adjustments to increase the interest revenue on certain credit-impaired loans and the corresponding impact has been adjusted on the ECL allowance accordingly for the previous period. Given that the aforesaid adjustments result in the recognition of interest income calculated using the effective interest method and ECL by same amount, no impact on net profit to the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of financial position as well as net cash flow. The reclassification has been made for the comparative period ended 30 June 2023.

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Change in presentation and classification of certain revenue items (Continued)

The effects of the change in presentation in the condensed consolidated statement of profit or loss and other comprehensive income for the six months ended 30 June 2023 is set out below:

Six months ended 30 June 2023 (Unaudited):

	As previously reported <i>HK\$'000</i>	Reclassification <i>HK\$'000</i>	As restated <i>HK\$'000</i>
Interest income			
— Calculated using the effective interest method	174,986	30,814	205,800
Total revenue	337,886	30,814	368,700
ECL net charges	(16,980)	(30,814)	(47,794)

The reclassification has no effect on the profit for the six months ended 30 June 2023 and hence on the earnings per share figures presented in the condensed consolidated statement of profit or loss.

3. SEGMENT INFORMATION

The executive directors have identified the Group's six service lines as operating segments. These operating segments are monitored and strategic decisions are made on the basis of adjusted segment operating results.

Six months ended 30 June 2024 (Unaudited)

	Corporate finance <i>HK\$'000</i>	Asset management <i>HK\$'000</i>	Brokerage <i>HK\$'000</i>	Interest income <i>HK\$'000</i>	Investments <i>HK\$'000</i>	Others <i>HK\$'000</i>	Total <i>HK\$'000</i>
Reportable segment revenue							
Fee and commission income	3,970	2,702	30,192	—	—	3,995	40,859
Interest income	—	—	74,972	24,910	—	—	99,882
Net investment loss	—	—	—	—	(1,799)	—	(1,799)
Segment revenue from external customers	3,970	2,702	105,164	24,910	(1,799)	3,995	138,942
Inter-segment revenue	600	3,824	175	—	—	267	4,866
Reportable segment revenue	<u>4,570</u>	<u>6,526</u>	<u>105,339</u>	<u>24,910</u>	<u>(1,799)</u>	<u>4,262</u>	<u>143,808</u>
Reportable segment result	<u>(6,107)</u>	<u>(1,601)</u>	<u>22,404</u>	<u>20,785</u>	<u>(39,270)</u>	<u>(3,662)</u>	<u>(7,451)</u>

3. SEGMENT INFORMATION (CONTINUED)

Six months ended 30 June 2023 (Unaudited) (Restated)

	Corporate finance <i>HK\$'000</i>	Asset management <i>HK\$'000</i>	Brokerage <i>HK\$'000</i>	Interest income <i>HK\$'000</i> (Restated)	Investments <i>HK\$'000</i>	Others <i>HK\$'000</i>	Total <i>HK\$'000</i> (Restated)
Reportable segment revenue							
Fee and commission income	9,157	5,184	41,053	—	—	3,369	58,763
Interest income	—	—	69,792	192,661	—	—	262,453
Net investment gain	—	—	—	—	47,484	—	47,484
Segment revenue from external customers	<u>9,157</u>	<u>5,184</u>	<u>110,845</u>	<u>192,661</u>	<u>47,484</u>	<u>3,369</u>	<u>368,700</u>
Inter-segment revenue	<u>3,750</u>	<u>944</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>348</u>	<u>5,042</u>
Reportable segment revenue	<u><u>12,907</u></u>	<u><u>6,128</u></u>	<u><u>110,845</u></u>	<u><u>192,661</u></u>	<u><u>47,484</u></u>	<u><u>3,717</u></u>	<u><u>373,742</u></u>
Reportable segment result	<u><u>(5,925)</u></u>	<u><u>(1,889)</u></u>	<u><u>16,760</u></u>	<u><u>96,492</u></u>	<u><u>15,075</u></u>	<u><u>(3,123)</u></u>	<u><u>117,390</u></u>

The total of the Group's reportable segment result is reconciled to the Group's profit before tax as follows:

	Six months ended 30 June 2024 <i>HK\$'000</i> (Unaudited)	Six months ended 30 June 2023 <i>HK\$'000</i> (Unaudited)
Reportable segment result	(7,451)	117,390
Share of results of associates	21,493	—
Unallocated corporate expenses	<u>(2,282)</u>	<u>(2,189)</u>
Profit before tax	<u>11,760</u>	<u>115,201</u>

3. SEGMENT INFORMATION (CONTINUED)

Geographical information

The Group's operations are substantially located in Hong Kong and substantiating all assets of the Group are located in Hong Kong, except for investment properties which are located in United States of America ("US"). Therefore, no detailed analysis of geographical information is required.

The Group's customers include the following with whom transactions have exceeded 10% of the Groups' revenue (excluding net investment (loss)/gain):

	Six months ended 30 June 2024 <i>HK\$'000</i> (Unaudited)	Six months ended 30 June 2023 <i>HK\$'000</i> (Unaudited) (Restated)
Former connected parties which included the subsidiaries of Tohigh Holdings Co., Ltd., Oceanwide Holdings Co., Ltd, China Oceanwide Holdings Limited and Minyun Limited [^]	<u>30,485</u>	<u>162,589</u>

[^] Revenue from these former connected parties, which are under common control of our former ultimate beneficial owner, is attributable to interest income segment, asset management segment and brokerage segment during the six months ended 30 June 2024.

4. REVENUE

	Six months ended 30 June 2024 <i>HK\$'000</i> (Unaudited)	Six months ended 30 June 2023 <i>HK\$'000</i> (Unaudited) (Restated)
Corporate finance business		
<i>Fee and commission income:</i>		
— Placing and underwriting commission income	1,223	383
— Financial and compliance advisory services fee income	2,747	8,774
	<u>3,970</u>	<u>9,157</u>
Asset management business		
<i>Fee and commission income:</i>		
— Management fee, performance fee and service fee income	2,702	5,184
	<u>2,702</u>	<u>5,184</u>
Brokerage business		
<i>Fee and commission income:</i>		
— Commission on dealings in securities		
— Hong Kong securities	8,464	11,626
— Other than Hong Kong securities	3,059	878
— Commission on dealings in futures and options contracts	13,070	21,567
— Handling, custodian and other service fee income	5,599	6,982
	<u>30,192</u>	<u>41,053</u>
Interest income business		
<i>Interest income calculated using the effective interest method:</i>		
— Interest income from credit loans and bonds	23,445	191,614
— Interest income from cash clients receivables	2,273	1,774
— Interest income from bank deposits held on behalf of clients	13,590	11,021
— Interest income from house money bank deposits and others	2,801	1,391
<i>Interest income calculated using other method:</i>		
— Interest income from loans to margin clients	56,030	55,164
— Interest income from others	1,743	1,489
	<u>99,882</u>	<u>262,453</u>
Investments and others business		
<i>Fee and commission income:</i>		
— Financial media service fee income	3,995	3,369
<i>Net investment (loss)/gain:</i>		
— Net realised and unrealised (loss)/gain on financial assets measured at fair value through profit or loss	(5,359)	42,041
— Dividend income from financial assets measured at fair value through profit or loss	3,560	5,443
	<u>2,196</u>	<u>50,853</u>
Total revenue	<u><u>138,942</u></u>	<u><u>368,700</u></u>

5. OTHER (LOSS)/INCOME, NET

	<i>Note</i>	Six months ended 30 June 2024 <i>HK\$'000</i> (Unaudited)	Six months ended 30 June 2023 <i>HK\$'000</i> (Unaudited)
Changes in net asset value attributable to other holders of consolidated investment funds		(4,921)	2,639
Exchange gain/(loss), net		315	(1,517)
Corporate guarantee		2,717	—
Loss on modification of credit loans	(a)	(12,203)	—
Sundry income		8	178
		<u>(14,084)</u>	<u>1,300</u>

Note:

- (a) During six months ended 30 June 2024, certain debtors agreed to modify terms of the credit loans including maturity date and settlement schedule. It constitutes substantial modification of financial assets under HKFRS 9 which results in loss on modification of approximately HK\$12 million (2023: Nil) being recognised to condensed consolidated statement of profit or loss.

6. PROFIT BEFORE TAX

	Six months ended 30 June 2024 <i>HK\$'000</i> (Unaudited)	Six months ended 30 June 2023 <i>HK\$'000</i> (Unaudited)
Profit before tax is arrived at after charging:		
Staff costs		
— Fees, salaries, allowances, bonuses and benefits in kind	74,634	79,395
— Employee sales commission	30	197
— Retirement benefits scheme contributions	2,041	2,075
— Other staff benefits	696	160
— Share-based compensation expenses		
— Share option scheme	3,629	—
	<u>81,030</u>	<u>81,827</u>
Depreciation and amortisation		
— Other intangible assets	787	663
— Property and equipment	9,380	18,550
	<u>10,167</u>	<u>19,213</u>

7. OTHER OPERATING EXPENSES

	<i>Note</i>	Six months ended 30 June 2024 HK\$'000 (Unaudited)	Six months ended 30 June 2023 HK\$'000 (Unaudited)
Advertising and promotion expenses		756	524
Auditor's remuneration		1,232	1,225
Bank charges		620	610
Consultancy fee		1,622	1,647
Entertainments		822	1,105
General office expenses		3,266	2,979
Insurance		2,670	1,310
Legal and professional fee	(a)	5,585	9,067
Office reinstatement and relocation cost		266	2,247
Property tax		3,046	—
Repairs and maintenance		2,070	2,173
Short-term leases, rates and building management fee		1,567	3,352
Travelling and transportation expenses		1,188	990
Others		2,526	2,258
		<u>27,236</u>	<u>29,487</u>

Note:

- (a) During six months ended 30 June 2023, total legal and professional fee of approximately HK\$9.1 million mainly represented approximately HK\$5.7 million spent on one-off corporate transactions' various professional fee.

8. TAX EXPENSE

The provision for Hong Kong Profits Tax is calculated at 16.5% (2023: 16.5%) of the estimated assessable profits for the six months ended 30 June 2024, except for a subsidiary of the Group which is a qualifying corporation under the two-tiered profits tax rate regime.

For this subsidiary, the first HK\$2 million of assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%. The provision for Hong Kong Profits tax for this subsidiary was calculated at the same basis in 2023.

8. TAX EXPENSE (CONTINUED)

Taxation for subsidiaries operating in other jurisdictions is charged at the appropriate current rates of taxation ruling in the relevant jurisdictions.

	Six months ended 30 June 2024 <i>HK\$'000</i> (Unaudited)	Six months ended 30 June 2023 <i>HK\$'000</i> (Unaudited)
Current tax — Hong Kong Profits Tax		
— Current period	598	8,855
Deferred tax credit	—	(4,923)
	<u>598</u>	<u>(4,923)</u>
Total tax expense	<u>598</u>	<u>3,932</u>

9. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share attributable to equity holders of the Company is based on the followings:

(a) Basic earnings per share

Profit attributable to equity holders of the Company

	Six months ended 30 June 2024 <i>HK\$'000</i> (Unaudited)	Six months ended 30 June 2023 <i>HK\$'000</i> (Unaudited)
For purpose of calculating basic earnings per share	<u>11,162</u>	<u>111,269</u>

Weighted average number of ordinary shares in issue less shares held for Share Award Scheme

	Six months ended 30 June 2024 (Unaudited)	Six months ended 30 June 2023 (Unaudited)
For purpose of calculating basic earnings per share	<u>6,145,877,218</u>	<u>6,145,877,218</u>

9. EARNINGS PER SHARE (CONTINUED)

(b) Diluted earnings per share

Profit attributable to equity holders of the Company

	Six months ended 30 June 2024 <i>HK\$'000</i> (Unaudited)	Six months ended 30 June 2023 <i>HK\$'000</i> (Unaudited)
For purpose of calculating diluted earnings per share	<u>11,162</u>	<u>111,269</u>

Weighted average number of ordinary shares in issue less shares held for Share Award Scheme

	Six months ended 30 June 2024 (Unaudited)	Six months ended 30 June 2023 (Unaudited)
For purpose of calculating basic earnings per share	6,145,877,218	6,145,877,218
Effect of share options	<u>1,883,445</u>	<u>—</u>
For purpose of calculating diluted earnings per share	<u>6,147,760,663</u>	<u>6,145,877,218</u>

Note: Diluted earnings per share were same as the basis earnings per shares for the six months ended 30 June 2023 as there was no potential dilutive ordinary shares in issue.

10. DIVIDENDS

Dividends payable to equity holders of the Company attributable to the interim period:

	Six months ended 30 June 2024 <i>HK\$'000</i> (Unaudited)	Six months ended 30 June 2023 <i>HK\$'000</i> (Unaudited)
Special dividend declared and paid after the 2023 interim period of HK1.1 cents per ordinary share	<u>—</u>	<u>68,168</u>

The special dividend has not been recognised as a liability at 30 June 2023.

The Board has resolved not to declare an interim dividend in respect of the six months ended 30 June 2024.

11. LOANS TO MARGIN CLIENTS

	As at 30 June 2024 <i>HK\$'000</i> (Unaudited)	As at 31 December 2023 <i>HK\$'000</i> (Audited)
Loans to margin clients		
— Measured at fair value through profit or loss	<u>520,434</u>	<u>547,986</u>

Note:

Margin clients are required to pledge securities collateral to the Group in order to obtain the credit facilities for securities trading. The amount of credit facilities granted to them is determined based on a comprehensive analysis including but not limited to loan-to-market and loan-to-marginable value ratios (“lending ratios”), concentration risk, illiquid collaterals and overall availability of funds. The Group exercises continuous monitoring on outstanding margin loans to see if the actual lending ratios have exceeded the pre-determined levels as a credit risk control mechanism. Any excess in the lending ratios will trigger a margin call where the clients have to make good the shortfall. As at 30 June 2024, the market value of securities pledged by margin clients to the Group as collateral was approximately HK\$5,202 million (31 December 2023: approximately HK\$5,833 million) and the Group is permitted to sell collaterals provided by clients if they fail to fulfil margin calls. Loans to margin clients are repayable on demand and bear interest at commercial rates (normally at Hong Kong Dollar Prime Rate plus a spread). As loans to margin clients are measured at fair value through profit or loss, the carrying amounts of the loans, counted on client-by-client basis, would be marked down to the market value of the clients’ collaterals.

12. CREDIT LOANS

	As at 30 June 2024 <i>HK\$'000</i> (Unaudited)	As at 31 December 2023 <i>HK\$'000</i> (Audited)
Credit loans, gross amount		
— Unsecured	4,021,751	3,854,279
— Secured	(b), (c) <u>502,588</u>	<u>558,615</u>
	4,524,339	4,412,894
Less: ECL provisions	(4,170,339)	(3,990,712)
	(a) <u>354,000</u>	<u>422,182</u>
Analysis of the net amount into current and non-current portions:		
Current	332,997	422,182
Non-current	<u>21,003</u>	<u>—</u>
	<u>354,000</u>	<u>422,182</u>

12. CREDIT LOANS (CONTINUED)

Notes:

- (a) The credit loans bear interest at fixed rates ranging from 2.5% to 12% (31 December 2023: 2.5% to 12%) per annum.
- (b) As at 30 June 2024 and 31 December 2023, the collaterals held by the Group for the secured credit loans mainly include shares of listed and private companies and assets of private companies.
- (c) As at 30 June 2024, HK\$2,191,000 (31 December 2023: HK\$2,135,000) was reverse repurchase agreements on bonds.

	As at 30 June 2024 <i>HK\$'000</i> (Unaudited)	As at 31 December 2023 <i>HK\$'000</i> (Audited)
Gross amount	2,191	2,165
Less: ECL provisions	—	(30)
	<u>2,191</u>	<u>2,135</u>

Reverse repurchase agreements are transactions in which the external investors sell a security to the Group and simultaneously agree to repurchase it (or an asset that is substantially the same) at the agreed date and price. The repurchase prices are fixed and the Group is not exposed to substantially all the credit risks, market risks and rewards of those securities bought. These securities are not recognised in condensed consolidated financial statements but regarded as “collateral” because the external investors retain substantially all the risks and rewards of these securities.

As at 30 June 2024, the fair value of the collaterals was HK\$4,485,000 (31 December 2023: HK\$4,129,000).

13. ACCOUNTS RECEIVABLE

	<i>Notes</i>	As at 30 June 2024 <i>HK\$'000</i> (Unaudited)	As at 31 December 2023 <i>HK\$'000</i> (Audited)
<i>Accounts receivable from dealings in securities, futures and options contracts</i>			
— Brokers and clearing houses	(a)	285,573	272,879
— Cash clients	(a)	30,061	29,954
<i>Accounts receivable from asset management, corporate finance and other businesses</i>			
— Clients	(a)	<u>26,012</u>	<u>21,806</u>
Less: ECL provisions		<u>341,646</u> (24,001)	<u>324,639</u> (22,367)
Accounts receivable, net	(b)	<u><u>317,645</u></u>	<u><u>302,272</u></u>

Notes:

- (a) Amounts due from brokers, clearing houses and cash clients for the dealings in securities are required to be settled on the settlement dates of their respective transactions (normally one to three business days after the respective trade dates). Amounts due from brokers and clearing houses for the dealings in futures and options contracts are repayable on demand (except for the required margin deposits for the trading of futures and options contracts). There are no credit periods granted to clients for its asset management, corporate finance and other businesses. The amounts due from cash clients after the settlement dates bear interest at commercial rates (normally at Hong Kong Dollar Prime Rate plus a higher spread than that of margin client).
- (b) Ageing analysis of accounts receivable based on due date and net of ECL provisions is as follows:

	As at 30 June 2024 <i>HK\$'000</i> (Unaudited)	As at 31 December 2023 <i>HK\$'000</i> (Audited)
Within 30 days	293,188	278,230
31–90 days	2,167	1,036
Over 90 days	<u>22,290</u>	<u>23,006</u>
Accounts receivable, net	<u><u>317,645</u></u>	<u><u>302,272</u></u>

14. INTERESTS IN ASSOCIATES

Upon the completion of loan assignment and disposal of equity securities, the Group increased its investment in Fortune Origin Group Limited (“Fortune Origin”) from 15%* to 21%* during the six months ended 30 June 2024. As consequence, the Group gained significant influence over Fortune Origin and investment in Fortune Origin was reclassified from a financial assets measured at fair value through profit or loss to interest in associate. The details of acquisition are set out in the Company’s announcements dated on 18 December 2023, 10 January 2024 and 30 May 2024.

* rounded to the nearest one percent

15. ACCOUNTS PAYABLE

		As at 30 June 2024 <i>HK\$’000</i> (Unaudited)	As at 31 December 2023 <i>HK\$’000</i> (Audited)
	<i>Notes</i>		
<i>Accounts payable from dealings in securities, futures and options contracts</i>			
— Brokers and clearing houses	(a)	6,417	10,124
— Cash and margin clients	(a)	1,114,767	1,064,873
 <i>Accounts payable from other businesses</i>			
— Clients		<u>12,380</u>	<u>1,883</u>
	(b)	<u><u>1,133,564</u></u>	<u><u>1,076,880</u></u>

Notes:

- (a) Accounts payable to brokers, clearing houses and cash clients are repayable on demand up to the settlement dates of their respective transactions (normally one to three business days after the respective trade dates) except for the required margin deposits received from clients for their trading of futures and options contracts. Accounts payable to margin clients are repayable on demand.
- (b) No ageing analysis in respect of accounts payable is disclosed as, in the opinion of the Board, the ageing analysis does not give additional value in view of the business nature.

16. NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

The settlement arrangement in relation to the credit loan and margin loan to Elion International Investment Limited (“Elion”) has been entered with Elion on 9 August 2024. Details of the transaction was set out in the Company’s announcement dated 9 August 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

MACRO ENVIRONMENT

The year 2024 is a significant election year, with national elections in over 60 countries/regions, impacting more than 4 billion people globally. The US Presidential election on 5 November 2024, is particularly noteworthy.

After the central bank raised interest rates 4 times over 2023, a total of 11 times from March 2022 to July 2023, US Federal Reserve has kept the interest rate unchanged during interim 2024 in line with expectations. Despite market expectation to the contrary, the US Federal Reserve has thus far held off interest rate cut. The market expectation was only one interest rate cut for the remainder of the year until recently where US Federal Reserve Chair Jerome Powell said on 23 August 2024 that he expects the central bank will cut its key interest rate in the near future, which may be a signal of a faster pace in rate reduction.

The first half of 2024 was favourable for US equity market, with the S&P 500 SPX rising by 14.5%, excluding dividends. As investors look to the second half, the focus shifts to second-quarter earnings reports, which will address several uncertainties. Despite strong revisions in forward 12-month earnings-per-share forecasts that continue to drive stock prices up, conservative investors point out that top-down macro reports have largely missed expectations. This suggests potential earnings disappointments and negative guidance. Additionally, stock prices face headwinds due to stretched valuations.

China's economy grew at a slower-than-expected rate of 4.7% in the second quarter of 2024, impacted by a prolonged property downturn and job insecurity, which hindered a fragile recovery. This growth rate, the slowest since first quarter of 2023, fell short of the 5.1% forecast from a Reuters poll and was down from 5.3% in the previous quarter.

HONG KONG STOCK MARKET

In June 2024, Hong Kong stocks continued to experience fluctuations amid ongoing adjustments, with the first three months of 2024 being, a particularly bleak quarter. The HSI ended the first half of 2024 at 17,718.61 from the end of 2023 of 17,047.39. The HSI experienced a low of below 15,000 and a high of over 19,500 in the first half of 2024, representing a large swing of over 4,500 points. Looking ahead, the stock market may continue to be volatile especially given the altered expectation on interest rate.

Notwithstanding favourable policies designed to attract Hong Kong stocks to investment funds, the international situation remains complicated, and the Mainland China faces economic expansion risks, potentially impacting export prospects and the movement of Hong Kong stocks. Key risk factors include the possibility that China's economic recovery and policy easing may not meet expectations, which all in turn challenge the overall trend of the Hong Kong stock market.

The average daily turnover of Hong Kong stock market for the first six months of 2024 was approximately HK\$110.4 billion, with a market capitalisation of approximately HK\$32.1 trillion at the end of June 2024. There were 30 successful IPOs in the first half of 2024 and raised a total of about HK\$13.1 billion, a drop of about 26% period-to-period.

RESULTS AND OVERVIEW

For the six months ended 30 June 2024, the Group recorded profit before tax of approximately HK\$12 million (interim 2023: profit before tax of approximately HK\$115 million). The decrease in the unaudited consolidated profit before tax for the six months ended 30 June 2024 was mainly attributable to the one-off partial settlement of loan balances due from a former connected party which profit was recognised during the previous corresponding accounting period.

The Group's revenue decreased to approximately HK\$139 million in the first half of 2024, representing a decrease of approximately HK\$230 million period-on-period. The revenue from core operating business decreased by about 10% period-on-period to approximately HK\$112 million in the first half of 2024. If we exclude our fair value change on investment in financial assets of approximately HK\$2 million loss (interim 2023: gain of approximately HK\$47 million) which are recorded as part of our revenue, our adjusted revenue would be approximately HK\$141 million (interim 2023: approximately HK\$322 million), representing a decrease of 56% period-on-period. The decrease in our adjusted revenue was mainly due to a large part of the interest income recognised in interim 2023 arising from the partial settlement arrangement entered in interim 2023 in relation to loans due from a former connected party which was a non-recurring event.

BUSINESS REVIEW

The first half of 2024 had not been easy for us given the strong US dollar and high interest rate environment in Hong Kong. However, we persevered and managed to return a profit. During the period, we worked hard to increase the banking facilities for our brokerage business and maintain our relevance in the market. Since the beginning of 2024, we have continued to strengthen our financial position by securing new financing facilities reflecting increased confidence in our Group. The corporate finance business has been impacted by a drop in the number of transactions and delays in the IPO timetables of our transactions under the current state of the market though it has attained an encouraging deal pipeline. We have successfully launched our External Asset Management (EAM) model and with its ensuing distribution capabilities. The current weak economic climate has also allowed us to attract experienced talents in our asset management business. These new recruits have helped the Group to expand our asset under management and broadened product pipelines and services in asset management business. In addition to the above, we have achieved significant progress in the recovery of negotiating various overdue loans, and we have continued to monitor and control our costs.

FINANCIAL REVIEW

The following table summarised the revenue breakdown of the Group's principal businesses. Except for the interest income from brokerage business of approximately HK\$75 million (interim 2023: approximately HK\$70 million), the revenue generated by core operating business decreased compared to interim 2023.

Revenue	Interim 2024 <i>HK\$ million</i>	Interim 2024 <i>Proportion</i>	Interim 2023 <i>HK\$ million</i>	Interim 2023 <i>Proportion</i>	Favourable/ (unfavourable) <i>change</i>
Corporate finance business	4	3%	9	7%	(56%)
Asset management business	3	3%	5	4%	(40%)
Brokerage business	30	27%	41	33%	(27%)
Interest income from brokerage business	75	67%	70	56%	7%
	<u>105</u>		<u>111</u>		
Total revenue for core operating business	112	100%	125	100%	(10%)
Interest income from non- brokerage business	25		193		(87%)
Financial media service fee income	4		4		0%
Net investment (loss)/gain	<u>(2)</u>		<u>47</u>		(104%)
Total revenue	<u><u>139</u></u>		<u><u>369</u></u>		(62%)

Corporate Finance Business

The Group's corporate finance business comprises sponsorship for listing, financial advisory, financing consultation service and equity capital market. Revenue from corporate finance business has decreased from approximately HK\$9 million in interim 2023 to approximately HK\$4 million in interim 2024.

Asset Management Business

Revenue from asset management business has decreased from approximately HK\$5 million in interim 2023 to approximately HK\$3 million in interim 2024.

Brokerage Business

Revenue from brokerage business has decreased by 27% from approximately HK\$41 million in interim 2023 to approximately HK\$30 million in interim 2024, mainly due to the decrease in the commission income from global futures products and Hong Kong securities. Commission income from dealing in Hong Kong securities decreased by 33% from approximately HK\$12 million in interim 2023 to approximately HK\$8 million in interim 2024. The average daily turnover of the Hong Kong stock market has dropped by 4% period-on-period.

Interest Income from Brokerage Business

The interest income from brokerage business has increased by 7% from approximately HK\$70 million in interim 2023 to approximately HK\$75 million in interim 2024 mainly due to the increase in interest income from improved treasury management, and the increase in margin loan interest income.

Interest Income from Non-Brokerage Business

The interest income from non-brokerage business has decreased by 87% from approximately HK\$193 million in interim 2023 to approximately HK\$25 million in interim 2024 mainly due to the one-off partial settlement of loan balances due from a former connected party in 2023.

Financial Media Service Fee Income

Financial media service fee income was approximately HK\$4 million in interim 2024 and interim 2023.

Net Investment (Loss)/Gain

The investment loss of approximately HK\$2 million in interim 2024 comprised of mark-to-market loss on margin loans of approximately HK\$36 million (interim 2023: loss of approximately HK\$64 million) (where the collateral market value falls below the outstanding margin loan, counted on client-by-client basis), offset by fair value gain on investments in financial assets of approximately HK\$34 million (interim 2023: gain of approximately HK\$111 million).

Other (Loss)/Income, Net

In interim 2024, other loss was approximately HK\$14 million, which turns around from a gain of approximately HK\$1 million in interim 2023. Other loss mainly comprises of approximately HK\$12 million loss arising through the terms modification on contractual credit loans previously entered between the Group and the relevant counterparty.

Expenses

Direct costs has dropped by 29% from approximately HK\$49 million in interim 2023 to approximately HK\$35 million in interim 2024. The decrease was mainly due to the decrease in commission expense of our brokerage business as a result of reduction in gross commission. Staff costs has decreased by 1% from approximately HK\$82 million in interim 2023 to approximately HK\$81 million in interim 2024 as a result of streamlining of resources.

IMPAIRMENT LOSS

In interim 2024, the Group recognised expected credit loss (“ECL”) net reversal of approximately HK\$45 million (interim 2023: ECL net charges of approximately HK\$48 million) and were mainly arisen from ECL net reversal of approximately HK\$71 million (interim 2023: ECL net charges of approximately HK\$182 million) to credit loans to independent third parties, offset by ECL net charges of approximately HK\$28 million (interim 2023: ECL net reversal of approximately HK\$129 million) to credit loans and bonds of former connected parties.

In the following, the Company listed out the loans with material ECL net reversal/ (charges), which with reference to over 1% of total asset value of approximately HK\$4,294 million of the Group as at 30 June 2024 (i.e. over HK\$42 million). The Company consider that such materiality level is appropriate for this purpose. As such, out of total ECL net reversal of approximately HK\$45 million, ECL net reversal of approximately HK\$44 million for credit loan to an independent third party was explained below.

Details of the credit loan to an independent third party with material ECL net reversal in interim 2024

Identity of borrowers	Principal amount <i>HK\$ million</i>	Carrying amount as at	Reversal of ECL for the	Interest rate	Loans granted date	Tenure	Details of personal guarantee	It's ultimate beneficial owners	Latest status of
		30 June 2024 <i>HK\$ million</i>	interim 2024 <i>HK\$ million</i>						repayment as at 30 June 2024
a1 Corporate Client 1	—	—	44	9.0%	1 Dec 2019	Within 5 years	by an independent third party	Independent third party	Fully settled

No additional loan was granted to above Corporate Client. Reversal of ECL was due to the completion of the loan assignment in interim 2024 in relation to the assignment of the credit loan of the above Corporate Client at a consideration equivalent to the nominal value of the credit loan, which settled by way of allotment and issuance of shares of the assignee. Details of the loan assignment were set out in the Company's announcement dated 18 December 2023.

(a) *Reasons for the impairment*

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

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

- (i) the probability of default and the likelihood that the borrowers may fail to pay back the loans. The Group will perform due diligence on the financial statements and consider the macro-environment and the latest announcements of the borrowers. The repayment history of the borrowers will also be taken into account;
- (ii) the loss given default and the expected cash shortfall between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive. The Group will consider the value of the collaterals pledged for the loans, if any; and
- (iii) forward-looking market data such as gross domestic product will also has impact to the recoverability of the loans.

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

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

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

MONEY LENDING

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

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

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

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

Provision of loans is one of the principal businesses of the Group. Management's discussion on the movements in material loans for renewal of existing loans or newly granting of the loans have been disclosed in the relevant announcement or shareholders circular.

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

To diversify the clients and lower the concentration of loans portfolio, our borrowers included individuals, listed companies and companies from different industries such as securities investment, real estate and consultation service. As at 30 June 2024, the Group has 20 borrowers, of which 15 unlisted corporate borrowers, 2 listed corporate borrowers and 3 individual borrowers.

As at 30 June 2024, the Group has 37 credit loans with principal amounts approximately ranged from HK\$2 million to HK\$446 million with interest rate ranged from 2.5% to 12%. The credit loans portfolio fell with the following bands:

Loan size of principal	Number of credit loans fall into the band
Above HK\$100 million–HK\$500 million	11
Above HK\$50 million–HK\$100 million	7
Above HK\$10 million–HK\$50 million	11
Above HK\$5 million–HK\$10 million	2
Below HK\$5 million	6
	37

Out of the 37 credit loans, 1 loan was secured by shares of listed and private companies and assets of private companies with personal guarantee (2% of the total principal amount of the Group's credit loan portfolio), 1 loan was secured by shares of private companies with personal guarantee (6% of the total principal amount of the Group's credit loan portfolio), 3 loans were secured by assets of borrowers and unguaranteed (1% of the total principal amount of the Group's credit loan portfolio), 10 unsecured loans with personal or company's guarantee (48% of the total principal amount of the Group's credit loan portfolio) and the remaining 22 loans were unsecured and unguaranteed (43% of the total principal amount of the Group's credit loan portfolio).

As at 30 June 2024, the top five borrowers constituted 69% of the total principal amount of the Group's credit loan portfolio.

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

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

At 30 June 2024, the gross amounts of credit loans have increased by approximately HK\$111 million from approximately HK\$4,413 million as at 31 December 2023 to approximately HK\$4,524 million. The net amounts after ECL provision of credit loans have decreased from approximately HK\$422 million as at 31 December 2023 to approximately HK\$354 million as at 30 June 2024.

Ageing analysis of credit loans based on due date and net of ECL provisions is as follows:

	As at 30 June 2024 HK\$'000	As at 31 December 2023 HK\$'000
Within 30 days	51,537	94,196
31–90 days	—	—
Over 90 days	302,463	327,986
	354,000	422,182
Credit loans, net	354,000	422,182

PROSPECTS

The Hong Kong market is yet to climb out from its downturn and the average daily turnover of the Hong Kong stock market in July 2024 was only about HK\$98.6 billion. The IPO market remains weak. Although we are in a much healthier financial position, we will remain cautious in the deployment of our resources. We will continue to build products and clientele in a sensible manner, work hard to convert transaction pipeline into mandates, and continue to recover long outstanding receivables. We trust that with our strengthened fundamentals and core capabilities, we are well positioned to capitalise on the upswing of the Hong Kong market as interest rate starts to drop and the Greater China economy regains better momentum.

CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES

The Group generally finances its operations with internally generated cash flow as well as through the utilisation of banking facilities, short-term loans and notes from non-bank entities. The Group's cash level as at 30 June 2024 stood at approximately HK\$164 million (31 December 2023: approximately HK\$122 million).

As at 30 June 2024, the Group's total borrowings was approximately HK\$799 million, showing a increase of 19% from approximately HK\$674 million as at 31 December 2023. Borrowings mainly consisted of two components.

- The first component was utilised bank facilities of approximately HK\$540 million (31 December 2023: approximately HK\$453 million), of which the Group had available aggregate banking facilities of approximately HK\$840 million (31 December 2023: approximately HK\$556 million).
- The second component was private notes issued by the Company and loans from other parties (mainly non-bank financial institutions), which amounted to approximately HK\$259 million (31 December 2023: approximately HK\$221 million).

As at 30 June 2024, the Group's gearing ratio (leverage) was 38% (31 December 2023: 33%), being calculated as total borrowings over net assets. The management has applied prudent risk and credit management on the borrowings. In addition, the Group is required to strictly follow regulatory re-pledging ratios and prudent bank borrowing benchmarks that govern the extent of bank borrowings in the securities margin lending business.

MATERIAL ACQUISITIONS, DISPOSALS AND SIGNIFICANT INVESTMENTS

For the current interim period, the Group had not made any material acquisitions and disposals of subsidiaries and associated companies other than that has been announced and disclosed in note 14. As at 30 June 2024, the Group did not hold any significant investments.

CHARGES ON THE GROUP'S ASSETS

As at 30 June 2024, assets of approximately HK\$1,308 million (31 December 2023: approximately HK\$514 million) were charged to banks and other lenders for facilities.

EMPLOYEES AND REMUNERATION POLICIES

On 30 June 2024, the Group had 181 full time employees (31 December 2023: 193) in Hong Kong and 22 full time employees (31 December 2023: 22) in Mainland China. In addition, the Group has 66 self-employed sales representatives (31 December 2023: 60). Competitive total remuneration packages are offered to employees by reference to industry remuneration research reports, prevailing market practices and standards and individual merit. Salaries are reviewed annually, and discretionary bonuses are paid with reference to individual performance appraisals, prevailing market conditions and the Group's financial performance. Other benefits offered by the Group include a mandatory provident fund scheme, medical and health insurance.

RISK MANAGEMENT

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

Credit Risk

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

Market Risk

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

Liquidity Risk

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

Operational Risk

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

Regulatory Compliance Risk

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

DIVIDENDS

The Board has resolved not to declare an interim dividend in respect of the six months ended 30 June 2024 (2023: special dividend of HK1.1 cents per share of the Company).

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

During the six months ended 30 June 2024, neither the Company nor any of its subsidiaries had purchased, redeemed or sold any listed securities of the Company.

CORPORATE GOVERNANCE PRACTICES

The Board considers that the Company has applied the principles and complied with the code provisions set out in Corporate Governance Code of Appendix C1 of the Listing Rules (the “Corporate Governance Code”) throughout the six months ended 30 June 2024 and subsequent period up to the date of this announcement, save for the deviations from code provision C.2.1 which is explained as follows:

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

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) under Appendix C3 of the Listing Rules. The code of conduct is also updated from time to time in order to keep abreast with the latest changes in the Listing Rules. It has also been extended to specific employees of the Company who are likely to be in possession of unpublished price sensitive information in respect of their dealings in the securities of the Company.

In response to specific enquiry, all of the Directors confirmed that they have complied with the required standard set out in the Model Code and the code of conduct regarding securities transactions by Directors adopted by the Company throughout the six months ended 30 June 2024.

AUDIT COMMITTEE REVIEW

The audit committee of the Company (which comprises three independent non-executive directors) has reviewed the unaudited condensed consolidated financial results of the Company for the six months ended 30 June 2024 and discussed with the management of the Company the accounting principles and practices adopted by the Group, internal control and financial reporting matters.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

The announcement of unaudited interim results for the six months ended 30 June 2024 of the Group is published on the website of HKEXnews at www.hkexnews.hk and the website of the Company at www.quamplus.com respectively. The 2024 Interim Report of the Company containing all applicable information required by the Listing Rules will be published on the above websites in due course.

On behalf of the Board
Quam Plus International Financial Limited
HAN Xiaosheng
Co-Chairman

Hong Kong, 27 August 2024

As at the date of this announcement, the Board of the Company comprises:

Executive Directors:

Mr. HAN Xiaosheng (*Co-Chairman*)
Mr. Kenneth LAM Kin Hing (*Co-Chairman*)
Mr. LIU Hongwei
Mr. LAM Wai Hon

Independent Non-executive Directors:

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

Non-executive Director:

Mr. FANG Zhou