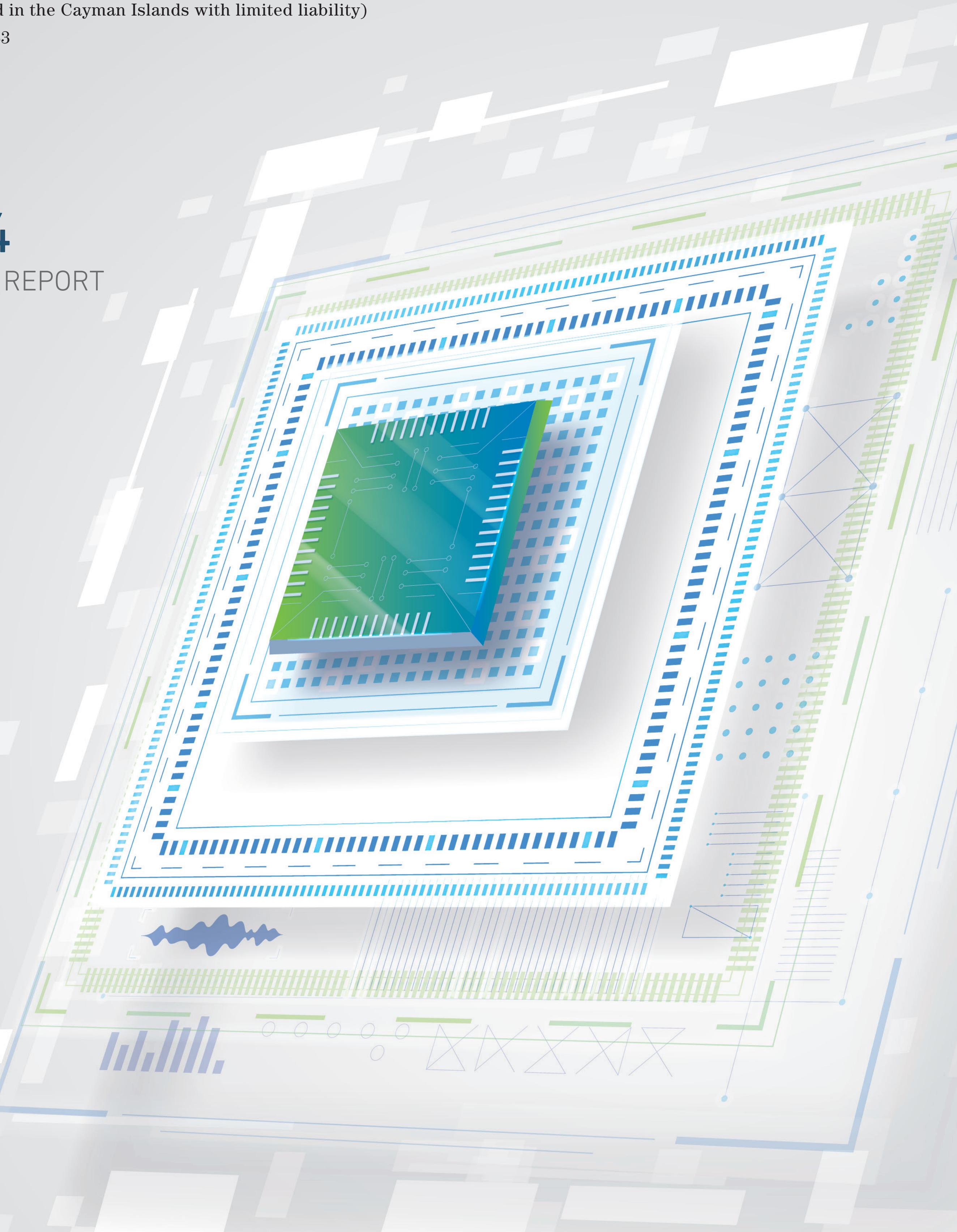
International Genius Company

(Incorporated in the Cayman Islands with limited liability)
Stock Code: 33

2024
ANNUAL REPORT



CONTENTS

CORPORATE INFORMATION

Honorary Chairman

Ng Yu *(Appointed on 25 July 2023)*

Executive Directors

He Xiaobin *(Appointed on 25 April 2024)*
Lin Feng *(Resigned on 25 April 2024)*
Ng Yu *(Chairman) (Resigned on 25 July 2023)*

Non-executive Directors

Dai Chengyan
Sun Qiuzhen *(Resigned on 25 April 2024)*

Independent Non-executive Directors

Fong Man Julisa *(Appointed on 24 July 2024)*
Lo Hang Fong
Wang Jun Sheng
Yip Tze Wai Albert

Executive Committee

He Xiaobin *(Appointed on 25 April 2024)*
Lin Feng *(Resigned on 25 April 2024)*
Ng Yu *(Chairman) (Resigned on 25 July 2023)*

Audit Committee

Yip Tze Wai Albert *(Chairman)*
Lo Hang Fong
Wang Jun Sheng

Remuneration Committee

Wang Jun Sheng *(Chairman)*
Dai Chengyan *(Appointed on 25 July 2023)*
Yip Tze Wai Albert
Ng Yu *(Resigned on 25 July 2023)*

Nomination Committee

Wang Jun Sheng *(Chairman)*
He Xiaobin *(Appointed on 25 April 2024)*
Yip Tze Wai Albert
Lin Feng *(Resigned on 25 April 2024)*

Risk Management Committee

He Xiaobin *(Chairman) (Appointed on 25 April 2024)*
Wang Jun Sheng
Yip Tze Wai Albert
Lin Feng *(Chairman) (Resigned on 25 April 2024)*

Authorised Representatives

He Xiaobin *(Appointed on 25 April 2024)*
Cheung Ka Fai *(Appointed on 25 July 2023)*
Lin Feng *(Appointed on 25 July 2023 and resigned on 25 April 2024)*
Ng Yu *(Resigned on 25 July 2023)*
Leong Kai Weng Subrina *(Resigned on 25 July 2023)*

Joint Company Secretaries

Cheung Ka Fai
Leong Kai Weng Subrina

Website

www.geniusi.com

Registered Office

94 Solaris Avenue
Camana Bay
PO Box 1348
Grand Cayman, KY1-1108
Cayman Islands

CORPORATE INFORMATION

Principal Place of Business in Mainland China

42/F, China Resources Tower
Nanshan District
Shenzhen
Guangdong Province
China

Principal Share Registrar and Transfer Office

Suntera (Cayman) Limited
Suite 3204, Unit 2A
Block 3, Building D, P.O. Box 1586
Gardenia Court, Camana Bay
Grand Cayman
KY1-1100, Cayman Islands

Hong Kong Branch Share Registrar and Transfer Office

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

Principal Bankers

Bank of China (Hong Kong) Limited
Shanghai Pudong Development Bank Co., Ltd.

Auditor

McMillan Woods (Hong Kong) CPA Limited

Stock Code

0033 (Listed on the Main Board of The Stock Exchange of Hong Kong Limited)

MANAGEMENT STATEMENT

Dear Shareholders,

We are pleased to present the annual results of International Genius Company for the financial year ended 30 June 2024. This year has been both transformative and challenging for the Group, as we worked through significant market volatility, executed strategic acquisitions, and realigned our business focus to seize emerging opportunities in the ever-evolving financial and technology landscapes.

Strategic Acquisition and Growth

A key highlight of the year was our acquisition of Deep Neural Computing Company Limited ("DNCC"), a leader in artificial intelligence, deep neural networks, distributed computing, and quantitative trading algorithms. This acquisition marks our commitment to defining the Group as a provider of artificial intelligence trading technology solutions. By incorporating DNCC into our investment management services, we are able to provide more forward-looking, AI-driven solutions that will further expand new markets and enhance our client service capabilities.

Resilience in Challenging Markets

Global economic uncertainty, compounded by fluctuations in the commodities market, presented substantial challenges during the year. Despite these headwinds, we focused on long-term, sustainable growth and successfully optimized operational efficiency. While overall revenue declined, we saw an improvement in gross profit as we managed costs effectively. The issuance of new shares to acquire DNCC, alongside the shareholder-approved share premium reduction, has strengthened our capital structure, allowing greater flexibility for future growth initiatives.

Technological Advancements

As we continue to evolve, we have redefined our asset management segment into a more technology-driven division, focused on AI and quantitative trading solutions. By leveraging the power of artificial intelligence, deep learning, and algorithmic trading models, we aim to deliver more advanced investment strategies that meet the demands of today's digital and data-driven financial world. The introduction of a new share option scheme this year underscores our commitment to attracting and retaining top talent, ensuring we have the right people to drive innovation forward.

Looking Forward

As we enter the new financial year, our focus remains on growth through technology and innovation. We will continue to enhance our operational capabilities and invest in areas aligned with global trends, particularly in integrating advanced technologies with market insights, to redefine financial asset trading through AI. With a solid foundation and a clear strategic vision, we are confident that the Group is well-positioned to deliver sustainable value to our shareholders, clients, and partners in the years ahead.

On behalf of the management team, we would like to extend our sincere gratitude to our shareholders, board members, employees, and partners for their continued support and dedication. Together, we will navigate the challenges and capitalize on the opportunities that lie ahead.

Yours faithfully,

The Management Team
International Genius Company

MANAGEMENT DISCUSSION AND ANALYSIS

COMPANY PROFILE

International Genius Company (the "Company", together with its subsidiaries, the "Group") was incorporated in the Cayman Islands under Companies Act (As Revised) of the Cayman Islands as an exempted company with limited liability on 20 March 2007. The Company's shares were listed on the Stock Exchange on 19 November 2007. The Annual Results of the Group for the year ended 30 June 2024 (the "Reporting Period") was presented together with the audited comparative figures for the year ended 30 June 2023 (the "Corresponding Period").

The Group is principally engaged in the trading of party products, provision of tech-driven investment management services, provision of advancing business and trading of commodities. The Group remains committed to becoming a provider of artificial intelligence trading technology solutions while navigating the challenges presented by global market dynamics to achieve strategic transformation.

FINANCIAL REVIEW

For the year ended 30 June 2024, the Group experienced challenging market conditions, which significantly impacted its financial performance. The total revenue for the period was HK$226.71 million, representing a decrease of 32.11% from the Corresponding Period's HK$333.96 million. This decline in revenue is largely attributed to reduced demand for both party products and commodities within the Group's trading segment, exacerbated by global overcapacity in manufacturing facilities. Oversupply of these materials, driven by economic downturns in key manufacturing sectors, led to intense price competition and compressed profit margins.

Gross profit for the Reporting Period stood at HK$13.07 million, a 4 times increase compared to the Corresponding Period's HK$3.18 million. Gross profit ratio improved from 0.95% in the Corresponding Period to 5.76% for the Reporting Period. Such increase was mainly contributed by the acquired DNCC business. Operating expenses increased by 35.73% to HK$53.42 million, up from HK$39.36 million. The significant rise in operating costs was primarily due to increased depreciation and the allocation of expenses related to the Group's new head office and principal place of business, which commenced operations in May 2023.

The Group's net loss attributable to equity shareholders widened to HK$39.99 million, compared to HK$38.71 million in the Corresponding Period. Cash and bank balances as of 30 June 2024 stood at HK$47.72 million, down from HK$89.08 million in the Corresponding Period.

The Group's total assets were HK$798.09 million, increased by 285% from HK$207.09 million in Corresponding Period while its net current assets as of 30 June 2024 were HK$63.24 million, down from HK$115.51 million in the Corresponding Period.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Trading of Party Products

The Group's revenue from the party products trading segment saw a sharp decline of 51.11%, driven largely by the strategic shift in focus toward commodities trading. The Group's decision to allocate more resources to other segment reflected a proactive approach to adapting to market demands.

Trading of Commodities

The Group's commodities trading segment was significantly impacted by global economic conditions. The demand for commodities weakened as overcapacity in manufacturing facilities created an oversupply in the market, which reduced pricing power and compressed margins. Revenue from this segment fell by 28.67%, amounting to HK$172.35 million for the Reporting Period.

Despite these challenges, there were some positive trends in the global market. China's fixed-asset investment grew by 3.6% in the first seven months of 2024, bolstered by strong growth in infrastructure investment and high-tech industries. Moreover, China's foreign trade surged by 7.1% year-on-year in July 2024, with notable export growth in high-tech products such as smartphones, electromechanical devices and cars. These developments suggest potential growth opportunities in the high-tech sector, offering a bright spot for commodity trading related to this industry.

Tech-Driven Investment Management

On 22 March 2024, the Group completed the acquisition of DNCC, a leading R&D and application company specializing in artificial intelligence, deep neural networks, distributed computing, and quantitative trading algorithms. DNCC boasts a team of experts with years of experience in AI research development. DNCC is an approved manager in the British Virgin Islands ("BVI"), allowing it to act as a manager or advisor to investment funds. It provides a wide range of services, including technical support through cutting-edge technology, distributed neural network algorithms, and robust risk control modules. This acquisition enhances the Group's investment asset management capabilities, particularly in the areas of AI-driven investment strategies and quantitative trading.

After its acquisition and up to 30 June 2024, this newly acquired subsidiary has contributed around HK$9.22 million revenue to the Group. With the continued expansion of its clients network, revenue contributed in this segment is expected to be increased.

Advancing Business

The advancing business of the Group was carried out by a wholly-owned subsidiary ("Subsidiary") of the Company under money lenders license granted by the licensing court in Hong Kong pursuant to the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong).

(a) The Company's advancing business

The Group aims to provide financing to individual and corporate clients of different backgrounds. As the advancing business remains to be limited in scale, the Group targets to source potential client referrals through the business network acquaintances of its existing management and staff. That being the case, the Group does not rule out walk-in clients so long as they can fulfil the relevant credit assessment requirements. The source of funds of the advancing business is funded by the internal resources of the Group.

During the year ended 30 June 2024, the Group had granted loan to nil customer and generated nil revenue from its advancing business.

(b) *Credit risk assessment policy*

The Group has adopted a credit risk policy to manage its advancing business which includes compliance with all applicable laws and regulations, credit assessment on potential borrower and his/its/her assets, the credibility of the borrower, and if applicable, the necessity in obtaining collaterals. The credit risk assessment was made on a case-by-case basis by assessing the background of the borrowers, considering size of the loan, the borrower's financial strength (e.g. ownership of real estate property) and credit history, as well as evaluating whether the borrower is in bankruptcy or liquidation etc. Within a loan category, the interest rates, the duration of the loan and repayment terms of the loan may vary. The determination of the loan terms reflects the risk level of the provision of loan and ensure the risk is at a controllable level.

(c) *Internal controls measures*

Credit limits and approvals

The Group generally takes the following steps to determine limits and approvals:

(a) obtain and review the borrower's identity proof, such as identity card or passport of individuals and corporate documents of corporate entities;

(b) obtain and review the borrower's address proof such as utility bills, bank statements or formal correspondence issued by a government/statutory body;

(c) assess and justify the repayment ability of the borrower by looking into the background of the borrower (including his/her occupation and social status etc.), his/her/its available assets in Hong Kong, previous payments record and other relevant information; and

(d) conduct credit assessment searches such as desktop searches, land searches, company searches, litigation searches and to obtain credit assessment report issued by independent professional firms if necessary.

The Group maintains proper record and documentation for all results of credit assessments and the grant of loan to borrower is subject to the final review and approval of the management team.

Recoverability and collection

The Group has designated staff to closely monitor its loan portfolio and regularly update credit profile and risk associated with each individual borrower. The Group also keep track of the repayment schedule constantly and makes alerts to the management in case of default or late repayment. On a regular basis, the designated staff checks if there is overdue balances or late payment and the risk management staff performs independent reviews on the loans portfolio and closely monitor the status and report to the management. Internal discussions generally take place on a case-by-case basis to determine the necessary recovery actions, including (but are not limited to) phones calls, statutory demand and formal legal actions.

LIQUIDITY AND FINANCIAL RESOURCES

As of 30 June 2024, the Group's cash position and liquidity were significantly impacted by the challenging operating environment. Cash and bank balances stood at HK$47.72 million, compared to HK$89.08 million in the Corresponding Period. Net current assets declined from HK$115.51 million to HK$63.24 million during the same period, highlighting the need for the Group to carefully manage its liquidity position amidst ongoing market volatility. Despite these challenges, the Group remains committed to maintaining a strong financial foundation and exploring strategic growth opportunities.

CAPITAL STRUCTURE AND FUND-RAISING ACTIVITIES

During the Reporting Period, the Group undertook several important changes to its capital structure:

1. Issue of Shares to Acquire DNCC: The Group issued 21,000,000 shares as partial consideration for the acquisition of DNCC. This strategic acquisition allowed the Group to expand into advanced algorithmic and AI-driven investment solutions.

2. Share Premium Reduction: During the Extraordinary General Meeting ("EGM") held on 21 June 2024, the shareholders approved a reduction of approximately HK$4,318 million standing to the credit of the share premium account of the Company. Of this amount, approximately HK$4,176 million was applied to offset the accumulated losses of the Company as at 31 December 2023, and the remaining approximately HK$142 million was transferred to the retained profit account of the Company.

3. Approval of a New Share Option Scheme: At the same EGM, the shareholders also approved the adoption of a new share option scheme. This scheme is aimed at providing incentives to eligible participants, aligning their interests with the long-term success of the Group, and enhancing its ability to attract and retain talent.

As at 30 June 2024 and 30 June 2023, the authorised share capital of the Company was HK$10,000,000,000 divided into 1,000,000,000,000 shares of HK$0.01 each. The issued share capital of the Company as at 30 June 2024 was HK$5,582,451 divided into 558,245,104 shares of HK$0.01 each, compared to HK$5,372,451 and 537,245,104 shares of HK$0.01 each as at 30 June 2023.

Save as disclosed above, for the year ended 30 June 2024, there was no change in the capital structure of the Company.

USE OF PROCEEDS FROM THE RIGHT ISSUE AND SHARE SUBSCRIPTION IN 2020

On 11 September 2020, the Company announced, among other things, a rights issue (the "Rights Issue") at the subscription price of HK$0.71 per rights share on the basis of three (3) rights shares for every one (1) Consolidated Share held by the qualifying shareholders on the record date; and the issuance of up to 330,664,157 subscription shares (the "Share Subscription") under specific mandate for subscription by Neo Tech Inc., where such shares for subscription shall be equivalent to the number of unsold right shares under the Rights Issue and subject to the public float requirement under the Listing Rules. The Rights Issue and Share Subscription were approved by the shareholders at the extraordinary general meeting of the Company held on 27 November 2020. On 13 January 2021, the Rights Issue was approximately 29.35% subscribed, and the remaining 284,673,884 unsubscribed rights shares, representing approximately 70.65% of the total number of rights shares offered under the Rights Issue, and no unsubscribed rights shares were placed under the compensatory arrangements. Accordingly, on 25 January 2021, 284,673,884 subscription shares were allotted and issued by the Company to Neo Tech Inc. for a total consideration of HK$202,118,000 at the subscription price of HK$0.71 per share. The gross proceeds and the net proceeds (after deducting expenses) raised from the Rights Issue and the Share Subscription are approximately HK$286 million and approximately HK$284 million respectively. Details of the Rights Issue and Share Subscription were set out in the circular of the Company dated 4 November 2020, the prospectus of the Company dated 11 December 2020 and the announcements of the Company dated 7 December 2020, 31 December 2020, 13 January 2021 and 25 January 2021 respectively.

The breakdown of the usage of the proceeds up to 30 June 2024 are as follows:

Use of proceeds	Estimated amount HK$ million	Proposed timeline of the intended use of proceeds	Actual Use of Proceeds for the period from 4 November 2020 to 30 June 2021 HK$ million	Unutilised Remaining Proceeds as at 30 June 2021 HK$ million	Actual Use of Proceeds for the period from 1 July 2021 to 30 June 2022 HK$ million	Unutilised Remaining Proceeds as at 30 June 2022 HK$ million	Actual Use of Proceeds for the period from 1 July 2022 to 30 June 2023 HK$ million	Unutilised Remaining Proceeds as at 30 June 2023 HK$ million	Actual Use of Proceeds for the period from 1 July 2023 to 30 June 2024 HK$ million	Unutilised Remaining Proceeds as at 30 June 2024 HK$ million
Repayment of overdue external debts of the Group	50	Within 6 months after the Rights Issue	50	-	-	-	-	-	-	-
Repayment of the shareholder's loan owing by the Company to Dr. Ng Yu	40	Within 6 months after the Rights Issue	40	-	-	-	-	-	-	-
Repayment of overdue Convertible Bonds	110	Within 12 months after the Rights Issue	-	110	110	-	-	-	-	-
Additional capital for trading of party products business	30	Within 6 months after the Rights Issue	30	-	-	-	-	-	-	-
Additional liquid capital for the tech-driven investment management business	15	Within 6 months after the Rights Issue	15	-	-	-	-	-	-	-
Additional capital for the advancing business of the Group	15	Within 12 months after the Rights Issue	-	15	2	13	-	13	-	13 (Note 1)
General working capital	24	Within 36 months after the Rights Issue	-	24	-	24	24	-	-	-
	284		135	149	112	37	24	13	-	13

In view of the above, the Directors consider that the usage of proceeds from the above Right Issue and Share Subscription are consistent with the original purposes.

Note 1: The unutilised Remaining Proceeds is expected to be used by 30 June 2025.

MERGERS, ACQUISITIONS AND DISPOSAL

On 22 March 2024, the Group has completed the acquisition of the entire issued share capital of DNCC. For details of the transaction, please refer to the Company's announcements dated 23 January 2024, 6 March 2024 and 22 March 2024.

Save as disclosed above, the Group did not have any significant mergers, acquisitions or disposal during the Reporting Period.

SIGNIFICANT INVESTMENTS

The Group did not have any significant investments during the Reporting Period.

CHARGE OF ASSETS

As at 30 June 2024, the Group did not have any charge of assets.

CONTINGENT LIABILITIES

As at 30 June 2024, the Group did not have any material contingent liabilities.

FOREIGN CURRENCY RISK

The Group's main operations are located in Hong Kong and the PRC. Most of the assets, income, payments and cash balance are denominated in Hong Kong dollar, Renminbi and US dollar. The Group did not enter into any forward foreign exchange contracts to manage its foreign currency risk during the Reporting Period as the management considered that the Group's exposure to exchange rate risk could be managed.

HUMAN RESOURCES

As at 30 June 2024, the Group had 35 employees (30 June 2023: 36 employees). It is the Group's policy to recruit the right person for each position based on the person's qualification and experience. The remuneration of each employee is reviewed every year based on the performance of the employee with reference to the prevailing market conditions.

CAPITAL COMMITMENTS

As at 30 June 2024, the Group did not have any material capital commitment.

PROSPECTS

With the completion of the acquisition of DNCC, the Group has expanded its technology-driven investment management business, establishing an advanced and mature trading technology system centered on cutting-edge technologies such as neural networks and distributed computing, while continuously deepening and exploring this market. the Group will continue to develop trading algorithm based on machine learning and deep learning, in order to form our core product "IGC Prophet". The technology conglomerate will provide clients with customized one-stop AI trading technology solution that can be commercialized and applied to multiple international financial trading sectors.

Globally, AI-driven asset management and quantitative trading have seen rapid growth. The global algorithmic trading market is projected to reach USD42.99 billion by 2030, growing at a compound annual growth rate (CAGR) of 12.2%. This surge is attributed to the increasing demand for fast and reliable order execution, coupled with the ability to reduce transaction costs. Algorithmic trading solutions are widely used in sectors like high-frequency trading, arbitrage, and trend trading strategies.

In addition, the global algorithmic trading market is expected to reach USD26.7 billion by 2027, driven by increased demand for AI and automation in financial services, and the growing adoption of algorithmic trading in stock and foreign exchange markets. The Group's ability to offer cutting-edge AI and quantitative trading solutions provides it with a competitive advantage in this expanding market.

Furthermore, the rising adoption of cloud-based algorithmic trading solutions is another key driver of growth. Cloud-based systems are cost-effective, scalable, and allow businesses of all sizes to access advanced algorithmic trading platforms. This trend opens new opportunities for the Group to offer its services across diverse markets.

As the demand for AI-driven solutions and quantitative trading models continues to grow, the Group is confident that it can capitalize on these trends to further expand its tech-driven investment management footprint. By offering advanced technologies and robust risk management capabilities, the Group is well-positioned to attract institutional investors, hedge funds, and other major financial players.

CORPORATE GOVERNANCE REPORT

The Company is committed to maintaining a high standard corporate governance and has put in place self-regulatory corporate practices to protect the interests of its shareholders and the enhancement of shareholder's value. We are committed to providing high-quality products and services to the satisfaction of our customers; to maintaining high standards of business ethics and achieving these goals while, at the same time, providing satisfactory and sustainable returns to shareholders. The Board had adopted the Code on Corporate Governance Practices (the "CG Code") as contained in Appendix C1 of the Listing Rules.

For the year ended 30 June 2024, the Company has complied with the code provisions set out in the CG Code except the following.

Under C.2.1 of the CG Code, the role of Chairman and Chief Executive Officer should be separated and should not be performed by the same individual and the division of responsibilities between Chairman and Chief Executive Officer should be established and set out in writing. The Company had no Chairman for the year ended 30 June 2024 since 25 July 2023. The functions of Chairman were performed by the Executive Committee of the Board. The Board considered that this structure had not impaired the balance of the power and authority between the Board and the management of the Company, and had been effective in discharging its responsibilities satisfactorily and facilitating the Company's operation and business development.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 of the Listing Rules regarding directors' dealing in securities. Having made specific enquiries to all Directors, all Directors have confirmed that they have fully complied with the required standard set out in the Model Code for the Reporting Period.

THE BOARD

Composition

As at 30 June 2024, the Board comprises one executive Director, one non-executive Director and three independent non-executive Directors. The number of independent non-executive Directors constitute one-third of the Board which is in compliance with the requirement under Rule 3.10A of the Listing Rules.

The biographical details of the Board members are set out on page 51 of this report. To the best knowledge of the Company, the Board members have no financial, business, family or other material/relevant relationship among themselves.

The Board appointed during the year ended 30 June 2024, namely Dr. He Xiaobin, (i) had obtained the legal advice referred to in Rule 3.09D of the Listing Rules; and (ii) had confirmed that he understood his obligations as a Director.

Roles and Functions

The Board is responsible for the formulation of business policies and strategies in relation to the business operation of the Group, for nomination and appointment of directors, and to ensure the availability of resources as well as to the effectiveness of its system of internal control. The Chief Executive Officer and the senior management was delegated the authority and responsibilities by the Board for the day-to-day management and operations of the Group. In addition, the Board has also established Board sub-committees and has delegated to these Board committees various responsibilities set out in their terms of reference respectively. Each Director shall ensure that he/she carries out his/her duty in good faith and in compliance with the standards of applicable laws and regulations, and acts as in the interests of the Company and its shareholders at all times.

Code provision C.5.1 of the CG Code stipulates that board meetings should be held at least four times a year at approximately quarterly intervals with active participation of the majority of the Directors, either in person or through electronic means of communications.

During the Reporting Period, 4 Board meetings were held, one annual general meeting and one extraordinary general meeting were held on 15 December 2023 and 21 June 2024 respectively. The composition of the Board and attendance of each director are set out as follows:

	Number of Attendance	
Directors	**Board Meetings**	**General Meetings**
Executive Directors		
He Xiaobin *(Appointed on 25 April 2024)*	0/2	1/1
Lin Feng *(Resigned on 25 April 2024)*	3/3	1/1
Ng Yu *(Resigned on 25 July 2023)*	N/A	N/A
Non-executive Directors		
Dai Chengyan	4/4	2/2
Sun Qiuzhen *(Resigned on 25 April 2024)*	2/3	1/1
Independent Non-executive Directors		
Fong Man Julisa *(Appointed on 24 July 2024)*	N/A	N/A
Lo Hang Fong	2/4	2/2
Wang Jun Sheng	2/4	2/2
Yip Tze Wai Albert	2/4	2/2

The Directors and the auditor had attended the annual general meeting to answer questions at the meeting.

Board minutes are kept by the Company Secretary and are open for inspection by the Directors.

INDEPENDENT NON-EXECUTIVE DIRECTORS

The Independent Non-executive Directors are persons with academic and professional qualifications as stated in Directors and Senior Management section. They support the effective discharge of the duties and responsibilities of the Board, and to bring independent views and input to the Board. The Company has sent out annual confirmation of independence to all independent non-executive directors who were on board at any time during the Reporting Period. Each of the current Independent Non-executive Director has provided an annual confirmation of independence to the Company and the Company considers these Directors to be independent under Rule 3.13 of the Listing Rules. No equity-based remuneration with performance-related elements will be granted to Independent Non-executive Directors to avoid bias in their decision-making and compromise their objective and independence.

The change of the Directors during the Reporting Period are set out in the section headed "the Board" in this corporate governance report.

BOARD COMMITTEES

A. Executive Committee

To assist the Board in running the operations on a daily basis, the Board had set up a sub-committee, namely Executive Committee on 15 July 2009. The terms of reference of the Executive Committee are available on the Company's website at www.geniusi.com and the website of the Stock Exchange.

During the Reporting Period, no Executive Committee meeting was held.

B. Audit Committee

The Audit Committee was established on 30 October 2007. The Company adopted a set of revised written terms of reference for the Audit Committee in February 2023. The Audit Committee serves as a means to increase the effectiveness, accountability, transparency and objectivity of the Board, to monitor adherence to and compliance with management policies and procedures, to improve the quality of financial reporting and to create a climate of discipline and control which will reduce the opportunity for fraud.

The Audit Committee shall meet at least four times a year.

The major roles and functions of the Audit Committee are as follows:

(a) to be primarily responsible for considering and making recommendation to the Board on the appointment, reappointment and removal of the external auditor, and to approve the audit fee and terms of engagement of the external auditor, and any questions of resignation or dismissal of that auditor;

(b) to develop and implement policy on the engagement of an external auditor to supply non-audit services. For this purpose, external auditor shall include any entity that is under common control, ownership or management with the audit firm or any entity that a reasonable and informed third party having knowledge of all relevant information would reasonably conclude as part of the audit firm nationally or internationally. The Audit Committee should report to the Board, identifying any matters in respect of which it considers that action or improvement is needed and making recommendations as to the steps to be taken;

(c) to monitor integrity of financial statements of the Company and the Company's annual report and accounts, half-year report and, if prepared for publication, quarterly reports, and to review significant financial reporting judgment contained in them. In this regard, in reviewing the Company's annual report. Half-year report and, if prepared for publication, quarterly reports before submission to the Board, the committee should focus particularly on:

i. any changes in accounting policies and practices;

ii. major judgmental areas and any inconsistencies within the financial statements;

iii. significant adjustments resulting from audit;

iv. the going concern assumption and any qualifications;

v. compliance with accounting standards and requisite disclosure of any relevant or unusual items in the financial statements (if any); and

vi. compliance with applicable laws, rules, regulations, codes, directives, standards and guidance promulgated by the Securities and Futures Commission, the Stock Exchange and other regulatory bodies or authorities in relation to financial reporting.

(d) With regard to (c) above:

i. Members must liaise with the Board, senior management and the person appointed as the Company's qualified accountant and the committee must meet, at least twice a year, with the Company's auditors. The external auditors may request a meeting if they consider necessary; and

ii. the Audit Committee should consider any significant or unusual items that are, or may need to be, reflected in such reports and accounts and must give due consideration to any matters that have been raised by the Company's staff responsible for the accounting and financial reporting function, compliance officer or auditors;

(e) to discuss problems and reservations arising from the interim and final audits, and any matters the external auditors may wish to discuss (in the absence of management where necessary);

(f) to review the external auditor's management letter, any material queries raised by the auditor to management in respect of the accounting records, financial accounts or systems of control and management's response thereto; and to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards. The Audit Committee should discuss with the auditor and reporting obligations before the audit commences;

(g) to ensure that the Board will provide a timely response to the issues raised in the external auditor's management letter;

(h) to review the Company's financial controls, internal control and risk management systems;

(i) to discuss the internal control system with management to ensure that the management has discharged its duty to have an effective internal control system including the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function;

(j) to consider any findings of major investigations of internal control matters as delegated by the Board or on its own initiative and management's response thereto;

(k) where an internal audit function exists, to ensure co-ordination between the internal and external auditors, and to ensure that the internal audit function is adequately resourced and has appropriate standing with the Company, and to review and monitor the effectiveness of the internal audit function;

(l) to review the group's financial and accounting policies and practices;

(m) to monitor compliance with management practice and policies laid down by the Group;

(n) to review the Group's annual business plan and revised business plans;

(o) to report to the Board on the matters set out in the provision of the Code of Corporate Governance Practices;

(p) to consider other topics, as defined by the Board from time to time;

(q) to review arrangements employees of the Company can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters. The Audit Committee should ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action and monitor the Group's whistleblowing policy and system for employees to raise concerns, in confidence, with the audit committee about possible improprieties in any matter related to the Company;

(r) to act as the key representative body for overseeing the Company's relations with the external auditor; and

(s) to make available this terms of reference, explaining its role and the authority delegated to it by the Board by publishing them to the websites of the Stock Exchange and the Company.

The Audit Committee had reviewed the Group's internal control during the Reporting Period. The Group's final results for the Reporting Period had been reviewed by the Audit Committee before submission to the Board for approval. The Audit Committee had also reviewed this annual report, and confirmed that the annual report is complete and accurate and complies with all relevant rules and regulations, including but not limited to the Listing Rules. There is no disagreement between the Directors and the Audit Committee regarding the selection and appointment of the Auditor.

The Audit Committee comprises Independent Non-executive Directors, namely Mr. Yip Tze Wai Albert, Mr. Wang Jun Sheng and Mr. Lo Hang Fong. Mr. Yip Tze Wai Albert is the Chairman of the Audit Committee. The terms of reference of Audit Committee are available on the Company's website at www.geniusi.com and the website of the Stock Exchange.

During the Reporting Period, four Audit Committee meetings were held to consider and approve, among other things, (i) the audit planning; (ii) the audited consolidated financial statements for the year ended 30 June 2024; and (iii) the unaudited consolidated financial statements for the six months ended 31 December 2023. The attendance of each member of Audit Committee is set out as follows:

	Number of Attendance/ Number of Audit Committee Meeting(s) held
Independent Non-executive Directors	
Yip Tze Wai Albert	4/4
Wang Jun Sheng	4/4
Lo Hang Fong	4/4

C. Remuneration Committee

The Remuneration Committee was established on 30 October 2007. The Company adopted a set of revised written terms of reference for the Remuneration Committee in February 2023. The Remuneration Committee serves to ensure that senior management are fairly rewarded for their individual contributions to the Company's overall performance and demonstrate that the remuneration of senior management is set by a committee which has no bias in the making of and no personal interest in the outcome of its decision and which gives due regard to the interests of the public and the financial health of the Company.

The Remuneration Committee shall meet at least twice a year.

The major roles and functions of the Remuneration Committee are as follows:

(a) to make recommendations to the Board on the Company's policy and structure for all Directors and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;

(b) to have the delegated responsibility to determine the specific remuneration packages of all executive Directors and senior management, including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment. The Remuneration Committee should consider factors such as salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the group;

(c) to make recommendations to the Board of the remuneration of non-executive Directors, and should not grant equity-based remuneration (e.g. share options or grants) with performance-related elements to independent non-executive Directors;

(d) either:

i. to determine, with delegated responsibility, the remuneration packages of individual executive Directors and senior management; or

ii. to make recommendations to the Board on the remuneration packages of individual executive Directors and senior management.

This should include benefits in kind, pensions rights and compensation payments, including any compensation payable for loss or termination of their office or appointment.

If (d)(ii) above is adopted, where the Board resolves to approve any remuneration or compensation arrangements with which the Remuneration Committee disagrees, the Board should disclose the reasons for its resolution in its next Corporate Governance Report.

(e) to review and approve the management's remuneration proposals with reference to corporate goals and objectives resolved by the Board from time to time;

(f) to review and approve the compensation payable to executive Directors and senior management in connection with any loss or termination of their office or appointment to ensure that such compensation is determined in accordance relevant contractual terms and that such compensation is otherwise fair and not excessive for the issuer;

(g) to review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that such arrangements area determined in accordance with relevant contractual terms and that any compensation payment is otherwise reasonable and appropriate;

(h) to ensure that no Director or any of his associates is involved in deciding his own remuneration;

(i) to review and approve matters relating to share schemes under Chapter 17 of the Listing Rules, including any grants of share options or awards to directors or senior management and ensure the share options or awards offered by the Company to directors or senior management (if any) are in accordance with Chapter 17 of the Listing Rules, as applicable;

(j) to make available this terms of reference, explaining its role and the authority delegated to it by the Board by publishing them to the websites of the Stock Exchange and the Company; and

(k) to consider other topics as defined by the Board.

The Remuneration Committee comprises Independent Non-executive Directors, namely Mr. Yip Tze Wai Albert and Mr. Wang Jun Sheng, Non-executive Director, namely Mr. Dai Chengyan (appointed on 25 July 2023) and Executive Director, namely Dr. Ng Yu (resigned on 25 July 2023). Mr. Wang Jun Sheng is the Chairman of the Remuneration Committee. The terms of reference of Remuneration Committee are available on the Company's website at www.geniusi.com and the website of the Stock Exchange.

During the Reporting Period, two Remuneration Committee meeting was held. The attendance of each member of Remuneration Committee is set out as follows:

Directors	**Number of Attendance/ Number of Remuneration Committee Meeting(s) held**
Independent Non-executive Directors	
Wang Jun Sheng *(Chairman)*	2/2
Yip Tze Wai Albert	2/2
Non-executive Director	
Dai Chengyan *(Appointed on 25 July 2023)*	2/2
Executive Director	
Ng Yu *(Resigned on 25 July 2023)*	N/A

During these meetings, the Remuneration Committee reviewed the remuneration packaged for all Directors and senior management, the employee's salary increment proposal and relevant reports.

Details of remuneration paid to members of senior management other than the directors fell within the following bands:

	Number of individuals
HK$500,001 to HK$1,000,000	2
HK$1,000,001 to HK$1,500,000	2
HK$1,500,001 to HK$2,000,000	1

D. Nomination Committee

The Nomination Committee was established on 27 March 2012. The Company adopted a set of revised written terms of reference for the Nomination Committee in February 2023.

The Nomination Committee shall meet at least once every year.

The major roles and functions of the Nomination Committee are as follows:

– to review the structure, size, composition and diversity (including without limitation, gender, age. culture and education background, ethnicity, professional experience, skills, knowledge and length of service) of the Board at least annually and make recommendations to the Board on any proposed changes to complement the Company's corporate strategy with due regard to the diversity of the Board;

– to review the board diversity policy, as appropriate and review the measurable objectives that the Board has set for implementing the board diversity policy, and the progress on achieving the objectives; and make disclosure of its review results in the corporate governance report annually;

– to identify individuals suitably qualifies to become Board members and select or make recommendations to the Board on the selection of, individuals nominated or directorships, having due regard to the policy concerning diversity of Board members (the "Board Diversity Policy"), the requirements in the Company's constitution, the Listing Rules, applicable laws and regulations, and the relevant candidates' contributions to the Board in terms of qualifications, skills, experiences, independence, gender diversity and perspectives. In identifying suitable individuals, the Committee shall consider individual on merit and against the objective criteria, with due regard for the benefits of diversity on the Board;

– to assess the independence of independent non-executive directors with regards to the requirements of the Listing Rules (as amended from time to time);

– when identifying and nominating individuals to become an independent non-executive Director, to assess whether and why such individual would be able to devote sufficient time to the Board if he/she will be holding his/her seventh (or more) listed company directorship;

– to make recommendations to the Board on relevant matters relating to the appointment or re-appointment of directors and succession planning for directors, in particular the chairman and the chief executive officer of the Company;

– to formulate and review the policy for the nomination of Directors (the "Nomination Policy") which includes the nomination process and the criteria for the Nomination Committee and/or the Board to identify, select and recommend candidates for directorship, and to make disclosure in the Company's corporate governance report annually;

– to assess the independence of independent non-executive Directors. In particular, for independent non-executive directors serving more than nine years ("Long Serving INED"), to explain factors considered, the process and discussion of the Nomination Committee in arriving at the conclusion that the relevant Long Serving INED is independent when making recommendations to the Board on the re-election of such Long Serving INED and for an individuals holding cross-directorships or has significant links with other directors through involvements in other companies or bodies; and

– to make available these terms of reference and the authority delegated to it by the Board by publishing them to the websites of the Stock Exchange and the Company.

The Board has adopted the "Nomination Policy" on 1 January 2019 in relation to the nomination, appointment, re-appointment of new Directors and the nomination procedure of the Company, which provides that in evaluating and selecting any candidate for directorship, the Nomination Committee shall consider the candidates' character and integrity, skills, experience and professional expertise, diversity on the Board, independence, willingness to devote adequate time to discharge duties as a Board member and such other criteria that are appropriate to the business of the Company.

Pursuant to the Articles of Association, the Company may from time to time in general meeting by ordinary resolution appoint directors to fill a casual vacancy on the Board or as an addition to the existing Board. In accordance with provisions of the relevant laws and regulations and the Articles of Association, new candidates suitable for appointment is recommended to the Board by the Nomination Committee following a process involving: (i) review of the structure, size, composition and diversity of the Board; (ii) identification of individuals suitably qualified to become Board members; and (iii) recommendations made to the Board on matters relating to the appointment or re-appointment of, and succession planning for directors.

The Nomination Committee comprises Independent Non-executive Directors, namely Mr. Wang Jun Sheng (Chairman), and Mr. Yip Tze Wai Albert, and Executive Directors, namely Dr. He Xiaobin (appointed on 25 April 2024) and Dr. Lin Feng (resigned on 25 April 2024). The terms of reference of Nomination Committee are available on the Company's website at www.geniusi.com and the website of the Stock Exchange.

During the Reporting Period, one Nomination Committee meeting was held. The attendance of each member of Nomination Committee is set out as follows:

Directors	**Number of Attendance/ Number of Nomination Committee Meeting(s) held**
Independent Non-executive Directors	
Wang Jun Sheng *(Chairman)*	1/1
Yip Tze Wai Albert	1/1
Executive Directors	
He Xiaobin *(Appointed on 25 April 2024)*	N/A
Lin Feng *(Resigned on 25 April 2024)*	1/1

During the meeting, the Nomination Committee reviewed the board structure of the Company and recommended candidates for directorship.

Board Diversity Policy

The Board has adopted a Board Diversity Policy in August 2013 which sets out the approach to achieve diversity on the Board. The Board reviews and monitors the implementation of the Board Diversity Policy on a regular basis to ensure its effectiveness.

The Company recognises and embraces the benefits of having a diverse Board to enhance the quality of its performance.

The Company seeks to achieve Board diversity through the consideration of a number of factors, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board. The Company also takes into consideration its own business model and specific needs from time to time in determining the optimum composition of the Board.

The Nomination Committee has set measurable objectives based on four focus areas: gender, age, working experience and ethnicity to implement the Board Diversity Policy. Such objectives will be reviewed from time to time to ensure their appropriateness and the progress made towards achieving those objectives will be ascertained. The Nomination Committee will review the Board Diversity Policy, the measurable objectives and the progress on achieving the objectives, as appropriate, to evaluate the continued effectiveness and successful implementation of the Board Diversity Policy from time to time.

The Company aims to maintain an appropriate balance of diversity perspectives of the Board. The Board has achieved gender diversity in accordance with the requirements of the CG Code and targets to maintain at least the current level of female representation. As at the date of this report, the Board comprises five male directors and one female director.

E. Risk Management Committee

The Risk Management Committee was established on 28 December 2015. The Company adopted a set of revised written terms of reference for the Risk Management Committee in February 2023.

The Risk Management Committee shall meet at least once every year.

The major roles and functions of the Risk Management Committee are as follows:

(a) to discuss the risk management system with management to ensure that the management has discharged its duty to have an effective risk management system including the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function;

(b) to consider any findings of major investigations of risk management matters as delegated by the Board or on its own initiative and management's response thereto;

(c) to review the Company's risk management policies and guidelines and monitor the implementation and development of the risk management system of the Company;

(d) to conduct assessment of the strategic, financial, operational, compliance and other risks of the Company;

(e) to evaluate and make recommendation to the Board for the determination of acceptable level of risk of the Company regarding major decisions;

(f) to consider and adjust the Company's risk management strategies in accordance with the acceptable level of risk considered and approved by the Board;

(g) to review at least once per annum the effectiveness of the risk management internal control systems of the Company, and to consider, in particular, the following matters in the annual review under the risk management system:

    i the changes, since the last annual review, in the nature and the extent of significant risks and the Company's ability to respond to changes in its business and external environment;

    ii. the scope and quality of the management's ongoing monitoring of the risks and the internal control system, and where applicable, the work of its internal audit function and other assurance providers;

    iii. the extent and frequency of communication of monitoring results to the Board (or board committee(s)) which enables the Risk Management Committee to assess control of the Company and the effectiveness of risk management;

iv. significant control failings or weakness that have been identified during the period and the extent to which they have results in unforeseen outcomes or contingencies that have had, may have or may in the future have, a material impact on the Company's financial performance or condition; and

v. the effectiveness of the Company's procedures on financial reporting and the compliance of the Listing Rules.

(h) to report on how it met its responsibilities in its review of the Company's risk management and internal control systems and the effectiveness of the Company's internal audit function, which should cover all material controls, including financial, operational and compliance controls; and

(i) to conduct any other matters related to risk management in accordance with the instructions of the Board from time to time.

The Risk Management Committee comprises executive Directors, namely, Dr. He Xiaobin (Chairman) (appointed on 25 April 2024) and Dr. Lin Feng (Chairman) (resigned on 25 April 2024) and Independent Non-executive Directors, namely Mr. Wang Jun Sheng and Mr. Yip Tze Wai Albert. The terms of reference of Risk Management Committee are available on the Company's website at www.geniusi.com and the website of the Stock Exchange.

During the Reporting Period, one Risk Management Committee meeting was held. The attendance of each member of Risk Management Committee is set out as follows:

Directors	**Number of Attendance/ Number of Risk Management Committee Meeting(s) held**
Independent Non-executive Directors	
Yip Tze Wai Albert	1/1
Wang Jun Sheng	1/1
Executive Directors	
He Xiaobin *(Chairman) (Appointed on 25 April 2024)*	N/A
Lin Feng *(Chairman) (Resigned on 25 April 2024)*	1/1

During the meeting, the Risk Management Committee reviewed the Group's risk management process and internal control system.

Internal Control and Risk Management

The Board is responsible for maintaining a sound and effective internal control and risk management systems. Such systems are in place and designed to manage risk rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable assurance against material misstatement or loss in order to safeguard the interests of the shareholders and the assets of the Group against unauthorised use or disposition, ensuring maintenance of proper books and records for the provision of reliable financial information, and ensuring compliance with the relevant rules and regulations.

During the Reporting Period, the Group has engaged a professional firm as an independent advisor to perform an annual internal control review. For details, please refer to "Risk Management and Internal Control" section of this Corporate Governance Report.

Corporate Governance Functions

No Corporation Governance Committee has been established and the Board is responsible for performing the corporate governance functions such as development and reviewing the Company's policies and practices on corporate governance; reviewing and monitoring the training and continuous professional development of directors and senior management; reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements; and reviewing the Company's compliance with the code and disclosure in this Corporate Governance Report.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

The procedures and process of appointment, re-election and removal of Directors are laid down in the Company's Articles of Association. The Board as a whole is responsible for reviewing the Board composition, developing and formulating the relevant procedures for nomination and appointment of Directors, monitoring the appointment and succession planning of Directors and assessing the independence of Independent Non-executive Directors. Non-executive Directors are appointed for a fixed terms of 3 years.

According to Article 130, one-third of the Directors for the time being, or if their number is not a multiple of three, then the number nearest to but not less than one-third shall retire from office by rotation at every annual general meeting provided that every Director shall be subject to retirement by rotation at least once every three years. A retiring Director shall be eligible for re-election. Accordingly, Mr. Lo Hang Fong and Mr. Wang Jun Sheng shall retire from office at the forthcoming annual general meeting of the Company and shall offer themselves for re-election.

In addition, in accordance with Article 114, any new Director appointed to fill a casual vacancy or as an addition to the Board shall hold office only until the first annual general meeting of the Company after his/her appointment and be subject to re-election. Accordingly, Dr. He Xiaobin and Ms. Fong Man Julisa will retire and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting of the Company.

Board Process

The Board held meetings from time to time whenever necessary. Reasonable prior notice of regular Board meetings is given to all directors and they can include matters for discussion in the agenda as they think fit. The agenda accompanying Board papers are sent to all directors at reasonable time before the date of every Board meeting in order to allow sufficient time for the directors to review the documents.

Minutes of every Board meeting are circulated to all directors for their perusal and comments prior to confirmation of the minutes. The Board also ensures that it is supplied in a timely manner with all necessary information in a form and of a quality appropriate to enable it to discharge its duties.

Every Board member has full access to the advice and services of the Company Secretary with a view to ensuring that Board procedures, and all applicable rules and regulations are followed and they are also entitled to have full access to Board papers and related materials so that they are able to make an informed decision and to discharge their duties and responsibilities.

Professional Development

Each newly appointed Director receives induction on the first occasion of his/her appointment, so as to ensure that he/she has an appropriate understanding of the business and operations of the Company.

To assist directors' continuing professional development, the Company recommends directors to attend relevant seminars to develop and refresh their knowledge and skills. Pursuant to the CG Code, all Directors should participate in continuous professional development to develop and refresh their knowledge and skills. During the Reporting Period, based on information available to the Board and to the best knowledge of the Board, details of Directors participation in continuous professional development programmes are as follows:

	Training activities including in-house activities/briefings, seminars/talks held by professional organisations and/or reading materials on relevant topics
Executive Directors	
He Xiaobin *(Appointed on 25 April 2024)*	✓
Lin Feng *(Resigned on 25 April 2024)*	✓
Ng Yu *(Resigned on 25 July 2023)*	✓
Non-executive Directors	
Dai Chengyan	✓
Sun Qiuzhen *(Resigned on 25 April 2024)*	✓
Independent Non-executive Directors	
Fong Man Julisa *(Appointed on 24 July 2024)*	✓
Wang Jun Sheng	✓
Lo Hang Fong	✓
Yip Tze Wai Albert	✓

All the Directors also understand the importance of continuous professional development and are committed to participating any suitable training to develop and refresh their knowledge and skills.

DIRECTOR'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Directors acknowledge their responsibilities for the preparation of the consolidated financial statements of the Group for the Reporting Period and ensure that they are prepared in accordance with statutory requirements and applicable accounting standards. The Director also ensure the timely publication of such consolidated financial statements.

The statement of the external auditor of the Company, McMillan Woods (Hong Kong) CPA Limited, with regard to its reporting responsibilities on the Group's consolidated financial statements, is set out in the Independent Auditor's Report included in this annual report.

The Directors confirm that, to the best of their knowledge, having made a reasonable enquiries, they are not aware of any material uncertainties relating to events or conditions which may cause the Group not to continue as a going concern. For details, please refer to "Liquidity and Financial Resources" in the "Management Discussion and Analysis" section.

BUSINESS MODEL AND STRATEGY

The Group has the mission to excelling its diversified business whilst maintaining long term profitability and assets growth with adoption of flexible business model and strategy and prudential risk and capital management framework. The Board have played and will continue to play a proactive role in the Group's development of business model to preserve the culture of the Group in serving customers well with premium service quality; the Group's business strategic drive for business expansion and opportunities; and the Group's setting of strategic goals, priorities and initiatives undertaken to motivate staff to achieve business and financial targets. Details of the Group's Business Review and Financial Review during the Reporting Period are set out in the "Management Discussion and Analysis" section of this annual report.

AUDITOR'S REMUNERATION

For the Reporting Period, the fees paid/payable to the Company's auditor in respect of audit and non-audit services provided by the Company's auditor to the Group were as follows:

	HK$'000
Audit services	950
Non-audit services	75
	1,025

JOINT COMPANY SECRETARIES

Ms. Leong Kai Weng Subrina ("Ms. Leong") and Mr. Cheung Ka Fai ("Mr. Cheung") were the joint company secretaries of the Company during the Reporting Period. The biographical details of Ms. Leong and Mr. Cheung are set out under the section headed "Directors and Senior Management". According to the Rule 3.29 of the Listing Rules, both Ms. Leong and Mr. Cheung has taken no less than 15 hours of relevant professional training during the Reporting Period.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board is responsible for the Group's system of risk management and internal control and for monitoring its adequacy and effectiveness. The systems are designed to manage the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board has overall responsibility for evaluating and determining the nature and extent of the risks (including ESG risks) it is willing to take in achieving the Group's strategic objectives, and maintaining appropriate and effective risk management and internal control systems for the Group.

The management of the Company has established a set of comprehensive policies, standards and procedures in areas of operational, financial and risk controls for (i) safeguarding assets against unauthorised use or disposition; (ii) maintaining proper accounting records; and (iii) ensuring the reliability of financial information to achieve a satisfactory level of assurance against the likelihood of the occurrence of fraud and errors.

The Board through the Risk Management Committee, has overseen the Company's risk management and internal control systems on an ongoing basis. A year-end review of the effectiveness of the Group's risk management and internal control systems has been conducted annually by the Risk Management Committee, and the significant risk issues, if any, are referred to the Board with management responses and recommendations for consideration. The Company engaged ZHONGHUI ANDA Risk Services Limited ("Zhong Hui Anda Risk") as the internal control consultant, to perform internal audit function of the Company by conducting an independent internal control review to assess the effectiveness of the financial, operational and compliance controls, and risk management functions of the Company and the Group's major subsidiaries on a rotation basis. For the Reporting Period, the internal control review performed by Zhong Hui Anda Risk covered major activities and material controls including operational, financial and compliance of the Group's business units and no material deficiencies were discovered. The Board has reviewed and considered the Company's risk management and internal control systems were effective and adequate during the Reporting Period.

Dissemination of Inside Information

The Company has a policy for handling and disclosing inside information for allowing a balanced, clear and fair assessment of the Group's performance by the Shareholders, potential investors and stakeholders of the Company. The Company understands its liabilities under the Listing Rules and the SFO. As the Group has adopted the Model Code as the code of conduct for securities transactions by Directors and designated staff, their dealings in the Company's securities are strictly prohibited before the publication of inside information to the public.

Whistleblowing Policy

The Group has formulated the whistleblowing policy for employees and business partners (including customers and suppliers) to raise concerns, in confidence, about possible improprieties, unethical acts or non-compliance issues in operation, financial reporting or other matters. Such arrangement will be reviewed by the Audit Committee/Risk Management Committee which ensures that proper arrangement is in place for fair and independent investigation of the matters.

The Group also issued prevention of bribery and corruption policy to ensure employees are aware of anti-corruption laws and regulations and regulatory obligations.

Anti-Corruption Policy

A fair and open business environment is important for every business. Corruption will undermine a fair playing field and destroy the reputation of the business. Therefore, we required all employees, suppliers and customers to comply with the anti-corruption laws and regulations. The Group will take follow-up action immediately if a non-compliance case is noted. The Company has reviewed the existing anti-corruption approach and considered it satisfactory.

Shareholder's Rights

The general meetings of the Company provide an opportunity for communications between the shareholders and the Board. An annual general meeting of the Company shall be held in each year and at the place as may be determined by the Board. Each general meeting, other than an annual general meeting, shall be called an Extraordinary General Meeting ("EGM").

— Right to convene Extraordinary General Meeting

Any two or more members or any one member of the Company which is a recognised clearing house (or its nominee(s)) holding at the date of the deposit of the requisition not less than one-tenth of the paid-up capital of the Company carrying the right of voting at general meetings of the Company, shall at all times have the right, by written requisition sent to the Company's principal office as set out in the manner below, to require an EGM to be called by the Board for the transaction of any business specified in such requisition.

The written requisition must state the purposes of the meeting, signed by the requisitionist(s) and deposit it to the Board or the Company Secretary of the Company at the Company's principal place of business at 42/F, China Resources Tower, Nanshan District, Shenzhen, Guangdong Province, China.

The request will be verified with the Company's branch share registrar in Hong Kong and upon their confirmation that the request is proper and in order, the Company Secretary of the Company will ask the Board to convene an EGM by serving sufficient notice in accordance with the statutory requirements to all registered members. On the contrary, if the request has been verified in not in order, the shareholders will be advised of this outcome and accordingly, an EGM will not be convened as requested. If within 21 days from the date of the deposit of the requisition the Board fails to proceed to convene such meeting to be held with a further 21 days, the requisitionist(s), may convene a meeting in the same manner within three months from the date of deposit of the requisition, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed by the Company to the requisitionist(s).

The Notice period to be given to all registered members for consideration of the proposal raised by the requisitionist(s) concerned at the EGM varies according to the nature of the proposal, as follows:

— At least 14 clear days' notice writing (and not less than 10 clear business days) if the proposal constitutes an ordinary resolution of the Company;

— At least 21 clear days' notice in writing (and not less than 10 clear business days) if the proposal constitutes a special resolution of the Company in EGM.

— Right to put enquiries to the Board

Shareholders have the right to put enquiries to the Board. All enquiries shall be in writing and sent by post to the principal place of business of the Company in Hong Kong for the attention of the Company Secretary.

— Right to put forward proposals at general meetings

There are no provisions allowing shareholders to propose new resolutions at the general meetings under the Cayman Islands Companies Law (2011 Revision). However, shareholders are requested to follow Article 79 of the Company's Articles of Association for including a resolution at an EGM. The requirements and procedures are set out above. Pursuant to Article 116 of the Company's Articles of Association, no person shall, unless recommended by the Board, be eligible for election to the office of Director at any general meeting unless during the period, which shall be at least seven days, commencing no earlier than the day after the despatch of the notice of the meeting appointed for such election and ending no later than seven days prior to the date of such meeting, there has been given to the Company Secretary notice in writing by a member of the Company (not being the person to be proposed), entitled to attend and vote at the meeting for which such notice is given, of his intention to propose such person for election and notice in writing signed by the person to be proposed of his willingness to be elected. The written notice must state that person's biographical details as required by Rule 13.51(2) of the Listing Rules. The procedures for shareholders of the Company to propose a person for election as director is posted on the Company's website.

Investor Relations

The Company has established a range of communication channels between itself and its shareholders, investors and other stakeholders. These include the annual general meeting, the annual and interim reports, notices, announcements and circulars and the Company's website at www.geniusi.com.

The Company has established a Shareholder's communications policy and will review it on a regular basis to ensure its effectiveness.

Constitutional Documents

During the Reporting Period, there was no change in the Company's constitutional documents.

He Xiaobin
Executive Director

Hong Kong
30 September 2024

INTRODUCTION

International Genius Company (the "Company") and its subsidiaries (collectively, the "Group") are pleased to present our Environmental, Social and Governance ("ESG") Report (the "Report"). The Report reflects the sustainability strategy of the Group, including our environmental, social and governance initiatives and performances. The Group is committed to make continuous improvements in corporate social responsibility to better meet the changing needs of an advancing society.

The Report describes the ESG activities, challenges, and measures taken by the Group from 1 July 2023 to 30 June 2024 (the "Reporting Period") and demonstrates to both internal and external stakeholders its efforts on sustainability developments. The Report is prepared based on the information available and the best knowledge of the Board of Directors (the "Board"). The senior management of the Group identifies the reporting scope by considering the materiality principle, its core business and material businesses namely trading of party products, provision of tech-driven investment management, provision of advancing business and trading of commodities.

The ESG key performance indicators ("KPIs") data are primarily gathered from the Group's office. Our business has insignificant impacts on the environment in terms of wastewater, waste pollutants, air pollutants, hazardous waste and packaging materials. The Report has been prepared as far as practicable in accordance with the Environmental, Social and Governance Reporting Guide (the "ESG Reporting Guide") as set out in Appendix C2 to the Rules Governing the Listing of Securities of the Stock Exchange. The reporting principles stated in the ESG Reporting Guide include:

- Materiality: Stakeholder engagement and materiality review were conducted to ensure material ESG issues identified remain relevant and material to our business operations and stakeholders.
- Quantitative: Quantitative KPIs are disclosed and accompanied by narrative, explaining its purpose and giving comparative data where appropriate.
- Balance: To provide an unbiased picture of the Group's performance and avoid selections, omissions, or presentation formats that may inappropriately influence a decision or judgment by the report reader.
- Consistency: Unless otherwise stated, the disclosures, KPI data and calculation methods remain consistent throughout the years to facilitate comparability over time.

Sustainability Mission and the Board Statement

The Group is committed to operating and developing its business in a sustainable manner, aiming to minimise the environmental impact of its business operations and create value for communities, employees and other stakeholders. Based on these objectives, the Group has established multi-faceted policies, including but not limited to environmental, human resources, occupational health and safety and quality control, to manage the required operational standards and ensure compliance with all relevant laws and regulations. These policies are constantly reviewed and updated in light of any changes in technology, laws and regulations and politics.

ESG Governance

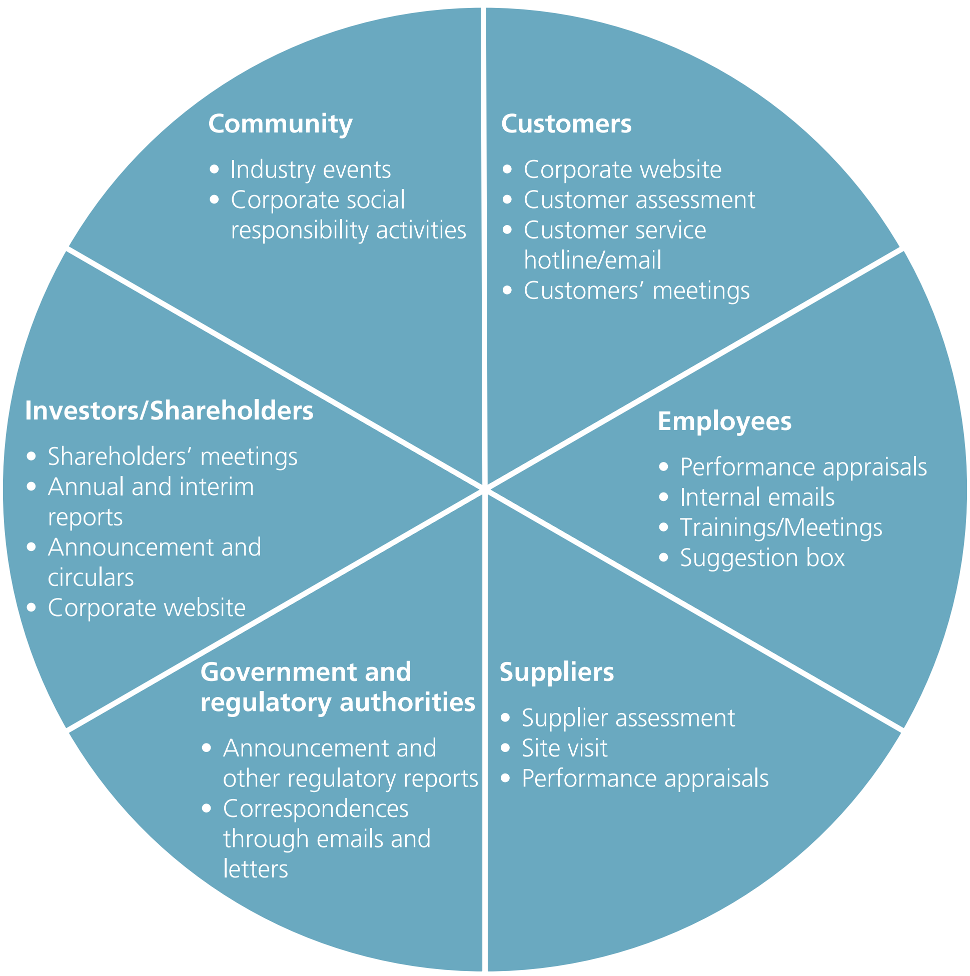
The Board has overall responsibility for assessing the potential impacts of ESG issues. The Board regularly evaluates and identifies the ESG related risks and opportunities, develops corresponding ESG strategy and objectives and establishes action plans to further improve controls and reduce risks. The Group's business and functional departments also help for formulating relevant strategies in their respective areas and for the effectiveness of implementation in accordance with the sustainable development strategies and objectives suggested by the Board. Meetings are arranged regularly by the Board to evaluate the effectiveness of current policies and procedures and formulate appropriate solutions to improve the overall ESG performance.

Reporting Boundary

The Report focusses on Group activities in the Hong Kong head office ("Hong Kong Office") in connection to administrative support to the Group overall, as did the prior report's scope. At present, the Report does not cover all sites and operations of the Group. Going forward, the Board will continue to assess the key environmental, social and governance aspects of the different businesses and, where applicable, expand the reporting scope to ensure that adequate and reliable information is provided to investors and other stakeholders.

Stakeholder Engagement

The Group values stakeholder engagement and firmly believes that building mutually trusting relationships not only helps stakeholders understand the Group's work and performance in promoting sustainability, but also allows the Group to understand stakeholders' opinions and needs so as to review its potential risks and business opportunities. The Group's stakeholders are those who have a considerable influence on our business, and whom our business has a significant impact on. The Group identifies customers, employees, suppliers, government and regulatory authorities, investors/shareholders and the community as our key stakeholders and gets in touch with them within and outside the organisation through various open, honest and clear communication channels.



Materiality Assessment

The Group regularly reviews the relevance of ESG issues to our business and stakeholders to facilitate effective ESG management and strategy for the Group. We use a step-by-step approach to identify and review significant ESG issues in our business operations:

- Identification: Review the ESG Reporting Guide to identify a pool of potential material ESG issues for the Group's business operations.
- Prioritisation: Prioritise the identified ESG issues based on the concerns of our stakeholders conducted through discussions and communications with them.
- Validation: The Board reviews the materiality assessment result from our stakeholders and confirms the list of material ESG issues.
- Review: ESG issues identified are regularly reviewed for their materiality to the Group and formulate corresponding ESG strategies for improvement.

According to the stakeholder-based materiality assessment results, we conducted industry research and peer benchmarking during the Reporting Period to ensure that the list of ESG issues is material and relevant to our business and are in line with the industry's development and changes in the external environment. During the Reporting Period, we reviewed the list of material ESG issues and confirmed that the material ESG issues identified last year remained relevant and applicable to us. The following table summaries the material ESG issues identified by the stakeholders.

Environment	People	Social and Operating Practices
• Emissions	• Employment	• Anti-corruption
• Use of Resources	• Development and Training	• Product Responsibility
• Waste	• Health and Safety	• Supply Chain Management
• The Environment and Natural Resources	• Labour Standards	• Community Investment
• Climate Change		

Opinion and Feedback

We value your feedback and input on our ESG report, and we would like to hear from you on how we could further improve our performance. Readers are welcome to contact the Group at contact@geniusi.com with any insightful views or opinions.

ENVIRONMENTAL

The Group places a high value on environmental preservation and aspires to build a world that is sustainable enough to benefit both current and future generations. The Group discovers substances, procedures, goods, and wastes that either now cause pollution or have the potential to do so. Where technically and economically practical, the Group then puts these controls in place. To accomplish this goal, the Group develops and puts into practice green policies that encourage resource use that is more efficient and less harmful to the environment. The Group did not record any violations of applicable laws or rules that have a major impact on air and greenhouse gas emissions, discharges into water and land, and the production of hazardous and non-hazardous waste during the Reporting Period.

Emissions

Greenhouse gas and exhaust gas emission

Exhaust gases from automobile engines constitute the majority of the air pollution that the Group directly emits. The Group recognises that keeping vehicles in good condition is crucial for the effective completion of tasks, workplace safety, and environmental protection. As a result, the Group performs inspection, repair, and maintenance tasks on a regular basis to keep its vehicles in good working order.

Due to the tight connection between greenhouse gas emissions and climate change and global warming, enterprises all over the world have established carbon reduction projects and targets. The Group works to minimise its use of resources, recycle them, and fully utilise them in order to prevent resource depletion and battle climate change. The Group's primary source of carbon emissions comes from office energy consumption. As a result, the Group pushed a number of energy-saving efforts at offices, such as switching to low-power light tubes and encouraging energy-saving behaviours. The Group has also put up an audio conference room and promoted the use of online meeting spaces to reduce the carbon emissions caused by business travel.

Vehicle Maintenance

- Regular inspection and maintenance of vehicles to reduce exhaust emissions and ensure good working condition.

Energy Efficiency

- Switching to low-power light tubes and encouraging energy-saving behaviors in offices to reduce energy consumption.

Remote Collaboration

- Setting up audio conference rooms and promoting online meeting spaces to reduce business travel emissions.

Below sets out the KPIs for air emission and Greenhouse Gas ("GHG") emissions for the Reporting Period.

		Unit	2024	2023
Air Emission Data				
Nitrogen Oxides ("NOx") Emissions		kg	0.56	1.96
Sulphur Oxides ("SOx") Emissions		kg	0.11	0.05
Particulate matter ("PM") Emissions		kg	0.04	0.14
GHG Emission Data				
Scope 1 — Direct Emissions	Note 1	tonnes	2.90	9.95
Scope 2 — "Energy Indirect" Emissions	Note 2	tonnes	29.31	67.86
Scope 3 — Other Indirect Emissions	Note 3	tonnes	0.72	2.97
Total GHG emissions		tonnes	32.93	80.78
Intensity of GHG (tonnes of CO_2 equivalent/sq. ft.)			0.00	0.00

Notes:

1. Scope 1: Direct emission from mobile combustion sources that are owned by the Group.

2. Scope 2: Indirect emissions from the generation of purchased electricity consumed by the Group.

3. Scope 3: Other indirect emission from paper waste disposed at landfills, electricity used for processing fresh water and sewage by government departments and business travel by employees.

Decrease in Air Emission and GHG Emission

The Group succeeded in further reducing air and greenhouse gas emissions to low levels during the Reporting Period by restricting the use of vehicles and vessels, building on the reductions achieved in the previous year. This was accomplished through a series of strategic initiatives aimed at minimizing environmental impact. The Group's objective is to enhance the efficiency of the use of vehicles and vessels by establishing comprehensive rules and directives, ensuring that operational activities are conducted in an environmentally responsible manner. These measures not only contribute to the reduction of emissions but also promote sustainable practices within the organization. For additional information regarding the extent of electricity consumption and other resource management efforts, refer to the "Use of Resources" section.

Waste

In the daily operations of the Hong Kong office, the Group does not generate hazardous waste. The non-hazardous wastes generated mainly come from office activities and other domestic sources, such as wastepaper. The amount of wastepaper generated from business operations is not significant, and the Group has arrangements with recyclers to collect such wastepaper periodically. Other general waste is collected and disposed of by the property management companies of the office buildings. Consequently, an assessment of hazardous and non-hazardous waste data, as well as a description of reduction targets and the steps taken to achieve them, is not applicable to the Group.

The Group actively reduces waste by promoting several waste reduction practices. These include encouraging the use of recycled paper, double-sided printing, and reusing recycled envelopes for internal documents. Additionally, the Group is focusing its efforts and resources on reducing the use of plastics and other disposable products, as well as reusing holiday decorations. The Group also promotes electronic alternatives to printed materials for both internal and external communications.

To further support waste reduction, the Group operates an office recycling program that directs employees to separate wastepaper, plastics, aluminum cans, and old batteries for recycling. These initiatives not only help in minimizing waste but also foster a culture of sustainability within the organization.

Use of Resources

The Group acknowledges the significant challenge of climate change facing Hong Kong and recognizes the importance of resource conservation in reducing our carbon footprint. Our major direct energy consumption stems from the use of lighting, air-conditioning, and other office equipment. To address this, the Group is dedicated to enhancing and implementing resource-efficient building practices.

Below sets out the KPIs for energy usage for the Reporting Period.

Energy Consumption	Unit	2024	2023
Electricity consumption	MWh	43.02	91.41
Energy intensity (MWh/sq. ft.)		<0.01	<0.01

The Group aims to reduce electricity consumption by implementing several resource-saving measures in its daily operations as follows:

- Employ energy-efficient electric appliance and office equipment
- Perform routine maintenance on office equipment to ensure maximum energy efficiency
- Maintain air-conditioning at room temperature between 22 degrees Celsius and 25 degrees Celsius
- Switch off lights, air-conditioners and computers when they are not in use
- Encourage remote work to reduce the energy consumption associated with commuting and office operations
- Raise awareness among employees about energy-saving practices and encourage them to adopt these habits

The operation of the Group does not include a significant amount of water consumption, and the property management company of the office building kept track of the water usage in our office, so the Group was unable to disclose water consumption data. The Group had no trouble finding water to use for our activities. The Group frequently looks into water leakage and uses water-saving techniques to reduce wasteful water use. By encouraging simple daily habits and boosting internal communication, the Group also helps employees become aware of the importance of water saving.

The Group does not consume packaging materials for our operation. Therefore, the data on total amount of packaging materials does not applicable to the Group.

The Environment and Natural Resources

The Group will cautiously evaluate the implementation of an environmental impact assessment framework for investment projects and investigate the viability of providing green products and services in light of our plan to help the environment. The Group works to lessen the detrimental effects on the environment and natural resources by integrating policies and initiatives to reduce emissions and resource usage. The Group will also closely monitor any amendments to pertinent environmental and natural resource laws and regulations.

Through education and training, the Group increases staff consciousness of environmental issues at work and in daily life, and it enlists their assistance in enhancing Group performance. The Group supports local campaigns for environmental protection and sustainability. The Group also frequently assesses and keeps track of business operations that have had an influence on environmental, health, and safety issues in the past and present.

Climate Change

In recent years, one of the most pressing concerns has been global warming. The Group has assessed and evaluated the potential climate physical and transition risks to understand the climate risks that we may face and the effects on the Group's business.

Risks	Description	Response strategies
Physical risks		
Acute risk	Increased severity of extreme weather conditions such as flooding and storms may have adverse impacts on the operational activities.	The Group has established a disaster emergency plan for work arrangements in the event of extreme weather circumstances such as a black rainstorm warning, floods, or a typhoon signal of No. 8.
Chronic risk	Sustained high temperature may result in an elevation of electricity consumption.	In order to manage this risk, the Group has implemented energy-saving measures, which are described in more detail in the sub-section under "Use of Resources".
Transition risks		
Policy and legal risks	Change in environmental-related regulations or reporting obligations may increase the Group's operating costs.	The Group monitors changes to reporting requirements and laws and regulations pertaining to the environment.
Market risks	The customers appetite for environmental protection and change in customer preferences.	The Group continues to monitor the market climate in an effort to ensure that our services satisfy the preferences of our clients.

The Group's operations are not expected to be significantly affected by potential environmental-related legislation changes, persistently high temperatures, or extreme weather conditions. In order to mitigate the potential consequences of climate change, we will persist in evaluating the risks associated with it and implementing the requisite measures. This ongoing evaluation will entail the regular monitoring of climate-related developments and the integration of climate risk management into our strategic planning. We are dedicated to the implementation of adaptive measures, including the enhancement of our infrastructure's resilience and the adoption of sustainable practices, in order to protect our operations. Our objective is to guarantee the long-term sustainability of our business and mitigate any potential disruptions by remaining vigilant and proactive.

SOCIAL

Employment

We prioritise our employees above all else. A strong employment structure is the cornerstone of talent acquisition and retention. The Group establishes an employment policy and employee handbook that address a variety of benefits and welfares, including pay, hiring, promoting, terminating, working hours, rest times, equal opportunity, and anti-discrimination.

Recruitment

Fair and merit-based hiring methods are implemented by the Group, which assesses candidates based on their relevant education, training, and experience. The Group encourages individuals of all ages, races, genders, and religions to become members and advocates for diversity in the workplace.

Retention

The Group offers competitive compensation and employee benefits. In addition to the statutory and public holidays, the Group provides its employees with a diverse array of paid leave, such as annual leave, maternity leave, marriage leave, and examination leave. Variables such as ability, expertise, and actual work performance will determine whether an individual is promoted, as stated in the employee handbook. Employees should not be subjected to discrimination on account of their gender, marital status, pregnancy, or disability. The Group also underscores the significance of promoting regular working hours and maintaining a strict limit on overtime hours to promote work-life balance.

Dismissal

The Group does not tolerate the improper or unfair termination of employees under any circumstances. The termination of an employee is contingent upon only major violations of the Company's code of conduct, criminal activity, or misconduct that poses a threat to the Group, customers, or other employees.

The Group strictly adheres to the rules and regulations outlined in the employment laws. Furthermore, the Group prohibits sexual harassment and other forms of sexual discrimination in the workplace. Employees have the option to submit complaints regarding pertinent circumstances to the administrative and human resources department in order to prevent the violation of their legal rights. The Group has not identified any violations of relevant laws or regulations that have a substantial effect on hiring and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare during the Reporting Period.

As at 30 June 2024, the Group's Hong Kong office had 20 (2023: 23) full-time employees, and the turnover rate for the Reporting Period was 23.3% (2023: 52.2%). The decrease in employee turnover was due to several factors. Improved benefits and career development opportunities, helped retain employees. Engagement initiatives, such as team-building activities and recognition awards, increased satisfaction. Competitive salaries, flexible work arrangements, and better management practices also contributed to a positive work environment, leading to lower turnover rates. The breakdown of our employees by gender, age group and employment type is shown in the table below. Since the Report concentrates on the Group's operations in the Hong Kong office, there are no geographic breakdowns of the workforce or employee turnover.

	Unit	2024	2023
TOTAL WORKFORCE	No. of employees	20	23
Workforce by gender			
Female	No. of employees	9	13
Male	No. of employees	11	10
Workforce by age group			
30 or below	No. of employees	3	6
31 - 50	No. of employees	13	12
51 or above	No. of employees	4	5
Workforce by employment type			
Senior management	No. of employees	3	3
Middle management	No. of employees	9	9
Entry level	No. of employees	8	11
EMPLOYEE TURNOVER			
Employee turnover rate by gender			
Female	%	44.4	53.8
Male	%	9.1	50.0
Employee turnover rate by age group			
30 or below	%	66.7	50.0
31 - 50	%	15.4	50.0
51 or above	%	25.0	60.0

Note: The employee turnover rates are calculated using number of employees leaving employment during the year and divided by total number of employees at the end of reporting period.

Health and Safety

The Group works hard to provide a secure workplace and cares about the health and safety of its employees. The Group oversees steps to avoid occupational illnesses or accidents through the staff handbook and gives frequent safety instructions to employees in an effort to establish a welcoming and safe work environment. The "Guide to Prevent Occupational Disease and Accidents" was also established by the Group, which governs safety precautions against workplace illnesses and accidents. This will lessen the risk of staff injuries and occupational disorders such upper limb pain, eyestrain, and physical exhaustion brought on by prolonged computer use.

Work-related accidents handling procedures	Specify procedures to handle minor accident and severe injury, including the location of the first-aid kit Carry out thorough investigation plan for any unfortunate event of work injuries
Guide to prevent occupational disease	Remind employees of safety practices regarding lifting heavy goods, using computer equipment and operating other office equipment
Fire guidelines	Establish an emergency contingency plan Hold emergency drills regularly to ensure employees are familiar with evacuation routes
Bad weather arrangement	Specify work arrangements when typhoon and heavy rain warnings are hoisted

The Group follows all pertinent laws and ordinances, including the Occupational Safety and Health Ordinance. No instances of non-compliance with pertinent rules and regulations that materially affect the provision of a safe workplace and the safeguarding of employees from occupational risks occurred during the Reporting Period.

In order to provide protection against the cost of treating illnesses and injuries connected to the workplace, the Group has also obtained medical insurance and employees' compensation insurance for our employees. Employees have been instructed to notify the human resources department of any prospective or suspected occupational health and safety hazards. Due to the nature of our businesses, the Group's office operation mainly involves desk work, and no position was found to be associated with high safety risks. The last three years' worth of work-related deaths and missed days due to injuries are listed here.

		2024	**2023**	**2022**
Work-related fatalities	Number	–	–	–
Lost days due to work injury	day(s)	–	–	1

Development and Training

The Group cherishes the chances for employee training and development and encourages employees in different roles to continually improve the knowledge and skills necessary for career growth in order to maximise their potential.

The management approach to employee training and development is outlined in our staff handbook. All new hires are required to attend the induction meeting to learn about the goals and organisational structure of the firm, as well as about job responsibilities and industry standards.

To enhance communication between employees and their heads of department, the Group organises yearly performance reviews for our employees. Every employee took part in the performance review. The Group also analyses its training methods on a regular basis to help our employees reach their maximum potential. The Group provided 78 (2023: 126) hours of training to the workforce during the Reporting Period, with entry-level employees making up the majority of the trained workforce at over 20% (2023: 65%). The decrease in training hours can be attributed to a combination of lower staff turnover rates, improved communication through performance evaluations, more efficient training methods, and a shift in the workforce demographics towards fewer entry-level employees. These factors collectively contribute to a more experienced and stable workforce that requires less training time to maintain or enhance their skills.

DEVELOPMENT AND TRAINING	Unit	2024	2023
Total number of hours of training received by employees		78.0	126
Average training hours per employee		3.9	5.5

The following table set out breakdowns of training for our employees by employment category and gender.

DEVELOPMENT AND TRAINING		2024	2023
Total workforce trained	% of employees	65.0	87.0
Employees trained by employment category			
Senior management	% of employees	15.0	13.0
Middle management	% of employees	30.0	17.5
Entry level	% of employees	20.0	56.5
Employees trained by gender			
Female	% of employees	15.0	52.2
Male	% of employees	50.0	34.8
Average training hours per employees by employee category			
Senior management	hours/employees	6.0	3.0
Middle management	hours/employees	9.3	8.2
Entry level	hours/employees	1.0	3.9
Average training hours per employees by gender			
Female	hours/employees	17.7	6.8
Male	hours/employees	2.5	3.7

Note:

The percentage of employees trained is calculated using number of trained employees divided by number of employees at the end of reporting period.

Average training hours per employee are calculated using total training hours divided by number of employees for the year.

Labour Standards

The Group upholds the rights of its employees and forbids child labour or forced labour. In order to avoid employing any minors, the human resources division should confirm the candidates' identification papers and ages during the recruiting process. The Group also established a whistleblower mechanism to report any abnormalities. Employment with all such concerned applicants shall be terminated immediately in the event that any discrepancies in ages, identities, and/or the validity of employment status are later discovered. The Group will also notify such an incidence to the appropriate authorities as soon as it is practical. Additionally, the Group would look into the reasons for any inappropriate events and take action against the offender.

During the Reporting Period, the Group has not identified any non-compliance with relevant laws and regulations that have a significant impact relating to preventing child and forces labour.

Supply Chain Management

We continuously evaluate the Group's suppliers in respect to products supplied, service quality and reliability. In addition to the quality of product or service, the Group also pays attention to the environmental and social performance of suppliers as supply chain management is playing an important role in the development of business. The Group is committed to taking environmental and social risks into consideration in the supply chain management as below.

Environmental	• Abide by all the environmental laws and regulations applicable to locations where it operates; • Prevention and treatment of pollution; • Ensure the hazardous chemical substances, volatile organic compounds and wastewater are properly handled; and • Recycle resources that can be reused wherever possible.
Social	• Prohibit any form of child labour and forced labour; • Promote health and safety working environment; • Maintain reasonable working hours; • Respect intellectual property rights including copyrights, patents and trademarks; and • Prevent any acts of corruption, bribery and extortion.

The selection and evaluation processes of vendors are subject to rigorous controls by the Group. When choosing suppliers, the Group requires its supply chain partners to uphold principles of ethical business conduct and supervises their modes of operation so as to reduce their impact to the society. Suppliers with certain qualifications will be given preference. The Group evaluates the supplier's performance annually in terms of product quality, safety, validity, and traceability. If their performance and quality fall short of the agreed-upon criteria and no changes have been made, those vendors will be replaced. If the suppliers disregard environmental and social considerations, the Group will sever the business connection.

The Group is not a manufacturing company and does not engage in large-scale procurement. With an objective to minimise the carbon emission, suppliers engaged by the Group are local suppliers.

Product Responsibility

By abiding by the current standards and guidelines established by the regulatory authorities, the Group is committed to maintaining the calibre of its regulated activities. To comply with legal and regulatory requirements and improve its management of services responsibilities, the Group has created internal policies such as a staff handbook, compliance manual, and procedure for handling customer complaints.

Giving customers precise and understandable instructions helps them better understand the characteristics and risks related to the Group's products and services. Every marketing message has to be clear, concise, and easy to read. The Group is actively developing relevant advertising rules to control situations involving product/service liability.

The Group has established a customer complaint handling mechanism. When customer complaints are received, the employees should record the content of the complaint and report to management for further processing. Management will handle all queries and complaints on timely manner. Upon completion of complaint handling, the relevant employees should give the customer a reply of the complaint. Relevant training/other preventive measurement will be implemented to avoid the same mistake in future. The Group has not received any service related complaints in the Group's business during the Reporting Period.

The Group is committed to protecting intellectual property rights and not to infringe any third-party interests. The Group protects intellectual property rights by ensuring licensed software is used for our business operations. To fend off viral attacks and outside hacking, firewalls and antivirus software are deployed on all networked systems and kept up to date.

The Group attaches great significance to information security and personal data protection by maintaining policies and guidelines in place which were designed to protect customer data and privacy. The Group's compliance manual stipulates that appropriate preventive measures should be adopted to protect customers' personal information from being disclosed to any third-party organisations or individuals. All personal information is password-protected or kept in a secure area that is only accessible to authorised individuals. The staff handbook also contains a list of the precise guidelines for employees to follow on maintaining customer confidentiality. Also, all client communication content should be kept at confidential and the Group prohibits the staff to transmit or disclose any personal data of the customers. The Group also prohibits the use of any personal information of clients by other parties for direct marketing purposes, without the explicit and implicit consent of the client. Collection of personal information is used for said purposes only.

The Group did not become aware of any instances of non-compliance with applicable laws and regulations that significantly affect matters of advertising, labelling, privacy, and health and safety concerning the products and services rendered, as well as the means of redress, during the Reporting Period.

Anti-corruptions

The Group demands that every employee, at all times, acts in accordance with a high standard of ethical behaviour. The Group issued a Prevention of Bribery and Corruption policy to remind all employees that no one may solicit or accept for their own personal benefit and advantage from any clients, visitors, brokers, vendors, suppliers, dealers, or other people having business relations with the Group, in money or in kind, without the prior and specific approval of the top management. The Group regularly trains our employees with regard to anti-corruption to ensure that they are aware of the legal requirements and the potential repercussions of breaking them. To make sure the staff is properly informed about compliance with laws and regulations, the Group regularly sends internal notices in daily communications.

The Group has formulated the whistleblowing policy and the staff handbook to regulate employee and corporate behaviour and to ensure the Group's operation is free of any form of corruption, bribery, extortion, fraud and money laundering. For employees and other relevant persons to report allegations of corruption, the Group has established mechanisms such as a designated letter box and mailbox. The Group guarantees that those who report wrongdoing won't be fired or treated unfairly, and that their personal information will be handled in confidence. Investigation work for whistleblowing reports will be handled with strict confidentiality under any circumstances to preserve anonymity. The Group ensures that no one is subjected to unfair treatment because they expressed concern about prospective acts of bribery or corruption or because they refused to accept or give a bribe or engage in other corrupt behaviour.

During the Reporting Period, no legal cases involving corrupt practices brought against the issuer or its employees and the Group was not aware of any case of non-compliance with relevant laws and regulations that have a significant impact relating to bribery, extortion, fraud and money laundering.

Community Investment

The Group has increased its deliberate efforts to build stronger connections and actively engage with local communities. This initiative stems from the Group's ongoing recognition of the critical importance of corporate social responsibility. By acknowledging the vital role that businesses play in society, the Group is committed to making a positive impact beyond its core operations.

A key aspect of this commitment is fostering a deep sense of responsibility among its employees. The Group places a strong emphasis on encouraging its workforce to participate in community service activities. This not only helps in the personal development of the employees but also contributes to the overall well-being of the communities they serve. The Group believes that by empowering its employees to take an active role in community service, it can significantly aid in the overall improvement of society.

In the meantime, the Group remains dedicated to seeking out and participating in various charitable activities. These efforts are aimed at fulfilling its social obligations and demonstrating its commitment to being a responsible corporate citizen. By engaging in charitable endeavors, the Group aims to support those in need and contribute to the betterment of society as a whole.

ESG REPORT INDEX

ENVIRONMENTAL		Section Reference
Aspect A1: Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non- hazardous waste.	• Emissions • Use of Resources • The Environment and Natural Resources
KPI A1.1	The types of emissions and respective emissions data.	• Emissions
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	• Emissions
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	• Waste
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	• Waste
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	• Emissions
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	• Waste

ENVIRONMENTAL		Section Reference
Aspect A2: Use of Resources		
General Disclosure	Information on: Policies on the efficient use of resources, including energy, water and other raw materials.	• Use of Resources
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	• Use of Resources
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	• Use of Resources
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	• Use of Resources
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	• Use of Resources
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	• Use of Resources
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	• The Environment and Natural Resources
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	• Emissions • Use of Resources • The Environment and Natural Resources
Aspect A4: Climate Change		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	• The Environment and Natural Resources
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	• Climate Change

SOCIAL		Section Reference
Aspect B1: Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	• Employment
KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	• Employment
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	• Employment
Aspect B2: Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	• Health and Safety
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	• Health and Safety
KPI B2.2	Lost days due to work injury.	• Health and Safety
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	• Health and Safety

SOCIAL		Section Reference
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities. Note: Training refers to vocational training. It may include internal and external courses paid by the employer.	• Development and Training
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	• Development and Training
KPI B3.2	The average training hours completed per employee by gender and employee category.	• Development and Training
Aspect B4: Labour Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forces labour.	• Labour Standards
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	• Labour Standards
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	• Labour Standards

SOCIAL		Section Reference
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	• Supply Chain Management
KPI B5.1	Number of suppliers by geographical region.	• Supply Chain Management
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	• Supply Chain Management
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	• Supply Chain Management
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	• Supply Chain Management
Aspect B6: Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	• Product Responsibility
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	• Product Responsibility
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	• Product Responsibility
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	• Product Responsibility
KPI B6.4	Description of quality assurance process and recall procedures.	• Product Responsibility
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	• Product Responsibility

SOCIAL		Section Reference
Aspect B7: Anti-corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	• Anti-corruption
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	• Anti-corruption
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	• Anti-corruption
KPI B7.3	Description of anti-corruption training provided to directors and staff.	• Anti-corruption
Aspect B8: Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	• Community Investment
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	• Community Investment
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	• Community Investment

HONORARY CHAIRMAN

Dr. Ng Yu

Dr. Ng Yu *("Dr. Ng")* serves as the Honorary Chairman of the company. He is also the Chairman of the Board of Amber Hill Group, as well as the Founder and Chairman of Smile Charity Foundation. Dr. Ng was the Chairman of the Board of Directors for Target Insurance (Holdings) Limited (a company delisted from the Main Board of the Stock Exchange with previous stock code: 6161).

Dr. Ng established Smile Charity Foundation to solve problems related to welfare and education for underrepresented minority group in different regions of Greater China.

Dr. Ng is currently an Adviser to the Dean of the Business School of Hong Kong Polytechnic University and its Part-time Adjunct Professor, and Honorary Life President of The Hong Kong Polytechnic University Foundation. Dr. Ng was awarded Doctor of Business Administration (Honoris Causa) from Westcliff University in the United States and obtained professional certificates from Massachusetts Institute of Technology and Harvard Law School.

DIRECTORS

Executive Director

Dr. He Xiaobin *("Dr. He"),* aged 61, holds a doctoral degree in economics and is a senior economist, was appointed as an Executive Director on 25 April 2024. Dr. He has more than 30 years of working experience in futures investment and corporate compliance and has extensive financial knowledge and management experience. Dr. He served as the director of the Futures Supervision Division of the Shanghai Securities Regulatory Bureau of the China Securities Regulatory Commission and the deputy director of the Resource and Energy Division of the Shanghai Municipal Planning Committee. Dr. He also served as the chairman of Guotai Junan Futures, the secretary to the board of directors of Guotai Junan Securities, the president of Guotai Junan Asset Management, the chief economist of Huaxin Securities and the chairman of Huaxin Futures, a director of the China Chief Economist Forum, a member of the Chief Economist Committee of the Securities Association of China, a director of the Shenergy Company Limited (a company listed on the Shanghai Stock Exchange with stock code: 600642). Dr. He is entitled to special allowance from the State Council of the People's Republic of China, was selected as one of the top ten financial industry leaders in Shanghai, and was an adjunct professor at Shanghai Jiao Tong University and Tongji University.Dr. He was an independent Executive director of Target Insurance (Holdings) Limited (a company delisted from the Main Board of the Stock Exchange with previous stock code: 6161), from March 2023 to January 2024.

Non-executive Director

Mr. Dai Chengyan *("Mr. Dai")*, aged 55, was appointed as a Non-executive Director on 25 August 2021. He was the executive director of Target Insurance (Holdings) Limited (a company delisted from the Main Board of the Stock Exchange with previous stock code: 6161) from December 2020 to May 2022. Mr. Dai was the general manager of the wealth management department of China Resources SZITIC Trust Co., Ltd. from May 2016 to July 2020. He was the deputy general manager of the investment banking department of China Resources Bank from July 2015 to May 2016. From January 2010 to July 2015, Mr. Dai was the general manager of the investment banking and finance department of the China Merchants Bank Guangzhou Branch. Mr. Dai obtained a Master degree in Business Administration in Maastricht School of Management Maastricht, the Netherlands.

Independent Non-executive Directors

Ms. Fong Man Julisa *("Ms. Fong")*, aged 53, was appointed as an Independent Non-executive Director on 24 July 2024. Ms. Fong has over 27 years of experience in corporate finance transactions, including mergers and acquisitions, initial public offerings and equity syndication. She is currently the Managing Director and a responsible officer of Veda Capital Limited, of which she is a founder, a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO. She has extensive experience in advising listed companies on corporate finance and company restructuring. Ms. Fong holds a Bachelor of Business Administration from Chinese University of Hong Kong, a Master degree in Business Administration from University of Kansas and a Master degree in International and Public Affairs from The University of Hong Kong. Ms. Fong was a non-executive director of Gaoyu Finance Group Limited (Stock Code: 8221) (a company listed on the GEM Board of the Stock Exchange) from December 2020 to October 2021.

Mr. Lo Hang Fong *("Mr. Lo'')*, aged 61, was appointed as an Independent Non-executive Director on 19 March 2020. Mr. Lo is currently a partner of law firms, Stevenson, Wong & Co and Allbright Law (Hong Kong) Office LLP. Mr. Lo has been admitted as a solicitor to the High Court of Hong Kong in 1989. He was also admitted as a solicitor to the Supreme Court of Singapore in 1995 and the Supreme Courts of England and Wales in 1996. Mr. Lo graduated from the University of Bristol with a bachelor of law degree in 1986.

Mr. Wang Jun Sheng *("Mr. Wang")*, aged 63, was appointed as an Independent Non-executive Director on 16 October 2018. Mr. Wang has more than twenty years of experience in equity investment, asset management and banking industry. Mr. Wang is currently a researcher of China Economic and Technological Research Consulting Company Limited. He served as an independent non-executive director of two companies listed on the Shenzhen Stock Exchange, namely Shenzhen Nanshan Power Co. Ltd (Stock code: 000037 & 2000037) and China Merchants Shekou Industrial Zone Holdings Co., Ltd (stock code: 001979). Mr. Wang was the independent non-executive Director of Target Insurance (Holdings) Limited (a company delisted from the Main Board of the Stock Exchange with previous stock code: 6161) from December 2020 to May 2022. Save as disclosed above, Mr. Wang does not on the date hereof hold, and has not in the last three years held, any directorship in other public listed companies in Hong Kong or overseas. Mr. Wang received a Ph.D. from Huazhong University of Science & Technology.

Mr. Yip Tze Wai Albert *("Mr. Yip")*, aged 59, has been appointed as an Independent Non-executive Director of the Company with effect from 17 May 2022. Mr. Yip is the Chairman of Syndicate Capital (Asia) Limited and has over 30 years of banking and financial experience leading strategic planning, corporate finance, internal audit, operations, risks management, compliance and regulatory functions in multi-national corporations. During the past three decades, Mr. Yip was appointed as Chief Executive Officer, Chief Financial Officer, Chief Audit Executive and other senior executive positions across Asia Pacific and the United States by Fortune 500 leaders in the banking and financial sectors. Mr. Yip was the former Senior Vice President and Asia Pacific Regional Head of Corporate Audit at State Street Corporation. Mr. Yip was also the former Asia Head of Audit Services at Manulife Financial. He served other senior management roles in BOA, State Street Bank and Westpac Bank.

Mr. Yip holds the Master of Science Degree in Information System and Bachelor of Arts (Honorary Degree) in Accountancy. Mr. Yip also earned designations of Fellow Certified Practicing Accountant (FCPA) of CPA Australia, and Forensic Certified Public Accountant (Forensic CPA) of Forensic CPA Society. Among his public duties in professional bodies, he currently serves as the Chairman of WealthTech Committee and Convenor of Investment Committee at Institute of Financial Technologists of Asia (IFTA), promoting the development and investment in fintech. Mr. Yip was the former Governor and Chairman of Professional Development Committee of the Institute of Internal Auditors Hong Kong Chapter and the former Chairman of the Financial Services Committee of CPA Australia, Greater China Division.

For community services, Mr. Yip is the honoree in Asia to receive the WACE Award from Advancing Cooperative & Work-Integrated Education for his achievement and contribution to university students' career developments globally. Mr. Yip also received the Honorary Doctorate of Business Administration (Hon. DBA) designation due to his significant contribution to ESG initiatives on a worldwide basis. Mr. Yip is currently appointed as a committee member to the Task Force of Sustainable and Inclusive Finance of United Nations ESCAP ESBN.

SENIOR MANAGEMENT AND COMPANY SECRETARY

Mr. Cheung Ka Fai ***("Mr. Cheung")*** has been appointed as the chief financial officer and the joint company secretary of the Company effective from 1 November 2021. Mr. Cheung has been re-designated from the position of Chief Financial Officer of the Company to the position of Chief Executive Officer of the Company with effect from 25 July 2023. Mr. Cheung is the Chief Executive Officer and Joint Company Secretary. Mr. Cheung has over 25 years of experience in auditing, accounting, and finance. Mr. Cheung is a member of the Hong Kong Institute of Certified Public Accountants and a senior member of the Chartered Institute of Certified Public Accountants in the UK. He received his bachelor's degree in accounting from the Hong Kong Polytechnic University in 1997 and his master's degree in business administration from the University of Bradford in 2008. Before joining the company, Mr. Cheung worked as an auditor at Deloitte & Touche. Mr. Cheung has served as the Chief Financial Officer in two GEM listed companies on the Stock Exchange and as the Company Secretary in one GEM listed company on the Stock Exchange. Mr. Cheung served as the Chief Financial Officer and Company Secretary of Huscoke Holdings Limited (stock code: 704.hk), a company listed on the Main Board of the Stock Exchange from June 2008 to July 2012, and as the Executive Director from October 2009 to July 2012. He served as the Chief Financial Officer of Bonjour Holdings Limited (stock code: 653.hk), a company listed on the Main Board of the Stock Exchange from August 2012 to May 2020, and was promoted to Chief Executive Officer from May 2020 to July 2020. He currently serves as an independent non-executive director of Zall Smart Commerce Group Ltd. (stock code: 2098.hk), a company listed on the Main Board of the Stock Exchange.

Ms. Leong Kai Weng Subrina ***("Ms. Leong")*** was appointed as the company secretary of the Company with effect from 7 October 2021. Ms. Leong has over 10 years of experience in the fields of financial reporting, corporate finance, company secretarial and auditing. Ms. Leong is a member of Hong Kong Institute of Certified Public Accountants and an associate member of The Hong Kong Institute of Chartered Secretaries and The Chartered Governance Institute. Ms. Leong obtained her Bachelor's degree in Business Administration in Professional Accountancy from The Chinese University of Hong Kong in 2009 and a Master's degree in Corporate Governance from The Hong Kong Polytechnic University in 2017. Prior to joining the Company, Ms. Leong served as financial controller or finance manager of various companies listed on the Stock Exchange from 2013 to 2020 and worked at PricewaterhouseCoopers from 2009 to 2013. Ms. Leong is currently the company secretary of Kelfred Holdings Limited (stock code: 1134), a company listed on the Main Board of the Stock Exchange.

The directors present their annual report and audited consolidated financial statements for the year ended 30 June 2024.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activities of its principal subsidiaries are set forth in note 1 to the consolidated financial statements. The discussion and analysis as required by schedule 5 to the Hong Kong Companies Ordinance are set out in the Management Discussion and Analysis in this annual report. The aforesaid discussion forms part of the report of the directors.

RESULTS AND DIVIDEND

The results of the Group for the Reporting Period are set out in the consolidated statement of profit or loss and other comprehensive income in this annual report.

The Directors do not recommend the payment of any dividends for the Reporting Period.

BUSINESS REVIEW

The business review of the Group for Reporting Period is set out in Management Discussion and Analysis in this annual report.

DISTRIBUTABLE RESERVES OF THE COMPANY

The Company's reserves available for distribution to shareholders as at 30 June 2024 are set out in note 27 to the consolidated financial statements.

DONATION

Donation was made by the Group amounted to HK$Nil during the Reporting Period (Corresponding Period: HK$850,000).

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the Reporting Period are set out in note 13 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in the share capital of the Company during the Reporting Period are set out in note 25 to the consolidated financial statements.

For issue of new shares under General Mandate, please refer to "Capital Structure and Fund Raising Activities" under Management Discussion and Analysis section.

COMMITMENTS

Details of commitments of the Group are set out in note 34 to the consolidated financial statements.

EVENTS AFTER THE REPORTING PERIOD

Details of the Group's events after the reporting period are set out in note 38 to the consolidated financial statements.

DIRECTORS

Executive Directors

He Xiaobin *(Appointed on 25 April 2024)*
Lin Feng *(Resigned on 25 April 2024)*
Ng Yu *(Resigned on 25 July 2023)*

Non-executive Directors

Dai Chengyan
Sun Qiuzhen *(Resigned on 25 April 2024)*

Independent Non-executive Directors

Fong Man Julisa *(Appointed on 24 July 2024)*
Lo Hang Fong
Wang Jun Sheng
Yip Tze Wai Albert

Pursuant to Article 114 of the Articles, the Board shall have power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy or as an addition to the Board. Any Director so appointed shall hold office only until the next following general meeting of the Company and shall then be eligible for re-election at that meeting.

Pursuant to Article 115 of the Articles, the Company may from time to time in general meeting by ordinary resolution elect any person to be a Director either to fill a casual vacancy or as an addition to the existing Directors. Any Director so appointed shall hold office only until the next following general meeting of the Company and shall then be eligible for re-election.

None of the Directors offering themselves for re-election at the forthcoming Annual General Meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

The Company has sent out annual confirmation of independence to all directors who were on board at an time being the Reporting Period and up to the date of this report. The Company has received an annual confirmation of independence from each of the current Independent Non-executive Directors pursuant to Listing Rule 3.13 and considers that these current the Independent Non-executive Directors to be independent.

Each of the Independent Non-Executive Directors was appointed for a fixed term and is subject to retirement by rotation at the Annual General Meeting.

None of the Executive Directors has any service contract with any member of the Group.

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

As at 30 June 2024, the interests and short positions of the Directors in the shares, underlying shares and 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 otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in the Appendix C3 of the Rules (the "Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") Listing Rules, were as follows:

Name	Nature of Interests	Number of shares	Class of Share	Percentage to the issued share capital of the Company
Ng Yu *(Resigned on 25 July 2023)*	Beneficial Owner	244,800 (long position)	Ordinary shares	0.04%
	Interest in controlled corporation	390,821,084	Ordinary shares	70.01%

Save as disclosed above, as at 30 June 2024, as far as the Directors are aware, none of the Directors had any other interests, long positions or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which are recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDER'S INTERESTS

Based on information available to the Board and to the best knowledge of the Board, as at 30 June 2024, other than the interests of the Directors and Chief Executive Officer as disclosed above, the following persons had interests in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO. The number of shares in the issued share capital of the Company as at 30 June 2024 was 558,245,104.

Name	Nature of Interests	Number of shares	Percentage to the issued share capital of the Company
Neo Tech (Note)	Beneficial Owner	390,821,084 (long position)	70.01%

Note: Neo Tech is a company incorporated in the British Virgin Islands with limited liability and is wholly and beneficially owned by Dr. Ng. Dr. Ng is therefore deemed to be interested in the Shares held by Neo Tech Inc. in accordance with the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Based on information available to the Board and to the best knowledge of the Board, at no time during the Reporting Period was the Company or any of its subsidiaries a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' INTERESTS IN TRANSACTION, ARRANGEMENT OR CONTRACTS OF SIGNIFICANCE

Based on information available to the Board and to the best knowledge of the Board, save as disclosed in the section headed "Related Party Transaction", there was no transaction, arrangement or contract of significance to which the Company, its holding company, any of its subsidiaries or any of its fellow subsidiaries was a party in which a Director or an entity connected with a Director had a material interest, whether directly or indirectly, subsisted at the end of the Reporting Period or at any time during the Reporting Period.

DIRECTORS' INTEREST IN COMPETING BUSINESS

Based on information available to the Board and to the best knowledge of the Board, none of the Directors or their respective associates had an interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group during the Reporting Period.

CONTROLLING SHAREHOLDER'S INTEREST IN CONTRACTS

Based on information available to the Board and to the best knowledge of the Board, save as disclosed in this report, no contracts of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which the Group's controlling shareholder had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the Reporting Period.

EMPLOYEES AND REMUNERATION POLICIES

The remuneration policy of the senior management of the Group is set up by the remuneration committee of the Company (the "Remuneration Committee") on the basis of the merits, qualifications and competence of employees. The emoluments of the Directors are decided by the Remuneration Committee with regard to the Group's operating results, individual performance and comparable market statistics. Based on information available to the Board and to the best knowledge of the Board, none of the Directors or any of their associates, and executives is involved in deciding his own remuneration during the Reporting Period. As at 30 June 2024, the Group had 35 employees (30 June 2023: 36 employees). The Group remunerates its employees based on their individual performance, job nature and responsibilities. Moreover, the Group provides its employees with training and various benefits including medical care, provident funds, bonuses and other incentives.

PERMITTED INDEMNITY PROVISION

The Company has arranged appropriate liability insurance for the Directors and senior management of the Group to indemnify their liabilities arising out of corporate activities.

The insurance coverage is reviewed on an annual basis.

Throughout the Reporting Period, no claim had been made against the Directors and the officers of the Company.

SHARE OPTION SCHEME

Details of the share option scheme (the "Share Option Scheme") adopted by the Company on 21 June 2024 (the "Commencement Date") and movements of the share options during the Reporting Period are set out in note 26 to the consolidated financial statements.

The life of the Share Option Scheme is 10 years commencing on the Commencement Date and will expire on 20 June 2034. Accordingly, the remaining life of the Share Option Scheme as at the date of this report is approximately 9.5 years.

KEY RISKS AND UNCERTAINTIES

The following section lists out the key risks and uncertainties facing the Group. It is a non-exhaustive list and there may be other risks and uncertainties further to the key risk areas outlined below.

Liquidity Risk

Liquidity risk mainly refers to the risk of liquid capital deficiency when the Group performs its obligations in relation to its financial liabilities. Liquidity risk management constitutes an essential part of the Group's risk management function. The Group is required to meet various statutory liquidity requirements as prescribed by the relevant regulatory authorities and has put in place a monitoring system to ensure that it maintains adequate liquid capital to support its business commitments and to comply with the relevant Financial Resources Rules.

Credit Risk

Credit risk refers to the risk of economic losses stemming from failure of any counterparty or borrower to meet their contractual obligations. The Group monitors closely the changes in loan balances and positions of any single major client. In the event of any sudden adverse change in market conditions, the relevant salesperson will be urged to take prompt remedial action, such as requesting clients to reduce positions, depositing funds or improving quality of their stock portfolio to maintain risks at a level acceptable to the Group. Meanwhile, to avoid over concentration of credit risk, the Group has set upper limits on client concentration risk and stock concentration risk and imposed caps on margin lending secured against a single stock for individual clients. The Group also performs due diligence reviews to examine the background of applicants and project authenticity before any sizable loan applications are submitted for approval. In the course of project approval, the team provides suggestions on risk prevention and control over critical risk factors of projects and delivers separate risk analysis reports. As for post-financing management, the responsible business team and the relationship managers perform on-going monitoring over existing projects and pay heed to any change in the operating and financial position of borrowers and investment projects. They also monitor the quality of the relevant collaterals, perform internal rating for the approved projects based on their latest credit standing and issue a warning to the management when abnormalities arise. The monitoring findings will be reported to the management on a monthly basis.

Regulatory and Compliance Risks

The Group upholds a robust Legal and Compliance Risk Management Framework by understanding the regulatory environment on current business, assessing severity level and causes of identified legal and compliance risk and formulate on-going comprehensive plan to carry out remedies and refinements for mitigation and remediation. To mitigate the relevant risks, all rounded Group policies, procedures and standardized templates are implemented and updated timely with business development and regulatory rules changes. Through sounded management system and procedures, the professional team monitors and prevents compliance risks in relation to anti-money laundering, conflict of interests, information barriers, market misconducts etc.

Technology Risk

Technology risk refers to the risk of loss related to information technology due to inadequate information technology and processing in terms of manageability, integrity, controllability, and continuity. The Group has established internal control policy which covers risk governance, communication, monitoring, assessment, mitigation and acceptance and is supported by a set of IT policies, standards and controls.

Reputational Risk

Reputational risk is the risk that the Group's reputation is damaged by reputation events, as reflected from negative publicity, as a result of business practices, conduct or financial condition of the Group or its representatives, potentially causing irreparable damage to the Group's brand value. The Group has adopted the prudent and proactive approach to managing reputational risk. The Group's corporate governance system, clearly communicated corporate values emphasizing integrity and ethical conduct in every business decision and activity; and integrated approach to managing risk set the foundation for minimizing reputation risk.

Details of the Group's financial risks which include credit risk, liquidity risk, interest risk, currency risk and equity price risk and the relevant management policies are set out in note 35 in the consolidated financial statements.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is committed to supporting the environmental sustainability. The Group is committed to implementing policies and measures in our daily business operations to foster reduction of the Group's environmental impact. Energy saving and power monitoring systems are in place for various business units to monitor our environmental performance. The Company also strives to implement recycling and reducing measures in office premises where applicable.

Details are set out in the section headed "Environmental, Social and Governance Report" in this Annual Report.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

During the Reporting Period, based on information available to the Board and to the best knowledge of the Board, there was no material breach of or non-compliance with applicable laws and regulations by our Group that has a significant impact on the business and operations of our Group.

RELATIONSHIP WITH SUPPLIERS, CUSTOMERS AND OTHER STAKEHOLDERS

The Group understands that the success of the Group's business depends on the support from its key stakeholders, including employees, customers, suppliers, banks, regulators and shareholders. The Group will continue to ensure effective communication and maintain good relationships with each of its key stakeholders.

The details of the Group's major customers, the credit terms granted to them and credit risk exposure are set out in the section headed "Major Customers and Suppliers" in the "Report of the Directors" and note 35(b)(i) to the consolidated financial statements.

PURCHASE, SALES OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Based on information available to the Board and to the best knowledge of the Board, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the Reporting Period.

DIVIDEND POLICY

According to recent amendments to the Corporate Governance Code and the related listing rules, the Company has set up dividend policy as from 1 January 2019. In determining whether to propose a dividend and the relevant dividend pay-out ratio, the Board will consider, including but not limited to, the Group's earnings performance, financial position, expected working capital requirements, investment requirements, future expansion plan and general economic condition as well as other external factors that may have an impact on the business of the Company. The payment of dividend is also subject to any restrictions and requirements under the Cayman Islands law, the Company's articles of association and the Listing Rules. There is no assurance that a dividend will be proposed or declared in any given year.

The Board will continue to review and amend the Dividend Policy as appropriate from time to time.

CORPORATE GOVERNANCE

The Company's corporate governance principles and practices are set out in the Corporate Governance Report of this annual report.

PUBLIC FLOAT

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

MANAGEMENT CONTRACT

Based on information available to the Board and to the best knowledge of the Board, no contract for the management and administration of the whole or any substantial part of any business of the Company was entered into or existed during the Reporting Period.

MAJOR CUSTOMERS AND SUPPLIERS

For the Reporting Period, the percentages of purchases attributable to the Group's largest supplier and five largest suppliers combined were 41.46% and 74.01%, respectively (Corresponding Period: 46.40% and 93.12%). For the Reporting Period, the percentages of sales attributable to the Group's largest customer and 5 largest customers combined were 20.17% and 53.17%, respectively (Corresponding Period: 24.49% and 80.82%).

Based on information available to the Board and to the best knowledge of the Board, none of the director, an associate of a director or a substantial shareholder (owned more than 5% of the Company's issued share capital to the knowledge of the directors) has a beneficial interest in any of the Group's five largest suppliers or customers during the Reporting Period.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's articles of association, or the laws of the Cayman Islands.

CHANGES IN INFORMATION OF DIRECTORS

Pursuant to Rule 13.51(B) of the Listing Rules, saved for disclosures elsewhere in this report, no other changes in information of directors subsequent to the date of this report.

AUDIT COMMITTEE

The audited consolidated financial statements of the Group for the year ended 30 June 2024 have been reviewed and approved by the Audit Committee. The Audit Committee is of the opinion that such audited consolidated financial statements comply with the applicable accounting standards, the Listing Rules and all other applicable legal requirements. The Audit Committee therefore recommended for the Board's approval of the Group's audited consolidated financial statements for the year ended 30 June 2024.

AUDITOR

The consolidated financial statements of the Group for the year ended 30 June 2022 and 2023 have been audited by CHENG & CHENG LIMITED ("C&C") and McMillan Woods (Hong Kong) CPA Limited ("McMillan Woods"), respectively.

On 25 May 2023, C&C resigned as the auditor of the Company.

The Board, with the recommendation from the Audit Committee, has resolved to appoint McMillan Woods the new auditor of the Company with effect from 25 May 2023 to fill the casual vacancy following the resignation of C&C and to hold office until the conclusion of the next annual general meeting of the Company. The consolidated financial statements of the Group for the Reporting Period have been audited by McMillan Woods.

Save as disclosed above, there have been no other changes to the auditor during the preceding three years.

McMillan Woods will retire in the forthcoming annual general meeting and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of McMillan Woods as the auditor of the Company will be proposed at the forthcoming AGM.

On behalf of the Board

Dr. He Xiaobin
Executive Director

Hong Kong, 30 September 2024

McMillanWoods
Professionalism at the forefront

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF INTERNATIONAL GENIUS COMPANY
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of International Genius Company (the "Company") and its subsidiaries (the "Group") set out on pages 69 to 145, which comprise the consolidated statement of financial position as at 30 June 2024, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended 30 June 2024, and notes to the consolidated financial statements, including a summary of material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 June 2024, and its consolidated financial performance and its consolidated cash flows for the year ended 30 June 2024 in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the 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 judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The key audit matter we identified is:

1. Revenue recognition for trading of party products and commodities

2. Acquisition of Deep Neural Computing Company Limited ("DNCC")

KEY AUDIT MATTERS *(CONTINUED)*

Key audit matter

Revenue recognition for trading of party products and commodities

Refer to notes 2(u), 3 and 4 to the consolidated financial statements

We identified the revenue recognition for trading of party products and commodities as a key audit matter due to its significance to the consolidated statement of profit or loss and other comprehensive income.

The accounting policy for revenue recognition for trading of party products and commodities are disclosed in note 2(u) to the consolidated financial statements. During the year ended 30 June 2024, the revenue generated from trading of party products and commodities are HK$45,140,000 and HK$172,350,000, respectively, as set out in note 4 to the consolidated financial statements.

Significant judgements by management are involved in the assessment of the revenue recognition for trading of party products and commodities.

How our audit addressed the key audit matter

Our procedures in relation to the revenue recognition for trading of party products and commodities included:

- Obtained an understanding of the Group's revenue recognition policy and key controls for trading of party products and commodities;
- Evaluated the key controls over the revenue recognition process for trading of party products and commodities;
- Inspected contracts with customers, on a sample basis, to understand the terms of the sales transactions including the terms of delivery and acceptance to assess the Group's revenue recognition criteria with reference to the requirements of the prevailing accounting standards;
- Tested the revenue derived from customers for selected samples by examination of the invoices and goods delivery notes to revenue recorded; and
- Compared the delivery dates based on delivery notes with the timing of revenue recognition, and examined transactions which occurred immediately before and after the end of the reporting period for their recording as revenue in the proper periods.

Key audit matter	How our audit addressed the key audit matter
Acquisition of DNCC	
Refer to notes 2(f), 17 and 36 to the consolidated financial statements	
On 22 March 2024, the Group acquired 100% equity interest in DNCC, at fair value consideration of HK$620,520,000 which was satisfied by cash, share consideration, and a contingent consideration which was satisfied by a number of the Company's shares if DNCC and its subsidiaries' net profit before taxation for the three years ending 31 December 2026 is not less than HK$270,000,000 in aggregate. Upon the completion, DNCC and its subsidiaries became the subsidiary of the Group. This acquisition has been accounted for using the acquisition method. The amount of goodwill arising as a result of the acquisition was HK$605,935,000. DNCC and its subsidiaries were engaged in the provision of license and technical know-how on the algo-trading program developed by the DNCC and its subsidiaries. The accounting for the completed transaction of DNCC and its subsidiaries involved determining whether the transaction should be classified as a business combination under HKFRS 3 Business Combination and estimating the fair value of the assets and liabilities of the acquired business at acquisition date, including the identification and valuation, where appropriate, of contingent consideration at acquisition date. Significant judgment is involved in relation to the assumptions used in this valuation process. We therefore consider the acquisition of equity interest in DNCC as a key audit matter.	Our procedures in relation to the acquisition of DNCC included: Regarding the estimation of fair value at acquisition date of the identifiable assets and liabilities of the acquired entities, we had assessed management's identification and determination of the fair value of assets and liabilities acquired, including the valuation methodology applied and the assumptions underlying the acquisition date valuation and input data. Regarding the contingent consideration classified as equity by issuing fixed number of the Company's shares, we obtained the agreement for such arrangement. In addition, we challenged the appropriateness of the assumptions on the fair value of the contingent consideration at the acquisition date as well as the accounting treatment on identification of the contingent consideration and no remeasurement on the contingent consideration as at the end of the reporting period under HKFRS 3 Business Combination.

OTHER INFORMATION

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

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

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

RESPONSIBILITIES OF DIRECTORS AND AUDIT COMMITTEE 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. The audit committee assists the directors in discharging their responsibilities.

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. Our report is made solely to you as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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

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

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

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

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

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

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

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

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

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

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

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

McMillan Woods (Hong Kong) CPA Limited
Certified Public Accountants

Wong Ka Bo, Jimmy
Audit Engagement Director
Practicing Certificate Number P07560

24/F., Siu On Centre, 188 Lockhart Road,
Wanchai, Hong Kong

30 September 2024

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2024

	Notes	**2024** HK$'000	2023 HK$'000
Revenue	3 & 4	**226,711**	333,964
Cost of sales and services		**(213,645)**	(330,782)
Gross profit		**13,066**	3,182
Other revenue and other net gain/(loss)	5	**1,985**	(1,767)
Operating expenses		**(53,416)**	(39,356)
Loss from operations		**(38,365)**	(37,941)
Finance costs	6	**(1,582)**	(658)
Other non-operating income			
Gain on disposal of property, plant and equipment		**1,455**	4
Gain on deregistration of subsidiaries		**–**	56
		1,455	60
Loss before tax	7	**(38,492)**	(38,539)
Income tax expense	8	**(1,496)**	(168)
Loss for the year		**(39,988)**	(38,707)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2024

	Notes	**2024** **HK$'000**	2023 HK$'000
Other comprehensive income/(loss) for the year			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translating financial statements of subsidiaries		**864**	(6,173)
Total other comprehensive income/(loss) for the year		**864**	(6,173)
Total comprehensive loss for the year		**(39,124)**	(44,880)
(Loss)/profit for the year attributable to:			
Equity shareholders of the Company		**(39,991)**	(38,710)
Non-controlling interests		**3**	3
		(39,988)	(38,707)
Total comprehensive (loss)/income for the year attributable to:			
Equity shareholders of the Company		**(39,128)**	(45,666)
Non-controlling interest		**4**	786
		(39,124)	(44,880)
Loss per share	10		
— Basic (HK$ cents)		**(7.36)**	(7.21)
— Diluted (HK$ cents)		**(7.36)**	(7.21)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

	Notes	2024 HK$'000	2023 HK$'000
Non-current assets			
Property, plant and equipment	13	**10,663**	8,772
Right-of-use assets	14	**20,581**	35,943
Intangible assets and goodwill	15	**605,935**	–
Deposit paid	22	**4,584**	6,754
		641,763	51,469
Current assets			
Inventories	18	**–**	9,700
Trading securities	19	**91**	112
Loan receivables	20	**–**	–
Trade receivables	21	**58,119**	24,476
Prepayments, deposits and other receivables	22	**49,745**	31,428
Client trust bank balance	23	**658**	825
Cash and cash equivalents	24	**47,717**	89,084
		156,330	155,625
Total assets		**798,093**	207,094
Capital and reserves			
Share capital	25	**5,582**	5,372
Reserves		**687,829**	137,298
Equity attributable to shareholders of the Company		**693,411**	142,670
Non-controlling interests		**30**	26
Total equity		**693,441**	142,696

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

	Notes	**2024** **HK$'000**	2023 HK$'000
Non-current liabilities			
Lease liabilities	30	**11,563**	24,284
Current liabilities			
Trade payables	28	**19,552**	13,335
Accruals and other payables	29	**21,324**	8,929
Consideration payable	29	**30,000**	–
Lease liabilities	30	**12,972**	12,950
Tax payables		**9,241**	4,900
		93,089	40,114
Total equity and liabilities		**798,093**	207,094
Net current assets		**63,241**	115,511
Total assets less current liabilities		**705,004**	166,980

Approved and authorised for issue by the Board of Directors on 30 September 2024.

On behalf of the board

Dr. He Xiaobin
Executive Director

Mr. Dai Chengyan
Non-executive Director

The notes on pages 76 to 145 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2024

	Attributable to equity shareholders of the Company								
	Share capital HK$'000	Share premium HK$'000	Translation reserve HK$'000	Capital reserve HK$'000	Contingent reserve HK$'000	Accumulated losses HK$'000	Subtotal HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 July 2022	5,372	4,317,787	(3,486)	(15,000)	–	(4,116,337)	188,336	(760)	187,576
Total comprehensive loss for the year	–	–	(6,956)	–	–	(38,710)	(45,666)	786	(44,880)
At 30 June 2023	5,372	4,317,787	(10,442)	(15,000)	–	(4,155,047)	142,670	26	142,696
At 1 July 2023	**5,372**	**4,317,787**	**(10,442)**	**(15,000)**	**–**	**(4,155,047)**	**142,670**	**26**	**142,696**
Acquisition of subsidiaries (note 17)	**210**	**117,894**	**–**	**–**	**472,416**	**–**	**590,520**	**—**	**590,520**
Transfer of share premium to accumulated losses (note 27)	**–**	**(4,317,787)**	**–**	**–**	**–**	**4,317,787**	**–**	**–**	**–**
Transaction costs (note 17)	**–**	**(651)**	**–**	**–**	**–**	**–**	**(651)**	**–**	**(651)**
Total comprehensive loss for the year	**–**	**–**	**863**	**–**	**–**	**(39,991)**	**(39,128)**	**4**	**(39,124)**
At 30 June 2024	**5,582**	**117,243**	**(9,579)**	**(15,000)**	**472,416**	**122,749**	**693,411**	**30**	**693,441**

The notes on pages 76 to 145 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2024

	Notes	2024 HK$'000	2023 HK$'000
Operating activities			
Loss before tax		**(38,492)**	(38,539)
Adjustments for:			
Depreciation on right-of-use assets	14	**15,747**	5,658
Interest income	5	**(10)**	(33)
Finance costs	6	**1,582**	658
Depreciation on property, plant and equipment	13	**6,053**	4,751
Unrealised loss on fair value changes in trading securities	5	**21**	52
Gain on deregistration of subsidiaries		**–**	(56)
Gain on disposal of property, plant and equipment		**(1,455)**	(4)
Gain on early lease termination	5	**–**	(598)
Operating loss before changes in working capital		**(16,554)**	(28,111)
Decrease in inventories		**9,765**	385
Increase in trading securities		**–**	(4)
Increase in trade receivables		**(26,346)**	(6,145)
(Increase)/decrease in prepayments, deposits and other receivables		**(4,147)**	52,023
Decrease/(increase) in client trust bank balance		**167**	(5)
Increase in trade payables		**5,246**	1,113
Increase/(decrease) in accruals and other payables		**12,192**	(21,126)
Cash used in operations		**(19,667)**	(1,870)
Profits tax refunded/(paid)		**41**	(209)
Net cash used in operating activities		**(19,636)**	(2,079)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2024

	Notes	2024 HK$'000	2023 HK$'000
Investing activities			
Purchase of property, plant and equipment		**(13,187)**	(440)
Interest received	5	**10**	33
Proceeds from disposal of property, plant and equipment		**6,630**	4
Net cash used in investing activities		**(6,547)**	(403)
Financing activities			
Transaction cost for acquisition of subsidiaries		**(651)**	–
Capital element of lease payments		**(13,068)**	(5,950)
Interest element of lease payments		**(1,582)**	(658)
Net cash used in financing activities		**(15,301)**	(6,608)
Net decrease in cash and cash equivalents		**(41,484)**	(9,090)
Cash and cash equivalents at beginning of year		**89,084**	99,191
Effect of exchange rate changes		**117**	(1,017)
Cash and cash equivalents at end of year	24	**47,717**	89,084

The notes on pages 76 to 145 form an integral part of these consolidated financial statements.

1. CORPORATE INFORMATION

General Information

International Genius Company (the "Company", together with its subsidiaries, the "Group") was incorporated and domiciled in the Cayman Islands under Companies Law (2004 Revision) of the Cayman Islands as an exempted company with limited liability on 20 March 2007. Its immediate and ultimate parent is Neo Tech Inc. ("Neo Tech") (incorporated in British Virgin Islands ("BVI")). Its ultimate controlling party is Dr. Ng Yu ("Dr. Ng") who is also the Honorary Chairman of the Company. The Company's shares were listed on The Stock Exchange of Hong Kong Limited ("Stock Exchange") on 19 November 2007.

The Company is an investment holding company. The Group is principally engaged in trading of party products, provision of tech-driven investment management services, provision of advancing services and trading of commodities.

The address of the principal place of business of the Company is 42/F, China Resources Tower, Nanshan District, Shenzhen, Guangdong Province, China and the Company has been registered as a non-Hong Kong company under Part XI of the Hong Kong Companies Ordinance since 4 September 2007. The address of the registered office of the Company is 94 Solaris Avenue, Camana Bay, PO Box 1348, Grand Cayman, KY1-1108, Cayman Islands.

2. MATERIAL ACCOUNTING POLICY INFORMATION

(a) Statement of Compliance

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

The HKICPA has issued certain new and revised HKFRSs that are first effective for the current accounting period of the Group and the Company. Note 2(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in this report.

2. MATERIAL ACCOUNTING POLICY INFORMATION *(CONTINUED)*

(b) Basis of Preparation of the Consolidated Financial Statements

The consolidated financial statements for the year ended 30 June 2024 comprise of the Company and its subsidiaries have been prepared in accordance with HKFRSs and under the historical cost convention except where stated otherwise in the accounting policies set out below.

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

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

(c) Changes in Accounting Policies and Disclosures

The HKICPA has issued the following amendments to HKFRSs that are first effective for the current accounting period of the Group:

HKFRS 17	Insurance Contracts and the related Amendments
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform — Pillar Two Model Rules

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

There was no material impact on the financial statements of the Group as the new HKFRSs and amendments to HKFRSs were consistent with policies already adopted by the Group.

2. MATERIAL ACCOUNTING POLICY INFORMATION *(CONTINUED)*

(d) Possible Impact of New and Amendments to HKFRSs in issue but not yet effective for the year ended 30 June 2024

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective.

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and Non-current liabilities with covenants [1]
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements [1]
Amendments to HKAS 21	Lack of Exchangeability [2]
HKFRS 18	Presentation and Disclosure in Financial Statements [3]
Amendments to HKFRS 16	Lease Liability in a Sales and Leaseback [1]
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments[5]
Annual Improvements	Annual Improvements to HKFRS Accounting Standards – Volume 11[5]
HKFRS 19	Subsidiaries without Public Accountability: Disclosures[3]

1 Effective for accounting period beginning on or after 1 January 2024
2 Effective for accounting period beginning on or after 1 January 2025
3 Effective for accounting period beginning on or after 1 January 2027
4 Effective for accounting period beginning on or after a date to be determined
5 Effective for accounting period beginning on or after 1 January 2026

The directors of the Company anticipate that the application of these new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

2. MATERIAL ACCOUNTING POLICY INFORMATION *(CONTINUED)*

(e) Subsidiaries and Non-controlling Interests

Subsidiaries are entities controlled by the Company. The Company 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. When assessing whether the Company has power, only substantive rights (held by the Company and other parties) are considered.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances and transactions and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at their proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity shareholders of the Company.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset or, when appropriate, the cost on initial recognition of an investment in an associate or jointly controlled entity.

In the Company's statement of financial position an investment in a subsidiary is stated at cost less any impairment losses unless the investment is classified as held for sale.

2. MATERIAL ACCOUNTING POLICY INFORMATION *(CONTINUED)*

(f) Business Combinations

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. For each business combination, the Group elects whether to measures the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition related costs are expensed as incurred.

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

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

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

The subsequent accounting for the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured to fair value at subsequent reporting dates, with the corresponding gain or loss being recognised in profit or loss.

2. MATERIAL ACCOUNTING POLICY INFORMATION *(CONTINUED)*

(g) Goodwill

Goodwill represents the excess of:

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

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

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

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

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

(h) Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is calculated to write off the cost or valuation of items of property, plant and equipment, less their estimated residual value, if any, using the straight line method over their estimated useful lives as follows:

Leasehold improvement	the shorter of lease-term or 5 years
Furniture, fixtures and equipment	3-6 years
Motor vehicles	3-5 years
Vessel	10 years

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

(i) Intangible Assets (Other than Goodwill)

Intangible assets are measured on initial recognition at cost. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

2. MATERIAL ACCOUNTING POLICY INFORMATION *(CONTINUED)*

(i) Intangible Assets (Other than Goodwill) *(continued)*

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

(j) Leases

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application or arising from business combinations, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed. As a practical expedient, leases with similar characteristics are accounted on a portfolio basis when the Group reasonably expects that the effects on the consolidated financial statements would not differ materially from individual leases within the portfolio.

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

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

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

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

2. MATERIAL ACCOUNTING POLICY INFORMATION *(CONTINUED)*

(j) Leases *(continued)*

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

The Group presents right-of-use assets and lease liabilities separately in the statement of financial position.

(k) Financial Assets

The Group's policies for investment in debt and equity securities, other than investments in subsidiaries and associate, are set out below.

Investments in debt and equity securities are recognised/derecognised on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at fair value through profit or loss (FVTPL) for which transaction costs are recognised directly in profit or loss. For an explanation of how the Group determines fair value of financial instruments, see note 35. These investments are subsequently accounted for as follows, depending on their classification.

Classification

An investment in equity securities is classified as FVTPL unless the equity investment is not held for trading purposes and on initial recognition of the investment the Group makes an election to designate the investment at fair value through other comprehensive income ("FVOCI") (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to accumulated losses. It is not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVTPL or FVOCI, are recognised in profit or loss as other income in accordance with the policy set out in note 2(u)(iii).

Under HKFRS 9, financial assets such as receivables shall be subsequently measured at amortised cost if both of the following conditions are met: (a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Interest income from the financial asset is calculated using the effective interest method.

2. MATERIAL ACCOUNTING POLICY INFORMATION *(CONTINUED)*

(l) Credit Losses and Impairment of Assets

(i) Credit losses from financial instruments

The Group recognises a loss allowance for expected credit losses (ECLs) on the financial assets measured at amortised cost (including cash and cash equivalent, client trust bank balance, trade and other receivables and loan receivables).

Financial assets measured at fair value, including the trading securities, are not subject to the ECL assessment.

Measurement of ECLs

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

The expected cash shortfalls are discontinued using the following discount rates where the effect of discounting is material:

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

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

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

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

ECLs are measured on either of the following bases:

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

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

Loss allowance for trade receivables are always measured at an amount equal to lifetime ECLs. ECLs on trade receivables are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

2. MATERIAL ACCOUNTING POLICY INFORMATION *(CONTINUED)*

(l) Credit Losses and Impairment of Assets *(continued)*

(i) Credit losses from financial instruments (continued)

Measurement of ECLs *(continued)*

For all other financial instruments, the Group recognises a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (ii) the financial asset is 90 days past due. The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

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

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

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

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

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

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

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

2. MATERIAL ACCOUNTING POLICY INFORMATION *(CONTINUED)*

(l) Credit Losses and Impairment of Assets *(continued)*

(i) Credit losses from financial instruments (continued)

Basis of calculation of interest income

Interest income recognised in accordance with note 2(u)(ii) is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset.

Credit-impaired financial assets

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

Evidence that a financial asset is credit-impaired includes the following observable events:

— significant financial difficulties of the debtor;

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

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

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

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

Write-off policy

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

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

2. MATERIAL ACCOUNTING POLICY INFORMATION *(CONTINUED)*

(l) Credit Losses and Impairment of Assets *(continued)*

(ii) Impairment of other assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

— property, plant and equipment;

— right-of-use assets;

— investment in subsidiaries in the Company's statement of financial position;

— prepayments;

— intangible assets; and

— goodwill.

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill, intangible assets that are not yet available for use and intangible assets that have indefinite useful lives, the recoverable amount is estimated annually whether or not there is any indication of impairment.

— Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

— Recognition of impairment losses

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal, or value in use, if determinable.

2. MATERIAL ACCOUNTING POLICY INFORMATION *(CONTINUED)*

(l) Credit Losses and Impairment of Assets *(continued)*

(ii) Impairment of other assets (continued)

— Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favorable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

(m) Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost formula and comprise all costs of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(n) Trade and Other Payables

Trade and other payables are initially recognised at fair value and thereafter stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(o) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowing are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated statement of profit or loss and other comprehensive income over the period of the borrowings using the effective interest method.

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

2. MATERIAL ACCOUNTING POLICY INFORMATION *(CONTINUED)*

(p) Client Trust Bank Balance

The Group maintains trust and segregated accounts with authorised financial institutions to hold clients' deposits arising from normal business transactions. The Group has classified the clients' monies as client trust bank balance under the current assets in the consolidated statement of financial position as the Group is allowed to retain some or all of the interest income on the clients' monies and recognised corresponding accounts payable to the respective customers in the current liabilities. Under the Hong Kong Securities and Futures Ordinance (Cap. 571), the Group is not allowed to use the clients' monies to settle its own obligation.

(q) Cash and Cash Equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows.

(r) Employee Benefits

(i) Short term employee benefits and contributions to defined contribution retirement plans

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. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(ii) Termination benefits

Termination benefits are recognised when, and only when, the Group demonstrably commits itself to terminate employment or to provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawal.

(iii) Share-based payments

The fair value of share options granted to employees is recognised as an employee cost with a corresponding increase share option reserve within equity. The fair value is measured at grant date using the binomial lattice model, taking into account the terms and conditions upon which the options were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the options, the total estimated fair value of the options is spread over the vesting period, taking into account the probability that the options will vest.

2. MATERIAL ACCOUNTING POLICY INFORMATION *(CONTINUED)*

(r) Employee Benefits *(continued)*

(iii) Share-based payments (continued)

During the vesting period, the number of share options that is expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognised in prior years is charged/credited to the profit or loss for the year of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the share option reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of options that vest (with a corresponding adjustment to the share option reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the company's shares. The equity amount is recognised in the share option reserve until either the option is exercised (when it is included in the amount recognised in share capital for the shares issued) or the option expires (when it is released directly to accumulated losses).

(s) Income Tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

2. MATERIAL ACCOUNTING POLICY INFORMATION *(CONTINUED)*

(s) Income Tax *(continued)*

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination and at the time of transaction does not give rise to equal taxable and deductible temporary differences), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Company controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

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

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

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

— in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

— in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

  — the same taxable entity; or

  — different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

2. MATERIAL ACCOUNTING POLICY INFORMATION *(CONTINUED)*

(t) Provisions and Contingent Liabilities

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

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

(u) Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied or services provided, stated net of discounts returns and value added taxes. The Group recognises revenue when control over a product or service is transferred to the customers.

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

(i) Sales of party products and commodities

Sales of party products and commodities to customers. Revenue is recognised when control of the goods has been transferred to the customer, being at the point the goods are delivered to the customers.

(ii) Interest income

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

(iii) Dividend income

Dividend income from listed investments is recognised when the share price of the investment goes ex-dividend.

(iv) Assets management fee income

(a) Assets management fee income is recognised on accrual basis when services are provided; or

(b) Investment income under assets management is recognised according to the accounting policies of note 2(k).

2. MATERIAL ACCOUNTING POLICY INFORMATION *(CONTINUED)*

(u) Revenue Recognition *(continued)*

(v) Tech-driven investment management income

(a) Performance fees are recognised when the performance of the underlying fund or portfolio exceeds a predefined benchmark or hurdle rate, and it becomes highly probable that the performance fee will not be subject to significant reversal; or

(b) Technical fees are recognised over time as the related services are provided.

(vi) Other income not stated above is recognised whenever received or receivable.

Principal versus agent

When another party is involved in providing goods or services to a customer, the Group determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e. the Group is a principal) or to arrange for those goods or services to be provided by the other party (i.e. the Group is an agent).

The Group is a principal if it controls the specified good or service before that good or service is transferred to a customer.

The Group is an agent if its performance obligation is to arrange for the provision of the specified good or service by another party. In this case, the Group does not control the specified good or service provided by another party before that good or service is transferred to the customer. When the Group acts as an agent, it recognises revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by the other party.

(v) Foreign Currencies

The Group's consolidated financial statements are presented in Hong Kong dollars, which is also the Company's functional currency.

(i) Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation.

2. MATERIAL ACCOUNTING POLICY INFORMATION *(CONTINUED)*

(v) Foreign Currencies *(continued)*

(i) Transactions and balances (continued)

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

(ii) Group companies

On consolidation, the assets and liabilities of foreign operations are translated into Hong Kong dollars at the rate of exchange prevailing at the reporting date and their income and expenses items are translated at exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is reclassified to profit or loss.

(w) Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

(x) Related Parties

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

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

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or the Group's parent.

2. MATERIAL ACCOUNTING POLICY INFORMATION *(CONTINUED)*

(x) Related Parties *(continued)*

(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 parent, 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 post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

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

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

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

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.

(y) 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 most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of 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. SEGMENT REPORTING

The Group determines its operating segments based on the reports reviewed by the chief operating decision maker that are used to make strategic decisions.

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

— Tech-driven investment management

— Advancing business

— Trading of party products

— Trading of commodities

On 22 March 2024, the Group completed the acquisition of Deep Neural Computing Company Limited ("DNCC"). With DNCC's expertise in artificial intelligence, deep neural networks, distributed computing and quantitative trading algorithm solutions, the Group has redefined its securities brokerage and assets management segment into tech-driven investment management segment.

3. SEGMENT REPORTING *(CONTINUED)*

(a) Segment Revenues and Results

The accounting policies of the operating segments are the same as the accounting policies of the Group. Segment results represents the profit/(loss) earned by each segment without allocation of administrative expenses, certain other revenue and other net gain/(loss), other non-operating expenses and finance costs. This is the measure reported to the chief operating decision maker for the purposes of resources allocation and performance assessment.

The following is an analysis of the Group's revenue and results by operation segment:

	Revenue		**Segment results**	
	2024	2023	**2024**	2023
	HK$'000	HK$'000	**HK$'000**	HK$'000
Trading of party products	**45,140**	92,332	**439**	(2,896)
Tech-driven investment management	**9,221**	–	**8,552**	(6,794)
Trading of commodities	**172,350**	241,632	**(3,139)**	6,730
Advancing business	**–**	–	**(670)**	(763)
	226,711	333,964	**5,182**	(3,723)
Reconciliation:				
Net exchange gain/(loss)			**482**	(3,098)
Bank interest income			**10**	33
Unallocated corporate expenses			**(44,540)**	(31,167)
Unallocated corporate income			**501**	14
Finance costs			**(1,582)**	(658)
Gain on deregistration of subsidiaries			**–**	56
Gain on disposal of property, plant and equipment			**1,455**	4
Loss before tax			**(38,492)**	(38,539)
Income tax expense			**(1,496)**	(168)
Loss for the year			**(39,988)**	(38,707)

3. SEGMENT REPORTING *(CONTINUED)*

(a) Segment Revenues and Results *(continued)*

For the year ended 30 June 2024

	Tech-driven investment management HK$'000	Advancing business HK$'000	Trading of party products HK$'000	Trading of commodities HK$'000	Unallocated HK$'000	Total HK$'000
Other segment information:						
Capital expenditure of property, plant and equipment	–	–	–	–	13,187	13,187
Depreciation on property, plant and equipment	–	–	–	34	6,019	6,053
Depreciation on right-of-use assets	–	297	–	–	15,450	15,747
Unrealised loss on fair value changes in trading securities	21	–	–	–	–	21

For the year ended 30 June 2023

	Tech-driven investment management HK$'000	Advancing business HK$'000	Trading of party products HK$'000	Trading of commodities HK$'000	Unallocated HK$'000	Total HK$'000
Other segment information:						
Additions of right-of-use assets	–	593	–	–	41,008	41,601
Capital expenditure of property, plant and equipment	–	–	–	–	440	440
Depreciation on property, plant and equipment	–	188	6	9	4,548	4,751
Depreciation on right-of-use assets	–	210	–	–	5,448	5,658
Unrealised loss on fair value changes in trading securities	52	–	–	–	–	52

3. SEGMENT REPORTING *(CONTINUED)*

(b) Segment Assets and Liabilities

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

- all assets are allocated to operating segments other than certain right-of-use assets, property, plant and equipment, certain prepayments, deposits and other receivables and cash and cash equivalents; and

- all liabilities are allocated to operating segments other than certain accruals and other payables, certain lease liabilities and tax payables.

The following is an analysis of the Group's assets and liabilities by operating segment:

As at 30 June 2024

	Tech-driven investment management HK$'000	Advancing business HK$'000	Trading of party products HK$'000	Trading of commodities HK$'000	Total HK$'000
ASSETS					
Segment assets	**634,513**	**199**	**29,249**	**49,034**	**712,995**
Bank balances and cash					**47,717**
Unallocated corporate assets					**37,381**
Consolidated total assets					**798,093**
LIABILITIES					
Segment liabilities	**(32,177)**	**(266)**	**(18,382)**	**(12,238)**	**(63,063)**
Tax payables					**(9,241)**
Unallocated corporate liabilities					**(32,348)**
Consolidated total liabilities					**(104,652)**

3. SEGMENT REPORTING *(CONTINUED)*

(b) Segment Assets and Liabilities *(continued)*

As at 30 June 2023

	Tech-driven investment management HK$'000	Advancing business HK$'000	Trading of party products HK$'000	Trading of commodities HK$'000	Total HK$'000
ASSETS					
Segment assets	1,392	501	1	65,360	67,254
Bank balances and cash					89,084
Unallocated corporate assets					50,756
Consolidated total assets					207,094
LIABILITIES					
Segment liabilities	(1,804)	(580)	(284)	(12,678)	(15,346)
Tax payables					(4,900)
Unallocated corporate liabilities					(44,152)
Consolidated total liabilities					(64,398)

3. SEGMENT REPORTING *(CONTINUED)*

(c) Geographic information

Revenue

The following table sets out information about the geographical location of the Group's revenue from external customers. The geographical location of customers is based on the location at which the services were provided or the goods were delivered.

	2024	2023
	HK$'000	HK$'000
Revenue from contracts with customers within the scope of HKFRS 15		
Hong Kong	**–**	–
Mainland China	**190,669**	241,632
Malaysia	**–**	92,332
Singapore	**36,036**	–
	226,705	333,964
Revenue from other sources		
Hong Kong	**6**	–
Total	**226,711**	333,964

Specified non-current assets

The following table sets out information about the geographical location of the Group's property, plant and equipment, right-of-use assets and intangible assets ("Specified Non-current Assets"). The geographical location of the Specified Non-current Assets is based on (a) the physical location of the assets, in the case of property, plant and equipment and right-of-use assets; (b) the location of the operation to which they are allocated, in the case of intangible assets.

	2024	2023
	HK$'000	HK$'000
Hong Kong	**1,383**	15,074
Mainland China	**29,861**	29,641

3. SEGMENT REPORTING *(CONTINUED)*

(d) Revenue from major customers which individually accounts for 10% or more of the Group's revenue from continuing operations is as follows:

	2024	2023
	HK$'000	HK$'000
Revenue from customer attributable to trading of commodities business Company A#	**45,717**	–
Revenue from customer attributable to trading of party products business Company B#	**26,821**	–
Revenue from customer attributable to trading of commodities business Company C	**19,575**	70,542
Revenue from customer attributable to trading of party products business Company D*	**–**	81,797
Revenue from customer attributable to trading of commodities business Company E*	**–**	62,625
Revenue from customer attributable to trading of commodities business Company F*	**–**	41,302

These two customers mentioned above did not individually contribute 10% or more of total revenue of the Group during the year ended 30 June 2023.

* These three customers mentioned above did not individually contribute 10% or more of total revenue of the Group during the year ended 30 June 2024.

4. REVENUE

The principal activities of the Group are trading of party products, provision of tech-driven investment management services, provision of advancing services and trading of commodities.

Disaggregation of Revenue

Disaggregation of revenue from contracts with customers by major products or service lines is as follows:

	2024 HK$'000	2023 HK$'000
Revenue from contracts with customers within the scope of HKFRS 15		
Trading of party products	**45,140**	92,332
Trading of commodities	**172,350**	241,632
Performance fee	**8,661**	–
Technical advice fee	**554**	–
	226,705	333,964
Revenue from other sources		
Interest income from cash and margin client tech-driven investment management business	**6**	–
Total	**226,711**	333,964
Disaggregation by timing of revenue recognition within the scope of HKFRS 15		
— Over time	**9,215**	–
— At a point in time	**217,490**	333,964
	226,705	333,964

As all revenue contracts have original expected duration of one year or less. The Group has applied the practical expedient under the HKFRS 15 for not disclosing transaction price allocated to unsatisfied performance obligation.

5. OTHER REVENUE AND OTHER NET GAIN/(LOSS)

	2024	2023
	HK$'000	HK$'000
Net exchange gain/(loss)	**482**	(3,098)
Dividend income	**3**	6
Interest income	**10**	33
Sundry income	**861**	283
Government subsidies (Note)	**650**	463
Unrealised loss on fair value changes in trading securities	**(21)**	(52)
Gain on early lease termination	**–**	598
	1,985	(1,767)

Note: During the current year, the Group recognised government grants of HK$650,000 related to a scheme in the People's Republic of China (the "PRC") to encourage import and export trading in Shaanxi. For the year ended 30 June 2023, HK$463,000 was recognised in respect of Employment Support Scheme launched by the HKSAR Government to provide time-limited financial support to employers.

6. FINANCE COSTS

	2024	2023
	HK$'000	HK$'000
Interest on lease liabilities	**1,582**	658

7. LOSS BEFORE TAX

Loss before tax is arrived after charging the following:

	2024 **HK$'000**	2023 HK$'000
Auditor's remuneration		
— Audit service	**950**	950
— Non-audit service	**75**	–
Cost of inventories included in cost of sales and services	**213,645**	330,782
Depreciation		
— Owned property, plant and equipment	**6,053**	4,751
— Right-of-use assets	**15,747**	5,658
Staff costs (including directors' emoluments)		
— Salaries, wages and other benefits	**16,485**	17,592
— Contributions to defined contribution retirement plans	**545**	445

8. INCOME TAX EXPENSE

The amount of taxation charged to the consolidated statement of profit or loss and other comprehensive income represents:

	2024 **HK$'000**	2023 HK$'000
Current tax — Hong Kong Profits Tax		
Charge for the year	**1,496**	–
Current tax — PRC Income Tax		
Charge for the year	**–**	168
Total income tax expense	**1,496**	168

The provision for Hong Kong Profits Tax for the year ended 30 June 2024 and 2023 was calculated at 16.5%.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years.

8. INCOME TAX EXPENSE *(CONTINUED)*

Pursuant to the rules and regulations of the Cayman Islands and the BVI, the Group is exempted from any income tax in the Cayman Islands and the BVI.

Reconciliation between actual tax expense and notional tax on profit/(loss) before taxation at the applicable tax rates:

	2024	2023
	HK$'000	HK$'000
Loss before tax	**(38,492)**	(38,539)
Tax at the applicable rate of 16.5% (2023: 16.5%)	**(6,351)**	(6,359)
Effect of different tax rate of subsidiaries operating in other jurisdictions	**(1,281)**	303
Tax effect of income not subject to taxation	**(5)**	(100)
Tax effect of expenses not deductible for taxation purposes	**1,032**	1,221
Utilisation of tax losses previously not recognised	**–**	(412)
Tax effect of tax losses not recognised	**7,897**	5,256
Tax effect of unrecognised origination and reversal of temporary differences	**204**	271
Tax relief for the year	**–**	(12)
Income tax expense	**1,496**	168

9. DIVIDENDS

The Board did not recommend any final dividend for the year ended 30 June 2024. No dividend was paid during the year (For the year ended 30 June 2023: Nil).

10. LOSS PER SHARE

(a) Basic loss per share

Basic loss per share is calculated by dividing the loss attributable to equity shareholders of the Company over the weighted average number of ordinary shares in issue during the year.

	2024	2023
	HK$'000	HK$'000
Loss attributable to equity shareholders of the Company	**(39,991)**	(38,710)

	2024	2023
Weighted average number of ordinary shares	**543,040,186**	537,245,104

Total issued ordinary shares at 30 June 2024 and 30 June 2023 were 558,245,104 shares and 537,245,104 shares respectively.

10. LOSS PER SHARE *(CONTINUED)*

(b) Diluted loss per share

For the year ended 30 June 2024, the Group had potential ordinary shares, including contingently issuable shares. As the Group incurred losses for the year ended 30 June 2024, the potential ordinary shares were anti-dilutive and excluded from the calculation of diluted loss per share.

For the year ended 30 June 2023, no diluted loss per share is presented as there were no potential ordinary share in issue during the year.

11. RETIREMENT BENEFITS COSTS

The Group operates the mandatory provident fund scheme (the "MPF Scheme") for its Hong Kong staff. The MPF Scheme is a defined contribution retirement benefit scheme administered by independent trustees. Under the rules of the MPF Schemes, each of the employer and its employees are generally required to make contributions to the schemes at 5% (For the year ended 30 June 2023: 5%) of the employee's relevant monthly income, subject to a cap of monthly relevant income of HK$30,000 (For the year ended 30 June 2023: HK$30,000). Contributions from the employer are vested in the employees as soon as they are paid to relevant MPF Scheme but all benefits derived from the mandatory contributions must be preserved until the employee reaches the retirement age of 65 subject to a few exceptions. The assets of the schemes are held separately from those of the Group in independently administered funds. Except for voluntary contribution, no forfeited contribution under the MPF Scheme is available to reduce the contribution payable in future years.

The employees of the Group's subsidiaries that operated in the PRC are required to participate in a central pension scheme operated by the local governments in different cities of the PRC (the "Central Schemes"). These subsidiaries are required to contribute pension, based on a certain percentage of their payroll costs, to the Central Schemes. The assets of the schemes are held separately from those of the Group in independently administered funds. The only obligation of the Group with respect to the retirement benefits scheme is to make the required contributions under the scheme. No forfeited contributions will be used by the employees to reduce the existing level of contributions.

The Group's contributions to the defined contribution retirement schemes are expensed as incurred. The Group has no further payment obligations once the contributions have been made.

12. DIRECTORS' REMUNERATION AND INDIVIDUALS WITH HIGHEST PAY

(a) Directors' remuneration is disclosed as follows:

	2024				
	Fees HK$'000	Basic salaries, allowance and other benefits HK$'000	Discretionary Bonus HK$'000	Contributions to retirement scheme HK$'000	Total HK$'000
Executive Directors (Note ii)					
Ng Yu *(resigned on 25 July 2023)*	–	–	–	–	–
Lin Feng *(resigned on 25 April 2024)*	490	–	–	–	490
He Xiaobin *(appointed on 25 April 2024)*	110	–	–	–	110
Non-executive Directors (Note iii)					
Dai Chengyan	60	–	–	–	60
Sun Qiuzhen *(resigned on 25 April 2024)*	–	–	–	–	–
Independent Non-executive Directors (Note iv)					
Wang Jun Sheng	240	–	–	–	240
Lo Hang Fong	240	–	–	–	240
Yip Tze Wai Albert	360	–	–	–	360
	1,500	–	–	–	1,500

12. DIRECTORS' REMUNERATION AND INDIVIDUALS WITH HIGHEST PAY *(CONTINUED)*

(a) Directors' remuneration is disclosed as follows: *(continued)*

	2023				
	Fees HK$'000	Basic salaries, allowance and other benefits HK$'000	Discretionary Bonus HK$'000	Contributions to retirement scheme HK$'000	Total HK$'000
Executive Directors (Note ii)					
Ng Yu *(resigned on 25 July 2023)*	–	–	–	–	–
Lin Feng *(resigned on 25 April 2024)*	600	–	–	–	600
Non-executive Directors (Note iii)					
Dai Chengyan	60	–	–	–	60
Cheung Bonathan Wai Ka *(resigned on 10 April 2023)*	467	–	–	–	467
Sun Qiuzhen *(appointed on 12 April 2023 and resigned on 25 April 2024)*	–	–	–	–	–
Independent Non-executive Directors (Note iv)					
Wang Jun Sheng	240	–	–	–	240
Lo Hang Fong	240	–	–	–	240
Yip Tze Wai Albert	360	–	–	–	360
Han Chengfang *(appointed on 13 March 2023 and resigned on 12 April 2023)*	–	–	–	–	–
	1,967	–	–	–	1,967

Notes:

i. No emoluments were paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office for the year ended 30 June 2024 and 2023.

ii. The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group.

iii. The non-executive directors' emoluments shown above were for their services as directors of the Company and its subsidiaries, if applicable.

iv. The independent non-executive directors' emoluments shown above were for their services as directors of the Company.

v. None of the directors has waived any emoluments for the year ended 30 June 2024 and 2023.

vi. Save as disclosed in Note 33(d), there were no significant transactions, arrangements and contracts in relation to the Group's business to which the Group was a party and in which a director of the Group had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year ended 30 June 2024 (2023: Nil).

12. DIRECTORS' REMUNERATION AND INDIVIDUALS WITH HIGHEST PAY *(CONTINUED)*

(b) Individuals with highest emoluments

Of the five individuals with the highest paid in the Group, none (For the year ended 30 June 2023: None) were directors of the Company whose emoluments are disclosed in note 12(a) above. The emoluments of the remaining five (For the year ended 30 June 2023: five) individual were as follows:

	2024 **HK$'000**	2023 HK$'000
Salaries and other benefits	**6,169**	5,768
Contributions to defined contribution retirement plans	**90**	90
	6,259	5,858

Their emoluments were within the following bands:

	2024 **Number of employees**	2023 Number of employees
HK$500,001 to HK$1,000,000	**2**	2
HK$1,000,001 to HK$1,500,000	**2**	2
HK$1,500,001 to HK$2,000,000	**1**	1

During the year ended 30 June 2024 and 2023, no inducement payment or compensation for loss of office was paid to the five highest paid individuals.

13. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvement HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Vessel HK$'000	Total HK$'000
Cost					
At 1 July 2022	1,320	370	5,313	27,000	34,003
Additions	264	176	–	–	440
Disposals	–	–	(95)	–	(95)
Exchange realignment	–	(7)	–	–	(7)
At 30 June 2023 and 1 July 2023	1,584	539	5,218	27,000	34,341
Additions	**9,996**	**3,191**	**–**	**–**	**13,187**
Disposals	**–**	**–**	**–**	**(27,000)**	**(27,000)**
Exchange realignment	**(66)**	**(18)**	**–**	**–**	**(84)**
At 30 June 2024	**11,514**	**3,712**	**5,218**	**–**	**20,444**
Accumulated depreciation and impairment					
At 1 July 2022	770	186	3,083	16,875	20,914
Charge for the year	641	109	1,301	2,700	4,751
Disposals	–	–	(95)	–	(95)
Exchange realignment	–	(1)	–	–	(1)
At 30 June 2023 and 1 July 2023	1,411	294	4,289	19,575	25,569
Charge for the year	**2,274**	**600**	**929**	**2,250**	**6,053**
Disposals	**–**	**–**	**–**	**(21,825)**	**(21,825)**
Exchange realignment	**(14)**	**(2)**	**–**	**–**	**(16)**
At 30 June 2024	**3,671**	**892**	**5,218**	**–**	**9,781**
Net book values					
At 30 June 2024	**7,843**	**2,820**	**–**	**–**	**10,663**
At 30 June 2023	173	245	929	7,425	8,772

13. PROPERTY, PLANT AND EQUIPMENT *(CONTINUED)*

Impairment assessment

As at 30 June 2024, the directors of the Company are of the opinion that there is no impairment indication. Please refer to note 36(i) to these consolidated financial statements for further details.

As at 30 June 2023, the Group had property, plant and equipment of approximately HK$8,611,000 and right-of-use assets of approximately HK$35,560,000 attributable to unallocated corporate assets (the "Unallocated Corporate Assets"). Management considered the loss making position of the Group incurred during the year ended 30 June 2023 to be an impairment indicator and thus, performed an impairment assessment. The Group assessed impairment loss for the Unallocated Corporate Assets by considering its recoverable amount having regard to the change in market conditions in Hong Kong after the outbreak of the coronavirus. The recoverable amount of the Unallocated Corporate Assets is estimated based on the fair value less cost of disposal of the vessel, which is estimated reference to comparable sales transactions as available in the relevant market with adjustments to reflect the condition and model of the vessel. In assessing the fair value, the Group adopted a direct comparison model. Fair value measurement of the Group's Unallocated Corporate Assets is classified as level 3 of the fair value hierarchy, as the fair value is based on observable direct or indirect inputs other than level 1 inputs and unobservable inputs. The selling price of comparable vessels ranged from approximately HK$22,233,000 to HK$63,280,000, before taking into account discounts for the conditions and model of the vessel including an asking price discount of 10%. Based on the fair value assessed by the independent third party management expert, the recoverable amount was greater than the carrying amount of the Unallocated Corporate Assets. Thus, no provision for impairment related to the Unallocated Corporate Assets was recorded during the year ended 30 June 2023.

14. RIGHT-OF-USE ASSETS

	2024	2023
	HK$'000	HK$'000
Leased properties		
At 1 July	**35,943**	–
Additions	**–**	41,601
Depreciation charge	**(15,747)**	(5,658)
Exchange realignment	**385**	–
At 30 June	**20,581**	35,943
Expenses relating to short-term leases	**265**	1,212
Total cash outflow for leases including short-term leases	**14,915**	7,820

14. RIGHT-OF-USE ASSETS *(CONTINUED)*

The Group has obtained the right to use property as its operation through tenancy agreements. The lease typically run for an initial period of 1 to 3 years from 1 October 2022 (30 June 2023: 1 to 3 years from 1 October 2022) and without break-clause for early termination.

Impairment assessment

During the year ended 30 June 2024, the Group estimates the recoverable amount of one cash-generating unit ("CGU") of advancing business segment and one CGU of trading of commodities segment (30 June 2023: one cash-generating unit ("CGU") of advancing business segment and one CGU of trading of commodities segment) to which the right-of-use assets belong, including allocation of corporate assets when reasonable and consistent basis can be established. For right-of-use assets which allocation of corporate assets cannot be established, the impairment assessment is collectively assessed along with other non-financial assets, details of which are further disclosed in Note 13.

Since the CGU with right-of-use assets of advancing business segment incurred losses during the year ended 30 June 2024 and 2023, the management of the Group expected the revenue generated from the CGUs are minimal and therefore performed an impairment review of the recoverable amount on the right-of-use assets.

The recoverable amount of the relevant CGUs was determined based on value in use calculation. Value in use calculation was based on cash flow projections prepared from financial forecasts approved by the management. Other key assumptions for the value in use calculation related to the estimation of cash flows which included budgeted revenue and expected gross margins during the budget period which had been determined based on the past performance and management's expectations for the market development.

During the year ended 30 June 2024, provision for impairment of right-of-use assets amounted to Nil (30 June 2023: Nil).

15. INTANGIBLE ASSETS AND GOODWILL

a) Intangible assets

	Type 1 Regulated Activity License	Type 4 and Type 9 Regulated Activity License	Total
	HK$'000	HK$'000	HK$'000
Cost			
At 1 July 2022, 30 June 2023, 1 July 2023 and 30 June 2024	**12,388**	**5,500**	**17,888**
Accumulated impairment			
At 1 July 2022, 30 June 2023, 1 July 2023 and 30 June 2024	**12,388**	**5,500**	**17,888**
Carrying values			
At 30 June 2024	–	–	–
At 30 June 2023	–	–	–

The regulated activities licenses have indefinite useful lives and carried at cost less accumulated impairment losses.

15. INTANGIBLE ASSETS AND GOODWILL *(CONTINUED)*

b) Goodwill

	Total
	HK$'000
Cost	
At 1 July 2022, 30 June 2023 and 1 July 2023	–
Arising on acquisition of subsidiaries (note 17)	605,935
At 30 June 2024	605,935
Impairment	
At 1 July 2022, 30 June 2023, 1 July 2023 and 30 June 2024	–
Carrying value	
At 30 June 2024	605,935
At 30 June 2023	–

For the purposes of impairment test, goodwill has been allocated to one CGU, being DNCC. The recoverable amount has been determined based on a value-in-use calculation. The calculation used cash flow projections based on financial budgets approved by the directors of the Company covering an eight-year period, with a pre-tax discount rate of 17.73%. The management of the Group, including DNCC's team structure, boasts a talented and diverse team of professionals who possess extensive knowledge and experience in the field of deep neural networks, artificial intelligence, distributed computing and quantitative trading. Under the acquisition of DNCC, there is a management lock-up period of eight years during which key management of DNCC retains their employment. Having considered the above-mentioned factors, the management of the Group considers adopting an eight-year forecast for impairment testing to be appropriate.

The cash flows beyond the eight-year period were extrapolated using a steady growth rate of 5%.

The growth rate was based on the relevant industry growth rate forecast and does not exceed the average long-term growth rate for the relevant industry. The key assumptions for the value-in-use calculation related to the estimation of cash flows included net margin and discount rate. Net margin of the CGU is based on management's expectation for revenue growth and future market development. The discount rate used is pre-tax rates that reflect current market assessments of the risks specific to the relevant industry. Management believes that any reasonably possible change in any of these assumptions would not cause the aggregate carrying amount of goodwill to exceed the aggregate recoverable amount.

Since the recoverable amount was greater than the carrying amount, no impairment was made during the year ended 30 June 2024.

16. INVESTMENT IN SUBSIDIARIES

Investment in subsidiaries represents investments in unlisted shares at cost.

The following list contains only the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group. The class of shares held is ordinary unless otherwise stated.

Name of company	Place of establishment/ incorporation and operation	Particulars of issued and paid up/ registered capital	Group's effective interest	Principal activities
Directly held				
Amber Hill Global Investment Limited	Hong Kong	HK$1	100%	Investment holding
Indirectly held				
AIF Securities Limited	Hong Kong	HK$41,000,000	100%	Engaging in the business of a dealer in securities
Amber Hill Asset Management Limited	Hong Kong	HK$18,000,000	100%	Provision of securities advisory and asset management services
廣州零零叁叁貿易有限公司# Guangzhou Zero Zero Three Three Trading Co., Ltd.*	PRC	RMB100,000,000	100%	Trading of commodities
陝西寰安遠宇實業有限公司△ Shaanxi Huan'an Yuanyu Industrial Co., Limited*	PRC	RMB100,000,000	70%	Trading of party products and trading of commodities
Deep Neural Computing Company Limited	BVI	US50,000	100%	Provision of tech-driven investment management services

* The English name is for identification purpose only.

\# This company is a wholly-foreign-owned enterprises in PRC.

△ This company is a limited liability company in PRC.

17. ACQUISITION OF SUBSIDIARIES

On 22 March 2024, the Group acquired 100% equity interest in the registered capital of DNCC from an independent third party for a total consideration of HK$620,520,000. Of this amount HK$30,000,000 was satisfied by cash and share consideration of HK$118,104,000 was satisfied by issuing 21,000,000 shares of the Company. The fair value of the share consideration was approximated with reference to the published price available at the date of the sale and purchase agreement as a reference price to the date of acquisition, amounting to HK$5.624 per share. Additionally, a contingent share consideration of HK$472,416,000 to be satisfied by issuing 84,000,000 shares of the Company. The fair value of the contingent share consideration represented the estimation value of on 84,000,000 shares to be issued if DNCC's actual consolidated net profit exceeds HK$270,000,000 in aggregate for the three years ended 31 December 2026. Management's significant judgments, including the assessment of the fair values of the share consideration and contingent share consideration as well as the nature of the contingent share consideration, used in accounting for the acquisition, are disclosed in note 36 to these consolidated financial statements. The fair value of the contingent share consideration was estimated by considering the market price of the Company's shares as at the date of the sale and purchase agreement. The share consideration and contingent share consideration were determined based on the issue price as at the date of the sale and purchase agreement. This price was arrived at after arm's length negotiations among the parties to the transaction, taking into account the prevailing trading price of the Company's shares and current market conditions. This acquisition has been accounted for using the acquisition method. The amount of goodwill arising from the acquisition was HK$605,935,000. DNCC and its subsidiaries were engaged in the provision of license and technical know-how for the algo-trading program developed by the DNCC and its subsidiaries. Goodwill arose from the acquisition of DNCC because the cost of the combination included a control premium. In addition, the consideration paid for the combination effectively included amounts for the benefits that will supplement the Group's tech-driven investment management business, providing a comprehensive range of asset management and other related financial services to its customers. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

Please refer to the Company's announcement dated 23 January 2024 for the reasons for and benefits of the acquisition.

None of the goodwill arising from the acquisition is expected to be deductible for tax purposes.

Consideration transferred

	HK$'000
Cash	30,000
Share consideration	118,104
Contingent share consideration	472,416
	620,520

Assets acquired and liabilities recognised at the date of acquisition are as follows:

	HK$'000
Trade receivables	6,741
Other receivables	11,399
Trade payables	(750)
Tax payables	(2,805)
Net assets identified	14,585

17. ACQUISITION OF SUBSIDIARIES *(CONTINUED)*

Consideration transferred *(continued)*

The fair value of trade receivables at the date of acquisition amounted to HK$6,741,000. The gross contractual amounts of those receivables acquired amounted to HK$6,741,000 at the date of acquisition. The best estimate at acquisition date of the contractual cash flows not expected to be collected amounted to nil.

Goodwill arising on acquisition:

	HK$'000
Consideration transferred	620,520
Less: Net assets acquired	(14,585)
Goodwill arising on acquisition	605,935

Analysis of cash flows on acquisition:

	HK$'000
Transaction costs of the acquisition (included in cash flows from operating activities)	–
Net cash acquired with the subsidiary (included in cash flows from investing activities)	–
Transaction costs attributable to issuance of shares (included in cash flows from financing activities, net of tax)	(651)
Net cash flow on acquisition	(651)

As at 30 June 2024, the Group has not settled the cash consideration and accordingly, recorded consideration payables of HK$30,000,000.

Included in the loss for the year is approximately HK$7,523,000 profit attributable to the additional business generated by DNCC and its subsidiaries. Revenue for the year includes approximately HK$9,215,000 generated from DNCC and its subsidiaries.

Had the acquisition been completed on 1 July 2023, the total amount of revenue of the Group for the year would have been HK$253,405,000, and net loss for the year would have been HK$18,270,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 July 2023, nor is it intended to be a projection of future results.

18. INVENTORIES

	2024	2023
	HK$'000	HK$'000
Goods in transit	**–**	9,700

19. TRADING SECURITIES

	2024	2023
	HK$'000	HK$'000
Trading securities		
— Equity shares listed in Hong Kong	**91**	112

The trading securities are initially recognised at fair value. The Group holds the trading securities for trading purpose. At the end of reporting period the fair value is re-measured, with any resultant gain or loss being recognised in profit or loss. The fair value is measured using only Level 1 inputs, i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.

20. LOAN RECEIVABLES

	2024	2023
	HK$'000	HK$'000
Loan receivables from advancing business	**2,000**	2,000
Less: Impairment	**(2,000)**	(2,000)
	–	–

(a) At 30 June 2024, loan receivables were bearing interest at 20% per annum (30 June 2023: 20%), and with maturity date on 28 February 2022. No interest income was recorded during the year ended 30 June 2024, as the borrower had defaulted and the amount was fully impaired in the previous year. At 30 June 2024, the Group had loan receivables due from a borrower who is an independent third party amounting to HK$2,000,000 (30 June 2023: HK$2,000,000), of which HK$2,000,000 was unsecured (30 June 2023: HK$2,000,000 was unsecured).

(b) At the end of the reporting period, all loan receivables are past due.

21. TRADE RECEIVABLES

	2024	2023
	HK$'000	HK$'000
Trade receivables arising from dealing in securities	**2,759**	2,754
Interest receivables arising from advancing business	**333**	333
Trade receivables arising from trading of party products	**28,946**	–
Trade receivables arising from trading of commodities	**13,206**	24,471
Trade receivable arising from tech-driven investment management	**15,957**	–
	61,201	27,558
Less: Impairment	**(3,082)**	(3,082)
	58,119	24,476

Customers from trading of party products and commodities are usually offered a credit period of up to 90 days. Customers from provision of tech-driven investment management services are usually offered a credit period of up to 180 days. Customers from dealing in securities are immediately due on settlement date. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management.

(a) An ageing analysis of trade receivables based on the date of the invoice and net of provision of impairment loss is as follows:

	2024	2023
	HK$'000	HK$'000
Within 30 days	**13,206**	3,404
31 to 60 days	**1,207**	18,800
61 to 90 days	**9,215**	–
Over 90 days	**34,491**	2,272
	58,119	24,476

22. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2024	2023
	HK$'000	HK$'000
		(Restated)
Other receivables (note ii)	**18,628**	10,136
Prepayments and other deposits (note i, ii)	**47,257**	39,602
	65,885	49,738
Less: Impairment (note ii)	**(11,556)**	(11,556)
	54,329	38,182
Representing:		
Current portion	**49,745**	31,428
Non-current portion	**4,584**	6,754
	54,329	38,182

Notes:

(i) As at 30 June 2024, the Group recorded approximately HK$34,140,000, HK$6,470,000 and HK$6,647,000 of prepayment to suppliers, rental deposits and other deposits, respectively (30 June 2023: HK$26,510,000, HK$6,512,000 and HK$6,580,000, respectively). The amount of prepayments and other deposits expected to be recovered or recognised as expense after more than one year is approximately HK$4,584,000 (30 June 2023: HK$6,754,000). The remaining amount is expected to be recovered or recognised as expense within one year.

(ii) Total impairment loss for other receivables and other deposits was approximately HK$5,556,000 and HK$6,000,000, respectively (30 June 2023: HK$5,556,000 and HK$6,000,000, respectively) as at 30 June 2024. No impairment loss on other receivables and other deposits were made during the year (30 June 2023: Nil).

23. CLIENT TRUST BANK BALANCE

The Group receives and holds monies deposited by clients and other institutions in the course of the conduct of the regulated activities of securities brokerage. These clients' monies are maintained in a client trust bank account. The Group has recognised the corresponding trade payables to respective clients (Note 28).

24. CASH AND CASH EQUIVALENTS

	2024	2023
	HK$'000	HK$'000
Cash at other financial institution	**38,502**	52,492
Cash and bank balances	**9,215**	36,592
Cash and cash equivalents in the statement of cash flows	**47,717**	89,084

Cash and cash equivalents include short-term bank deposits and cash at other financial institution, carrying interest at prevailing market rates.

Cash at banks and restricted bank deposits of the Group denominated in RMB of HK$3,282,000 (30 June 2023: HK$18,630,000) which are deposited with the banks in the PRC are not freely convertible into other currencies. The Group can apply to exchange RMB for other currencies through banks authorised to conduct foreign exchange business under PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations.

25. SHARE CAPITAL

	Number of shares	**Amount**
	'000	HK$'000
Authorised:		
Ordinary shares of HK$0.01 each		
At 1 July 2022, 30 June 2023, 1 July 2023 and 30 June 2024	1,000,000,000	10,000,000
Issued and fully paid:		
Ordinary shares of HK$0.01 each		
At 1 July 2022, 30 June 2023, 1 July 2023	537,245	5,372
Issue of new shares (Note)	21,000	210
At 30 June 2024	558,245	5,582

Note:

On 22 March 2024, 21,000,000 Consideration Shares have been allotted and issued by the Company to Dr. Ye Guanhua at the Issue Price of HK$5.624 per Consideration Share, in accordance with the Sale and Purchase Agreement on 22 January 2024. The consideration for the Sale and Purchase are settled partial in cash and partial by the allotment and issuance of Consideration Shares. For further details, please refer to the announcement made by the Company dated 23 January 2024, 6 March 2024 and 22 March 2024 and note 17.

26. EQUITY SETTLED SHARE-BASED TRANSACTIONS

The Company adopted a share option scheme on 26 June 2017 (the "2017 Share Option Scheme"). The Company has terminated the 2017 Share Option Scheme and has adopted a new share option scheme (the "Share Option Scheme") pursuant to a resolution passed at the extraordinary general meeting of the Company held on 21 June 2024 (the "Commencement Date").

The purpose of the Share Option Scheme is to provide Eligible Participants (the "Participant(s)") with the opportunity to acquire proprietary interests in the Company and to encourage Participants to work towards enhancing the value of the Company and its shares for the benefit of the Company and its Shareholders as a whole, as well as to motivate Participants to contribute to the success of the Group's operations. The Share Option Scheme will provide the Company with a flexible means of retaining, incentivising, rewarding, remunerating, compensating and/or providing benefits to Participants.

The Participants (as defined in the Share Option Scheme) include any director of the Company (including executive directors, non-executive directors and independent non-executive directors) or employee of the Company or any subsidiary of the Company, including any person who is granted any option as an inducement to enter into any employment contract with the Company or such subsidiary, in the sole discretion of the Board, to have contributed or will contribute to the Group.

Unless otherwise cancelled or amended, the Share Option Scheme will remain valid for a period of 10 years from the Commencement Date.

The scheme mandate limit in respect of the granting of options to subscribe for shares under the Share Option Scheme may be refreshed by ordinary resolution of the Shareholders in general meeting after three years from the date of the Shareholders' approval for the last refreshment.

The maximum number of the ordinary shares (the "Shares") of the Company upon the exercise of all options and awards to be granted under the Share Option Scheme and any other schemes of the Company shall not in aggregate exceed 10% of the Shares of the Company (the "Scheme Mandate Limit") in issue as at the commencement date or the relevant date of approval of the refreshment of the Scheme Mandate Limit (the "Refreshed Limit").

Save as disclosed above, the other principal terms of the Share Option Scheme are as follows:

(i) The total number of Shares in respect of which options may be granted to each Participant in the 12-month period up to and including the date of grant shall not exceed 1% of the issued Shares of the Company for the time being.

(ii) The subscription price shall be determined by the Board, but shall not be less than the higher of (a) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheets on the date of grant of option, which must be a business day; (b) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant of option; and (c) the nominal value of the Shares on the date of grant of option.

(iii) An option may be accepted by an eligible participant for a period of 21 days from the date of grant of option. A non-refundable nominal consideration of HK$1.00 is payable by the grantee upon acceptance of an option.

No share option was granted during the years ended 30 June 2024 and 2023 in relation to the 2017 Share Option Scheme and the Share Option Scheme, and the Company had no share option outstanding under the 2017 Share Option Scheme and Share Option Scheme as at 30 June 2024 and 30 June 2023.

27. RESERVES

The Company

	Share premium HK$'000	Contributed surplus HK$'000	Contingent reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 July 2022	4,317,787	31,971	–	(4,204,416)	145,342
Total comprehensive loss for the year	–	–	–	(12,410)	(12,410)
At 30 June 2023 and 1 July 2023	**4,317,787**	**31,971**	–	**(4,216,826)**	**132,932**
Acquisition of subsidiaries (note 17)	**117,894**	**–**	**472,416**	**–**	**590,310**
Transfer of share premium to accumulated losses	**(4,317,787)**	**–**	**–**	**4,317,787**	**–**
Transaction cost	**(651)**	**–**	**–**	**–**	**(651)**
Total comprehensive loss for the year	**–**	**–**	**–**	**(128,103)**	**(128,103)**
At 30 June 2024	**117,243**	**31,971**	**472,416**	**(27,142)**	**594,488**

(i) Share premium

The application of the share premium account is governed by the Companies Law of the Cayman Islands. Under the Companies Law of the Cayman Islands, the funds in share premium account are distributable to shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business. On 21 June 2024, the Company's shareholders approved of a share premium reduction of approximately HK$4,317,787,000 to net off with the same amount of the accumulated losses of the Company. Please refer to the Company's announcements dated 4 June 2024 and 21 June 2024.

(ii) Translation reserve

Translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operation.

(iii) Capital reserve

Capital reserve of the Group represents the difference between the nominal values of the ordinary shares issued by the Company and the share capital of Silver Pattern Limited acquired through the share swap pursuant to the reorganisation of the Group for the listing of the Company's shares (the "Reorganisation") in 2017.

(iv) Contributed surplus

Contributed surplus represents the excess of the fair value of the shares of Silver Pattern Limited determined on the basis of the consolidated net assets of Silver Pattern Limited at the due of the Reorganisation over the nominal value of the shares issued by the Company in exchange thereof.

27. RESERVES *(CONTINUED)*

(v) Contingent reserve

The contingent reserve represents the fair value of contingent share consideration payable amounting to HK$472,416,000 for the acquisition of 100% equity interest in DNCC and its subsidiaries at the acquisition date, as detailed in note 17 and 36 to the consolidated financial statements. The amount represented the fair value of 84,000,000 shares to be issued if DNCC's actual consolidated net profit exceeds HK$270,000,000 in aggregate for the three years ended 31 December 2026. The directors of the Company are of the opinion that it is highly probable that the profit guarantee will be met and that ultimately, a total of 84,000,000 shares would be issued to satisfy the consideration. Thus, the fixed-to-fixed criterion to recognise the contingent share consideration as equity is satisfied.

(vi) Distributability of reserves

At 30 June 2024, the Company's reserves available for distribution, comprising share premium and accumulated losses in aggregate, amounted to HK$90,101,000 (30 June 2023: HK$100,961,000).

28. TRADE PAYABLES

	2024 HK$'000	2023 HK$'000
Trade payables arising from dealing in securities (note 23)	**658**	825
Trade payables arising from trading of party products	**17,994**	–
Trade payables arising from trading of commodities	**–**	12,510
Trade payables arising from tech-driven investment management	**900**	–
	19,552	13,335

The ageing analysis of trade payables arising from trading of party products, trading of commodities and tech-driven investment management is as follows:

	2024 HK$'000	2023 HK$'000
0 to 30 days	**50**	–
31 to 60 days	**50**	11,044
61 to 90 days	**50**	192
Over 90 days	**18,744**	1,274
	18,894	12,510

The trade payables arising from trading of party products, trading of commodities and tech-driven investment management are non-interest-bearing and are normally settled within 90 days. The carrying amounts of the trade payables at the end of the reporting period approximated their fair values.

29. ACCRUALS AND OTHER PAYABLES

	Notes	2024 HK$'000	2023 HK$'000
Contract liabilities	(a)	**11,703**	–
Deposits received		**721**	709
Accrued salaries and bonus	(b)	**2,699**	2,625
Other accrued expenses		**5,843**	5,140
Dividend payable		**3**	3
Other tax payables		**146**	5
Other payables		**209**	447
		21,324	8,929
Consideration payable	(c)	**30,000**	–

The carrying amounts of accruals, other payables and consideration payable at the end of the reporting period approximated their fair values. All of the accrued expenses and other payables are expected to be settled or recognised as income within one year.

Notes:

(a) When the Group receives deposits from customer in advance of sales of goods, the deposits are recognised as contract liabilities until the control of the goods has been transferred to the customers.

Movements in contract liabilities

	2024 HK$'000	2023 HK$'000
Balance at the beginning of the year	–	16,270
Increase in contract liabilities as a result of receipts in advance from sales of goods	**11,703**	–
Revenue recognition that was included in the contract liability balance at the beginning of the year	–	(8,544)
Decrease in contract liability as a result of contract termination	–	(7,726)
Balance at the end of the year	**11,703**	–

The balance of the contract liabilities is expected to be recognised as income within one year.

(b) As at 30 June 2024, accrued salaries and bonuses amounted to approximately HK$2,699,000 (30 June 2023: HK$2,625,000) was payable to the existing and former directors (including both executive and independent non-executive directors).

(c) On 22 March 2024, the Group acquired 100% equity interest in DNCC. As at 30 June 2024, the Company has yet to settle the outstanding cash consideration payable. For details, please refer to note 17 of these consolidated financial statements.

30. LEASE LIABILITIES

The following table shows the remaining contractual maturities of the Group's lease liabilities at the end of the reporting period:

	2024		2023	
	Present value of the minimum lease payments HK$'000	**Total minimum lease payments HK$'000**	Present value of the minimum lease payments HK$'000	Total minimum lease payments HK$'000
Within 1 year	**12,972**	**13,840**	12,950	14,508
After 1 year but within 2 years	**11,563**	**11,816**	12,844	13,702
After 2 years but within 3 years	**–**	**–**	11,440	11,691
	24,535	**25,656**	37,234	39,901
Less: Total future interest expenses		**(1,121)**		(2,667)
Present value of lease liabilities		**24,535**		37,234

The weighted average incremental borrowing rates applied to lease liabilities range from 4.75% to 5.13% (30 June 2023: from 4.75% to 5.13%).

31. DEFERRED TAX LIABILITIES

At the end of the reporting period, the Group has unused tax losses of approximately HK$173,946,000 (30 June 2023: approximately HK$133,345,000) available for offset against future profits. No deferred tax asset has been recognised in respect of these unused tax losses due to the unpredictability of future profit streams. Included in unrecognised tax losses, losses of approximately HK$7,160,000 (2023: nil) and HK$6,928,000 (2023: nil) will expire in 2028 and 2029, respectively. Other losses may be carried forward indefinitely.

32. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Notes	2024 HK$'000	2023 HK$'000
Non-current assets			
Property, plant and equipment		**26**	48
Investment in subsidiaries		**11**	11
Amounts due from subsidiaries		**604,857**	136,490
		604,894	136,549
Current assets			
Prepayments, deposits and other receivables		**103**	117
Cash and cash equivalents		**138**	5,708
		241	5,825
Total Assets		**605,135**	142,374
Capital and reserves			
Share capital	25	**5,582**	5,372
Reserves	27	**594,488**	132,932
		600,070	138,304
Current liabilities			
Accruals and other payables		**5,065**	4,070
Lease liabilities		**–**	–
		5,065	4,070
Total Liabilities		**5,065**	4,070
Total Equity and Liabilities		**605,135**	142,374
Net current (liabilities)/assets		**(4,824)**	1,755
Total assets less current liabilities		**600,070**	138,304

33. RELATED PARTY TRANSACTIONS

Other than as disclosed elsewhere in the consolidated financial statements, the Group had the following significant transactions and balances with related parties during the year:

(a) During the year ended 30 June 2023, the Group entered several insurance service agreements with Target Insurance Company, Limited ("Target Insurance"), whereas Dr. Ng (the ultimate controlling party of the Company), was the director and substantial shareholder of Target Insurance. The Group recognised insurance expenses in profit or loss with a total amount of HK$16,000 for the employees' compensation insurance and vehicle insurance for the year ended 30 June 2023. Those insurances cover one year period. During the year ended 30 June 2024, the Group did not entered any service agreements with Target Insurance.

(b) As at 30 June 2024, the Group had other receivable equivalents of HK$11,399,000 (30 June 2023: Nil) from a director of a subsidiary. The balance was unsecured and no provision for doubtful debts had been made in respect of the balance.

(c) As at 30 June 2024, the Group had cash and cash equivalents of HK$38,502,000 (30 June 2023: HK$52,492,000) deposited in YF Securities Pte. Ltd., a brokerage company incorporated in Singapore with limited liability and beneficially owned by Dr. Ng (the ultimate controlling party of the Company). The balance was unsecured and no provision for doubtful debts had been made in respect of the balance.

(d) Compensation of key management of the Group:

	2024 **HK$'000**	2023 HK$'000
Salaries, allowance and other benefits	**5,857**	3,882
Contributions to defined contribution retirement plans	**72**	54
Discretionary bonus	**–**	–
	5,929	3,936

Note: Further details of directors' and employees' emoluments and post-employment benefits are included in notes 11 and 12 to the consolidated financial statements. Total remuneration is included in staff costs (see Note 7).

34. COMMITMENTS

Capital Commitments

As at 30 June 2024 and 30 June 2023, the Group did not have capital commitments contracted but not provided for in the consolidated financial statements.

35. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENT AND FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(a) Fair values of financial assets and liabilities:

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

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

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

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

(i) Financial instruments not measured at fair value

At the end of the reporting period, the fair values of the Group's financial assets and liabilities not measured at fair value are not materially different from their carrying amount.

(ii) Financial instruments measured at fair value

Group's valuation process

The fair values of trading securities are measured with reference to quoted market prices.

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments.

Financial assets	**Fair value**		**Fair value hierarchy**	**Valuation technique(s) and key input(s)**	**Significant unobservable input(s)**
	2024 **HK$'000**	2023 HK$'000			
Trading securities — Listed equity securities	**91**	112	Level 1	Quoted prices in active market	–

During the year, there were no transfer of fair value measurements between Level 1, Level 2 and Level 3 (30 June 2023: Nil).

(b) Financial risk management objective and policies

The Group's major financial instruments include, cash and cash equivalents, client trust bank balance, trade receivables, deposits and other receivables, loan receivables, trading securities, consideration payable, trade payables and other payables. Details of the financial instruments are disclosed in the respective notes. The risks associated with these financial instruments include (i) credit risk, (ii) liquidity risk, (iii) interest rate risk, (iv) currency risk and (v) equity price risk. The Group does not hold or issue derivative financial instruments either for hedging or trading purposes. The policies on how to mitigate these risks are set out as below.

The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

35. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENT AND FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(CONTINUED)*

(b) Financial risk management objective and policies *(continued)*

(i) Credit risk

Credit risk arises from the possibility that the counterparty to transaction is unwilling or unable to fulfill its obligation thereby incurring financial loss to the Group.

1. Trade receivables

As at 30 June 2024, the maximum exposure to credit risk is represented by the carrying amount of trade and other receivables in the consolidated statement of financial position.

In respect of trade and other receivables, in order to minimise risk, management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis. Credit evaluations of customers' financial position and condition are performed on all customers periodically. In addition, credit evaluations are performed on all customers requiring credit over a certain amount. Trade receivables from trading of party products and commodities are usually due within 90 days from the date of delivery of goods or billing while trade receivables from provision of tech-driven investment management services are usually due within 180 days from the date of the services provided or billings. Debtors with overdue balances, which will be reviewed on a case-by-case basis, are requested to settle all outstanding balances before any further credit is granted. Normally, the Group does not obtain collaterals from customers.

For trade receivables, the Group performs impairment assessment under ECL model individually. No impairment loss (30 June 2023: Nil) is recognised during the year. Details of the quantitative disclosure are set out below in this note.

In respect of trade receivables, the Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The default risk of the industry and country in which customers operate also has an influence on credit risk. At 30 June 2024, the Group has certain concentration of credit risk as approximately equals to 31.0% (30 June 2023: 76.8%) and 96.8% (30 June 2023: 100.0%) of the total trade receivables was due from the Group's largest customer and the five largest customers respectively. The Group also has certain concentration of credit risk as approximately equals to 84.2% (30 June 2023: 16.8%) and 100% (30 June 2023: 39.8%) of the total other receivables was due from the Group's largest other receivables and the five largest other receivables respectively.

35. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENT AND FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(CONTINUED)*

(b) Financial risk management objective and policies *(continued)*

(i) Credit risk (continued)

2. Other receivables

For other receivables, the directors of the Group make periodic individual assessment on recoverability of deposits and other receivables based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information. The directors of the Group considered that there are increase in credit risk of certain other receivables and no significant increase in credit risk in certain other receivables. Therefore, the Group provided impairment based on both 12-month ECL and lifetime ECL. No impairment loss (30 June 2023: Nil) is recognised during the year. Details of the quantitative disclosure are set out below in this note.

3. Loan receivables

As at 30 June 2024, the maximum exposure to credit risk without taking account of any collateral held is represented by the carrying amount of loan receivables in the consolidated statement of financial position.

In respect of loan receivables, in order to minimise risk, management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis. Credit evaluations of customers' financial position and condition are performed on all customers periodically. In addition, credit evaluations are performed on all customers requiring credit over a certain amount. These receivables are usually due within six months (30 June 2023: six months) from the date of loan agreement. Debtors with overdue balances, which will be reviewed on a case-by-case basis, are requested to settle all outstanding balances before any further credit is granted.

The Group has made full impairment on loan receivables as at 30 June 2024 and 2023 as the collectability of the loans was doubtful.

In respect of loan receivables, the Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The default risk of the industry and country in which customers operate also has an influence on credit risk. At 30 June 2024, the Group has concentration of credit risk as of the gross carrying amount of loan receivables, 100% was due from one debtor (30 June 2023: 100% was due from one debtor).

4. Deposits with banks and other financial institution

The Group mitigates its exposure to credit risk by placing deposits with the financial institutions with established credit rating and with strict liquidity compliance requirement. Given the high credit ratings and strict liquidity requirements of the banks and other financial institution, management does not expect any counterparty to fail to meet its obligations.

35. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENT AND FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(CONTINUED)*

(b) Financial risk management objective and policies *(continued)*

(i) Credit risk (continued)

The Group's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Loan receivables	Trade receivables	Other receivables
Low risk	The counterparty has a low risk of default and does not have any past-due amounts	12-month ECL	Lifetime ECL — not credit-impaired	12-month ECL
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL — not credit-impaired	Lifetime ECL — not credit-impaired	Lifetime ECL — not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL — credit-impaired	Lifetime ECL — credit-impaired	Lifetime ECL — credit-impaired

The tables below detail the credit risk exposures of the Group's financial assets, which are subject to ECL assessment:

Financial assets at amortised costs	Internal credit rating	12-month or lifetime ECL	Gross carrying amount 2024 HK$'000	2023 HK$'000
Trade receivables	Low risk	Lifetime ECL — not credit-impaired	**–**	–
	Doubtful	Lifetime ECL — not credit-impaired	**58,119**	24,476
	Loss	Lifetime ECL — credit-impaired	**3,082**	3,082
			61,201	27,558
Other receivables	Low risk	12-month ECL	**13,072**	4,580
	Doubtful	Lifetime ECL — not credit-impaired	**–**	–
	Loss	Lifetime ECL — credit-impaired	**5,556**	5,556
			18,628	10,136
Loan receivables	Loss	Lifetime ECL — credit-impaired	**2,000**	2,000

35. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENT AND FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(CONTINUED)*

(b) Financial risk management objective and policies *(continued)*

(i) Credit risk (continued)

1) Trade receivables

The following table shows the movement in lifetime ECL that has been recognised for trade receivables under the simplified approach.

	Lifetime ECL (credit-impaired) HK$'000	**Total** HK$'000
At 1 July 2022, 30 June 2023, 1 July 2023 and 30 June 2024	**3,082**	**3,082**

The following table provides information about the exposure to credit risk for trade receivables:

	2024 Net carrying amount of trade receivables HK$'000	2023 Net carrying amount of trade receivables HK$'000
Current (not past due)	**22,421**	3,404
1-30 days past due	**6,741**	18,800
31-60 days past due	**–**	–
61-90 days past due	**–**	1,669
More than 90 days past due	**28,957**	603
	58,119	24,476

35. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENT AND FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(CONTINUED)*

(b) Financial risk management objective and policies *(continued)*

(i) Credit risk (continued)

1) Trade receivables *(continued)*

There were no changes in loss allowance for trade receivables during the year ended 30 June 2024 and 2023.

As at 30 June 2024, the total impairment loss of approximately HK$3,082,000 (30 June 2023: HK$3,082,000) represented impairment loss on overdue interest receivables of HK$333,000 (30 June 2023: HK$333,000) from advancing business, impairment loss on overdue account receivables of HK$2,749,000 (30 June 2023: HK$2,749,000) from tech-driven investment management business, and impairment loss on overdue balance of Nil (30 June 2023: Nil) from commodities and party products business respectively.

In view of the history of business dealings with the debtors from trading of commodities and party products and the sound collection history of the receivables due from them, the management believes that there is no material credit risk inherent in the Group's outstanding balances of the trade receivables due from these debtors. Management makes periodic assessment on the recoverability of the trade receivables based on historical payment records, the length of overdue period, the financial strength of the debtors and whether there are any disputes with the debtors. The directors consider the Group's credit risk of these receivables to be low. Up to the date of this report, subsequent settlements of the trade receivables from trading of commodities and party products amounting to HK$32,704,000 also support the management's judgement. Additionally, the subsequent settlement of trade receivables from tech-driven investment management amounting to HK$5,535,000 supports this judgement. As such, no impairment was provided on the balances of these trade receivables as at 30 June 2024.

35. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENT AND FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(CONTINUED)*

(b) Financial risk management objective and policies *(continued)*

(i) Credit risk (continued)

2) Other receivables

The following tables show reconciliation of loss allowances that has been recognised for other receivables.

	12-month ECL	Lifetime ECL (not credit-impaired)	Lifetime ECL (credit-impaired)	Total
	HK$'000	HK$'000	HK$'000	HK$'000
As at 1 July 2022, 30 June 2023, 1 July 2023 and 30 June 2024	**–**	**–**	**5,556**	**5,556**

There were no changes in loss allowance for other receivables during the year ended 30 June 2024 and 2023.

3) Loan receivables

The following tables show reconciliation of loss allowances that has been recognised for loan receivables.

	Lifetime ECL (credit-impaired)
	HK$'000
As at 1 July 2022, 30 June 2023, 1 July 2023 and 30 June 2024	**2,000**

There were no changes in loss allowance for loan receivables during the year ended 30 June 2024 and 2023.

(ii) Liquidity risk

Liquidity risk is the risk of non-availability of funds to meet all contractual financial commitments as they fall due.

The Group is responsible for its own cash management, including the short-term investment of cash surpluses and the raising of loans to cover expected cash demand, subject to board approval. The Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with lending covenants to ensure that it maintains sufficient amount of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

35. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENT AND FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(CONTINUED)*

(b) Financial risk management objective and policies *(continued)*

(ii) Liquidity risk (continued)

Sources of liquidity are daily reviewed by the Group to ensure the availability of sufficient liquid funds to meet all obligation. Management monitors rolling forecasts of the Group's liquidity reserve and cash and cash equivalents on the basis of expected cash flows in strict compliance with statutory requirements.

The following liquidity risk tables set out the remaining contractual maturities at the end of the reporting period of the Group's financial liabilities based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on current rates at the end of the reporting period) and the earliest date the Group is required to pay.

	2024					
	Within 1 year or on demand HK$'000	**More than 1 year but less than 2 years HK$'000**	**More than 2 years but less than 5 years HK$'000**	**More than 5 years HK$'000**	**Total undiscounted cash flows HK$'000**	**Total carrying amount HK$'000**
Trade payables	**19,552**	**–**	**–**	**–**	**19,552**	**19,552**
Accruals and other payables	**8,751**	**–**	**–**	**–**	**8,751**	**8,751**
Consideration payable	**30,000**	**–**	**–**	**–**	**30,000**	**30,000**
Lease liabilities	**13,840**	**11,816**	**–**	**–**	**25,656**	**24,535**
	72,143	**11,816**	**–**	**–**	**83,959**	**82,838**

	2023					
	Within 1 year or on demand HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000	More than 5 years HK$'000	Total undiscounted cash flows HK$'000	Total carrying amount HK$'000
Trade payables	13,335	–	–	–	13,335	13,335
Accruals and other payables	8,929	–	–	–	8,929	8,929
Lease liabilities	14,508	13,702	11,691	–	39,901	37,234
	36,772	13,702	11,691	–	62,165	59,498

35. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENT AND FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(CONTINUED)*

(b) Financial risk management objective and policies *(continued)*

(iii) Interest rate risk

The Group's interest rate risk arises primarily from cash and cash equivalents, client trust bank balances and loan receivables. Bank balances expose the Group to cash flow interest rate risk; while loan receivables at fixed rates expose the Group to fair value interest rate risk. The Group currently does not have any interest rate hedging policy in relation to fair value and cash flow interest rate risks. The directors monitor the Group's exposure on an ongoing basis and will consider hedging the interest rate should the need arises.

(1) Interest rate profile

The interest rates of loan receivables is disclosed in notes 20.

(2) Sensitivity analysis

It is estimated that a general decrease/increase of 100 basis points in interest rates, with all other variables held constant, would not have a material impact to the Group's loss after tax and accumulated losses for both years. Other components of consolidated equity would not be affected (For the year ended 30 June 2023: Nil) in response to the general increase/decrease in interest rates.

The sensitivity analysis above indicates the instantaneous change in the Group's profit/(loss) after tax (and accumulated losses) and other components of consolidated equity that would arise assuming that the change in interest rates had occurred at the end of the reporting period. In respect of the exposure to cash flow interest rate risk arising from floating rate non-derivative instruments held by the Group at the end of the reporting period, the impact on the Group's loss after tax (and accumulated losses) and other components of consolidated equity is estimated as an annualised impact on interest expense or income of such a change in interest rates. The analysis is performed on the same basis for the year ended 30 June 2023.

35. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENT AND FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(CONTINUED)*

(b) Financial risk management objective and policies *(continued)*

(iv) Currency risk

The Group is exposed to currency risk primarily through ordinary business operations which give rise to receivables, payables and cash balances that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transactions relate. The currencies giving rise to this risk are primarily United States dollars ("US$") and Renminbi ("RMB").

(1) Exposure to currency risk

The following table details the Group's exposure at the end of the reporting period to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate.

	2024	
	US$	**RMB**
	HK$'000	**HK$'000**
Cash and cash equivalents	**39,077**	**2**
Trade and other receivables	**55,910**	**—**
Trade and other payables	**(18,483)**	**—**
Overall exposure arising from recognised assets and liabilities	**76,504**	**2**

	2023	
	US$	RMB
	HK$'000	HK$'000
Cash and cash equivalents	53,425	13
Trade and other receivables	18,820	—
Trade and other payables	—	—
Overall exposure arising from recognised assets and liabilities	72,245	13

Management closely monitors currency risk position to ensure that the net exposure is kept at an acceptable level.

35. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENT AND FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(CONTINUED)*

(b) Financial risk management objective and policies *(continued)*

(iv) Currency risk (continued)

(2) Sensitivity analysis

The following table indicates the instantaneous change in the Group's profit/(loss) after tax (and accumulated losses) and other components of consolidated equity that would arise if foreign exchange rates to which the Group has significant exposure at the end of the reporting period had changed at that date, assuming all other risk variables remained constant. In this respect, it is assumed that the pegged rate between the Hong Kong dollars and the United States dollars would be materially unaffected by any changes in movement in value of the United States dollars against other currencies.

	2024		2023	
	Appreciation/ (depreciation) in foreign exchange rates	**Effect on loss after tax and accumulated losses HK$'000**	Appreciation/ (depreciation) in foreign exchange rates	Effect on loss after tax and accumulated losses HK$'000
Renminbi	**5%**	**—**	5%	1
	(5%)	**—**	(5%)	(1)

Results of the analysis as presented in the above table represent an aggregation of the instantaneous effects on each of the Group entities' profit/(loss) after tax and equity measured in the respective functional currencies, translated into Hong Kong dollars at the exchange rate ruling at the end of the reporting period for presentation purposes.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the end of the reporting period. The analysis excludes differences that would result from the translation of the financial statements of foreign operations into the Group's presentation currency. The analysis is performed on the same basis for the year ended 30 June 2023.

(v) Equity price risk

Equity price risk is the risk that the fair value of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or foreign exchange risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting equity instruments traded in the market.

The Group is exposed to price risk arising from individual equity investment classified as trading securities. The directors of the Company manage the exposure by closely monitoring the portfolio of investments.

35. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENT AND FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(CONTINUED)*

(b) Financial risk management objective and policies *(continued)*

(v) Equity price risk (continued)

The management estimates that reasonable possible change in price is 10%. If the prices of the respective equity instruments had been 10% higher/lower, and held other variables constant, the impacts to the profit/(loss) for the year and accumulated losses are as follows:

	2024	2023
	HK$'000	HK$'000
Profit/(loss) for the year and accumulated losses		
Decrease by 10%	**(9)**	(11)
Increase by 10%	**9**	11

(c) Capital risk management

The primary objective of the Group's capital risk management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholders value. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives or policies during the year.

The Group monitors capital on the basis of the debt-to-equity ratio. Net debt is calculated as convertible bond and other loans less cash and cash equivalents. Total equity represents equity attributable to the shareholders of the Company.

No debt-to-equity ratio is presented because there was negative net debt (i.e. cash and cash equivalents were higher than debts) as at 30 June 2024 (30 June 2023: N/A because there was negative net debt).

The capital structure of the Group consists of liquid capital of two licensed corporations which are required to comply with certain minimum capital requirements according to the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). The management monitors liquid capital of those two licensed corporations daily to ensure they meet the minimum liquid capital requirement in accordance with the Securities and Futures (Financial Resources) Rules (the "FRR") adopted by the Securities and Futures Commission of Hong Kong. Under the FRR, those licensed corporations must maintain the liquid capital in excess of HK$100,000 and HK$3,000,000 respectively.

As at the end of the reporting period, the licensed corporations have fulfilled the required capital as required by the FRR.

The externally imposed capital requirements for the Group is in order to maintain its listing on the Stock Exchange it has to have a public float of at least 25% of the shares.

36. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In determining the carrying amounts of some assets and liabilities, the Group makes assumptions for the effects of uncertain future events on those assets and liabilities at the end of the reporting period. These estimates involve assumptions about such items as cash flows and discount rates used. The Group's estimates and assumptions are based on historical experience and expectations of future events and are reviewed periodically. In addition to assumptions and estimations of future events, judgements are also made during the process of applying the Group's accounting policies.

In the process of applying the Group's accounting policies which are described in note 2, management has made certain key assumptions concerning the future, and other key sources of estimated uncertainty at the end of the reporting period, that may have a significant risk of causing a material adjustment to the carrying amounts and liabilities within the next financial year, as discussed below.

(i) Impairment of property, plant and equipment and right-of-use assets

The Group assesses impairment at each reporting date by evaluating conditions specific to the Group that may lead to impairment of assets. Where an impairment trigger exists, or in the case of goodwill and intangible assets with indefinite useful lives, the recoverable amount of the asset is determined annually. Calculations performed in assessing recoverable amounts incorporate a number of key estimates and assumptions about future events, which are subject to uncertainty and might materially differ from the actual results. In making these key estimates and judgements, the directors take into consideration assumptions that are mainly based on market condition existing at the reporting dates and appropriate market and discount rates. These estimates are regularly compared to actual market data and actual transactions entered into by the Group. The Group's segment results and gross profit margins improved during the year ended 30 June 2024. Accordingly, the directors of the Company are of the opinion that there is no impairment indication.

The carrying amount of property, plant and equipment and right-of-use assets as at 30 June 2024 are approximately HK$10,663,000 and HK$20,581,000, respectively (30 June 2023: approximately HK$8,772,000 and HK$35,943,000, respectively).

(ii) ECLs on loan receivables, trade receivables, other receivables and other deposits

The measurement of loss allowance under HKFRS 9 across all categories of financial assets require judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining loss allowance and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

The provision of ECLs is sensitive to changes in circumstances and of forecast general economic conditions. If the financial condition of the customers or the forecast economic conditions were to deteriorate, actual loss allowance would be higher than estimated.

The carrying amount of loan receivables, trade receivables, other receivables and other deposits as at 30 June 2024 are approximately HK$Nil, HK$58,119,000, HK$13,072,000 and HK$647,000 (30 June 2023: HK$Nil, HK$24,476,000, HK$4,580,000 and HK $580,000).

The following is the critical judgement, apart from those involving estimation, that the Board has made in the process of applying the Group's accounting policies and that has the most significant effect on the amounts recognised in the consolidated financial statements.

36. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(CONTINUED)*

Principal versus agent consideration (agent)

For the year ended 30 June 2024, the Group did not act as an agent for trading of commodities. For the year ended 30 June 2023, the Group was considered an agent for seven of its contracts with a customer relating to the trading of commodities as the Group did not act as the principal for trading of commodities to the customer. The consideration was based on indicators such as the Group not controlling specified goods or services provided by another party before those goods or services were transferred to the customer. When the Group act as an agent, it recognises revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging the specified goods or services to be provided by the other party.

During the year ended 30 June 2024, the Group recognised Nil revenue relating to trading of commodities (For the year ended 30 June 2023: trading of commodities), which was considered as an agent (For the year ended 30 June 2023: RMB2,309,000 equivalent to approximately HK$2,555,000).

Principal versus agent consideration (principal)

The Group engages in trading of commodities and party products. The directors of the Company concluded that the Group acts as the principal for such transactions as the Group controls the specified goods before the goods are transferred to customers after taking into consideration of indicators such as the Group is primarily responsible for fulfilling the promise to provide the goods, the Group has certain level of inventory risk before transferring the goods to customers and the Group has discretion in establishing the prices for the goods in the form of a premium over the market price of the goods. Before transferring the goods to customers, the Group has ability to direct the use of, and obtain substantially all of the remaining benefits from, the goods by determining the customers and the timing to which the goods will be sold. When the Group satisfies the performance obligation, the Group recognises revenue from trading of commodities and party products in the gross amount of consideration to which the Group expects to be entitled as specified in the contracts.

For the year ended 30 June 2024, the Group recognised revenue from trading of commodities and party products amounting to approximately HK$172,350,000 and HK$45,140,000 (For the year ended 30 June 2023: approximately HK$239,077,000 and HK$92,332,000) respectively as a principal.

Acquisition of DNCC

On 22 March 2024, the Group acquired 100% equity interest in the registered capital of DNCC from an independent third party for total consideration of HK$620,520,000. Of this amount, HK$30,000,000 was satisfied by cash and share consideration of HK$118,104,000 was satisfied by issuing 21,000,000 shares of the Company. The fair value of the share consideration was approximated with reference to the published price available at the date of the sale and purchase agreement, amounting to HK$5.624 per share. Additionally, a contingent share consideration of HK$472,416,000 will be satisfied by issuing 84,000,000 shares of the Company.

In determining the share price used to assess the fair value of the share consideration and contingent share consideration, the directors are of the opinion that the issue share price, as defined in the Company's announcement dated 23 January 2024, is a better representation of the commercial substance and rationale behind the acquisition. Thus, the issue share price was adopted to assess the fair value as opposed to the Company's share price as at the acquisition date.

36. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(CONTINUED)*

Acquisition of DNCC *(continued)*

In determining the nature of the contingent share consideration, the directors of the Company are of the opinion that it is highly probable that the profit guarantee will be met and that ultimately, a total of 84,000,000 shares would be issued to satisfy the consideration and thus, the fixed-to-fixed criterion to recognise the contingent share consideration as equity is satisfied.

37. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

During the year ended 30 June 2023, the Group entered into several new lease agreements for offices, director's quarter and directors' meeting room with terms ranging from two to three years. At the lease commencement, the Group recognised both right-of-use assets and lease liabilities of HK$41,601,000 each. During the year ended 30 June 2024, the Group did not enter into new lease agreements.

37. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS *(CONTINUED)*

(b) Reconciliation of liabilities arising from financing activities

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

	Lease liabilities HK$'000
At 1 July 2022	**2,181**
Changes from financing cash flows:	
Capital element of lease payments	**(5,950)**
Interest element of lease payments	**(658)**
Total changes from financing cash flows	**(6,608)**
Other changes:	
Addition of lease liabilities	**41,601**
Imputed interest	**658**
Gain on early lease termination	**(598)**
	41,661
At 30 June 2023	**37,234**
At 1 July 2023	**37,234**
Changes from financing cash flows:	
Capital element of lease payments	**(13,068)**
Interest element of lease payments	**(1,582)**
Total changes from financing cash flows	**(14,650)**
Other changes:	
Imputed interest	**1,582**
Exchange realignment	**369**
	1,951
At 30 June 2024	**24,535**

38. EVENTS AFTER THE REPORTING PERIOD

No significant events were occurred subsequent to the end of the reporting period and up to the date of this report.

FINANCIAL SUMMARY

The financial results and the assets and liabilities of the Group for the last five years/period are summarised as follows:

Results	**Year ended 30 June 2024 HK$'000**	Year ended 30 June 2023 HK$'000	Year ended 30 June 2022 HK$'000	Eighteen months ended 31 December 2021 HK$'000	Year ended 31 December 2019 HK$'000
Revenue	**226,711**	333,964	295,561	339,436	53,692
(Loss)/profit before tax	**(38,492)**	(38,539)	43,411	(60,894)	(382,217)
Income tax expenses	**(1,496)**	(168)	(2,710)	(2,355)	(10)
(Loss)/profit for the year/period from continuing operations	**(39,988)**	(38,707)	40,701	(63,249)	(382,227)
Discontinued operation					
Loss for the year/period from discontinued operation	**–**	–	–	(4,548)	(1,171)
(Loss)/profit for the year/period	**(39,988)**	(38,707)	40,701	(67,797)	(383,398)
(Loss)/profit for the year/period attributable to:					
Equity shareholders of the Company					
— Continuing operations	**(39,991)**	(38,710)	41,375	(63,238)	(377,578)
— Discontinued operation	**–**	–	–	(4,548)	(2,798)
	(39,991)	(38,710)	41,375	(67,786)	(380,376)
Non-controlling interests					
— Continuing operations	**3**	3	(674)	(11)	(4,649)
— Discontinued operation	**–**	–	–	–	1,627
	3	3	(674)	(11)	(3,022)
	(39,988)	(38,707)	40,701	(67,797)	(383,398)

	As at 30 June 2024 HK$'000	As at 30 June 2023 HK$'000	As at 30 June 2022 HK$'000	As at 30 June 2021 HK$'000	As at 31 December 2019 HK$'000
Assets and liabilities					
Total assets	**798,093**	207,094	239,639	395,103	151,022
Total liabilities	**(104,652)**	(64,398)	(52,063)	(245,621)	(252,340)
Total equity	**693,441**	142,696	187,576	149,482	(101,318)