信達國際控股有限公司
CINDA INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)
Stock Code: 111

2023 ANNUAL REPORT

15 years+
商界展關懷
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香港社會服務聯會頒發

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Glossary

In this annual report, unless the context otherwise requires, the following expressions have the following meanings:

"AGM"	the annual general meeting of the Company to be held at 45th Floor, COSCO Tower, 183 Queen's Road Central, Hong Kong on 12 June 2024 (Wednesday) at 11:00 a.m. or any adjournment thereof
"Audit Committee"	the audit committee of the Company
"Board"	the board of Directors
"Bye-laws"	the bye-laws of the Company (as may be amended from time to time)
"Baker Tilly"	Baker Tilly Hong Kong Limited
"CG Code"	the Corporate Governance Code as contained in Appendix C1 to the Listing Rules
"CG Report"	the Corporate Governance Report of the Company
"China" or "PRC"	the People's Republic of China, which, for the purpose of this annual report, excludes Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan
"China Cinda"	China Cinda Asset Management Co., Ltd., a joint stock company incorporated in the PRC with limited liability, the H shares of which are listed on the Main Board of the Stock Exchange (stock code: 1359)
"China Cinda Group"	China Cinda and its associates
"Cinda Securities"	Cinda Securities Co., Ltd., a company incorporated in the PRC with limited liability, the shares of which are listed on the Shanghai Stock Exchange (stock code: 601059), a 78.67% non-wholly-owned subsidiary of China Cinda and an indirect controlling shareholder of the Company
"Cinda Securities (H.K.)"	Cinda Securities (H.K.) Holdings Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of Cinda Securities
"Company"	Cinda International Holdings Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 111)
"Director(s)"	the director(s) of the Company
"ED(s)"	the executive Director(s)
"ESG Report"	the Environmental, Social and Governance Report of the Group
"ESG Reporting Guide"	the Environmental, Social and Governance Reporting Guide as contained in Appendix C2 to the Listing Rules

Glossary

"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Third Party(ies)"	third party(ies) independent of and not connected with the Company and its connected persons
"INED(s)"	the independent non-executive Director(s)
"Latest Practicable Date"	12 April 2024, being the latest practicable date prior to the printing of this annual report for the purpose of ascertaining certain information contained herein
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited as amended from time to time
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers as as contained in Appendix C3 to the Listing Rules
"Nomination Committee"	the nomination committee of the Company
"Personal Data (Privacy) Ordinance"	the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong) as amended from time to time
"Remuneration Committee"	the remuneration committee of the Company
"RMB"	Renminbi, the lawful currency of the PRC
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended from time to time
"Share(s)"	ordinary share(s) with par value of HK$0.10 each in the share capital of the Company
"Shareholder(s)"	holder(s) of the Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"US$"	United States dollars, the lawful currency of the United States of America
"%"	per cent.

Corporate Information

Registered office	Clarendon House 2 Church Street Hamilton, HM 11 Bermuda
Head office and principal place of business	45th Floor, COSCO Tower 183 Queen's Road Central Hong Kong
Directors	*EDs* Zhang Yi Zhang Xunyuan Yan Qizhong *INEDs* Xia Zhidong Liu Xiaofeng Zheng Minggao
Authorised representatives	Zhang Xunyuan Li Hiu Ling
Company secretary	Li Hiu Ling
Bermuda principal share registrar and transfer agent	MUFG Fund Services (Bermuda) Limited 4th floor North, Cedar House 41 Cedar Avenue Hamilton HM 12 Bermuda
Hong Kong branch share registrar and transfer office	Tricor Secretaries Limited 17/F., Far East Finance Centre 16 Harcourt Road Hong Kong
Auditor	Baker Tilly Hong Kong Limited *Certified Public Accountants* *Registered Public Interest Entity Auditor* Level 8, K11 ATELIER King's Road 728 King's Road Quarry Bay Hong Kong
Website	http://www.cinda.com.hk

Management Discussion and Analysis

MARKET CONDITIONS

2023 was a year of change and uncertainty. Politically, as the Russia-Ukraine conflict continued with no sign of subsiding, consecutive sanctions against Russia imposed by European and American countries have stricken the global supply chains, causing a sluggish recovery progress in economic activities and striking inflation; and the Israeli military action against Hamas in Palestine has also heated up the geopolitics of the region. On the economic front, as the COVID-19 pandemic has eased around the world, countries reopened and adopted different policies to revitalize their economies, economic recovery degrees varied. Although successive regional-bank failures in the United States of America (the "U.S.") at the beginning of the year caused liquidity to tighten as the market was concerned about risk spillovers, which triggered a short-term turbulence in the global financial markets, the situation was eventually resolved. After several rounds of interest rate hikes by the Federal Reserve of the U.S. (the "Fed"), U.S. inflation has shown some signs of easing, the effect of the U.S. tightening policy emerged, coupled with the resumption of the supply chain, U.S. inflation eased in an orderly manner in 2023, with the year-on-year core consumer price index (CCPI) falling from 5.6% in January to 3.9% in December, and the year-on-year core personal consumption expenditure (PCE) price index also dropping from 4.9% in January to 2.9% in December. The U.S. suspended interest rate hikes for the third consecutive time at December Fed meeting, indicating that the economy is heading for a soft landing and inflation is under control.

As the market expected that the interest rate-hike cycle approaches an end, the U.S. dollar index retreated sharply in the fourth quarter, dropping by 4.6% during the quarter and 2.1% for the year. As the U.S. inflation showing signs of easing, the market expected the Fed to slow down the pace of interest rate hikes. Meanwhile, the U.S. economy continued to show resilience, and as the risk of a recession gradually became less, the U.S. stocks rose in the fourth quarter, with the three major indices rising between 11.2% and 13.6%, and between 13.7% and 43.4% for the year.

In Europe, the European Central Bank kept interest rates unchanged for the second consecutive time at December Fed meeting, but will accelerate the shrinking of balance sheet. Although President Lagarde made it clear in December that no rate cuts had been discussed, the market expects the European Central Bank to shift towards rate cuts. To summarise the year, the pan-European Stoxx 50 index, German and French stocks rose between 16.5% and 20.3% for the year, while British stocks rose 3.8%.

As to the bond market, the JPM Emerging Markets Government Bond Index rose 6.9% in the fourth quarter and 10.9% for the year as the Fed slowed down the pace of interest rate hikes in anticipation of the end of the cycle. The Fed turned more dovish and the Chinese offshore U.S. dollar bonds rebounded, among which, Markit iBoxx Asian Chinese U.S. Dollar Bond Index rose by 4.2% in the fourth quarter and 4.1% for the year, while Markit iBoxx Asian Chinese U.S. Dollar High-yield Bond Index rose by 4.4% in the fourth quarter but fell by 14.6% for the year, and Markit iBoxx Asian Chinese U.S. Dollar Real Estate Bond Index rose by 4.4% in the fourth quarter but fell by 50.3% for the year.

In the Mainland China, the economy reopened, but retaliatory demand faded and endogenous momentum was insufficient, coupled with the continued downturn in the domestic housing market, the momentum of economic growth slowed down from the second quarter of 2023 onwards. With the successive policy combinations launched in the third quarter, some high-frequency data have shown initial improvement, but the momentum of the subsequent economic growth still needs to be observed. In 2023, the added value of large scale industrial enterprises grew by 4.6%, national fixed assets investment grew by 3.0% year-on-year, and the total retail sales of consumer goods increased by 7.2% year-on-year. However, the outlook of foreign trade still faced challenges, with the total import and export value of US$5.94 trillion for 2023, down 5% year-on-year, of which US$3.38 trillion was exported, down 4.6% year-on-year, and US$2.56 trillion was imported, decreased 5.5% year-on-year. Deflation continued in the Mainland China, with the Consumer Price Index (CPI) falling 0.3% year-on-year in December, the third consecutive month of deflation, and the Industrial Producer Price Index (PPI) falling 2.6% year-on-year in December, the third consecutive month of decline.

Management Discussion and Analysis

As to the stocks market in the Mainland China, in the year under review, the turnover of Shanghai and Shenzhen markets amounted to RMB212 trillion in 2023, down 5% year-on-year, with total turnover decreasing for the third consecutive year, and the average daily turnover was RMB874.4 billion. The market's weak economic and policy expectations for the third quarter, coupled with a longer-than-expected tightening cycle in the U.S., led to significant downward pressure on RMB, with the onshore RMB ("CNY") and offshore RMB ("CNH") having been as low as 7.3503 and 7.3682 respectively in September. Subsequently, the Fed turned dovish in the fourth quarter, and RMB bottomed out and clawed back certain losses, with the CNY and CNH recovering by 2.8% and 2.3% in the fourth quarter. In 2023, CNY and CNH still cumulatively depreciated by 2.9% and 2.8% respectively. The Shanghai Stock Exchange Composite Index fluctuated downwards, hitting a yearly low of 2,882 points in December and closing at 2,975 points in the fourth quarter, decreased 4.4%, with a cumulative decline of 3.7% for the year.

In Hong Kong, the pace of economic recovery was slower than expected due to the external environment. However, supported by the inbound tourism industry and increased private consumption, gross domestic product ("GDP") grew by 4.3% year-on-year in the fourth quarter. After seasonal adjustment, real GDP in the fourth quarter rose by 0.5% on a quarter-to-quarter basis. The labor market was generally robust, with the unemployment rate from October to December remaining at 2.9% and the underemployment rate at 1.0%.

Hong Kong stocks market fluctuated downwards in 2023. In the fourth quarter, the Hang Seng Index recorded a low of 15,972 points in December, closed at 17,047 points, declined by 4.3%, with an accumulative decline of 13.8% for the year; Hang Seng China Enterprises Index closed at 5,769 points, declined by 6.2%, with an accumulative decline of 14.0% for the year; The Hang Seng TECH Index closed at 3,764 points, fell by 4.0%, with an accumulative decline of 8.8% for the year. Amidst the high interest rate environment and continued geopolitical instability, the performance of Hong Kong stocks was subdued, investors' risk appetite was reduced and turnover continued to be sluggish. The average daily turnover in December was only HK$98.6 billion, and average daily turnover for 2023 was HK$105.0 billion, representing a decline of approximately 16% from HK$124.9 billion of 2022.

In the Hong Kong's initial public offering ("IPO") market, high-interest rate situation was unfavorable for corporate valuations. IPO fundraising activity was inactive, while the average IPO fundraising size declined. In 2023, there were 73 new listings in Hong Kong, all of which were on the Main Board, including two by introductory listings and three by GEM-to-Main Board listings, representing a decrease of 17 new listings compared to 2022. Capital raised was HK$46.3 billion, a year-on-year decrease of approximately 56%, and the Hong Kong Exchange and Clearing Limited ranked the sixth in the world in terms of IPO capital raised. There were no large-scale IPOs raising US$1 billion or more in 2023, compared to 3 in 2022, and the number of IPOs raising US$100 million to US$1 billion also decreased from 21 in 2022 to 19 in 2023. With the weak Hong Kong stocks, low transaction volume and inactive IPO fundraising activity, the operating environment for local brokerages continued to be difficult. Data from the Stock Exchange showed that 32 brokerages ceased operations in 2023.

In the market of the U.S. dollar bonds issued by Chinese enterprises, the total issuance size of offshore bonds issued by Chinese enterprises amounted to approximately US$176.7 billion, representing a year-on-year increase of approximately 7%, with sovereign bond amounted to approximately US$30.1 billion, government bond to approximately US$24.5 billion, financial bond to approximately US$59.3 billion, urban investment bond to approximately US$32.9 billion, real estate bond to approximately US$16.4 billion and industrial debenture to approximately US$13.5 billion. After excluding the portion involving default restructuring and exchange offers in the real estate sector, the actual issuance size of offshore bonds issued by Chinese enterprises in 2023 amounted to approximately US$166.4 billion. During the year, a total of 963 offshore bonds were issued in the Chinese offshore bond market, with an average single transaction size of approximately US$170 million. The issuance scale of the real estate sector has remained low for two consecutive years, with only some highly qualified enterprises obtaining new financing, and the proportion of real estate offshore bond further dropped to 9% year-on-year.

Management Discussion and Analysis

OVERALL PERFORMANCE

In 2023, the Group adhered to the previous operation strategy and as the fully licensed securities institutions established outside the Mainland China within the system of China Cinda. As the hub connecting to international capital markets and overseas asset management centre of the China Cinda Group ecosphere, the Group provides cross-border investment banking services around the world with China concept as its focus. During the year, the Group continued with the development of the three core business segments (i.e. asset management, corporate finance, and sales and trading business). The asset management business increased in the scale of management, but decreased in the year-on-year revenue, mainly due to the failure to obtain performance fees by some asset management projects during the year; as for the corporate finance, both equity and debt issuance business have been improved, resulting in the growth in year-on-year revenue, while the sales and trading business was similar to last year, and the share of performance of associates has also increased. As a result, the Group's overall loss for the whole year was reduced and recorded a loss after tax of HK$12.85 million, as compared to the loss after tax of HK$22.41 million last year. The total revenue for the year amounted to HK$136.39 million (2022: HK$142.03 million), representing a decrease of 4% as compared with last year, among which, the operating revenue was HK$126.18 million (2022: HK$136.28 million), representing a decrease of 7% as compared with last year. Other income amounted to HK$23.76 million (2022: HK$29.72 million), representing a decrease of 20% as compared with last year. Other net loss amounted to HK$13.56 million (2022: HK$23.97 million), representing a decrease of 43% as compared with last year. As for expenses, the Group endeavored to control cost, staff costs decreased by 6% year-on-year under the downsizing; coupled with the voluntary reduction in other operating expenses, operating expenses (excluding commission expenses, impairment losses on financial assets and finance costs) for the whole year amounted to HK$115.87 million (2022: HK$124.71 million), representing a decrease of 7% year-on-year, while the finance costs increased by 29% year-on-year, mainly due to higher market interest rates offsetting the impact of lower average overall borrowing levels.

The Group recorded a share of profits from associates for the whole year amounted to HK$24.36 million (2022: HK$6.46 million), representing an increase of 277% as compared with last year, mainly due to the turnaround of the absolute return fund, and improvement in the results of an associate engaging in fund management and private equity investment as compared with last year. As a result, the Group's loss before tax for the year only amounted to HK$0.17 million (2022: loss of HK$11.38 million). Loss after tax attributable to equity holders of the Company amounted to HK$12.85 million (2022: loss of HK$22.41 million).

ASSET MANAGEMENT

In 2023, the asset management segment of the Group continued to operate under light-asset strategy. As the overseas asset management arm of China Cinda ecosphere connected with the international capital markets, the Group proactively developed its business revolving around the main business of China Cinda Group, concentrated its efforts to branch out to the troubled asset business, and actively explored innovative cross-border distressed asset business by strengthening marketized asset management business operations. During the year, the segment continued to explore and develop a special asset management project on offloading and some domestic troubled asset funds. However, despite the scale of asset management increased by 6% to HK$51.5 billion from last year, as the failure to obtain performance fees by some asset management projects and the decrease in rate of new projects under the fierce competition in the market, the operating revenue of the segment was HK$57.03 million (2022: HK$74.54 million) for the year, representing a year-on-year decrease of 23%. As to the bond investment, in the first half of the year, the Group voluntarily kept investment scale at an average of about US$20.00 million to avoid risks until the fourth quarter, when it seized the investment opportunity to invest in offshore bonds issued by Chinese enterprises, and increased its investment to about US$31.00 million under controlled risks. The bond investment income was lower than last year and the profit from this segment for the year decreased by 53% to HK$17.58 million (2022: HK$37.05 million).

Management Discussion and Analysis

The Group cooperated with associates actively to expand diversified businesses. The results of an associate engaging in private equity investment also benefited from the improvement in the external environment, contributed a profit of approximately HK$20.70 million to the Group, coupled with the results of the absolute return fund turned losses into profits, the Group's share of profits from associates for the year amounted to HK$24.36 million (2022: HK$6.46 million).

CORPORATE FINANCE

The corporate finance business continued to serve clients with equity and debt issuance. In 2023, the Hong Kong IPO market remained weak, and the total amount raised was the lowest in the same period over the years, only at approximately HK$46.3 billion, representing a decrease of approximately 55.7% as compared with last year, which was the lowest in the same period over 20 years. Although the equity business of the Group was deeply affected by the downturn of IPO market in Hong Kong for the year, while the progress of the cases on hand was slow and we were unable to increase the project reserve, we were still able to list an IPO sponsorship project successfully, and complete several financial advisory and compliance advisory projects. With respect to the debt issuance business, although it was also affected by the downturn in the bond market, during the year, the Group was still able to complete several offshore U.S. dollar and RMB bond issuance projects, totaling US$1.91 billion, which was similar to that of the last year. As a result, the operating revenue of this segment was HK$19.23 million, representing an increase of 42% from HK$13.54 million for the same period last year, and the loss recorded by this segment reduced to HK$4.55 million (2022: loss of HK$15.60 million).

SALES AND TRADING BUSINESS

Hong Kong's securities market saw a significant decline in the second half of the year, with investment sentiment becoming cautious after consuming the relaxation of anti-epidemic measures and anticipating an economic recovery in the first half of the year. As of 31 December, the Hang Seng Index closed at 17,047 points, a cumulative drop of 2,734 points, or 13.8%, from 19,781 points at the end of 2022. The average daily turnover was HK$105.0 billion, down 16 % from HK$124.9 billion of last year. The operating revenue of this segment slightly increased by 2% to HK$49.35 million for the year from HK$48.20 million of last year, of which the Group recorded a commission of HK$22.36 million (2022: HK$31.62 million) and interest from securities financing and other income of HK$26.99 million (2022: HK$16.58 million). In view of the poor performance of the Hong Kong securities market, the Group remained prudent in margin loans through strict risk control, instead of expanding the scale during the year. No bad or doubtful debts were recorded throughout the year. In addition, the segment actively explored institutional clients and high-net-worth clients during the year in order to provide a China concept-focused service to counteract the downward pressure on market commissions. In summary, the segment recorded a loss of HK$7.38 million (2022: loss of HK$7.33 million).

LOOKING FORWARD

Looking forward to 2024, the external environment remains complex and volatile, the global economic growth slows down, yet the last mile of the anti-inflation of the U.S. and the timing of cutting interest rates remains uncertain, and the high-interest rate situation may last longer than expected. In 2023, the Fed raised interest rates by a total of 1% to a level ranging from 5.25% to 5.5%, and revised its median forecast for interest rates downwards in December for 2024 and 2025, with the median interest rates for 2024 and 2025 expected to be 4.6% and 3.6% respectively. Despite that the relevant authority declaimed to withdraw the statement of reserving room for interest rate hikes in January, it still stated that it is inappropriate to cut interest rates until there appears greater confidence in a sustained fall in inflation to 2%. It is expected that the market volatility will be intensified by the gaming among the market and the Fed on interest reduction and slowing down the shrinking of balance sheets. In addition, elections will be held in many countries around the world in 2024, which will increase the uncertainty about geopolitical risks. The U.S. presidential election to be held at the end of 2024 is of great concern, the development of the U.S. presidential election in the year might intensify the volatility in the finance market.

Management Discussion and Analysis

In Europe, the economy of eurozone is weak and the risk of recession is increasing. As the eurozone is a major energy-import market, the Russian-Ukrainian war and the situation in the Middle East put upward pressure on energy prices, and the high energy price is in turn a drag on the economic activity and the fight against anti-inflation. Meanwhile, Europe, as the major trading partner of Mainland China, is constrained by the sluggish rebound of economy of Mainland China and its growth outlook is weak.

In 2023, the recovery of economy of Mainland China was under market expectation, which was mainly due to the relatively weak economic demand in whole, especially the structural issues in the real estate sector developed over the long term as well as the continuity of high indebtedness of local governments, depressing the recovery of domestic demands. Looking ahead to 2024, the keynote of policies will be generally moderate, and the economic recovery will continue to face challenges. As to the securities market, the Mainland China had carried out a series of measures to revitalise capital market in August 2023, including the 50% reduction in trading stamp tax of A shares, the restrictions on substantial Shareholders' reduction of shareholdings in respect of A shares, the relaxation of margin requirement for the margin subscription of A shares as well as the temporarily tightening of IPO pace. In 2024, the Mainland China may increase its efforts to stabilise the economy, strengthen the high-quality economic development, advocate the green finance and expand domestic demands, therefore, the economy of Mainland China is still resilient.

In Hong Kong, the economy has continually recovered with the support of the improvement of Hong Kong's inbound tourism and the rise in private consumption, with a substantial yearly growth of 4.3% in GDP in the fourth quarter of 2023 and an accumulated growth of 3.2% in 2023. Benefiting from the recovery of the number of tourist arrivals in Hong Kong following the lifting of travel restrictions between Hong Kong and Mainland China as well as the rest of the world, the service exports showed a strong rebound with a significant growth of 21.2% for the whole year. With the support of rising household incomes and various of government initiatives, the private consumption expenditure rose by 7.4% for the whole year. The overall investment expenditure turned from down to up as economy recovered, while the external trade continued to be weak, with total exports of goods and imports of goods recording a substantial decline of 10.3% and 8.5%, respectively. Looking ahead, tourist arrivals in Hong Kong shall further rise as the reception capacity continues to be restored. Despite the rising household incomes, the high-interest situation shall last for a while, together with the poor performance of the real estate market and Hong Kong stocks, the wealth effect shall be weakened, and the private consumption may be depressed accordingly. Besides, it is expected that the tightening finance conditions will pose a constraint on investment expenditure. Currently, the economic growth in Europe and the U.S. is weak and the geopolitical situation is tense, which may continually exert a force on the external trade of Hong Kong.

The performance of Hong Kong stocks market in 2024 will depend on three major factors, namely the recovery progress of economy of Mainland China, the trend of interest rate of the U.S. and the geopolitical situation. The market is concerned about the slowdown in the Mainland China's economic growth in 2024, which will in turn decelerate the progress of enterprises in earnings improvement. A further delay in U.S. interest rate cut will limit RMB's room for rebound and continue to undermine Hong Kong stocks market. The complexity of the geopolitical situation and the approaching U.S. presidential election in 2024 may add uncertainties to U.S.-China communication.

Despite a series of uncertainties, driven by more frequent interconnection between the Mainland China and Hong Kong, as well as the deepening integration of the "Guangdong-Hong Kong-Macao Greater Bay Area" initiatives, Hong Kong continues to serve as a bridgehead for foreign investment into the market of Mainland China, and Hong Kong's offshore RMB business will benefit in the long run. At the same time, the continued deepening integration of the Mainland China and Hong Kong stock and bond markets is conducive to steadily promoting the opening up of Mainland China's financial markets, and on the other hand, it is also conducive to consolidating the position of Hong Kong as an international financial center.

Management Discussion and Analysis

The Group will continue to strengthen the business synergy with Cinda Securities, and the listing of Cinda Securities on the main board of the Shanghai Stock Exchange on 1 February 2023 will be conducive to its future efforts in planning for integration of domestic and overseas financial services, and in fulfilling its role as a platform for Cinda Securities's offshore business. We will focus on the investment banking businesses including overseas issuance of U.S. dollar bonds by domestic institutions, IPO of domestic companies in Hong Kong and overseas major assets restructuring of domestic institutions, the cross-border brokerage business for the full circulation of H shares, the creation of cross-border asset management products, and the establishment of a mechanism in which research departments of the two institutions to share their research resources to expand the cross-border integrated investment banking services.

Meanwhile, the Group will continue to focus on the main business of China Cinda Group and serve as fully licensed outside border securities institutions of the China Cinda ecosphere. The Group will continue to promote the development of the three core business segments. On the one hand, we will further boost the development of our synergistic businesses, continue to optimise the internal management and enhance our asset capacity, while continue to maintain sound and compliant operation. On the other hand, we will deepen the cooperation with Cinda Securities and China Cinda ecosphere in a bid to achieve win-win results.

In respect of the sales and trading business, we will continue to strive to increase our business volume and market share, expand domestic and overseas institutional, corporate and high-net-worth clients in a prudent and risk-averse manner; the Group's securities company will develop towards the direction of wealth management, diversify our products, focus on the development of Guangdong-Hong Kong-Macao Greater Bay Area, and proactively develop the wealth management business so as to meet the client's need in asset allocation. As for the asset management business, we will further identify the opportunities in the capital markets, actively participate in the resolution of debt crises of different organizations and handle crisis debt and defaulted debt by disposing of distressed assets. As for the corporate finance business, we will maintain the parallel development of equity and debt businesses. For the equity-related business, we will proactively provide sponsor and underwriting services and expand the merger and acquisition business by leveraging the resources of our parent company. As for the debt-related business, the Group will actively explore the development of the Chinese offshore debt market, identify the needs of different types of clients for bond issuance and provide tailor-made issuance plans and services and catch issuing windows to serve the clients, so as to achieve the "equity-debt" integration. In addition, the Group believes that the local market sentiment will remain positive during the year. The Group will strengthen the synergy and expand its market-oriented businesses through various initiatives by virtue of the solid foundations the Group has established. The Group's financial position remains sound and is well-positioned to respond to the current difficult business environment. The Group would endeavor to capitalise on various market opportunities to strengthen the full year results of the Group and bring long-term returns to the Shareholders in 2024.

FINANCIAL RESOURCES

The Group maintained sound financial strength during the year, and all subsidiaries licensed by the SFC had liquid capital in excess of regulatory requirements. As of 31 December 2023, the Group had revolving loans and overdrafts facilities of HK$1,538 million from banks, of which a total of HK$386 million were utilised. In addition, the Group did not issue any bonds during the year.

Management Discussion and Analysis

FLUCTUATION IN FOREIGN EXCHANGE RATES

A majority of assets and liabilities of the Group are denominated in Hong Kong dollars and U.S. dollars to which Hong Kong dollars is pegged with. Some assets are denominated in RMB, mainly because the Group has two wholly-owned subsidiaries incorporated in the Mainland China which account for all their assets and income in RMB. During the year, the monetary policies of the Mainland China and the U.S. were in opposition, the interest rate differential between RMB and U.S. dollars widened, putting pressure on RMB against U.S. dollars in the short term. However, with the Fed slowing down interest rate hikes, the domestic economic stimulus policy has been implemented and the surplus has remained stable. The Group considered that the decline in exchange rate of RMB would be temporary and hedging was not cost-effective, there is no hedging against fluctuation in the exchange rate of RMB.

REMUNERATION AND HUMAN RESOURCES

The Group has always valued the nurturing of capable personnel and has taken various measures to recruit and retain personnel of high calibre, which ensures sufficient support for steady operations amidst business development. The Group streamlined its staff structure and redistributed work during the year and the number of employees was reduced from 105 in the previous year to 90 in the current year. To encourage employees to deliver better performance and strengthen risk management and control, the Group has set up an incentive mechanism, according to which, performance and work targets for the year are set for each business department and middle and back-end supporting department at the beginning of each year and staff assessments are carried out so as to provide a basis for discretionary bonus. Besides, the Group also gives due weight to staff trainings and provides the employees with educational allowances and leave, such as leave for professional examinations. The Group also organized professional training courses and lectures for the staff and account executives from time to time in furtherance of their comprehension of the updated knowledge pertinent to their work, certain of which were conducted through electronic video means. The Group has established a staff remuneration committee comprising the top management to conduct regular reviews over the remuneration policy of the Group and determine the remuneration package of each staff member, thereby ensuring that such pay and benefits are market-based.

Biographical Details of Directors and Senior Management

ED(s)

Mr. Zhang Yi, aged 45, is an ED, chairman ("Chairman") of the Board and chairman of the Nomination Committee. He has been re-designated from a non-executive Director to an ED and appointed as the chief executive officer ("Chief Executive Officer") of the Company on 26 April 2021. He has been re-designated from the position of the Chief Executive Officer to the Chairman and he has also been appointed as the chairman of the Nomination Committee on 13 March 2023. He is currently the chief financial officer and general manager of financial markets department of Cinda Securities, a director of Cinda Securities (H.K.) and Cinda Futures Co., Limited* (both are wholly-owned subsidiaries of Cinda Securities).

Mr. Zhang Yi graduated from Tsinghua University with a Bachelor degree in International Accounting Management in July 2001. Mr. Zhang Yi had worked for China International Capital Corporation Limited, Sinodata Co., Ltd., and Shanghai Baichuan Jinzhi Intelligent Technology Co., Ltd.*; he has joined Cinda Securities since September 2019, he was the general manager of finance planning department of Cinda Securities from September 2019 to March 2023 and a director of Xin Feng Investment Management Co., Limited*, a wholly-owned subsidiary of Cinda Securities, from December 2019 to March 2023 and an executive director and general manager of Cinda Innovation Investment Co., Ltd., a wholly-owned subsidiary of Cinda Securities, from August 2022 to February 2023.

Mr. Zhang Xunyuan, aged 42, is an ED and the Chief Executive Officer. He was appointed as an ED, the Chief Executive Officer and a director of certain subsidiaries of the Company on 13 March 2023. Mr. Zhang Xunyuan is currently the general manager of division IV of the investment banking of Cinda Securities.

Mr. Zhang Xunyuan graduated from Beijing Institute of Technology with a Bachelor degree in Engineering in June 2004, he received his Master degree in Economics from Southwestern University of Finance and Economics, China in March 2009, and received his Doctorate degree in Economics from the same university in June 2013 respectively. Mr. Zhang Xunyuan has extensive practical experience in investment banking. Mr. Zhang Xunyuan had worked for Zhongshan Securities Co., Ltd* and Guangzhou Securities Company Limited*. Mr. Zhang Xunyuan joined Cinda Securities since December 2019 and he was the general manager of the securities brokerage division of Cinda Securities, following the dissolution of Guangzhou GZHS Market Research Company Limited* ("GZHS", formerly known as Guangzhou GZHS Securities Investment Consulting Limited* and Guangzhou GZHS Securities Research Institute Limited*), Mr. Zhang Xunyuan ceased to be a director of GZHS on 15 May 2023.

Mr. Lau Mun Chung, aged 59, is the deputy Chief Executive Officer ("Deputy Chief Executive Officer") of the Company. He joined the Group in July 1999 and was appointed as the company secretary (the "Company Secretary") of the Company on 25 May 2000 and an ED on 3 March 2007. Mr. Lau Mun Chung is a director of a company invested/interested by the Group. Mr. Lau Mun Chung graduated from the University of Hong Kong with a Bachelor degree in Social Science in 1986 and received his Master degree in Laws (Corporate and Financial Law) in the same university in 2013. He is a fellow member of the Association of Chartered Certified Accountants, an associate member of the Hong Kong Institute of Certified Public Accountants, an associate of The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom.

Mr. Lau Mun Chung ceased to be an ED and the Company Secretary since 2 March 2024 due to retirement.

* *English names of the entities are transliteration of their Chinese names for reference only and shall not be regarded as their formal names.*

Biographical Details of Directors and Senior Management

Ms. Yan Qizhong, aged 54, was appointed as an ED and the chief financial officer ("Chief Financial Officer") of the Company since 2 March 2024. She is currently the principal expert of Cinda Fund Management Company Limited ("Cinda Fund", formerly known as 信達澳銀基金管理有限公司), a non-wholly owned subsidiary of Cinda Securities.

Ms. Yan received her Master degree in Accounting from the University of Finance and Economics in Hunan of the PRC in June 1997, and received a Doctorate degree in Accounting from the Business School of Renmin University of China in January 2012 subsequently. Ms. Yan was a lecturer in accounting at Beijing University of Chemical Technology of the PRC, and she is also a senior economist.

Ms. Yan has over 30 years of extensive experience in accounting, auditing and asset management. She has served in several financial institutions and asset management companies, including China Great Wall Asset Management Corporation*, CITIC Financial Holding Company* and Beijing Rural Commercial Bank in the PRC. She also served as the deputy branch manager of The Bank of East Asia (Beijing Branch), overseeing the financial accounting department and the financial markets department from March 2009 to December 2014. Additionally, she took the position of the deputy branch manager and was a member of the Party Committee of the Bank of Hengfeng (Beijing Branch)* from December 2014 to January 2021, primarily responsible for the financial accounting department, operations management department, and credit approval department. Ms. Yan joined Cinda Fund since February 2021.

INED(s)

Mr. Xia Zhidong, aged 69, was appointed as an INED since 28 July 2016, he is currently the chairman of the Audit Committee and Remuneration Committee and a member of the Nomination Committee. He worked as senior management or director of various well-known financial institutions and accounting firms including China Construction Bank, Ernst & Young, Tin Wah CPA Limited and Grant Thornton. He has been the external director of Qingling Motors (Group) Company Limited since 2014, the independent director of CITIC-Prudential Fund Management Co., Ltd. (formerly known as 信誠基金管理有限公司) since 2005, the chairman of Grant Thornton (Beijing) Engineering Cost Consulting Co., Ltd.* since 2004, and an independent director of Wangfujing Group Co., Ltd.*, the shares of which are listed on the Shanghai Stock Exchange (stock code: 600859), since 23 December 2019. Mr. Xia worked as deputy director of accounting research department of Research Institute for Fiscal Science which is now known as Chinese Academy of Fiscal Sciences. Mr. Xia ceased to be an independent director of China Jingu International Trust Co., Ltd. on 22 October 2021. He graduated from Tianjin University of Finance and Economics with a Bachelor degree of Finance in 1982 and completed his Master degree of Finance from Research Institute for Fiscal Science in 1985. He has been a qualified accountant and senior qualified accountant in the PRC since 1995.

Mr. Liu Xiaofeng, aged 61, was appointed as an INED since 28 July 2016, he is currently a member of the Audit Committee, Nomination Committee and Remuneration Committee. Mr. Liu Xiaofeng has extensive experience in corporate finance and had worked with various international financial institutions since 1993, including NM Rothschild & Sons, NM Rothschild & Sons (Hong Kong) Limited, JP Morgan Chase, DBS Asia Capital Limited and China Resources Capital Holdings Company Limited. He is currently an independent non-executive director of the following companies listed on the Stock Exchange: (i) Kunlun Energy Company Limited (stock code: 135); (ii) Sunfonda Group Holdings Limited (stock code: 1771); and (iii) Logory Logistics Technology Co., Ltd. (stock code: 2482). Mr. Liu Xiaofeng was an independent director of UBS Securities Co. Limited from June 2016 to June 2022, an independent non-executive director of Honghua Group Limited, the shares of which are listed on the Stock Exchange (stock code: 196) from 18 January 2008 to 19 November 2021, Mr. Liu Xiaofeng resigned from his position as an independent non-executive director of AAG Energy Holdings Limited, the shares of which were listed on the Stock Exchange (stock code: 2686) on 11 August 2023 following its privatisation. Mr. Liu Xiaofeng obtained a Master degree and a Ph.D. from the Faculty of Economics, University of Cambridge in 1988 and 1994 respectively, a Master of Science degree in Development Studies from the University of Bath, England, in 1987, and a Bachelor of Economics degree from Southwestern University of Finance and Economics, China in 1983.

* *English names of the entities are transliteration of their Chinese names for reference only and shall not be regarded as their formal names.*

Biographical Details of Directors and Senior Management

Mr. Zheng Minggao, aged 51, was appointed as an INED since 1 December 2022, he is currently a member of the Audit Committee and Remuneration Committee. He has extensive experience in corporate finance and management. Mr. Zheng had worked as operation manager, head of audit and assistant chief executive officer, etc., in LG Electronics (China) Co., Ltd,* Sinochem Group Co., Ltd.* and Peking University Founder Group Co., Ltd.* respectively. Mr. Zheng was appointed as the chairman of the board of Beijing Qichen Holdings Group Limited since 24 June 2022. He had worked for China Hi-tech Group Co., Ltd.. Mr. Zheng obtained a Doctoral degree in Industrial Economics granted by Beijing Jiaotong University in 2010 and a Post-doctoral certificate in Applied Economics granted by Renmin University of China in 2012. He is a Certified Internal Auditor, and possesses senior management qualification certificate in securities industry and insurance industry.

SENIOR MANAGEMENT

Ms. Zhou Lu, aged 44, is the Deputy Chief Executive Officer. She is responsible for overseeing the asset management department, cross border business department and research department of the Group. She is a director of certain subsidiaries of the Company and a director of certain associated companies of the Company (including Cinda Plunkett International Holdings Limited, Cinda International Investment Holdings Limited and Sino-Rock Investment Management Company Limited). She is a director and/or a secretary of High Grade (HK) Investment Management Limited, Cinda Agriculture Investment Limited and Cinda International HGB Investment (UK) Limited (all are subsidiaries of China Cinda), she is also a director of certain companies invested/interested by the Group. Prior to joining the Group, Ms. Zhou worked in a subsidiary of China Cinda as an investment manager. She has extensive experience in investment and asset management industry. Ms. Zhou received her Bachelor degree in Law from the Central University of Finance and Economics in 2001, and a Master degree in Commerce from the University of New South Wales in 2003.

Mr. Liu Jialin, aged 61, is the managing director of the Group's asset management department responsible for overseeing the operation of various funds. He is also a shareholder and a director of Cinda Plunkett International Holdings Limited, an associated company of the Company and an independent non-executive director of the following companies listed on the Stock Exchange: (i) Far East Horizon Limited (stock code: 3360); and (ii) Horizon Construction Development Limited (stock code: 9930). Prior to joining the Group in February 2011, Mr. Liu Jialin worked for Morgan Stanley group of companies and once served as a member of the Global Management Committee and Asia Executive Committee as well as a managing director in the fixed income division in Hong Kong between 1992 to 2007. Mr. Liu Jialin has extensive experience in finance and securities industry. Mr. Liu Jialin obtained a Bachelor degree in Science from Peking University and Master of Science in Physics from Massachusetts Institute of Technology.

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Corporate Governance Report

CORPORATE GOVERNANCE PRACTICE

The Company is committed to achieving and maintaining high standards of corporate governance and has established policies and procedures for compliance with the principles and code provisions set out in the CG Code.

Throughout the financial year 2023, the Company has applied and complied with the code provisions set out in the CG Code, with exception sets out as below:

– Pursuant to provision C.5.1 of the CG Code, the board should meet regularly and board meetings should be held at least four times a year at approximately quarterly intervals. For the year ended 31 December 2023, two regular meetings of the Board of Directors of the Company were held in the first quarter and the third quarter, instead of four as required by code provision C.5.1 of the CG Code. The Board considers that the two regular meetings were sufficient to deal with matters of the Company. In addition, apart from the Board meetings, consent of Directors on issues was also sought through circulating written resolutions.

  All Directors were present in all Board meetings held during the financial year at the relevant time.

The Board continues to monitor and review the Group's corporate governance practices to ensure compliance. The key corporate governance principles and practices of the Company are summarized as follows:

BOARD OF DIRECTORS

The Board assumed overall responsibility for leading and supervising the Group. The Board laid down the direction of business for the Group and decided on important issues. The implementation of policies laid down by the Board rests with the Executive Management Committee ("EMC"), which at material time comprised certain ED(s) and member(s) from the senior management.

Composition

As at the date (i.e. 31 December 2023) of this CG Report, the Board comprises three EDs and three INEDs and is in compliance with the minimum number of INEDs as required under Rule 3.10(1), the appropriate professional accounting or related financial management expertise as required by Rule 3.10(2) and the proportion of INEDs in the Board as required by Rule 3.10A of the Listing Rules.

Mr. Zhang Xunyuan, who was appointed as an ED on 13 March 2023, has lodged with the Stock Exchange after his appointment the declaration and undertaking in the form set out in Form B in Appendix 5 to the Listing Rules then in force and has confirmed that he understood his obligations as a Director of the Company.

During the year and up to the date (i.e. 31 December 2023) of this CG Report, the Board comprises the following members:

EDs

Ms. Zhu Ruimin	*(Chairman) (resigned on 13 March 2023)*
Mr. Zhang Yi	*(Chairman) (re-designated from Chief Executive Officer to Chairman on 13 March 2023)*
Mr. Zhang Xunyuan	*(Chief Executive Officer) (appointed on 13 March 2023)*
Mr. Lau Mun Chung	*(Deputy Chief Executive Officer)*

INEDs

Mr. Xia Zhidong
Mr. Liu Xiaofeng
Mr. Zheng Minggao

Corporate Governance Report

The Board possesses, with regard to individual Directors and collectively, appropriate experience, competence and personal qualities, including professionalism and integrity, willingness to devote adequate time to discharge its responsibilities adequately and effectively. In addition, the Board collectively has adequate knowledge and expertise relevant to each of the core business activities that the Group pursues and the associated risks in order to ensure effective governance and oversight.

Members of the Board, who come from different backgrounds, have a diverse range of financial and professional expertise. The biographical particulars of all Directors are disclosed in the section headed "Biographical Details of Directors and Senior Management". None of the Directors has any financial, business, family or other material/relevant relationship with one another. The list of Directors identifying their role and function is also available on the websites of the Company and the Stock Exchange from time to time.

Chairman and Chief Executive Officer

The Chairman, is primarily responsible for leading the Board and ensuring that good corporate governance practices and procedures are established, whereas the Chief Executive Officer, is responsible for the overall operation of the Group. The role of the Chairman is separate from that of the Chief Executive Officer for achieving a clear division of separate responsibility and a balance of power and authority which in turn avoid concentration of power in any one individual. Directors are encouraged to make a full and active contribution to the Board's affairs and participate actively in all Board and committee meetings.

INEDS

The INEDs, as equal Board members, provide the Group with diversified expertise and experience. Their views and participation in Board and committee meetings bring independent judgement and advice on issues relating to the Group's strategies, policies, performance, accountability, key appointments, conflicts of interest and management process, to ensure that the interests of all Shareholders are taken into account. A culture of openness and debate is promoted in order to facilitate the effective contribution of the INEDs and ensure constructive relations between EDs and INEDs.

For the year ended 31 December 2023, the Company had three INEDs. Two INEDs were appointed for a term of two years and one INED was appointed for a term of three years, all are subject to rotation in accordance with the provisions in the Bye-laws. The Company had received from each of the INEDs an annual confirmation of independence and considers that all of them are independent. As at the date of this annual report, the Company has no INED who has served for more than nine years.

The INEDs are identified as such in all corporate communications containing their names.

Board Meetings

The Board meets regularly and at other time when necessary. The Chairman is responsible for ensuring that all Directors are properly briefed on matters to be discussed at Board meetings. All Directors have access to relevant and timely information and are given an opportunity to include matters in the agenda for all Board meetings. They can seek independent professional advice at the Company's expense when the situation requires. They also have access to the advice and services of the Company Secretary, who is responsible for providing Directors with Board papers and related materials, and ensuring that Board procedures are followed. Where queries are raised by Directors, steps would be taken to respond as promptly and fully as possible. Minutes of Board meetings are kept by the Company Secretary which record in sufficient detail the matters considered and decisions reached.

The attendance of the Directors at the Board meetings and general meetings held during the financial year 2023 is set out below:

Name of Directors	Number of Board meetings attended/ held	Number of general meetings attended/ held
EDs		
Ms. Zhu Ruimin *(resigned on 13 March 2023)*	1/1	0/0
Mr. Zhang Yi	3/3	1/1
Mr. Zhang Xunyuan *(appointed on 13 March 2023)*	2/2	1/1
Mr. Lau Mun Chung	3/3	1/1
INEDs		
Mr. Xia Zhidong	3/3	1/1
Mr. Liu Xiaofeng	3/3	1/1
Mr. Zheng Minggao	3/3	1/1

For a matter to be considered by the Board which has a conflict of interest with the substantial Shareholder or a Director and has been determined by the Board as material, the matter would be dealt with by a physical Board meeting. In other cases, where Directors are unable to meet together, matters are resolved by written resolutions in the manner prescribed by the Bye-laws. Full meeting materials are circulated and commented through electronic mail.

Notice of at least 14 days is given of a regular Board meeting to give all Directors an opportunity to attend. For all other Board meetings, reasonable notice will be given. Minutes of the Board meetings are prepared and circulated to all Directors in reasonable time, kept by a designated secretary and open for inspection at any reasonable time on reasonable notice by any Director.

During the year, the Chairman, Mr. Zhang Yi held a meeting with the INEDs without the presence of other Directors.

Management reports are sent to all Directors to keep the Directors apprised of the latest development and financial position of the Group and to enable them to make informed decisions. The Board and each Director also have separate and independent access to the senior management whenever necessary.

Rotation and Re-election of Directors

The Bye-laws provide that every Director shall retire by rotation at least once every three years. Directors appointed by the Board during the year shall hold office until the next following annual general meeting, and they shall retire and be eligible for re-election by the Shareholders.

For those INEDs who have been serving on the Board for more than nine years and seeking re-election in an annual general meeting, particular consideration will also be given in assessing their independence. Reasons will also be given in the circular in relation to that annual general meeting to explain why the Board believes those INEDs are still independent and should be re-elected, including the factors considered, the process and the discussion of the Board in arriving at such determination.

Corporate Governance Report

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code as its code of conduct for Directors' dealing in its securities. All Directors confirmed that they had complied with the required standards at all times throughout the financial year 2023.

REMUNERATION COMMITTEE

As at the date (i.e. 31 December 2023) of this CG Report, the Remuneration Committee comprises three INEDs, and the members are Mr. Xia Zhidong, Mr. Liu Xiaofeng and Mr. Zheng Minggao. The Remuneration Committee is chaired by Mr. Xia Zhidong.

A written terms of reference was adopted by the Remuneration Committee at its inception, and is available on the websites of the Company and the Stock Exchange and is updated when necessary. The Remuneration Committee is responsible for devising the remuneration policy for the Company and making recommendations to the Board for consideration. The Remuneration Committee is also responsible for reviewing the terms of service contracts or letter of appointment and recommending the remuneration/remuneration packages of all Directors to the Board for approval. The Remuneration Committee has access to independent professional advice at the Company's expense if necessary. Full minutes and related materials of the meetings are kept by a designated secretary.

The Remuneration Committee held one meeting in the financial year 2023 to discuss the remuneration package of two EDs. The following is the attendance record of the meetings held by the Remuneration Committee during the year:

Name of committee members	Number of meetings attended/held	Attendance rate
Mr. Xia Zhidong *(chairman)*	1/1	100%
Mr. Liu Xiaofeng	1/1	100%
Mr. Zheng Minggao	1/1	100%

In case members are unable to attend meeting(s), issues are resolved through written resolutions in the manner prescribed under the Bye-laws. Full materials are circulated and commented mainly through electronic mail.

Directors' Remuneration Policy

Certain EDs are entitled to a director's fee as recommended by the Remuneration Committee; and determined and approved by the Board, of which two EDs, namely Mr. Zhang Xunyuan and Mr. Lau Mun Chung, have entered into service contracts with the Company. The service contracts provide the relevant Directors with a fixed monthly salary, housing allowance (where applicable) determined in accordance with their qualification, experience and the prevailing market conditions together with an annual management bonus decided with reference to the Group's financial performance, the individual's performance during the year and the market conditions. Following Mr. Zhang Yi's re-designation from the position of the Chief Executive Officer to the Chairman, he did not receive any director's fee and/or remuneration for his appointment as an ED with effect from 13 March 2023. INEDs are entitled to a director's fee decided by the Board. The Board confirms that no Directors or their associates (as defined in the Listing Rules) are involved in determining their own remuneration. Details of remuneration payable to the Board members and the key management personnel have been disclosed in the notes to the financial statements in this annual report.

NOMINATION COMMITTEE

As at the date (i.e. 31 December 2023) of this CG Report, the Nomination Committee comprises three members, including Mr. Zhang Yi, the Chairman and a ED, and two INEDs, Mr. Xia Zhidong and Mr. Liu Xiaofeng. The Nomination Committee is chaired by Mr. Zhang Yi.

A written terms of reference was adopted by the Nomination Committee at its inception, and is available on the websites of the Company and the Stock Exchange and is updated when necessary. The Nomination Committee can seek independent professional advice at the Company's expense if necessary. The main duties of the Nomination Committee are as follows:

1. review the structure, size and composition of the Board at least annually, ensure compliance with the Company's Board Diversity Policy and make recommendations to the Board regarding any proposed changes complement the Company's corporate strategy;

2. identify suitable individuals qualified to become Board members, ensure compliance with the Company's Nomination Policy and make recommendations to the Board on suitable candidates to be nominated for directorships;

3. assess the independence of INEDs on their appointment or when their independence is called into question;

4. make recommendations to the Board on matters relating to the appointment or re-appointment of Directors and succession planning for Directors;

5. review the implementation and effectiveness of the Board Diversity Policy annually and make recommendations to the Board regarding any proposed changes; and

6. review annually the implementation and effectiveness of the Company's mechanism under which independent views and input are available to the Board; and make recommendations to the Board regarding any proposed changes.

The Nomination Committee held one meeting in the financial year 2023 to discuss the change of Directors and review of Board structure etc. Full minutes and related materials of the meeting are kept by a designated secretary. The following is the attendance record of the meeting held by the Nomination Committee during the year:

Name of committee members	Number of meetings attended/held	Attendance rate
Mr. Zhang Yi *(chairman) (appointed as chairman of the committee on 13 March 2023)*	0/0	–
Ms. Zhu Ruimin *(resigned on 13 March 2023)*	1/1	100%
Mr. Xia Zhidong	1/1	100%
Mr. Liu Xiaofeng	1/1	100%

Nomination Policy

The Board has adopted the Nomination Policy. The selection process of Directors will be transparent and fair. The Nomination Committee will select from a broad range of candidates and as far as feasible including those who are outside the Board's circle of contacts and in accordance with the Company's Board Diversity Policy. The Nomination Committee will consider the potential contributions a candidate can bring to the Board in terms of qualifications, skills, experience, independence and gender diversity. It will also consider succession planning to ensure the long-term success of the Company.

DIVERSITY

Board Diversity Policy

Board diversity has become a critical factor in business resiliency, sustainability and long-term financial performance. The positive results of diversity are so well established that investors are demanding that corporates achieve greater diversity to enhance risk management and achieve a sustainable and balanced development.

The Board has adopted the Board Diversity Policy which sets out the approach to achieve Board diversity. The Nomination Committee and the Board reviews and monitor the implementation and effectiveness of the policy on an annual basis. The Board recognizes and embraces the benefits of having a diverse Board. A truly diverse Board will be achieved through several factors, including but not limited to differences in gender, age, cultural and educational background, ethnicity, professional experience, skills and knowledge. The Nomination Committee will continue to primarily responsible for identifying suitable qualified candidates to become Board members and to ensure that the Board has an appropriate balance and diversity with giving adequate consideration to the Board Diversity Policy.

Board appointments are based on merit and candidates are considered against objective criteria, having due regard for the benefits of diversity on the Board, in addition to the aforementioned diversity factors, consideration will be given to length of service, independence that the candidate can bring to the Board in all aspects, commitment in respect of sufficient time and attention to the Company's business, and the conditions required by the stock exchange on which its shares are listed and by the regulatory authorities of the places of its listing, etc., in order to ensure the diversity of the Board has a balanced composition and create positive contribution to the Board.

The Company remains committed to meritocracy in the boardroom, which requires a diverse and inclusive culture where Directors believe that their views are heard and their concerns are attended to and they serve in an environment where bias and discrimination on any matter are not tolerated.

As at the date of this annual report, the Company maintained an effective Board comprising members with a diverse mix of gender, professional background and industry experience. The Board consists of 5 male Directors and 1 female Director. The Board targeted to at least maintain the current level for female representation of the Board, and will continue to maintain board diversity and ensure the effectiveness of the Board Diversity Policy.

Workplace Diversity

Diversity is well supported in our corporate culture. Our employment practice complies with applicable laws and regulations and does not discriminate on the grounds of gender, race, ethnicity, disability, age, religious belief, sexual orientation or family status. The gender ratio in the workforce remains balanced for the year end 31 December 2023, which is 1:1. The Company has adopted a written human resources policy to govern the recruitment and diversity of workforce. Opportunities for employment, training and career development are equally opened to all eligible employees without discrimination. The Company will continue the mechanism to maintain the gender diversity in workforce. Further details of gender ratio has been disclosed in the ESG Report.

Employees' Remuneration Policy

The Company established objective performance indicators as part of the employees' performance appraisal. Proposals relating to promotion and salary adjustment of employees are discussed and approved by the Employee Remuneration Committee of the Company, which consists of three EDs and two senior executives, including the head of human resources & administration department.

DIRECTORS' TRAINING AND PROFESSIONAL DEVELOPMENT

The Company will provide a comprehensive, formal and tailored induction to each newly appointed Director on his/her first appointment in order to enable him/her to have appropriate understanding of the businesses and operations of the Company and ensure that he/she is fully aware of his/her responsibilities and obligations under the Listing Rules and relevant regulatory requirements.

All Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. Directors are continually updated on developments in the statutory and regulatory regime and the business environment to facilitate the discharge of their responsibilities for maintaining an effective Board. The Company has provided technical updates to the Directors, including amendments on the Listing Rules and the news release and guidelines published by the Stock Exchange. According to the records provided by the Directors and maintained by the Company, the training received by the Directors for the year ended 31 December 2023 is summarized as follows:

	Directors' duty and corporate governance	**Legal and regulatory updates**	**Business updates**
EDs			
Ms. Zhu Ruimin *(resigned on 13 March 2023)*	Yes	Yes	Yes
Mr. Zhang Yi	Yes	Yes	Yes
Mr. Zhang Xunyuan *(appointed on 13 March 2023)*	Yes	Yes	Yes
Mr. Lau Mun Chung	Yes	Yes	Yes
INEDs			
Mr. Xia Zhidong	Yes	Yes	Yes
Mr. Liu Xiaofeng	Yes	Yes	Yes
Mr. Zheng Minggao	Yes	Yes	Yes

INSURANCE COVER FOR DIRECTORS

The Company has arranged appropriate insurance cover in respect of legal action against its Directors to comply with the requirement of the CG Code.

AUDITOR'S REMUNERATION

Following the retirement of Ernst & Young, Baker Tilly was appointed as the external independent auditor of the Company from the date of conclusion of the 2023 annual general meeting (i.e. 27 June 2023). The financial statements of the Company for the year ended 31 December 2023 have been audited by Baker Tilly.

During the year, the fees paid/payable to Baker Tilly are set out below:

Category of services	**Fees paid/payable** *HK$*
Audit service	690,000
Non-audit services	200,000
Total	890,000

Note: The fees for the Company's subsidiaries' audit services, including statutory audit fee to their respective auditors, amounts to HK$21,080.

AUDIT COMMITTEE

As at the date (i.e. 31 December 2023) of this CG Report, the Audit Committee comprises three INEDs. The Audit Committee is chaired by Mr. Xia Zhidong who possesses appropriate professional qualifications and experience in accounting and financial management. The other two members are Mr. Liu Xiaofeng and Mr. Zheng Minggao.

A written terms of reference was adopted by the Audit Committee at its inception, and is available on the websites of the Company and the Stock Exchange and is updated when necessary. The major roles and functions of the Audit Committee include:

1. evaluating the effectiveness of the Group's internal control and risk management system;
2. reviewing the financial reporting process;
3. reviewing the interim and annual financial statements before submission to the Board for consideration;
4. endorsing the annual audit plans proposed by the auditor;
5. reviewing and approving continuing connected transactions; and
6. monitoring the independence, appointment and remuneration of the auditor.

Corporate Governance Report

The Audit Committee held three meetings in the financial year 2023. Representative from the EDs, the heads of legal, compliance and internal audit department ("LCIA") and risk management department ("RM") of the Company are answerable in the Audit Committee meetings. Full minutes and related materials of the meetings are kept by a designated secretary. During the year, two private sessions between the auditor and the Audit Committee members were held immediately after the Audit Committee meetings in March and August 2023 respectively. The following is the attendance record of the meetings held by the Audit Committee during the year:

Name of committee members	Number of meetings attended/held	Attendance rate
Mr. Xia Zhidong *(chairman)*	3/3	100%
Mr. Liu Xiaofeng	3/3	100%
Mr. Zheng Minggao	3/3	100%

A summary of the work performed by the Audit Committee during the financial year 2023 was listed below:

1. reviewed and approved the retirement and appointment, the remuneration and the terms of engagement of the external auditor;

2. reviewed and monitored the external auditor's independence and objectivity and the effectiveness of the audit process;

3. reviewed and commented on each of the interim and annual financial statements of the Group and the independent auditor's report before submission to the Board;

4. reviewed the Group's financial control, internal control and risk management systems;

5. reviewed the results of the audit on continuing connected transactions;

6. reviewed the findings and the recommendations of the Group's internal auditor on the Group's operations and the regulatory review carried out by the regulators; and

7. monitored the financial reporting process of the Group.

The work and findings of the Audit Committee have been reported to the Board. During the year, no issue brought to the attention of the Board was of sufficient importance to require disclosure in this annual report.

Corporate Governance Report

ACCOUNTABILITY FOR THE FINANCIAL STATEMENTS

The Directors acknowledged their responsibilities for the preparation of financial statements for the Company which gives a true and fair view of the state of affairs of the Company as at 31 December 2023, and its profit or loss and the cash flows for the year. The financial statements are prepared on the assumption of going concern and are in accordance with the statutory requirements and applicable accounting and financial reporting standards. The Directors also ensure that the publication of the financial statements of the Group is done in a timely manner.

The statements of the Directors and the independent auditor of the Company regarding their respective responsibilities on the financial statements of the Company are set out in the Independent Auditor's Report on pages 57 to 62 of this annual report.

INTERNAL CONTROL AND RISK MANAGEMENT

The Group strives to maintain a sound and effective internal control and risk management system to safeguard the assets of the Group and its clients. The Board acknowledges its responsibilities for the risk management and internal control systems and reviews their effectiveness regularly. To achieve this end, a proper segregation of duties and responsibilities is in place. Procedures have been designed against unauthorized use or disposal, for maintaining proper accounting records, ensuring the reliability and usefulness of financial information for internal business use or for publication, and monitoring the compliance with applicable laws, rules and regulations. They are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable but not absolute assurance against material misstatements or losses.

The Board has assessed the effectiveness of the internal control and risk management system of the Group with the assistance of the Audit Committee during the year. The LCIA and the RM assessed the internal control and risk management procedures respectively to validate their effectiveness and report the findings to the Audit Committee half-yearly. In addition, to ensure full compliance with related rules and regulations promulgated by the SFC, the LCIA performs regular compliance and internal control testing. Exceptional results are brought to the management's attention. Disciplinary actions are in place to deal with identified non-compliance cases.

The Board is responsible for overseeing the risk appetite of the Company including determining the Company's acceptable level of risk, and review from time to time the adequacy of resources, staff qualifications and experience, training programmes and budget of the Group's accounting, internal audit, risk management, financial reporting functions, as well as environmental, social and governance performance and reporting. The Board considers the internal control and risk management system of the Company effective and adequate, and the code provisions on risk management and internal control are complied with. The Group acknowledges that the strengthening of the internal control and risk management system is an ongoing process and will continue to monitor, design and implement appropriate measures to meet the changing business and regulatory environment.

The Group advocates the importance of ethical conduct and encourages whistleblowing, and such reports are strictly confidential and in anonymity. The Group's Code of Conduct stipulates that all its staff and account executives must promptly report possible improprieties such as conflict of interest, corruption and bribery or violation of any laws, rules and regulations. Incidents and allegations or suspicions of misconduct will be assessed and investigated by the senior management or the LCIA, and report to the Audit Committee if necessary. In addition, the Group always values high standards of ethics and integrity, staff and account executives are required to adhere to and be strictly regulated and governed by Prevention of Bribery and Prevention of Corruption Policy. To enhance and build up awareness of anti-corruption, the Group continuously conducts various trainings for the Board, senior management, staff and account executives.

Corporate Governance Report

The Company has implemented a number of Group-wide governance policies, which are subject to review from time to time, to ensure best practices across the organization. During the year, the Company has in place Prevention of Bribery and Prevention of Corruption Policy, and Whistleblowing Policy to support the Company's commitment to adhere to high standard of business, professional and ethical conduct.

Dissemination of Inside Information

The Group discloses inside information to the public as soon as reasonably practicable in accordance with the requirements under the Listing Rules and the SFO. Before full disclosure of the inside information to the public, the Group will ensure that the information is kept strictly confidential. The Group also strives to present information in a clear and balanced way, which requires equal disclosure of both positive and negative facts, and to ensure that information contained in all corporate communications is not false or misleading as to a material fact, or false or misleading through the omission of a material fact.

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for performing the corporate governance duties as set out below:

1. to develop and review the Company's policies and practices on corporate governance;

2. to review and monitor the training and continuous professional development of Directors and senior management;

3. to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

4. to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and

5. to review the Company's compliance with the CG Code and disclosure in the CG Report.

OTHER CORPORATE GOVERNANCE PRACTICE

There are three major management committees established by the Group, each charged with specific duties of leading and controlling the daily operation and management of the Group. Chaired by the Chief Executive Officer, the EMC is responsible for setting up and implementing Group policy, exercising control over operational activities, reviewing and approving budgets, and making decisions on all major issues. Other members of the EMC include an ED and members from the senior management of the Group.

The Risk Management Committee ("RMC") of the Company is accountable to the EMC. The RMC is responsible for dealing with all risk management issues of the Group, and reviewing clients' complaints. The RMC is chaired by the head of RM.

The Investment Management Committee ("IMC") of the Company is also accountable to the EMC. The IMC is responsible for formulating investment policies including the setting of investment limits of the Group and approving investment projects proposed by business units/departments of the Group. The IMC is chaired by the Chief Executive Officer.

Corporate Governance Report

SHAREHOLDERS ENGAGEMENT

The Company strives to maintain effective and on-going communication with its Shareholders and is committed to ensuring that the Group complies with disclosure obligations under the Listing Rules and other applicable laws and regulations, and that all Shareholders and potential investors have an equal opportunity to receive and obtain externally available information issued by the Company. The Board has the overall responsibility to ensure that the Company maintains an ongoing dialogue with the Shareholders, and to provide them with information necessary to evaluate the performance of the Company. The Board adopted the Shareholders Communication Policy in March 2012 which is available on the website of the Company and is updated when necessary. Information regularly provided to the Shareholders includes annual and interim reports, circulars and announcements in accordance with the Listing Rules. The Board reviews the Shareholders Communication Policy annually and considered it effective. All general meetings were successfully held in the financial year 2023.

The Company welcomes and encourages Shareholders' active participation in annual general meetings or other general meeting to express their views, so as to provide an effective platform for communication between the Shareholders and the Board. Sufficient notice of general meetings will be given to the Shareholders. The Company regards the general meeting(s) as an important event, the Chairman, other members of the Board are invited to attend the general meeting(s) in order to have communication with Shareholders, answer and discuss matters in relation to the Company. The external auditor is also required to be present to answer questions about the conduct of the audit, the preparation and content of the auditor's report, the accounting policies and auditor's independence. A separate resolution will be proposed for each substantially separate issue at a general meeting. The Chairman of every general meeting will provide an explanation of the detailed procedures for conducting a poll.

For both institutional and retail investors, the Company's website, www.cinda.com.hk, provides up-to-date information about the Group. All key information such as announcements, annual and interim reports can be downloaded from this website.

SHAREHOLDERS' RIGHTS

(1) Procedures for Shareholders to convene a special general meeting ("SGM") and putting forward proposals at Shareholders' meetings

The Board shall, on the requisition in writing of the Shareholders of not less than one-tenth of the paid-up capital of the Company upon which all calls or other sums then due have been paid, forthwith proceed to convene a SGM.

The written requisition must state the resolution, accompanied by a statement of not more than one thousand words with respect to the matter referred to in any proposed resolution or the business to be dealt with at the Shareholders' meeting. It must also be signed by all of the Shareholders concerned and be deposited at the Company's office in Hong Kong at 45th Floor, COSCO Tower, 183 Queen's Road Central, Hong Kong, for the attention of the Company Secretary.

If within twenty-one days of such deposit the Board fails to proceed to convene the SGM, the requisitionists or any of them representing more than one half of the total voting rights of all of them, may themselves convene a SGM, but any meeting so convened shall not be held after three months from the date of the original deposit.

The Shareholders concerned must deposit a sum of money reasonably sufficient to meet the Company's expenses in serving the notice of the resolution and circulating the statement submitted by the Shareholders concerned under applicable laws and rules.

As regards Shareholders proposing a person for election as a director, please refer to the procedures as set out in the "Procedure for shareholders to propose a person for election as a director" on the website of the Company at www.cinda.com.hk.

(2) Shareholders' enquiries

Shareholders should direct their questions about their shareholdings to the Company's Hong Kong branch share registrar and transfer office, Tricor Secretaries Limited, at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong. Shareholders and the investment community may at any time make a request for the Company's information to the extent that such information is publicly available. Shareholders may also make enquiries to the Board by writing and provide sufficient contact details to the Company Secretary at the Company's office in Hong Kong at 45th Floor, COSCO Tower, 183 Queen's Road Central, Hong Kong.

Dividend Policy

The Board adopted the Dividend Policy in December 2018, pursuant to which the Board may propose to declare and distribute dividends to the Shareholders after taking into consideration of, inter alia, the following factors:

1. general economic conditions;
2. the Group's financial results;
3. the Group's capital requirement for business strategies and future development needs;
4. taxation considerations;
5. possible effects on the Group's liquidity;
6. shareholders' expectations; and
7. other factors which the Board may consider appropriate.

Declaration of the dividend by the Company is also subject to any restrictions under the Laws of Bermuda, the Bye-laws and any applicable laws, rules and regulations. The Company in general meeting may from time to time declare dividends in any currency to be paid to the Shareholders but no dividend shall be declared in excess of the amount recommended by the Board. The Board may from time to time pay to the Shareholders such interim dividends as appeared to the Board to be justified by the profit of the Group.

Corporate Governance Report

CONSTITUTIONAL DOCUMENTS

There were no changes in the Company's constitutional documents during the year.

COMPANY SECRETARY

The Company Secretary is an employee of the Company, all Directors have access to the advice and services of the Company Secretary. The Company Secretary reports to the Chairman and/or the Chief Executive Officer on board governance matters, and is responsible for ensuring that Board procedures are followed and for facilitating communications among Directors as well as with Shareholders and the management. The approval for the selection, appointment or dismissal of the Company Secretary rests with the Board at a physical Board meeting.

Mr. Lau Mun Chung acted as the Company Secretary of the Company since 25 May 2000 until his retirement on 2 March 2024. During the financial year 2023, Mr. Lau had received no less than 15 hours of relevant professional training. Ms. Li Hiu Ling was appointed as the Company Secretary of the Company following Mr. Lau's retirement. Ms. Li is an employee of the Company, the head of company secretarial department of the Company, and the company secretary of certain subsidiaries of the Company. Ms. Li is a fellow member of both The Chartered Governance Institute in the United Kingdom and The Hong Kong Chartered Governance Institute, and awarded with the dual designations of Chartered Secretary and Chartered Governance Professional.

CORPORATE SOCIAL RESPONSIBILITY

The Group is committed to contributing to the community and fostering a caring culture, and organised different social services activities and encouraged staff members to participate in voluntary work, and has received a number of ESG awards in 2023, details of which are disclosed on page 47 of the ESG Report. As a corporate citizen, the Group will continue to uphold its corporate social responsibility.

The ESG Report is set out on pages 29 to 47 of this annual report.

Environmental, Social and Governance Report

ABOUT THIS REPORT

To comply with the requirements set forth in ESG Reporting Guide, the Group must publish an ESG Report on an annual basis and regarding the same period covered in its annual reports. An ESG Report will be presented as information in the Group's annual report to be published on the websites of the Company and the Stock Exchange.

The Group hereby presents this ESG Report for the year ended 31 December 2023 ("Reporting Period"). The ESG Report is organized into two ESG subject areas: environmental aspect and social aspect. The Group is in compliance with the mandatory disclosure requirements and "comply or explain" provisions set out in the ESG Reporting Guide, and followed the reporting principles in the preparation of the ESG Report.

STATEMENT FROM THE BOARD

Governance Structure

The Board believes that a comprehensive corporate governance and well-developed operation practices are the foundation of the Group's sustainable and long-term development. To ensure appropriate and effective ESG policies are in place, the Board acts a leading role and takes full responsibility for the oversight of ESG matters including evaluating and determining material ESG-related issues and risks.

The Board attaches great importance to ESG and has overall responsibility for its strategy and reporting to ensure the completeness of the ESG Report. The Board strives to create long-term value to stakeholders while taking account of ESG and related risks. The Board aims to put ESG considerations into business decision making process. Effective implementation of ESG policies relies on the collaboration of different departments. The Board intends to communicate with the management on an ongoing basis in order to review, evaluate, prioritize and manage material ESG-related issues and risks in operation that may have impact on the Group, so as to ensure the current policies follow laws and regulations as well as to meet business needs and stakeholders' expectations.

The Group cherishes every feedback from key stakeholder groups, which comprise its customers, employees, shareholders, investors and the community (the "Stakeholders"), that is conducive to the continuous improvement of the Group and creates valued contribution to our business decisions that meets the Stakeholders' needs and expectations. The Group provides a range of channels such as meetings, interviews, reporting, surveys, and feedback channel on intranet and/or Company's website to collect the views on ESG from the Stakeholders in order to review ESG-related goals and targets.

Environmental, Social and Governance Report

Reporting Principles

Materiality: The ESG Report covers the material ESG factors that are related to different Stakeholders. The Board and the management are mainly responsible for identification of key ESG factors on the basis of the feedback from the Stakeholders.

Quantitative: To provide a comprehensive comparison of the performance in emissions and energy consumption of the Group between 2022 and 2023, summary tables of performance are shown in relevant sections. Information on the standards, methodologies, assumptions and/or calculation tools, and source of conversion factors used for the reporting of emissions and energy consumption are referred to the guideline set out in Reporting Guidance on Environmental KPIs published by the Stock Exchange.

Balance: The Group reports its ESG performance in an unbiased manner, avoiding selections, omissions, or presentation formats that may inappropriately influence a decision or judgment by the report reader.

Consistency: Methodologies and key performance indicators are used and calculated in a consistent approach. If there are any changes in consistency that may affect a meaningful comparison details would be disclosed.

Reporting Boundary

The ESG Report covers the main business scope of the Group, excluding associated companies and joint venture. The Group has identified relevant ESG issues and assessed their materiality on our businesses as well as on our Stakeholders, through reviewing our operations. Disclosures relating to material ESG issues identified have been included in this ESG Report pursuant to the ESG Reporting Guide. There is no significant change in reporting boundary from the 2022 annual report.

Environmental, Social and Governance Report

A. ENVIRONMENTAL

A1. Emissions

Environmental protection plays an essential role for a corporation's sustainability. The Group is committed to integrating environmental protection into our business and keep reducing the environmental impact from its operations, and to promote awareness of environmental protection of its Stakeholders in which the Group's operations are located.

The Group is principally engaged in the provision of asset management, corporate finance advisory services, securities brokering, commodities and futures brokering. We do not have significant air emission nor do we generate hazardous waste, so the main contributors to the Group's carbon footprint are (1) indirect greenhouse gas ("GHG") emission from electricity consumption (which is mainly attributed to the use of lighting system, air-conditioning and office equipment), (2) direct GHG emission from petrol consumption of the Company's motor vehicle, (3) indirect GHG emission from business travel by flight and (4) paper consumption in business operation. As such, the Group keeps minimizing the environmental impacts by reducing GHG emission from its operations with the following means:

(a) Control of GHG emission from minimizing air travel and electricity consumption

During the Reporting Period, the Group actively encouraged its employees to adopt electronic means of communication such as video or telephone conferencing. Video conference equipment is available in conference rooms upon request. Employees were also encouraged to use mobile applications such as WeChat, VooV and Zoom to conduct virtual meetings.

As the COVID-19 pandemic has eased globally, Hong Kong has emerged from the epidemic with society returning to full normalcy. Economic and social activities are fully reactivated. The frequency of business air travel increased in 2023. GHG emission from business travel by flight therefore have increased compared with 2022 when immigration controls were still in place. The Group will continue to further reduce the frequency of business air travel by encouraging the employees to use alternative communication means to balance green travel and business activities, and has set a target for the year 2024 that indirect GHG emission from business travel by flight will decrease 1% to 2% or stay at a relatively level as in 2023.

Electricity consumption is the major generator of the Group's GHG emission. We recognise the importance of effective use of resources and are committed to reducing wastage in our daily operations. We consume electricity in the course of our business operations and administrative processes, therefore the following measures are adopted to reduce and control the electricity consumption so as to reduce the GHG emission level of the Group:

- Switching off computers and office equipment when idle
- Installation of LED and energy-saving lighting system with different zoning
- Sourcing energy-efficient appliances with energy efficiency label, where available
- Setting optimal temperature on air-conditioning in workplace

(b) Control of paper consumption

The business operation of the Group consumes significant amount of papers and the Group has adopted a series of initiatives to reduce the level of paper consumption:

- A new mobile application has been launched in October 2021, enabling online account opening, online trading, and review of transaction records by clients
- Organizing events and activities to enhance employees' motivation to minimize the use of electricity and paper in office
- Encouraging use of electronic means of communication such as email and intranet
- Selection of insurance companies which provide paperless claiming procedures
- Using duplex printing and reusing single-side printed papers
- Promotion of electronic statements among our clients
- Paperless board meeting
- Developing and adopting the office administration automation systems (O.A. System) in December 2023 by the Group to convert the daily operational administrative processes into online operations, including but not limited to human resources-related applications, administrative reimbursements, applications for use of company chop, etc., to reduce the use of paper and implement a paperless office.

(c) **Emission summary:**

i) ***GHG emission***

Indicators	2022	**2023**
Scope 1: Direct GHG emissions (tonnes)		
– motor vehicle	1.56	**0.59**
Scope 2: Energy indirect GHG emissions (tonnes)		
– electricity consumption	238.65	**208.24**
Scope 3: Other indirect GHG emissions (tonnes)		
– paper consumption	12.93	**10.47**
Scope 3: Other indirect GHG emissions (tonnes)		
– business air travel	7.69	**19.22**
Total	260.83	**238.52**

The total GHG emissions have been significantly decreased by 9% compared with 2022. The reduction target for 2023 has been achieved. During the Reporting Period, as the COVID-19 pandemic has eased globally, entry restrictions were lifted in different cities and countries, social and business activities have been resumed. As a result, GHG emissions related to business air travel have been increased. The Group is committed to striking a balance between green travel and business activities, and actively encouraged the use of alternative communication means to replace physical meetings. Therefore, GHG emissions related to motor vehicle have been further reduced. Meanwhile, paper and electricity consumption have also recorded a decline, with a significant reduction of 13% in electricity consumption, indicating that the emission reduction measures taken by the Group are effective. The Group will continue to strengthen the above measures. Upon resumption of normalcy, the frequency of business air travel in 2024 is expected to increase or to be similar to 2023. The Group expects the total GHG emissions in the year 2024 will be similar to that in the Reporting Period, or will probably be decreased by around 1% to 3%, as far as reasonably practicable.

ii) ***The key air pollutants from the Group's operation mainly consist of nitrogen oxides, sulphur oxides and respirable suspended particulars, which mainly generated by the motor vehicle.***

Air pollutants emission

Indicators (g)	2022	**2023**
Nitrogen Oxides (NOx)	374.84	**132.97**
Sulphur Oxides (SOx)	8.46	**3.19**
Respirable Suspended Particulars (RSP)	27.60	**9.79**

(d) Control of production of hazardous and non-hazardous wastes:

In view of the nature of the Group's operations, we did not generate any hazardous wastes. The Group upholds the principle of waste management. All of our waste management practices comply with relevant laws and regulations. The Group arranges independent third-party collector to collect all scrapped electronic equipment for proper treatment.

During the Reporting Period, the Group generated non-hazardous wastes, the majority of which was paper, with a weight of 2,180.46kg. Compared with 2022, the total paper consumption has been reduced by 19%. The Group has been committed to reducing paper consumption, and encourage employees to work and communicate through electronic means and electronic documents. In addition, the Group continues to control paper consumption and strives to implement paperless office, the control measures are effective. The Group will continue to strengthen the control measures and aims to set the reduction target on paper consumption around 1% to 3%, as far as reasonably practicable.

We strive to reduce, reuse and recycle throughout our operations to minimize the disposal of wastes to landfill. Different facilities have been provided to employees in office to facilitate source separation and waste recycling. The Group has adopted policy to evaluate and balance the number of electronic devices replacement for the need of employees and the device performance, aiming to minimize the production of solid and electronic wastes by boosting the device performance instead of periodic replacement of new devices. In addition, in order to reduce the generation of computer wastes, the Group implemented a computer recycling program as part of our environmental protection initiative. The recycling rate of electronic wastes was double compared with 2022. The policy achieved a remarkable result in recycling of electronic wastes. The Group will continue this policy.

A2. Use of Resources

(a) The Group continues with initiatives to conserve resources for environmental and operating efficiency purposes. Fuel (unleaded petrol) consumption and electricity consumption are respectively the main source of direct and indirect energy consumption. To pursue our environmental commitment, an environmental policy and a purchasing policy are in place. We have implemented various initiatives throughout our operations such as deploying energy-efficient devices which carry Energy Label issued by the Electrical and Mechanical Services Department of Hong Kong, minimizing the use of paper, reducing water consumption and encouraging the employees to use public transportation. Through actively monitoring and managing the use of resources, we aim to reduce our carbon footprints as well as our operating cost.

The results achieved by such improvements are reflected in the energy consumption summary below.

Energy consumption summary:

Indicators	2022	2023	Intensity 2023 (Per employee)
Direct energy consumption (unleaded petrol) (KWh)	575.19	**216.78**	**2.41**
Indirect energy consumption (electricity) (KWh)	306,168.00	**267,882.00**	**2,976.47**
Total energy consumption (KWh)	306,743.19	**268,098.78**	**2,978.88**

The decrease in energy consumption from 2022 to 2023 was primarily attributed to the Group's commitment to green travel and promotion of electronic means of communication methods such as video or phone conferencing. The great decline in the frequency of use of the Company's motor vehicle resulted in a significant decrease in petrol consumption. The reduction target for 2023 has been achieved indicating that the energy consumption controls implemented by the Group are effective. We strive to follow the controls in energy usage and aim to further cut down energy consumption by 1% to 3% in 2024 as far as reasonably practicable.

(b) The Group is committed to conserving clean water. In view of the nature of the Group's business, we do not use a large amount of water or produce sewage in our daily operations. In order to strengthen employee's water-saving awareness, reminders and labels are placed in such water consumption areas as pantries and lavatories. As the Group is operating in several leased office premises of which the respective building management is responsible for both water consumption and discharge, and thus data in relation to volume of water consumed and discharged would not be provided for any occupants. The management fee of each of the leased premises paid to the respective building management company includes charges for water supply and discharge.

(c) The Group provides various financial services, given the nature of its business, the Group does not involve packaging materials.

A3. The Environment and Natural Resources

During the Reporting Period, the Group continued to make its best endeavor to protect the environment in business activities and workplace. Environmental protection is a continuous process, including management of energy and water consumption, and waste production. As a good corporate citizen, we acknowledge the responsibility of minimizing the negative environmental impact on our business operations and investments, in order to achieve a sustainable development for generating long-term values to our Stakeholders and the community as a whole.

The Group aims to save natural resources by enhancing the awareness among employees, promoting resources-saving habit and reviewing the efficiency of our business operations from time to time. We regularly assess the environmental risks of our business, and adopt preventive measures as necessary to reduce the risks and ensure the compliance of relevant laws and regulations. In 2023, there were no non-compliance cases reported in relation to air and GHG emission, discharge into water and land, and generation of waste within the Group.

A4. Climate Change

Climate change and global warming are driven by GHG emissions which are becoming the major environmental concerns in the world. As a good corporate citizen, the Group strives to put forward environmental conservation and encourages its employees to practice low carbon lifestyle in order to reduce GHG emissions and contribute to carbon neutrality. In an effort to reduce carbon footprint and emissions, the Group actively adopted relevant environmental policy and office environmental measures as mentioned in the ESG Report. Meanwhile, the Group participated in various environmental conservation events including “Earth Hour” and “Green Low Carbon Day” and organized different types of “green” activities in workplace so as to encourage its employees to take part in environmental conservation activities. The Group monitors the energy consumption intensity across its operations from time to time to identify opportunities for increasing efficiency and reducing GHG emissions. Climate change has no significant impact on the Group’s businesses for the time being.

Environmental, Social and Governance Report

B. SOCIAL

B1. Employment

We believe that employees are our valuable assets and the foundation of the Group's sustainable development. We strive to attract and retain talents and reconcile economical imperatives with staff well-beings, aiming at reinforcing satisfaction, loyalty and commitment of human capital.

We have developed a written human resources policy and an employee handbook to govern the compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare of our employees, in accordance with the relevant laws and regulations.

Compensation and dismissal

The Group enters into employment contracts with employees and stipulates the terms and conditions of employment, including remuneration package, probation period and termination.

The level of remuneration of our employees is reviewed annually on a performance basis with reference to the market standard.

Recruitment and promotion

Recruitment is based on job requirements, relevant qualifications, skills, experience and abilities.

The Group provides employees with good promotion opportunities, sets up performance evaluations in various aspects such as work performance, attitude and ability, and provides employees with rewards and promotion opportunities.

Workplace management

Working hours, Holidays and leaves

Working hours and holidays for employees are in line with local employment laws. Apart from statutory holidays, all employees are entitled to paid annual leaves depending on their ranks and years of services, as well as other leaves such as examination leave, birthday leave and special leave, which all eligible employees are entitled to.

Equal opportunity and anti-discrimination

Opportunities for employment, training and career development are equally opened to all eligible employees without discrimination against their gender, pregnancy, marital status, disability, family status, race and religion, etc.

Diversity

The Company respects cultural and individual diversity. The Board Diversity Policy sets out the principal and guidelines to achieve diversity of the Board.

Benefits and welfare

A wide range of benefits including comprehensive medical (including dental and annual body check-up) and life insurance, tuition aid and mandatory provident fund are provided to employees. The medical insurance even covers family members of the employees. Social and recreational activities are organized regularly for the employees in achieving work-life balance, certain of which were conducted through virtual means.

Environmental, Social and Governance Report

As at 31 December 2023, the Group had a total number of 90 employees, of which 45 were male and 45 were female, all were full-time employees, and 82 were based in Hong Kong office and 8 were based in our offices in Mainland China. As regards disability, the Company did not record the health status of the employees, hence no employee was recorded as disabled.

Details of total workforce are as follows:

Total Workforce – by Age Group

	Age Group			
	30 or below	**31 to 40**	**41 to 50**	**51 or above**
Hong Kong office	11	30	29	12
Mainland offices	0	7	1	0

Total Workforce – by Gender

	Male	**Female**
Hong Kong office	43	39
Mainland offices	2	6

Total Workforce – by Employment Category

	Employment Category				
	Chief Level Executives	**Senior Management**	**Middle Management**	**General Staff**	**Part Time**
Hong Kong office	2	5	14	61	0
Mainland offices	0	0	1	7	0

New Employees – by Age Group

	Age Group			
	30 or below	31 to 40	41 to 50	51 or above
Hong Kong office	3	3	1	1
Mainland offices	0	0	0	0

New Employees – by Gender

	Male	Female
Hong Kong office	4	4
Mainland offices	0	0

Annual Turnover Rate – by Gender

	Male	Female
Hong Kong office	12 (27.9%)	7 (17.9%)
Mainland offices	2 (50%)	2 (33.3%)

Annual Turnover Rate – by Age Group

	Age Group			
	30 or below	31 to 40	41 to 50	51 or above
Hong Kong office	1 (9.1%)	10 (33.3%)	4 (13.8%)	4 (33.3%)
Mainland offices	0	4 (57.1%)	0	0

During the Reporting Period, the Group's Hong Kong office and Mainland Offices did not have any cases of material non-compliance with laws and regulations related to the Group's employment and labor practices, including compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.

B2. Health and Safety

We are committed to providing and maintaining a safe, healthy and hygienic workplace for all employees, and all other persons likely to be affected by our operations and activities. The safeguard for employees' health and safety is one of the essential elements of the Group, we provide medical insurance and annual body check-up to employees to improve health level.

Health and safety standards are given prime consideration in our operations, and regulatory compliance is strictly upheld. Employees at every level are committed to, and accountable for, the delivery of the safety initiatives contained in the employee handbook of the Group, with a view to maintaining a dynamic and injury-free culture. Appropriate measures are taken to continuously improve the safety and health aspects in the workplace.

Despite the epidemic situation of COVID-19 has subsided, the Group continued to minimize the risk of the spread of the COVID-19 by implementing various preventive measures, and continuously monitored the health condition of employees to ensure that all preventive measures were in place. To safeguard the health of our employees, the Group proactively implemented disinfection measures in order to maintain a safe and hygienic working environment.

There were no non-compliance cases reported in relation to health and safety laws and regulations in the past three years including the Reporting Period. Neither work-related fatalities nor lost days due to work injury was recorded in the mentioned period.

B3. Development and Training

Over 1,500 training hours were provided during the year

We believe that employee investment is essential. The Group recognizes the importance of skills and professional knowledge of the employees to achieve good performance in their designated positions. Training is the most effective way to improve the overall quality of employees and enhance the competitiveness of the Group. To enhance and encourage personal growth of employees, the Group designed training programmes covering various topics stipulated in different ordinances, rules and guidelines including but not limited to, the SFO, the Prevention of Bribery Ordinance (Cap. 201 of the laws of Hong Kong), the Listing Rules and Guideline on Anti-Money Laundering and Counter-Financing of Terrorism (For Licensed Corporations) issued by the SFC.

The Group pays full attention to the continuous development and updates of relevant laws and regulations, our legal, compliance and internal audit department ("LCIA") and company secretarial department are responsible for gathering information of the relevant regulatory changes and determining the continuous professional training required for relevant employees and directors respectively to update their knowledge and skills to maintain their professional competence. Latest applicable laws, rules and regulations are also circulated with employees and directors from time to time.

Besides, we encourage and support our employees in personal and professional training through sponsoring training programs, seminars, workshops and conferences, regular sharing sessions, peer learning and on-the-job coaching, as well as reimbursement for external training course fees. A employee mentorship programme is in place to facilitate communication and coaching between mentors and new staffs. We believe this is a mutually beneficial practice for achieving both personal and corporate goals as a whole.

During the year, the Group provided the following training programs to the employees:

Development and training

New Employee Training	Professional Training
The Group organized new employee trainings by introducing the history and corporate culture of the Group, as well as functions of respective departments, aiming at helping new staff adapt to the work environment and to settle in.	Invitation of professionals to conduct a series of lectures in relation to popular topics in the financial market, such as market misconduct, risk management, case sharing, compliance training, anti money laundering and know your client, and corruption prevention and integrity training, etc.

Number of employees trained by gender and employment type during the year are as follows:

	Gender	
Number of employees and percentage:	**Male**	**Female**
Hong Kong & Mainland offices	57(100%)	53(100%)

	Employment Category			
Number of employees and percentage:	**Chief Level Executives**	**Senior Management**	**Middle Management**	**General Staff**
Hong Kong & Mainland offices	2(100%)	5(100%)	17(100%)	86(100%)

Total training hours completed by gender and employment type during the year are as follows:

	Gender	
Total number of training hours	**Male**	**Female**
Hong Kong & Mainland offices	804.25	707.65

	Employment Category			
Total number of training hours	**Chief Level Executives**	**Senior Management**	**Middle Management**	**General Staff**
Hong Kong & Mainland offices	30.5	115.85	266.65	1,098.90

The average training hours completed by gender and employment type during the year are as follows:

Average number of training hours	Gender Male	Female
Hong Kong & Mainland offices	14.11	13.35

Average number of training hours	Employment Category Chief Level Executives	Senior Management	Middle Management	General Staff
Hong Kong & Mainland offices	15.25	23.17	15.69	12.78

B4. Labour Standards

The Group strictly complies with the Employment Ordinance (Cap. 57 of the laws of Hong Kong) in respect of employment in Hong Kong. According to our policy, employment of child and forced labour is strictly prohibited. In addition, all such illegal means as retention of identity cards or passports, intimidation, coercion and undue pressure are strictly prohibited. It is a standard procedure in screening stage that all candidates applying to a position in the Group are required to present their identity documents for inspection and ascertaining their identities, ages and validity of employment status. No employment offer will be made to any candidate whose age is below 18. In the event that any irregularities in ages, identities and/or validities of employment status is subsequently found, employment with all such concerned candidates will be immediately terminated, and the Group will report such incident to the relevant authorities as soon as practicable.

Our policy also protects the right of free choice of employment of any person and ensure all the employment relationship is established on a voluntary basis to prevent forced labour.

The Group is dedicated to eliminating of discrimination and providing equal opportunities to all employees regardless of gender, age, nationality and disability, etc. To ensure the employees understand their rights, the Group formulated an employee handbook covering the area of working hour, compensation and welfare, promotion and termination, and paid leaves, etc. Details of the employee handbook is stated in section B1 – Employment of the ESG Report.

During the Reporting Period, the Group's Hong Kong office and Mainland Offices did not have any cases of material non-compliance with laws and regulations related to the prevention of child labor and forced labor (2022: Nil).

B5. Supply Chain Management

In order to manage the environmental and social risks of the supply chain, and prevent operational risks and protect the interest of the Group, we have formulated a certain policies and management measures and retain a database of qualified suppliers to standardize the selection and management of suppliers and encourage suppliers to maintain a high standard on business ethics and conducts, with satisfactory environmental and social performance.

During the procurement approval process, general purchases must be confirmed that the purchase amount is within the budget, and quotations must be obtained from no less than three qualified suppliers. Contract value exceeding a certain amount must be submitted to the centralized procurement management committee for review and approval in order to safeguard the interest of the Group and assess the potential risks, so as to maintain a fair and competitive procurement process. We work closely with our suppliers to maintain strict standards, and expect our suppliers are responsible for the environment, potential suppliers will be given priority if environmental protection is committed. The Group has also formulated environmental protection policies, giving priority to the use and purchase of environmentally friendly products and adopting green procurement principles.

Given the nature of the Group's business, the main supply chain category is the administrative services. We have engaged 20 suppliers in administrative supply and services and all of which are located in Hong Kong. During the selection and evaluation processes of vendors of administrative supplies and services, we adopt a fair basis with defined assessment criteria on background to ensure that only suppliers with no conflict of interest are qualified. To evaluate the performance of the selected suppliers as well as to minimize the environmental and social risks along the supply chain, regular assessments include but not limited to the professional qualification, services/products quality, financial status, integrity, and social responsibility will be conducted from time to time. When the evaluation result of a supplier is not satisfactory, the supplier will be removed from the approved list.

B6. Products/Services Responsibility

Responsible Investment

The Company's goal is to maximize Shareholders' value in medium to long term. We believe that ESG factors have influence on financial Performance of individual company, in both positive and negative ways. Hence, in the process of creating returns, ESG is integrated into not only our operations but also our investment processes for long-term value creation. As a responsible investor, we aim to incorporate ESG aspects in our analysis and investment decisions, and continue to monitor the ESG performance of our investments.

Quality of Services

As a holding company of certain licensed corporations, the Group is committed to complying with all relevant laws and regulations under the regulatory regime of the financial service industry, in particular, all applicable provisions of the SFO and its supplementary rules and regulations as well as the codes and guidelines issued by SFC. The Group complies with the relevant rules, codes and guidelines applicable to the Group.

Client is fundamental to sustainable development of the Group. We have built a trustworthy relationship with our clients by providing high-quality and dedicated services in professional manner. We value every opinion from our clients, and has set up various communication channels including hotline, facsimile and email for clients to give feedback or lodge complaints (if any). We also set up internal procedure to ensure every feedback of the customers will be responded in a timely and impartial manner. The Group strives and continues to meet clients' satisfaction.

We have received high recognition of our service from clients. The Group has not received any major complaints about our services during the Reporting Period.

Protection of Intellectual Property Rights

The Group respects and attaches great importance to intellectual property rights. In order to prevent infringement and enhance copyright protection, a copyright ordinance compliance policy is in place covering the area of installation of computer software, making copies of copyright works or publication and use of internet information, etc.

Protection of Clients' Data

The Group emphasizes the importance of protecting our clients' personal data against unauthorized access, use or loss and we adhere to the Personal Data (Privacy) Ordinance when collecting, processing and using clients' personal data. To safeguard clients' privacy, the Group takes practicable steps to ensure that the clients' data are securely stored and the use of data is limited to or related to the original collection purpose. All documents and electronic materials of the Group are not allowed to circulate with external parties unless authorization is given. The Group respects privacy rights of its Stakeholders with utmost importance. All personal data collected, processed, used, disclosed and retained are subject to the Personal Data Privacy Policy which is prepared by reference to the Personal Data (Privacy) Ordinance. Personal Information Collection Statement will be provided to all candidates pertaining to employment, which sets out the purposes of personal data collection, disclosure, retention and storage.

Since the Group is engaged in financial service business, no tangible products sold or shipped subject to recall for safety and health reasons. Given the nature of its business, neither quality assurance process nor recall procedures are applicable to the Group. There were no non-compliance cases reported in relation to our data privacy and no material complaints received regarding our services that would have significant impact during the Reporting Period.

B7. Anti-corruption

The Group believes that honesty, integrity and fair play are its important assets in business and operation. We aim to maintain the highest standards of openness, uprightness and accountability and all our employees are expected to observe the highest standards of ethical, personal and professional conduct. We do not tolerate corruption, bribery, extortion, money-laundering and other fraudulent activities in connection with any of our business operations.

The Group has established Prevention of Bribery and Prevention of Corruption Policy to strictly regulate and restrict employees' activities, such as soliciting or accepting advantages, offering or accepting entertainment or services, and misuse of official position and company information to avoid conflict of interest. In addition to Prevention of Bribery and Prevention of Corruption Policy, the Group has also established and implemented Whistleblowing Policy. Employees are encouraged to directly access the top management or LCIA whenever irregularities or fraudulent activities are suspected, and the Group will seriously follow up on complaints related to ethics and integrity and thoroughly investigate suspicious cases. All information received will be kept strictly confidential. Ongoing review of the effectiveness of the internal control systems is conducted on a regular basis in preventing the occurrence of corruption activities.

To further strengthen the governance and increase the awareness of anti-corruption, the Group provided comprehensive training to employees at all levels. A total of 495.5 training hours on anti-corruption was recorded in the Reporting Period.

During the Reporting Period, the Group did not receive any report or have any legal case regarding corruption or bribery issues raised against the Group or its employees.

Practice and Policy on Anti-Money Laundering

The Group fully supports the international community drive against serious crime, drug trafficking and terrorism and is committed to assisting the authorities to identify money laundering and terrorist financing transactions. The Group's Anti-Money Laundering ("AML") and Counter-Financing of Terrorism ("CFT") Manual has clearly specified that all employees are obliged to comply with all applicable AML/CFT laws and regulations. In order to safeguard from the use of the Group's services for money laundering and terrorist financing purpose, AML and CFT Manual includes the procedures in conducting customer due diligence and ongoing monitoring on a risk-based approach, suspicious activity reporting and record keeping. AML and CFT Manual is reviewed regularly and updated according to relevant legal and regulatory changes. Internal control review is also carried out regularly to ensure that the AML/CFT procedures are adhered to. There are also compulsory trainings on AML/CFT for all employees to assist them in understanding, implementing and complying with the AML/CFT procedures.

The Group is in compliance with relevant laws and regulations on bribery, extortion, fraud and money laundering. There were no non-compliance cases reported in relation to the above that would have significant impact during the Reporting Period.

B8. Community Investment

As a good corporate citizen, our goal is to build a better society and create long-term value to all Stakeholders by contributing to the community. We promote social contributions amongst the members of the Group to the local communities in which we operate. We place great emphasis on cultivating social responsibility awareness among our employees and have established a volunteer team to promote and encourage employees to better serve our community at work and during leisure time. We value our employees' contributions to the community and recognise those who are passionate about community service. Our focus area of contribution includes environmental protection, social welfare and health, and charitable donation. The Group actively participates in voluntary activities while promoting environmental protection. During the Reporting Period, the total hours of voluntary work in the community service participated by the Group reached 488 hours, and 45 volunteers were involved.

We actively contribute to the community and try to maximize our social investments in order to create a more favorable and sustainable environment for our community and our business. The Group continues to fulfill its corporate social responsibility commitments and has been awarded the "Caring Company" Logo for 18 consecutive years since 2006. Meanwhile, we are committed to promoting environmental protection and actively advocating and supporting community services. We are honored to receive the Hong Kong Awards for Environmental Excellence under the sector of Servicing and Trading (Certificate of Merit) for 14 consecutive years since 2008, the 10th Anniversary Special Award in 2018, and the 15th Anniversary special award – Long Participation Award in 2023. We were also awarded the Hong Kong Volunteer Award – Corporate (Volunteer Hours) Top Ten Highest Hours Award Certificate in 2022 and 2023 respectively. The Group is grateful to all parties for their recognition of our contributions to environmental protection and corporate social responsibility.

Report of the Directors

The Board of Directors of the Company is pleased to present this annual report together with the audited consolidated financial statements of the Group for the year ended 31 December 2023.

PRINCIPAL ACTIVITIES AND SEGMENTAL ANALYSIS OF OPERATION

The Company is an investment holding company. Principal activities of its subsidiaries are set out in Note 1 to the consolidated financial statements. There were no significant changes in the nature of the Group's principal activities during the year. An analysis of the Group's performance for the year by business segments is set out in Note 5 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year are set out in the consolidated statement of profit or loss on page 63 of this annual report.

No interim dividend has been declared for the year (2022: nil). The Board does not recommend the payment of a final dividend for the year ended 31 December 2023 (2022: nil).

BUSINESS REVIEW

The business review of the Group for the year ended 31 December 2023 is set out in the sections headed "Management Discussion and Analysis" and "CG Report" respectively of this annual report.

PRINCIPAL RISKS AND UNCERTAINTIES

Save as disclosed in this annual report, the Company is not aware of any principal risks and uncertainties facing the Company.

SHARE CAPITAL

Details of movements in the Company's share capital during the year are set out in Note 22 to the consolidated financial statements.

BONDS ISSUED

On 21 August 2013, the Company resolved to issue 5-year unsecured, non-guaranteed, fixed interest corporate bonds up to a maximum aggregate principal amount of HK$200,000,000 to independent third parties at an interest rate between 3% and 5%, determined by market conditions from time to time. The bonds will mature on the fifth anniversary from the date of issue and the net proceeds from the issuance will be utilised for the development and as working capital of the Group.

As at 31 December 2022, bonds with aggregate principal amount of HK$10,000,000 were outstanding and they have been repaid on 21 April 2023. The Group has no outstanding bonds as at 31 December 2023. During the year, the Group did not issue any bonds. Details of the bonds issued by the Company are set out in Note 26 to the consolidated financial statements.

Report of the Directors

RESERVES

Movements in the reserves of the Group and of the Company during the year are set out in the consolidated statement of changes in equity on page 67 of this annual report and in Note 23 to the consolidated financial statements.

Distributable reserves of the Company as at 31 December 2023 calculated under the Companies Act 1981 of Bermuda (as amended) amounted to HK$60,692,000 (2022: HK$79,468,000). Details are set out in Note 23 to the consolidated financial statements.

DONATIONS

During the year, the Group did not make any charitable donations (2022: nil).

FIVE YEAR FINANCIAL SUMMARY

A summary of the results and the assets and liabilities of the Group for the last five years is set out on page 156 of this annual report.

DIRECTORS

The Directors during the year and up to the date of this report are:

EDs

Ms. Zhu Ruimin	*(Chairman) (resigned on 13 March 2023)*
Mr. Zhang Yi	*(Chairman) (re-designated from Chief Executive Officer to Chairman on 13 March 2023)*
Mr. Zhang Xunyuan	*(Chief Executive Officer) (appointed as ED and Chief Executive Officer on 13 March 2023)*
Mr. Lau Mun Chung	*(Deputy Chief Executive Officer) (ceased to be an ED with effect from 2 March 2024)*
Ms. Yan Qizhong	*(Chief Financial Officer) (appointed as ED and Chief Financial Officer on 2 March 2024)*

INEDs

Mr. Xia Zhidong
Mr. Liu Xiaofeng
Mr. Zheng Minggao

The biographical details of the Directors are disclosed in the section headed "Biographical Details of Directors and Senior Management" of this annual report.

In accordance with Bye-law 84, Mr. Zhang Yi and Mr. Zheng Minggao shall retire at the forthcoming AGM and they, being eligible, offer themselves for re-election.

Pursuant to Bye-law 83(2), any Director appointed by the Board shall hold office until the next following annual general meeting of the Company after his or her appointment and shall retire and be eligible for re-election at that meeting. Ms. Yan Qizhong has been appointed as an ED with effect from 2 March 2024. In accordance with Bye-law 83(2), Ms. Yan Qizhong will retire from their office at the AGM and she, being eligible, will offer herself for re-election.

Report of the Directors

CHANGES IN THE INFORMATION OF DIRECTORS

Changes in information of Directors which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules are set out below:

- Mr. Zhang Yi ceased to be a director of Xin Feng Investment Management Co., Limited with effect from March 2023.

- Mr. Lau Mun Chung ceased to be an ED and Company Secretary due to retirement with effect from 2 March 2024.

DIRECTORS' SERVICE CONTRACT

None of the Directors proposed for re-election has entered into any service contract which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

DIRECTORS' INTERESTS IN TRANSACTION, ARRANGEMENT OR CONTRACT

Save as disclosed in this annual report, no transaction, arrangement or contract of significance to which the Company, or any of its holding companies, subsidiaries or fellow subsidiaries was a party, or in which a Director or an entity connected with a Director had a material interest, either directly or indirectly, subsisted at the end of the year or at any time during the year.

COMPETING INTEREST

During the year, none of the Directors was interested in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

PERMITTED INDEMNITY PROVISION

The Bye-laws provides that the Directors (whether at present or in the past) shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which they shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty in their offices, provided that this indemnity shall not extend to any matter in respect of any fraud or dishonesty which may attach to any Directors.

During the year, a Directors liability insurance is in force to protect the Directors against potential costs and liabilities arising from claims brought against the Directors.

EQUITY-LINKED AGREEMENTS

Saved as otherwise disclosed in this annual report, no equity-linked agreements were entered into by the Group during the year.

TAX RELIEF

The Company is not aware of any relief on taxation available to the Shareholders by reason of their holdings of the Shares. If the Shareholders are unsure about the taxation implications of purchasing, holding, disposing of, dealing in, or exercising of any rights in relation to the Shares, they are advised to consult their professional advisers.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

For the year ended 31 December 2023, the Group's operations are mainly carried out by the subsidiaries of the Company in Hong Kong and the Mainland China. The Group has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Group.

CONTINUING CONNECTED TRANSACTIONS

On 2 November 2021, the Company entered into a master agreement (the "2021 Master Agreement") with China Cinda, pursuant to which the Group has agreed to provide (i) brokering services for securities, futures and options trading; placing, underwriting and sub-underwriting services for securities ("Category I Services") in return for commissions/service fees ("Category I Transactions"); (ii) corporate finance advisory services ("Category II Services") in return for service fees ("Category II Transactions"); and (iii) asset management services ("Category III Services") in return for service fees ("Category III Transactions") to the China Cinda Group.

The 2021 Master Agreement shall have a term of 3 years commencing from 1 January 2022 and ending on 31 December 2024. The annual caps in respect of each category of transactions contemplated under the 2021 Master Agreement are as follows:

	For the year ending 31 December		
	2022	**2023**	**2024**
	HK$	*HK$*	*HK$*
Category I Transactions	35,000,000	53,000,000	70,000,000
Category II Transactions	12,000,000	12,000,000	15,000,000
Category III Transactions	90,000,000	120,000,000	150,000,000

Since members of the China Cinda Group are connected persons of the Company, the transactions contemplated under the 2021 Master Agreement constitute continuing connected transactions of the Company under Rule 14A.31 of the Listing Rules. The entering into of the 2021 Master Agreement was subject to and the Company has complied with the reporting, annual review, announcement, circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The terms of the 2021 Master Agreement (including the annual caps) were determined after arm's length negotiations between the parties thereto and will be no less favourable to the Group than terms offered to independent third parties. The Directors, including the INEDs, are of the view that the 2021 Master Agreement was entered into in the ordinary and usual course of business of the Group, on normal commercial terms and the terms of which are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

Ms. Zhu Ruimin, the then Chairman and executive Director, is a director of Cinda Securities and Mr. Zhang Yi, the current Chairman and executive Director (who was the then Chief Executive Officer), also holds management position in Cinda Securities, and therefore were considered having interest in the 2021 Master Agreement and had therefore abstained from voting on the Board resolutions at the time approving the 2021 Master Agreement and the transactions contemplated thereunder. The 2021 Master Agreement was approved by the independent Shareholders of the Company at the special general meeting held on 17 December 2021 with China Cinda Group abstained from voting at the meeting on the relevant resolution.

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 (Revised) "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The Directors have received a letter from the auditor containing their findings and conclusions in respect of the continuing connected transactions disclosed by the Group in accordance with Rule 14A.56 of the Listing Rules.

RELATED PARTY TRANSACTIONS

During the year, the Group entered into certain transactions with "related parties" as defined under the applicable accounting standards. Details of these related party transactions are disclosed in note 35 to the consolidated financial statements. In respect of the Company's material related party transactions set out in note 35 to the consolidated financial statements, to the extent that they constitute connected transactions and/or continuing connected transactions of the Company under the Listing Rules that apply to it, the Company confirms that it has complied with the requirements under Chapter 14A of the Listing Rules (if applicable).

SPECIFIC PERFORMANCE OBLIGATIONS ON CONTROLLING SHAREHOLDER

Facility Agreement 1

On 7 July 2016, the Company as borrower entered into a facility agreement with a licensed bank in Hong Kong in relation to a HK$300,000,000 (or its equivalent in US dollars or RMB) revolving term loan facility, together with the supplemental facility letters entered into between the parties on 28 May 2021 and 13 October 2023 respectively, the "Facility Agreement 1".

Pursuant to Facility Agreement 1, if written consent is not obtained from the bank, it shall be an event of default if any undertakings including, among others, the following is or proves to have been untrue or inaccurate in any material respect when made or repeated:

➢ China Cinda shall directly or indirectly beneficially own at least 50% of shareholding of the Company;

➢ Cinda Securities shall remain at least 50% owned by China Cinda;

➢ The Company shall remain at least 50% owned by Cinda Securities.

If an event of default under Facility Agreement 1 occurs, all the obligations of the Company to the bank shall become immediately due and payable on the bank's demand. The loan facility is subject to an annual review by the bank.

As at 31 December 2023, loan amount outstanding under Facility Agreement 1 was RMB53,300,000 (equivalent to HK$58,416,000) and HK$50,000,000.

Facility Agreement 2

On 25 October 2017, the Company as borrower entered into a facility agreement with a licensed bank in Hong Kong in relation to a HK$300,000,000 (or its equivalent in US dollars) revolving loan facility, together with the supplemental facility letters entered into between the parties on 27 April 2018 and on 21 August 2023 respectively, the "Facility Agreement 2", under which certain specific performance obligation was imposed on the controlling Shareholder. The loan facility is subject to an annual review by the bank.

Pursuant to the Facility Agreement 2, it shall be an event of default if any undertakings including the following, among others, is or proves to have been untrue or inaccurate in any material respect when made or repeated:

- The Company shall ensure that the Company will remain more than 50% beneficially owned by Cinda Securities and Cinda Securities will remain a more than 50% beneficially owned subsidiary of China Cinda.

- The Company shall ensure that the State Council of the PRC shall hold directly or indirectly more than 50% shareholding of China Cinda.

If an event of default under the Facility Agreement 2 occurs, the bank may demand repayment in full all outstanding advances together with the interest accrued thereon and all other sums payable by the Company under the Facility Agreement 2.

As at 31 December 2023, loan amount outstanding under Facility Agreement 2 was HK$128,000,000.

Facility Agreement 3

On 27 June 2018, the Company as borrower entered into a facility agreement with a licensed bank in Hong Kong in relation to a HK$150,000,000 (or its equivalent in US dollars or RMB) revolving loan facility. On 3 April 2023, a supplemental facility letter to the facility agreement (the facility agreement together with the supplemental facility letter, collectively the "Facility Agreement 3") was entered into between the parties. Pursuant to Facility Agreement 3, as one of the conditions of the loan facility, China Cinda shall maintain directly or indirectly management control over the Company. Upon the breach of any of the conditions, the loan facility is repayable in full on demand by the bank. The loan facility is subject to an annual review by the bank.

As at 31 December 2023, HK$150,000,000 has been drawn under Facility Agreement 3.

Facility Agreement 4

On 7 September 2018, Cinda International Securities Limited ("CISL", a wholly-owned subsidiary of the Company) as borrower and the Company as guarantor entered into a facility agreement with a licensed bank in Hong Kong in relation to a HK$200,000,000 general banking facilities (the "Facility Agreement 4"). As one of the undertakings of the general banking facilities, China Cinda shall remain the single largest beneficiary shareholder (directly or indirectly) of the Company. Breach of any of the conditions will constitute an event of default under the Facility Agreement 4, upon which all amounts (including principal and interest) due or owing by CISL to the bank shall become immediately due and payable. The general banking facilities is subject to an annual review by the bank.

As at 31 December 2023, loan amount outstanding under Facility Agreement 4 was nil.

Facility Agreement 5

On 15 June 2020, the Company as borrower entered into a facility agreement with a licensed bank in Macau in relation to a HK$300,000,000 (or its equivalent in US dollars) loan facility (the "Facility Agreement 5"). Pursuant to the Facility Agreement 5, default will be triggered if any default events occurred, including breach of any one of the following loan undertakings, among others: (i) China Cinda shall remain more than 50% held by the Ministry of Finance of the PRC; (ii) Cinda Securities shall remain more than 50% directly or indirectly held by China Cinda; and (iii) the Company shall remain more than 50% directly or indirectly held by Cinda Securities. The bank may demand repayment in full all outstanding advances together with the interest accrued thereon and all other sums payable by the Company under the Facility Agreement 5 if default is being triggered. The amount under the Facility Agreement 5 had been repaid by the Company on 3 March 2023.

Facility Agreement 6

On 26 June 2020, the Company as borrower entered into a loan facility letter with a licensed bank in Hong Kong regarding a HK$250,000,000 committed term loan facility (the "Facility Agreement 6"), in replacement of the facility agreement dated 18 May 2018 entered into by the Company with a syndicate of banks regarding a HK$250,000,000 term loan facility. Pursuant to the Facility Agreement 6, it shall be an event of default if (i) China Cinda does not or ceases to directly or indirectly beneficially own at least 51% of the entire issued share capital of the Company; or control the Company; or (ii) the Ministry of Finance of the PRC does not or ceases to directly or indirectly own at least 51% of the entire issued share capital of, or equity interests in, China Cinda; or control China Cinda. If an event of default under the Facility Agreement 6 occurs, the bank may cancel the Facility Agreement 6 and demand repayment in full all outstanding advances together with the interest accrued thereon and all other sums payable by the Company under the Facility Agreement 6. The amount under the Facility Agreement 6 had been repaid by the Company on 26 June 2023.

Facility Agreement 7

On 24 September 2020, the Company as borrower accepted a facility letter (together with the revised facility letter entered into between the parties on 19 September 2023, the "Facility Agreement 7") issued by a licensed bank in Hong Kong pursuant to which a HK$120,000,000 (or US dollars equivalent) revolving loan facility would be made available by the bank to the Company subject to the terms and conditions of the Facility Agreement 7. Pursuant to the Facility Agreement 7, default will be triggered if any default events occurred, including breach of any one of the following loan undertakings, among others, (i) China Cinda shall directly or indirectly hold or control not less than 50% shareholding of the Company; and (ii) the Ministry of Finance of the PRC shall directly or indirectly hold or control not less than 50% shareholding of China Cinda. The bank may demand repayment in full all outstanding advances together with the interest accrued thereon and all other sums payable by the Company under the Facility Agreement 7 if default is being triggered. The loan facility is subject to an annual review by the bank.

As at 31 December 2023, loan amount outstanding under Facility Agreement 7 was nil.

Facility Agreement 8

On 10 February 2022, the Company as borrower confirmed its acceptance of the facility letter ("Facility Agreement 8") issued by a licensed bank in Hong Kong. Pursuant to the Facility Agreement 8, the bank agrees to make available to the Company an US$40,000,000 (or its equivalent in Hong Kong dollars) revolving loan facility. Pursuant to the Facility Agreement 8, default will be triggered if events of default occurred, including breach of anyone of the following loan undertakings, among others: (i) China Cinda shall hold beneficially not less than 50% of the shareholding interest in Cinda Securities; (ii) Cinda Securities shall hold beneficially not less than 50% of the shareholding interest in the Company; and (iii) the Ministry of Finance of the PRC shall hold beneficially not less than 50% of the shareholding interest in China Cinda. If an event of default under the Facility Agreement 8 occurs, the bank may demand immediate repayment of all outstanding amounts and require provision of immediate cash cover (in the amount notified by the bank) for any future or contingent liabilities. The loan facility is subject to an annual review by the bank.

As at 31 December 2023, loan amount outstanding under Facility Agreement 8 was nil.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31 December 2023, none of the Directors or chief executives of the Company had any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register of directors' interests and short positions 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 SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 December 2023, according to the register kept by the Company pursuant to section 336 of the SFO, and so far as was known by the Directors and the chief executives of the Company, the following are details of the persons (other than Directors or chief executives of the Company) who had, or were deemed to have, interests or short positions in the shares or underlying shares of the Company which need to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Long position

Name of substantial Shareholder	Capacity	Number of Shares or underlying Shares held	Approximate percentage of the Company's issued Share capital
Cinda Securities (H.K.)	Beneficial owner	403,960,200 *(Note)*	63.00%
Cinda Securities	Interest through a controlled corporation	403,960,200 *(Note)*	63.00%
China Cinda	Interest through a controlled corporation	403,960,200 *(Note)*	63.00%

Note: These shares were held by Cinda Securities (H.K.). Cinda Securities (H.K.) was wholly-owned by Cinda Securities which was a subsidiary of China Cinda. By virtue of the provisions of the SFO, Cinda Securities and China Cinda were deemed to be interested in all the shares in which Cinda Securities (H.K.) was interested.

Save as disclosed above, as at 31 December 2023, the Company has not been notified by any persons (other than the Directors or the chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Division 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.

PRE-EMPTIVE RIGHTS

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

MANAGEMENT CONTRACTS

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

MAJOR CUSTOMERS AND SUPPLIERS

The percentages of turnover for the year attributable to the Group's major customers are as follows:

–	the largest customer	4.95%
–	the five largest customers combined	22.97%

As at 31 December 2023, the largest customer is an Independent Third Party. The subsequent four largest customers consisted of three corporations controlled by the ultimate holding company of the Company and an Independent Third Party. Saved as disclosed, at no time during the year have the Directors, their close associates or any Shareholder (which to the knowledge of the Directors owns more than 5% of the number of issued Shares of the Company) had any interest in these major customers.

As the Group is engaged in the provision of financial services, the Directors are of the opinion that giving information on suppliers would be of limited or no value.

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2023.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that was publicly available to the Company and within the knowledge of the Directors as at the Latest Practicable Date prior to the issue of this annual report, the Company has maintained the prescribed public float under the Listing Rules.

AUDITOR

Following the retirement of Ernst & Young, Baker Tilly was appointed as the external independent auditor of the Company from the date of conclusion of the 2023 annual general meeting (i.e. 27 June 2023). The consolidated financial statements of the Company for the year ended 31 December 2023 have been audited by Baker Tilly. Baker Tilly shall retire and, being eligible, offer themselves for re-appointment at the forthcoming AGM. A resolution for the re-appointment of Baker Tilly as auditor of the Company is to be proposed at the meeting.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The ESG Report is set out on pages 29 to 47 of this annual report.

Discussions of the Group's environmental policies and performance and key relationships with its employees form part of this Report of the Directors and are contained in the ESG Report.

By order of the Board

Zhang Yi
Chairman

Hong Kong, 26 March 2024

Independent Auditor's Report

bakertilly
天職國際

To the shareholders of Cinda International Holdings Limited
(Incorporated in Bermuda with limited liability)

OPINION

We have audited the consolidated financial statements of Cinda International Holdings Limited (the "Company") and its subsidiaries (the "Group") set out on pages 63 to 155, which comprise the consolidated statement of financial position as at 31 December 2023, the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

KEY AUDIT MATTERS (CONTINUED)

Key audit matter	How our audit addressed the key audit matter

Impairment assessment on debt instruments measured at fair value through other comprehensive income and margin loans arising from securities brokering

As of 31 December 2023, the Group's net carrying amount of debt instruments measured at fair value through other comprehensive income ("FVOCI") and margin loans amounted to HK$225 million (2022: HK$111 million) and HK$133 million (2022: HK$142 million) respectively, representing 13.7% and 8.1% of the Group's total assets. The Group applies the expected credit loss ("ECL") model to assess the allowance for ECLs of debt instruments measured at FVOCI and margin loans. As of 31 December 2023, the impairment provision for debt instruments measured at FVOCI and margin loans arising from securities brokering was HK$4.8 million (2022: HK$21.4 million) and HK$13.8 million (2022: HK$13.2 million), respectively. The determination of ECLs involves identification of loss stages, estimates of probability of default, loss given default, exposures at default, adjustments for forward-looking information and other adjustment factors. Management judgment is involved in the selection of these parameters and the application of the assumptions. We identified the impairment of debt instruments measured at FVOCI and margin loans as a key audit matter due to the involvement of significant management judgements, estimates and assumptions in the ECLs measurement.	Our procedures in relation to the impairment assessment on debt instruments measured at fair value through other comprehensive income and margin loans included: • Evaluating the design and testing the implementation and operating effectiveness of key internal controls over the approval, recording and credit monitoring of financial instruments subject to ECLs; • Reviewing documentation and discussing with the Group's management to understand and assess the methodology applied in the ECL model; and • Assessing the reasonableness and appropriateness of the Group's determination of significant increases in credit risk and their basis for classification of exposures into the 3 stages as required by HKFRS 9. Additionally, for the estimation of the ECL of debt instruments classified as FVOCI, we: • Evaluated the ECL model design for debt instruments measured at FVOCI and the assumptions, information and parameters used in the model, such as probability of default, loss given default, and exposure at default, by comparing them with commonly used valuation techniques in the market. Additionally, for the estimation of the ECLs of margin loans, we: • Assessed, on a sample basis, the price volatility of underlying pledged collaterals for margin loans by agreeing to external data sources.

KEY AUDIT MATTERS (CONTINUED)

Key audit matter	How our audit addressed the key audit matter

Equity accounting for investment in Sino-Rock Investment Management Company Limited

The Group owns a 27.59% interest in Sino-Rock Investment Management Company Limited ("Sino-Rock"), a company incorporated in Hong Kong which primarily engages in investment management and investment holding.

The Group accounts for its interest in Sino-Rock using the equity method and its share of profit from Sino-Rock for the year ended 31 December 2023 was HK$20.7 million (2022: HK$14.7 million). As of 31 December 2023, the Group's share of Sino-Rock's net assets was HK$292.1 million (2022: HK$277.8 million), accounting for 17.7% of the Group's total assets.

Sino-Rock is audited by another independent auditor (the "Sino-Rock Auditor"). Sino-Rock's financial assets of HK$748 million are categorised as Level 3 under the fair value hierarchy, representing 69.8% of Sino-Rock's total assets as at 31 December 2023. The valuation of these Level 3 financial instruments involves significant unobservable input and with the assistance from an external specialist, Sino-Rock's management used valuation techniques to determine the fair value of the Level 3 financial instruments that are not quoted in active markets.

We identified the equity accounting for Sino-Rock as a key audit matter due to the significance of balance, level of judgement and degree of complexity involved in the valuations.

Our procedures in relation to the equity accounting for investment in Sino-Rock included:

- Obtaining the financial information from Sino-Rock's management to assess the significance of the financial impacts of the Level 3 financial instruments to the consolidated financial statements of the Group and design our audit procedures accordingly;
- Holding meetings with Sino-Rock's management to discuss about the financial performance and critical judgements over the Level 3 financial instruments;
- Evaluating the competence, capability, independence and objectivity of the Sino-Rock Auditor;
- Communicating with the Sino-Rock Auditor regarding the overall risk assessment, and the identification of areas of audit focus through conference call meetings;
- Inquiring of the Sino-Rock Auditor on the audit procedures performed to address the fair value measurement of the Level 3 financial instruments in respect of its evaluation of the valuation techniques, inputs, assumptions and the judgements applied by management; and
- With the assistance from auditor's expert, reviewing the fair value of the Level 3 financial instruments on a sample basis and assessing the reasonableness of the valuation results as concluded by Sino-Rock's management and the Sino-Rock Auditor.

Independent Auditor's Report

OTHER MATTER

The consolidated financial statements of the Group for the year ended 31 December 2022 were audited by another auditor who expressed an unmodified opinion on those statements on 13 March 2023.

INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The directors are responsible for the other information. The other information comprises all the information included in the annual report, other than 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 THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

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

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

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

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.

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

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.

The engagement director on the audit resulting in this independent auditor's report is Gao Yajun.

Baker Tilly Hong Kong Limited
Certified Public Accountants
Hong Kong, 26 March 2024

Gao Yajun
Practising Certificate Number P06391

Consolidated Statement of Profit or Loss

For the year ended 31 December 2023
(Expressed in Hong Kong dollars)

	Notes	2023 HK$'000	2022 HK$'000
Revenue	5	**126,184**	136,281
Other income	5	**23,761**	29,715
Other losses, net	5	**(13,558)**	(23,970)
		136,387	142,026
Staff costs	6	**61,809**	65,536
Commission expenses		**5,455**	11,895
Impairment losses on financial assets	7(a)	**13,262**	2,800
Other operating expenses	7(b)	**54,059**	59,172
Finance costs	8	**26,325**	20,460
		160,910	159,863
		(24,523)	(17,837)
Share of profits of associates and a joint venture, net	17	**24,355**	6,457
Loss before taxation	9	**(168)**	(11,380)
Income tax expense		**(12,681)**	(11,028)
Loss for the year attributable to equity holders of the Company		**(12,849)**	(22,408)
Basic and diluted loss per share attributable to equity holders of the Company	11	**HK(2.00) cents**	HK(3.49) cents

The notes on pages 69 to 155 form part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2023
(Expressed in Hong Kong dollars)

	2023 *HK$'000*	2022 *HK$'000*
Loss for the year	**(12,849)**	(22,408)
Other comprehensive income/(expense) for the year:		
Items that may be reclassified subsequently to profit or loss:		
Debt instruments at fair value through other comprehensive income:		
– changes in fair value	**28,591**	(19,088)
– impairment losses included in profit or loss	**7,837**	2,854
– reclassification adjustments upon disposals	**(24,492)**	12,661
	11,936	(3,573)
Share of investment revaluation reserve of associates	**885**	(831)
Net movement in investment revaluation reserve	**12,821**	(4,404)
Exchange differences on translation of investment in a joint venture	**–**	(328)
Exchange differences on translation of foreign operations	**(4,649)**	(19,902)
Share of exchange reserve of associates	**(3,303)**	(13,615)
Net movement in exchange reserve	**(7,952)**	(33,845)
Item that will not be reclassified to profit or loss:		
Share of capital reserve of a joint venture	**–**	(1,046)
Net movement in capital reserve	**–**	(1,046)
Other comprehensive income/(expense) for the year, net of nil income tax	**4,869**	(39,295)
Total comprehensive expense for the year attributable to equity holders of the Company	**(7,980)**	(61,703)

The notes on pages 69 to 155 form part of these consolidated financial statements.

Consolidated Statement of Financial Position

As at 31 December 2023
(Expressed in Hong Kong dollars)

	Notes	2023 *HK$'000*	2022 *HK$'000*
Non-current assets			
Intangible assets	*12*	**1,439**	1,439
Property and equipment	*13*	**7,671**	9,613
Financial assets at fair value through profit or loss	*15*	**30,690**	43,949
Right-of-use assets	*16*	**26,804**	47,097
Interests in associates	*17*	**449,646**	430,745
Other assets	*18*	**11,300**	14,434
Deferred tax assets	*19(b)*	**141**	42
		527,691	547,319
Current assets			
Debt instruments at fair value through other comprehensive income	*14*	**224,794**	110,539
Financial assets at fair value through profit or loss	*15*	**41,558**	33,641
Trade and other receivables	*20*	**320,647**	374,235
Tax recoverable		**–**	767
Pledged bank deposits	*21*	**12,447**	12,165
Bank balances and cash	*21*	**519,331**	587,044
		1,118,777	1,118,391
Current liabilities			
Trade and other payables	*24*	**184,675**	205,259
Borrowings	*25*	**484,808**	447,388
Tax payable	*19(a)*	**8,207**	4,814
Bonds issued	*26*	**–**	10,000
Lease liabilities	*16*	**18,364**	21,491
		696,054	688,952
Net current assets		**422,723**	429,439
Total assets less current liabilities		**950,414**	976,758

Consolidated Statement of Financial Position

As at 31 December 2023
(Expressed in Hong Kong dollars)

	Notes	2023 HK$'000	2022 HK$'000
Capital and reserves			
Share capital	22	**64,121**	64,121
Other reserves		**442,743**	437,874
Retained earnings		**433,269**	446,118
Total equity attributable to equity holders of the Company		**940,133**	948,113
Non-current liabilities			
Lease liabilities	16	**10,281**	28,645
		950,414	976,758

Approved and authorised for issue by the Board of Directors on 26 March 2024 and signed on its behalf by:

Zhang Yi	**Zhang Xunyuan**
Executive Director	*Executive Director*

The notes on pages 69 to 155 form part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2023
(Expressed in Hong Kong dollars)

	Attributable to equity holders of the Company						
	Share capital *HK$'000*	Share premium* *HK$'000*	Capital reserve* *HK$'000*	Investment revaluation reserve* *HK$'000*	Exchange reserve* *HK$'000*	Retained earnings *HK$'000*	Total equity *HK$'000*
At 1 January 2022	64,121	421,419	43,925	(4,249)	16,074	481,350	1,022,640
Loss for the year	–	–	–	–	–	(22,408)	(22,408)
Other comprehensive expense	–	–	(1,046)	(4,404)	(33,845)	–	(39,295)
Total comprehensive expense for the year	–	–	(1,046)	(4,404)	(33,845)	(22,408)	(61,703)
2021 final dividend approved and paid during the year	–	–	–	–	–	(12,824)	(12,824)
At 31 December 2022 and 1 January 2023	**64,121**	**421,419**	**42,879**	**(8,653)**	**(17,771)**	**446,118**	**948,113**
Loss for the year	**–**	**–**	**–**	**–**	**–**	**(12,849)**	**(12,849)**
Other comprehensive income/(expense)	**–**	**–**	**–**	**12,821**	**(7,952)**	**–**	**4,869**
Total comprehensive income/(expense) for the year	**–**	**–**	**–**	**12,821**	**(7,952)**	**(12,849)**	**(7,980)**
At 31 December 2023	**64,121**	**421,419**	**42,879**	**4,168**	**(25,723)**	**433,269**	**940,133**

* These reserve accounts comprise the other reserves of HK$442,743,000 (2022: HK$437,874,000) in the consolidated statement of financial position.

The notes on pages 69 to 155 form part of these consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 December 2023
(Expressed in Hong Kong dollars)

	Notes	2023 HK$'000	2022 HK$'000
Net cash generated from operating activities	*31(a)*	**55,057**	4,976
Cash flows from investing activities			
Purchase of property and equipment	*13*	**(1,370)**	(3,766)
Proceeds from disposal of property and equipment		**13**	92
Purchase of debt instruments at fair value through other comprehensive income		**(289,183)**	(53,463)
Proceeds from disposal of debt instruments at fair value through other comprehensive income		**181,793**	207,682
Purchase of financial assets at fair value through profit or loss		**(20,063)**	(23,798)
Proceeds from disposal of financial assets at fair value through profit or loss		**14,123**	24,579
Proceeds from disposal of a joint venture		**–**	14,998
Dividend from an associate	*17(a)*	**3,036**	5,520
Interest received from investments		**11,895**	16,414
Net cash (used in)/generated from investing activities		**(99,756)**	188,258
Cash flows from financing activities			
Dividend paid	*10*	**–**	(12,824)
Repayments of lease liabilities	*16*	**(22,944)**	(22,925)
Proceeds from bank borrowings		**378,217**	536,400
Repayment of bank borrowings		**(370,100)**	(706,900)
Proceeds from borrowings under repurchase agreements		**204,659**	235,456
Repayment of borrowings under repurchase agreements		**(175,356)**	(380,537)
Repayment of bonds issued	*26*	**(10,000)**	–
Interest paid		**(23,514)**	(18,053)
Net cash used in financing activities		**(19,038)**	(369,383)
Net decrease in cash and cash equivalents		**(63,737)**	(176,149)
Cash and cash equivalents at the beginning of the year		**587,044**	781,142
Effect of foreign exchange rate changes, net		**(3,976)**	(17,949)
Cash and cash equivalents at the end of the year	*21*	**519,331**	587,044
Analysis of balances of cash and cash equivalents:			
Bank balances – general accounts and cash in hand	*21*	**519,331**	587,044

The notes on pages 69 to 155 form part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

(Expressed in Hong Kong dollars)

1. CORPORATE AND GROUP INFORMATION

The principal activity of the Company is investment holding.

The Company is a limited liability company incorporated in Bermuda and its shares are listed on The Stock Exchange of Hong Kong Limited. The addresses of the registered office and principal place of business of the Company are disclosed in the Corporate Information section to the annual report.

These consolidated financial statements are presented in Hong Kong dollars unless otherwise stated, which is also the functional currency of the Company. These consolidated financial statements have been approved for issue by the Board of Directors on 26 March 2024.

General information of subsidiaries

Particulars of the subsidiaries of the Company at the end of the reporting period are set out below:

Name	Place of incorporation and operation	Particulars of issued share capital/ share capital held	Interest held directly		Principal activities
			2023	2022	
Cinda International Capital Limited	Hong Kong	54,000,100 ordinary shares of HK$1 each and 21,000,000 non-voting deferred shares of HK$1 each	**100%**	100%	Corporate finance services
Cinda International Securities Limited	Hong Kong	220,000,100 ordinary shares of HK$1 each and 50,000,000 non-voting deferred shares of HK$1 each	**100%**	100%	Securities brokering and margin financing services
Cinda International Futures Limited	Hong Kong	70,000,100 ordinary shares of HK$1 each and 10,000,000 non-voting deferred shares of HK$1 each	**100%**	100%	Commodities and futures brokering
Cinda International Asset Management Limited	Hong Kong	35,500,100 ordinary shares of HK$1 each and 2,000,000 non-voting deferred shares of HK$1 each	**100%**	100%	Asset management
Chinacorp Nominees Limited	Hong Kong	100 ordinary shares of HK$1 each and 10,000 non-voting deferred shares of HK$1 each	**100%**	100%	Provision of administrative support services
Cinda (BVI) Limited	British Virgin Islands	7 ordinary shares of US$1 each	**100%**	100%	Investment holding

(Expressed in Hong Kong dollars)

1. CORPORATE AND GROUP INFORMATION (CONTINUED)

General information of subsidiaries (Continued)

Particulars of the subsidiaries of the Company at the end of the reporting period are set out below: (Continued)

Name	Place of incorporation and operation	Particulars of issued share capital/ share capital held	Interest held directly 2023	Interest held directly 2022	Principal activities
Cinda International Research Limited	Hong Kong	1,000,000 ordinary shares of HK$1 each	**100%**	100%	Provision of research services
Cinda International Nominees Limited	Hong Kong	100,000 ordinary shares of HK$1 each	**–**	100%	Dissolved on 14 July 2023
信達國際(上海)投資諮詢有限公司 *(note)*	The People's Republic of China (The "PRC")	RMB20,000,000	**100%**	100%	Provision of consultancy services
Cinda International Strategic Limited	Hong Kong	100,000 ordinary shares of HK$1 each	**–**	100%	Dissolved on 8 December 2023
Cinda International GP Management Limited	Cayman Islands	1 ordinary share of US$1 each	**100%**	100%	Asset management
信達領先(深圳)股權投資基金管理有限公司 *(note)*	The PRC	RMB13,000,000	**100%**	100%	Provision of consultancy services

Note: 信達國際(上海)投資諮詢有限公司 and 信達領先(深圳)股權投資基金管理有限公司 are limited liability companies and wholly-foreign-owned enterprises registered under the PRC law.

2. MATERIAL ACCOUNTING POLICIES

2.1 Statement of compliance

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

The HKICPA has issued certain amendments to HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these consolidated financial statements.

2.2 Basis of preparation

These consolidated financial statements have been prepared under the historical cost convention, except for certain financial instruments that are measured at their fair value as explained in the accounting policies set out below.

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

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

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

2.3 Basis of consolidation

Subsidiaries and non-controlling interests

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2023. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.3 Basis of consolidation (Continued)

Subsidiaries and non-controlling interests (Continued)

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;
(b) rights arising from other contractual arrangements; and
(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and the cumulative exchange reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

Investments in associates and a joint venture

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investments in associates and a joint venture are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses.

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.3 Basis of consolidation (Continued)

Investments in associates and a joint venture (Continued)

Adjustments are made to bring into line any dissimilar accounting policies that may exist.

The Group's share of the post-acquisition results and other comprehensive income of associates and a joint venture is included in the consolidated statement of profit or loss and consolidated statement of other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates or joint venture are eliminated to the extent of the Group's investments in the associates or joint venture, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates or joint ventures is included as part of the Group's investments in associates or joint ventures.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

When an investment in an associate or a joint venture is classified as held for sale, it is accounted for in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

2.4 Segment reporting

Operating segments, and the amounts of each segment item reported in the 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. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

2.5 Foreign currencies

These financial statements are presented in Hong Kong dollars, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the consolidated statement of profit or loss.

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 was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.5 Foreign currencies (Continued)

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of certain overseas subsidiaries and associates are currencies other than the Hong Kong dollar. As at the end of the reporting period, the assets and liabilities of these entities are translated into Hong Kong dollars at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into Hong Kong dollars at the exchange rates that approximate to those prevailing at the dates of the transactions.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange reserve, except to the extent that the differences are attributable to non-controlling interests. On disposal of a foreign operation, the cumulative amount in the reserve relating to that particular foreign operation is recognised in the consolidated statement of profit or loss.

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 acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into Hong Kong dollars at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into Hong Kong dollars at the weighted average exchange rates for the year.

2.6 Property and equipment

Property and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property and equipment have been put into operation, such as repairs and maintenance, is normally charged to the consolidated statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Leasehold improvements	Over the lease periods or 5 years if shorter
Furniture and fixtures	20%
Computer software	Over the technological life or 5 years if shorter
Office & computer equipment	20%
Motor vehicles	20%

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.6 Property and equipment (Continued)

Where parts of an item of property and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the consolidated statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

2.7 Intangible assets

Trading rights

Trading rights held in The Stock Exchange of Hong Kong Limited and Hong Kong Futures Exchange Limited (the "Stock Exchange trading rights" and "Futures Exchange trading right" respectively) are classified as intangible assets. Trading rights have an indefinite useful life and are carried at cost less accumulated impairment losses (see note 2.8). The trading rights have no foreseeable limit to the period over which the Group can use to generate net cash flows. As a result, the trading rights are considered by the management of the Group as having an indefinite useful life because they are expected to contribute to net cash inflows indefinitely. The trading rights will not be amortised until their useful lives are determined to be finite. Instead they will be tested for impairment annually and whenever there is an indication that they may be impaired.

The useful life of the trading rights is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is account for on a prospective basis.

Club membership

Club membership is classified as intangible assets. Club membership has an indefinite useful life and is carried at cost less accumulated impairment losses (see note 2.8).

2.8 Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than deferred tax assets and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. 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. An impairment loss is charged to the consolidated statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.8 Impairment of non-financial assets (Continued)

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the consolidated statement of profit or loss in the period in which it arises.

2.9 Investments and other financial assets

(a) Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under HKFRS 15 *Revenue from Contracts with Customers* ("HKFRS 15") in accordance with the policies set out in note 2.17 below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset.

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.9 Investments and other financial assets (Continued)

(b) Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (trade and other receivables and other assets)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the consolidated statement of profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through other comprehensive income (debt instruments)

For the debt instruments at fair value through other comprehensive income, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the consolidated statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to the consolidated statement of profit or loss.

Financial assets designated at fair value through other comprehensive income (equity investments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity investments designated at fair value through other comprehensive income when they meet the definition of equity under HKAS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to the consolidated statement of profit or loss. Dividends are recognised as other income in the consolidated statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity investments designated at fair value through other comprehensive income are not subject to impairment assessment.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial instruments held for trading and financial assets designated upon initial recognition at fair value through profit or loss.

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on the equity investments are also recognised as other income in the consolidated statement of profit or loss when the right of payment has been established.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in the consolidated statement of profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.9 Investments and other financial assets (Continued)

(c) Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

– the rights to receive cash flows from the asset have expired; or

– the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

(d) Impairment

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.9 Investments and other financial assets (Continued)

(d) Impairment (Continued)

General approach (Continued)

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

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

For debt instruments at fair value through other comprehensive income, the Group applies the low credit risk simplification. At each reporting date, the Group evaluates whether the debt instruments are considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the external credit ratings of the debt investments. In addition, the Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Debt instruments at fair value through other comprehensive income and financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables and contract assets which apply the simplified approach as detailed below.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs.

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs.

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs.

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.9 Investments and other financial assets (Continued)

(d) Impairment (Continued)

Simplified approach

For trade receivables and contract assets that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

2.10 Financial liabilities

(a) Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, borrowings and bond issued.

(b) Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at amortised cost (trade and other payables, borrowings and bond issued)

After initial recognition, trade and other payables, borrowings and bond issued are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the consolidated statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the consolidated statement of profit or loss.

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.10 Financial liabilities (Continued)

(b) Subsequent measurement (Continued)

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Group measures the financial guarantee contracts at the higher of: (i) the ECL allowance determined in accordance with the policy as set out in note 2.9(d); and (ii) the amount initially recognised less, when appropriate, the cumulative amount of income recognised.

(c) Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

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

2.11 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

2.12 Fair value measurement

The Group measures its equity investments and certain debt instruments at fair value at the end of each reporting period. 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 fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.12 Fair value measurement (Continued)

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

2.13 Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

2.14 Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.14 Income tax (Continued)

Deferred tax liabilities are recognised for all taxable temporary differences, except:

– when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

– in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

– when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

– in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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.

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

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

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.15 Employee benefits

Pension scheme

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for all of its employees. Contributions are made based on a percentage of the employees' basic salaries and are charged to the consolidated statement of profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The employees of the Group's subsidiary operates in the PRC are required to participate in a central pension scheme operated by the local municipal government. This subsidiary is required to contribute 5% of its payroll costs to the central pension scheme. The contributions are charged to the consolidated statement of profit or loss as they become payable in accordance with the rules of the central pension scheme.

2.16 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. When the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the consolidated statement of profit or loss net of any reimbursement.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the consolidated statement of profit or loss.

2.17 Revenue recognition

(a) Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.17 Revenue recognition (Continued)

(a) Revenue from contracts with customers (Continued)

Provision of securities and futures brokering service

The Group earns commission and fee income from securities and futures brokering services, which the Group provides to the customers. Commission and fee income are recognised when the transactions are completed. The performance obligation is satisfied at a point in time when the customer has obtained control of the service, generally when the trades are executed. Commission and handling income on securities and futures dealing and brokering is generally due within two days after trade date.

Provision of corporate finance service

The Group provides services to companies listed or seeking listing in Hong Kong or other stock exchanges and other unlisted corporates, on both equity and debt financing. Recognition of sponsor fee income at a point in time or over time depends on the specific terms in the contract with the customer and the enforceability of the contract terms. In determining the timing of satisfaction of the performance obligation, the Group examines its services on a contract by contract basis and considers if it has a right to payment at an amount that reasonably compensates it for its performance completed to date at all times throughout the contract. For sponsor fee income recognised at a point in time, the fee income will only be recognised when all the relevant duties of a sponsor as stated in the contract are completed. For sponsor fee income recognised over time, the Group measures the progress using the output method and estimates the percentage of completion by key tasks performed to date. The progress towards complete satisfaction of a performance obligation is measured based on output method, which is to recognise revenue on the basis of direct measurements of the value of the goods or services transferred to the customer to date relative to the remaining goods or services promised under the contract, that best depicts the Group's performance in transferring control of goods or services.

The Group also provides other corporate finance advisory services, and the recognition of advisory fee income at a point in time or over time depends on the performance obligation of the contract. The performance obligations for certain corporate finance advisory services are fulfilled when all the relevant duties of the Group as stated in the contract are completed. Certain corporate finance advisory services' performance obligations are satisfied as services rendered if the customer simultaneously receives and consumes the benefits provided by the Group. The Group measures the progress using the output method and estimates the percentage of completion by key tasks performed to date. The progress towards complete satisfaction of a performance obligation is measured based on output method, which is to recognise revenue on the basis of direct measurements of the value of the goods or services transferred to the customer to date relative to the remaining goods or services promised under the contract, that best depicts the Group's performance in transferring control of goods or service.

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.17 Revenue recognition (Continued)

(a) Revenue from contracts with customers (Continued)

Provision of asset management service

The performance obligation is satisfied over time as services are rendered and short-term advances are normally required before rendering the services. Management service contracts are for periods of one year or less, or are billed based on the time incurred.

Provision of underwriting and placement service

The performance obligation is satisfied upon the completion of the offering of the securities.

(b) Revenue from other sources

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

2.18 Leases

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

The Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Where applicable, the cost of a right-of-use asset 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. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.18 Leases (Continued)

The Group as a lessee (Continued)

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment and laptop computers that are considered to be of low value.

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.

Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.19 Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the financial statements.

2.20 Related parties

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

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

(ii) has significant influence over the Group; or

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

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

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

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

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

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

2.21 Fiduciary activities

The Group commonly acts as trustees and in other fiduciary capacities that result in the holding or placing of assets on behalf of individuals, trusts, retirement benefit plans and other institutions. These assets and income arising thereon are excluded from these financial statements, as they are not assets of the Group.

(Expressed in Hong Kong dollars)

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.22 Government grants

Government grants are recognised at their fair value when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred.

2.23 Borrowing costs

Borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.24 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs. Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

3. CHANGES IN ACCOUNTING POLICIES

The Group has applied the following new and amended HKFRSs issued by the HKICPA to these consolidated financial statements for the current accounting period:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
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. Impacts of the adoption of the new and amended HKFRSs are discussed below:

(a) HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17) *Insurance Contracts*

HKFRS 17, which replaces HKFRS 4, sets out the recognition, measurement, presentation and disclosure requirements applicable to issuers of insurance contracts. The standard does not have a material impact on these consolidated financial statements as the Group does not have contracts within the scope of HKFRS 17.

3. CHANGES IN ACCOUNTING POLICIES (CONTINUED)

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. Impacts of the adoption of the new and amended HKFRSs are discussed below: (Continued)

(b) Amendments to HKAS 8 *Definition of Accounting Estimates*

The amendments provide further guidance on the distinction between changes in accounting policies and changes in accounting estimates. The amendments do not have a material impact on these consolidated financial statements as the Group's approach in distinguishing changes in accounting policies and changes in accounting estimates is consistent with the amendments.

(c) Amendments to HKAS 1 *Presentation of Financial Statements* and HKFRS Practice Statement 2 *Making Materiality Judgements: Disclosure of Accounting Policies*

The amendments require entities to disclose material accounting policy information and provide guidance on applying the concept of materiality to accounting policy disclosure. The Group has revisited the accounting policy information it has been disclosing and considered it is consistent with the amendments.

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

The amendments narrow the scope of the initial recognition exemption such that it does not apply to transactions that give rise to equal taxable and deductible temporary differences on initial recognition such as leases and decommissioning liabilities. For leases and decommissioning liabilities, the associated deferred tax assets and liabilities are required to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. For all other transactions, the amendments are applied to those transactions that occur after the beginning of the earliest period presented. The amendments do not have any significant impact on the consolidated financial statements.

(e) Amendments to HKAS 12 *International Tax Reform – Pillar Two Model Rules*

The amendments introduce a temporary mandatory exception from deferred tax accounting for the income tax arising from tax laws enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development ("OECD") (income tax arising from such tax laws is hereafter referred to as "Pillar Two income taxes"), including tax laws that implement qualified domestic minimum top-up taxes described in those rules. The amendments also introduce disclosure requirements about such tax including the estimated tax exposure to Pillar Two income taxes.

The Group is yet to apply the temporary exception during the current year because the Group's entities are operating in jurisdictions which the Pillar Two legislation has not yet been enacted or substantially enacted. The Group will disclose known or reasonably estimable information that helps users of financial statements to understand the Group's exposure to Pillar Two income taxes in the Group's annual consolidated financial statements when the Pillar Two legislation is enacted or substantially enacted and will disclose separately current tax expense/income related to Pillar Two income taxes when it is in effect.

In July 2023, the HKICPA published "Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong" that provides accounting guidance relating to the abolition of offsetting mechanism effective from 1 May 2025. The abolition of the offsetting mechanism did not have a material impact on the Group's results and financial position.

4. ACCOUNTING JUDGEMENTS AND ESTIMATES

(a) Critical accounting judgements in applying the Group's accounting policies

In the process of applying the Group's accounting policies, management has made the following accounting judgements:

(i) Significant influence over Cinda Plunkett International Absolute Return Fund ("CPIAR Fund")

Note 17(a) describes that CPIAR Fund is an associate of the Group. The assessment was made taking into account that (a) the Group has 16.61% (2022: 14.87%) ownership in CPIAR Fund, (b) the Group has significant influence over the investment manager of CPIAR Fund and (c) the Group is the investment advisor which holds the licence to perform regulatory activities – asset management under the SFO of CPIAR Fund which give it significant influence over CPIAR Fund.

Details of CPIAR Fund are set out in note 17(a).

(ii) Income taxes

Determining income tax provisions involves judgement on the future tax treatment of certain transactions. The Group carefully evaluates tax implications of transactions and tax provisions are set up accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all changes in tax legislations. The Group recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(iii) Deferred tax assets

Deferred tax assets are recognised for tax losses not yet used, temporary deductible differences arising from depreciation of non-current assets and impairment of assets. As those deferred tax assets can only be recognised to the extent that it is probable that future taxable profit will be available against which the unused tax credits can be utilised, management's judgement is required to assess the probability of future taxable profits. Management's assessment is constantly reviewed and additional deferred tax assets are recognised if it becomes probable that future taxable profits will allow the deferred tax asset to be recovered. Further details are available in note 19(b) to the financial statements.

4. ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

(b) Sources of estimation uncertainty

The significant sources of estimation uncertainty are as follows:

(i) Estimation of fair values

Fair value estimates are generally subjective in nature, and are made as of a specific point in time based on the characteristics of the financial instruments and relevant market information. For unlisted investments held by the Group and the Group's associate, where direct market prices in an active market are not available, the fair value of such instruments is calculated on the basis of valuation techniques using current market parameters. These techniques involve uncertainties and are significantly affected by the assumptions used and judgements made regarding risk characteristics of various financial instruments, discount rates, estimates of future cash flows, future expected loss experiences and other factors. Changes in assumptions could significantly affect these estimates and the resulting fair values. In particular, the fair value is a theoretical value applicable at a given reporting date, and hence cannot be used as an indicator of value realisable in a future sale.

(ii) Provision for expected credit losses on financial instruments under HKFRS 9 Financial Instruments ("HKFRS 9")

The Group uses an expected credit loss model to calculate ECLs for financial instruments under HKFRS 9. For margin loans arising from securities brokering, with a large number of diversified customers and no similar credit rating benchmark, the provision rates are based on historical data on default cases of the Group with adjustment to reflect the price volatility of the underlying pledged collateral, as appropriate. For debt instruments measured at fair value through other comprehensive income, the provision rates are based on the estimated probability of default of companies with similar credit ratings, with adjustment to reflect the current conditions and forward-looking information, such as forecasts of future economic conditions, as appropriate. For instance, if forecast economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults, the probability of default rates are adjusted. At each reporting date, the parameters are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among the probability of default rates, forward-looking information and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances. The Group's expected credit loss may not be representative of the actual default in the future. The information about the ECLs on the Group's financial instruments is disclosed in notes 14 and 20 to the consolidated financial statements.

4. ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

(b) Sources of estimation uncertainty (Continued)

The significant sources of estimation uncertainty are as follows: (Continued)

(iii) Leases – Estimating the incremental borrowing rate

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

5. REVENUE, OTHER INCOME, OTHER LOSSES AND SEGMENT INFORMATION

	2023 *HK\$'000*	2022 *HK\$'000*
Revenue		
Revenue from contracts with customers		
Fees and commission		
– Asset management	**8,772**	15,113
– Sales and trading business	**22,355**	31,616
– Corporate finance	**10,468**	7,988
	41,595	54,717
Underwriting income and placing commission		
– Corporate finance	**8,757**	5,539
Management fee and service fee income		
– Asset management	**47,356**	58,582
	97,708	118,838
Revenue from other sources		
Interest income		
– Asset management	**905**	495
– Sales and trading business	**26,996**	16,579
– Corporate finance	**–**	16
– Others	**575**	353
	28,476	17,443
	126,184	136,281

5. REVENUE, OTHER INCOME, OTHER LOSSES AND SEGMENT INFORMATION (CONTINUED)

Analysis of the disaggregate revenue from contracts with customers by major service lines is as follows:

	Asset management HK$'000	Sales and trading business HK$'000	Corporate finance HK$'000	Total HK$'000
For the year ended 31 December 2023				
Type of services				
Brokering service	–	22,355	–	22,355
Underwriting and placing service	–	–	8,757	8,757
Corporate finance service	–	–	10,468	10,468
Asset management service	56,128	–	–	56,128
Total revenue from contracts with customers	56,128	22,355	19,225	97,708
Geographical markets				
Hong Kong	15,855	22,355	19,225	57,435
Mainland China	40,273	–	–	40,273
Total revenue from contracts with customers	56,128	22,355	19,225	97,708
Timing of revenue recognition				
At a point in time	–	22,355	11,206	33,561
Over time	56,128	–	8,019	64,147
Total revenue from contracts with customers	56,128	22,355	19,225	97,708

5. REVENUE, OTHER INCOME, OTHER LOSSES AND SEGMENT INFORMATION (CONTINUED)

Analysis of the disaggregate revenue from contracts with customers by major service lines is as follows: (Continued)

	Asset management *HK$'000*	Sales and trading business *HK$'000*	Corporate finance *HK$'000*	Total *HK$'000*
For the year ended 31 December 2022				
Type of services				
Brokering service	–	31,616	–	31,616
Underwriting and placing service	–	–	5,539	5,539
Corporate finance service	–	–	7,988	7,988
Asset management service	73,695	–	–	73,695
Total revenue from contracts with customers	73,695	31,616	13,527	118,838
Geographical markets				
Hong Kong	36,700	31,616	13,527	81,843
Mainland China	36,995	–	–	36,995
Total revenue from contracts with customers	73,695	31,616	13,527	118,838
Timing of revenue recognition				
At a point in time	–	31,616	9,879	41,495
Over time	73,695	–	3,648	77,343
Total revenue from contracts with customers	73,695	31,616	13,527	118,838

The following table shows the amounts of revenue recognised in current reporting period that were included in the deferred revenue at the beginning of the reporting period:

	2023 ***HK$'000***	2022 *HK$'000*
Revenue recognised that was included in deferred revenue at the beginning of the reporting period:		
Corporate finance service	**253**	3,900

5. REVENUE, OTHER INCOME, OTHER LOSSES AND SEGMENT INFORMATION (CONTINUED)

The Group applied the practical expedient for contracts with original expected duration less than one year and did not disclose the aggregate amount of transaction price allocated to performance obligations of the brokering, underwriting and placing, corporate finance and asset management services that are unsatisfied (or partly unsatisfied). The performance fee arising from asset management services which are constrained as at 31 December 2023 and 2022 has been excluded from the transaction price and hence not disclosed.

	2023 ***HK$'000***	2022 *HK$'000*
Other income		
Interest income from:		
– Debt instruments at fair value through other comprehensive income	**10,677**	13,376
– Financial assets at fair value through profit or loss	**1,017**	2,108
Investment income	**6,394**	5,805
Government grants *(note)*	**5,446**	5,012
Others	**227**	3,414
	23,761	29,715

Note: The Group received government grants to support enterprises in business innovation and corporate transformation in Shanghai, Mainland China. There are no unfulfilled conditions or contingencies relating to these grants.

	2023 ***HK$'000***	2022 *HK$'000*
Other losses, net		
Net exchange losses	**(3,947)**	(13,468)
Gain/(loss) on disposal of financial assets at fair value through profit or loss, net	**364**	(7,647)
Gain/(loss) on disposal of debt instruments at fair value through other comprehensive income, net	**1,004**	(12,661)
(Loss)/gain from changes in fair value of financial assets at fair value through profit or loss, net	**(10,979)**	8,366
Gain on disposal of a joint venture	**–**	1,350
Gain on disposal of property and equipment	**–**	90
	(13,558)	(23,970)

5. REVENUE, OTHER INCOME, OTHER LOSSES AND SEGMENT INFORMATION (CONTINUED)

Segment information

The Group manages its businesses by divisions. Under HKFRS 8 *Operating* Segments, and in a manner consistent with the way in which information is reported internally to the Group's most senior executive management, being the chief operating decision maker, for the purposes of resource allocation and performance assessment, the Group has identified the following reportable segments. No operating segments have been aggregated to form the following reportable segments.

1. Asset management – provision of advisory services and related auxiliary services on fund management, managing private funds and providing other related proprietary investment.

2. Sales and trading business – provision of brokering services in securities, equity-linked products, unit trusts and stock options commodities and futures contracts traded in Hong Kong and selected overseas markets, underwriting, placing and margin financing services to those brokering clients.

3. Corporate finance – provision of corporate finance services including underwriting and advisory services to companies listed or seeking listing in Hong Kong or other stock exchanges and other unlisted corporates, on both equity and debt financing.

The Group's senior executive management monitors the assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include all tangible, intangible assets and current assets with the exception of interests in associates and other unallocated head office and corporate assets. Segment liabilities include trade payables, accruals and borrowings attributable to the operating activities of the individual segments with the exception of unallocated head office and corporate liabilities.

The measures used for reporting segment results are earnings before finance costs and taxes ("EBIT"). Inter-segment revenue and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices. To arrive at the Group's loss for the year, the Group's reportable segment results are further adjusted for items not specifically attributed to individual segments, such as share of profits of associates and a joint venture, finance costs, other head office expenses and other income.

5. REVENUE, OTHER INCOME, OTHER LOSSES AND SEGMENT INFORMATION (CONTINUED)

Segment information (Continued)

Year ended 31 December 2023

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

	Asset management *HK$'000*	Sales and trading business *HK$'000*	Corporate finance *HK$'000*	Total *HK$'000*
Revenue from external customers	54,082	49,351	19,225	122,658
Revenue from an associate *(note (i))*	2,951	–	–	2,951
Reportable segment revenue	57,033	49,351	19,225	125,609
Reportable segment results (EBIT)	17,575	(7,377)	(4,550)	5,648
Other segment information				
Interest income from bank deposits	883	13,238	–	14,121
Other interest income	22	13,758	–	13,780
Interest expense	(11,816)	(13,030)	(8)	(24,854)
Depreciation of property and equipment	(336)	(1,053)	(33)	(1,422)

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

	Asset management *HK$'000*	Sales and trading business *HK$'000*	Corporate finance *HK$'000*	Total *HK$'000*
Reportable segment assets	654,231	406,999	25,852	1,087,082
Additions to non-current segment assets during the year *(note (ii))*	44	241	–	285
Reportable segment liabilities	504,548	151,533	5,714	661,795

Notes:

(i) The revenue represents service fee income received by the Group from an associate. See note 35(ii).

(ii) Additions to non-current segment assets consist of property and equipment and other assets.

5. REVENUE, OTHER INCOME, OTHER LOSSES AND SEGMENT INFORMATION (CONTINUED)

Segment information (Continued)

Year ended 31 December 2022

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

	Asset management *HK$'000*	Sales and trading business *HK$'000*	Corporate finance *HK$'000*	Total *HK$'000*
Revenue from external customers	66,445	48,195	13,543	128,183
Revenue from an associate *(note (i))*	8,097	–	–	8,097
Reportable segment revenue	74,542	48,195	13,543	136,280
Reportable segment results (EBIT)	37,050	(7,325)	(15,601)	14,124
Other segment information				
Interest income from bank deposits	481	2,954	16	3,451
Other interest income	366	13,625	–	13,991
Interest expense	(12,762)	(5,561)	(317)	(18,640)
Depreciation of property and equipment	(501)	(1,265)	(89)	(1,855)

The followings in an analysis of the Group's assets and liabilities by reportable and operating segments:

	Asset management *HK$'000*	Sales and trading business *HK$'000*	Corporate finance *HK$'000*	Total *HK$'000*
Reportable segment assets	537,029	519,869	28,798	1,085,696
Additions to non-current segment assets during the year *(note (ii))*	354	1,472	–	1,826
Reportable segment liabilities	459,941	175,396	2,312	637,649

Notes:

(i) The revenue represents service fee income received by the Group from an associate. See note 35(ii).

(ii) Additions to non-current segment assets consist of property and equipment and other assets.

5. REVENUE, OTHER INCOME, OTHER LOSSES AND SEGMENT INFORMATION (CONTINUED)

Reconciliations of reportable revenue

	2023 HK$'000	2022 HK$'000
Revenue		
Reportable segment revenue	**125,609**	136,280
Unallocated head office and corporate revenue	**575**	1
Consolidated revenue	**126,184**	136,281

Reconciliations of reportable results

	2023 HK$'000	2022 HK$'000
Results		
Reportable segment profit (EBIT)	**5,648**	14,124
Share of profits of associates and a joint venture, net	**24,355**	6,457
Finance costs	**(26,325)**	(20,460)
Unallocated head office and corporate expenses	**(3,846)**	(11,501)
Consolidated loss before taxation	**(168)**	(11,380)
Income tax expense	**(12,681)**	(11,028)
Loss for the year	**(12,849)**	(22,408)

5. REVENUE, OTHER INCOME, OTHER LOSSES AND SEGMENT INFORMATION (CONTINUED)

Reconciliations of reportable assets and liabilities

	2023 *HK$'000*	2022 *HK$'000*
Assets		
Reportable segment assets	**1,087,082**	1,085,696
Elimination of inter-segment receivables	**(5,684)**	(5,739)
	1,081,398	1,079,957
Interests in associates	**449,646**	430,745
Deferred tax assets	**141**	42
Tax recoverable	**–**	767
Unallocated head office and corporate assets	**115,283**	154,199
Consolidated total assets	**1,646,468**	1,665,710
Liabilities		
Reportable segment liabilities	**661,795**	637,649
Elimination of inter-segment payables	**(461)**	(464)
	661,334	637,185
Tax payable	**8,207**	4,814
Unallocated head office and corporate liabilities	**36,794**	75,598
Consolidated total liabilities	**706,335**	717,597

5. REVENUE, OTHER INCOME, OTHER LOSSES AND SEGMENT INFORMATION (CONTINUED)

Geographic information

The following table sets out information about the geographical location of (i) the Group's revenue from external customers (including its associates) and (ii) the Group's property and equipment, intangible assets, right-of-use assets, other assets and interests in associates ("specified non-current assets"). The geographical location of customers is based on the location at which the services were provided. The geographical location of the specified non-current assets is based on the physical location of the assets in the case of property and equipment; and the location of the core operations in the case of other specified non-current assets.

	Revenue from external customers		Specified non-current assets	
	2023	2022	**2023**	2022
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**85,459**	98,710	**205,244**	218,058
Mainland China	**40,725**	37,571	**291,616**	285,268
	126,184	136,281	**496,860**	503,326

No customers (2022: one customer from asset management segment) contributed over 10% to the total revenue of the Group during the year.

6. STAFF COSTS (INCLUDING DIRECTORS' EMOLUMENTS)

		2023	2022
	Note	***HK$'000***	*HK$'000*
Salaries and allowances		**58,779**	63,124
Defined contribution plans	*27*	**3,030**	2,412
		61,809	65,536

During the year, there was no wage subsidies (2022: HK$2,344,000) granted from the Employment Support Scheme under Anti-Epidemic Fund by the Government of Hong Kong for the use of paying wages of employees have been received. The amount had been offset against staff costs. There are no unfulfilled conditions or contingencies relating to the subsidies.

7(a). IMPAIRMENT LOSSES ON FINANCIAL ASSETS

	2023	2022
	HK$'000	*HK$'000*
Impairment loss on financial assets under expected credit loss model, net of reversal		
– debt instruments at fair value through other comprehensive income *(note 14)*	**7,837**	2,854
– trade and other receivables *(note 20)*	**5,425**	(54)
	13,262	2,800

7(b). OTHER OPERATING EXPENSES

	2023	2022
	HK$'000	*HK$'000*
Advertising and promotion	**898**	489
Auditors' remuneration	**911**	2,175
Advisory fee expenses	**832**	3,120
Bank charges	**268**	174
Data service fee	**7,037**	7,458
Depreciation of property and equipment *(note 13)*	**3,293**	3,605
Depreciation of right-of-use assets *(note 16)*	**20,293**	23,799
Employee relation expense	**311**	332
Entertainment	**796**	361
Insurance	**2,413**	2,342
Legal and professional fee	**1,079**	(73)
Printing and stationery fee	**767**	723
Property management and other related fee	**3,257**	4,728
Repair and maintenance fee	**4,104**	2,573
Service fee	**1,218**	1,022
Staff recruitment fee	**49**	369
Telecommunication fee	**2,381**	2,402
Others	**4,152**	3,573
	54,059	59,172

8. FINANCE COSTS

	2023	2022
	HK$'000	*HK$'000*
Interest on borrowings	**24,795**	18,278
Interest on bonds issued	**77**	351
Interest on lease liabilities *(note 16)*	**1,453**	1,831
	26,325	20,460

9. INCOME TAX EXPENSE

Hong Kong Profits Tax has been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong for the current and prior years.

Under the Enterprise Income Tax Law of the People's Republic of China (the "PRC"), the Corporate Income Tax Rate for domestic entities in the PRC is 25% for the current and prior years.

The amount of taxation charged/(credited) to the consolidated statement of profit or loss:

	2023	2022
	HK$'000	*HK$'000*
Current taxation		
– Hong Kong Profits Tax	**13**	35
– PRC Corporate Income Tax	**12,760**	12,805
	12,773	12,840
Under/(over)-provision in prior years		
– Hong Kong Profits Tax	**7**	(1,821)
Deferred taxation *(note 19(b))*		
– Hong Kong	**(99)**	9
	12,681	11,028

9. INCOME TAX EXPENSE (CONTINUED)

A reconciliation between tax expense and accounting loss at applicable tax rates for the jurisdiction where the operations of the Group are substantially based is as follows:

	2023 *HK$'000*	2022 *HK$'000*
Loss before taxation	**(168)**	(11,380)
National tax on loss before taxation, calculated at a tax rate of 16.5% (2022: 16.5%)	**(28)**	(1,878)
Effect of higher tax rate enacted by PRC tax authority	**2,925**	3,360
Tax effect of share of profits of associates and a joint venture	**(4,019)**	(1,065)
Tax effect of income not taxable for tax purposes	**(3,415)**	(3,991)
Tax effect of expenses not deductible for tax purposes	**7,699**	8,161
Utilisation of previously unrecognised tax losses and other temporary differences	**(556)**	(1,280)
Tax effect of tax losses net recognised	**10,068**	9,542
Under/(over)-provision in prior years	**7**	(1,821)
Income tax expense	**12,681**	11,028

10. DIVIDENDS

During the year ended 31 December 2022, a final dividend of HK2 cents per ordinary share in respect of the year ended 31 December 2021 was declared and paid on 13 June 2022. The aggregate amount of the final dividend declared and paid amounted to HK$12,824,000.

No dividend were paid, declared or proposed during the current year. The Board did not recommend the payment of a final dividend for the year ended 31 December 2023 and 2022.

11. LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share is based on the loss for the year attributable to equity holders of the Company of HK$12,849,000 (2022: HK$22,408,000) and 641,205,600 ordinary shares (2022: 641,205,600 ordinary shares) in issue during the year, calculated as follows:

Loss attributable to equity holders of the Company

	2023 ***HK$'000***	2022 *HK$'000*
Loss for the year attributable to equity holders of the Company	**(12,849)**	(22,408)

Number of ordinary shares

	2023	2022
Issued ordinary shares at 1 January and 31 December	**641,205,600**	641,205,600

(b) Diluted loss per share

The diluted loss per share for both years are the same as the respective basic loss per share because there were no potential dilutive ordinary shares during both the current and prior years.

12. INTANGIBLE ASSETS

	Stock Exchange trading rights ***HK$'000***	**Futures Exchange trading rights** ***HK$'000***	**Club membership** ***HK$'000***	**Total** ***HK$'000***
Cost and carrying amount				
At 1 January 2022, 31 December 2022, 1 January 2023 and 31 December 2023	**913**	**406**	**120**	**1,439**

13. PROPERTY AND EQUIPMENT

	Leasehold improvements *HK$'000*	Furniture and fixtures *HK$'000*	Office & computer equipment and computer software *HK$'000*	Motor vehicles *HK$'000*	Total *HK$'000*
Cost					
At 1 January 2022	6,874	3,026	33,529	1,338	44,767
Additions	14	–	3,753	–	3,767
Disposals	–	(19)	(2,538)	(439)	(2,996)
Exchange difference	(40)	(11)	(8)	–	(59)
At 31 December 2022 and 1 January 2023	6,848	2,996	34,736	899	45,479
Additions	–	9	1,361	–	1,370
Disposals	(2,288)	(589)	(2,543)	–	(5,420)
Exchange difference	(570)	(368)	(878)	(699)	(2,515)
At 31 December 2023	**3,990**	**2,048**	**32,676**	**200**	**38,914**
Accumulated depreciation					
At 1 January 2022	6,085	2,631	25,226	1,338	35,280
Charge for the year *(note 7(b))*	193	248	3,164	–	3,605
Disposals	–	(19)	(2,536)	(439)	(2,994)
Exchange difference	(18)	15	(22)	–	(25)
At 31 December 2022 and 1 January 2023	6,260	2,875	25,832	899	35,866
Charge for the year *(note 7(b))*	155	69	3,069	–	3,293
Disposals	(2,288)	(578)	(2,541)	–	(5,407)
Exchange difference	(567)	(368)	(875)	(699)	(2,509)
At 31 December 2023	**3,560**	**1,998**	**25,485**	**200**	**31,243**
Net book value					
At 31 December 2023	**430**	**50**	**7,191**	**–**	**7,671**
At 31 December 2022	588	121	8,904	–	9,613

14. DEBT INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2023 *HK$'000*	2022 *HK$'000*
Listed debt investments with fixed interest	**224,794**	110,539

As at 31 December 2023 and 2022, an analysis of the ending balance of the carrying amount in debt instruments at fair value through other comprehensive income ("FVOCI") subject to expected credit losses ("ECLs") is as follows:

	Stage 1 *HK$'000*	**Stage 2** *HK$'000*	**Stage 3** *HK$'000*	**Total** *HK$'000*
Fair value as at 31 December 2023	**224,794**	**–**	**–**	**224,794**
Fair value as at 31 December 2022	109,107	–	1,432	110,539

The ECLs for debt instruments measured at FVOCI do not reduce the carrying amount of these financial assets in the consolidated statement of financial position, which remain at fair value. Instead, an amount equal to the ECLs that would arise if the assets were measured at amortised cost is recognised in other comprehensive income as an accumulated impairment allowance, with a corresponding charge to profit or loss.

During the year, an impairment loss of HK$7,837,000 (2022: HK$2,854,000) was recognised in profit or loss and an impairment allowance of HK$24,492,000 previously recognised has been written off upon derecognition of the financial assets. As at 31 December 2023, an impairment allowance of HK$4,763,000 (2022: HK$21,418,000) was provided.

The listed debt investments are expected to be recoverable within one year and are, therefore classified as current assets in the consolidated financial statements. An analysis of the maturity profile of listed debt investments of the Group analysed by the remaining tenor from the end of the reporting period to the contractual maturity date is as follows:

	Within 1 year *HK$'000*	**Between 1 and 2 years** *HK$'000*	**Between 2 and 5 years** *HK$'000*	**Overdue** *HK$'000*	**Total** *HK$'000*
31 December 2023	**193,994**	**–**	**30,800**	**–**	**224,794**
31 December 2022	83,208	25,899	–	1,432	110,539

Listed debt investments of HK$111,649,000 (2022: HK$68,846,000) were collateralised against the borrowings under repurchase agreements (note 25(b)).

15. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2023 **HK$'000**	2022 HK$'000
Classified as non-current assets:		
– Unlisted private equity funds *(note (i))*	**30,690**	43,949
Classified as current assets:		
– Listed fund investments	**24,885**	14,763
– Listed perpetual bonds *(note (ii))*	**15,342**	14,804
– Unlisted equity securities	**1**	1
– Unlisted private equity funds	**1,330**	4,073
	41,558	33,641
	72,248	77,590

Note:

(i) These unlisted private equity funds were included in non-current assets according to their intended holding periods.

(ii) As at 31 December 2023, certain listed perpetual bonds with fair value of HK$15,342,000 (2022: HK$14,796,000) were collateralised against the borrowings under repurchase agreements (note 25(b)).

16. LEASES

The Group as a lessee

As at 31 December 2023 and 2022, the Group leases various offices for its operations. Lease contracts are entered into for fixed term of 2 years to 6 years (2022: 2 years to 6 years). Lease terms are negotiated on an individual basis and contain different terms and conditions. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

Right-of-use assets and lease liabilities

The carrying amounts of the Group's right-of-use assets and lease liabilities and the movements during the year are as follows:

	Right-of-use assets *HK$'000*	**Lease liabilities** *HK$'000*
As 1 January 2022	25,571	25,905
Addition	45,325	45,325
Depreciation charge *(note 7 (b))*	(23,799)	–
Interest expense *(note 8)*	–	1,831
Payments	–	(22,925)
As 31 December 2022 and 1 January 2023	47,097	50,136
Depreciation charge *(note 7 (b))*	(20,293)	–
Interest expense *(note 8)*	–	1,453
Payments	–	(22,944)
As 31 December 2023	**26,804**	**28,645**

At 31 December 2023 and 2022, the lease liabilities are analysed into:

	2023 *HK$'000*	2022 *HK$'000*
Current portion	**18,364**	21,491
Non-current portion	**10,281**	28,645
	28,645	50,136

The maturity analysis of lease liabilities is disclosed in Note 34.1(c) to the financial statements.

17. INTERESTS IN ASSOCIATES / SHARE OF RESULTS OF ASSOCIATES AND A JOINT VENTURE

	2023 ***HK$'000***	2022 *HK$'000*
Interests in associates	**449,646**	430,745

(a) Interests in associates and share of results of associates

	2023 ***HK$'000***	2022 *HK$'000*
Share of net assets at 1 January	**430,745**	444,317
Share of profits for the year, net	**24,355**	6,394
Share of other comprehensive expense for the year	**(2,418)**	(14,446)
Dividend income from an associate	**(3,036)**	(5,520)
	18,901	(13,572)
Share of net assets at 31 December	**449,646**	430,745

(Expressed in Hong Kong dollars)

17. INTERESTS IN ASSOCIATES / SHARE OF RESULTS OF ASSOCIATES AND A JOINT VENTURE (CONTINUED)

(a) Interests in associates and share of results of associates (Continued)

The Group's interests in its principal associates, all of which are unlisted, are as follows:

Name	Particulars of issued shares held	Place of incorporation	Effective equity interest to the Group 2023	2022	Principal activity
Sino-Rock Investment Management Company Limited ("Sino-Rock") *(note (i))*	18,000,000 ordinary share of HK$1 each	Hong Kong	**27.59%**	27.59%	Investment holding and provision of capital management and consultancy services
Cinda Plunkett International Holdings Limited ("CPHL")	4,000,000 ordinary share of HK$1 each	Cayman Islands	**40%**	40%	Fund management
Cinda Plunkett International Absolute Return Fund ("CPIAR Fund") *(note (ii))*	100,000 units of US$100 each	Cayman Islands	**16.61%**	14.87%	Investment fund
Cinda International Investment Holdings Limited ("CIIH")	2,820,000 Class-A shares	British Virgin Islands	**47%**	47%	Investment holding

Notes:

(i) As at 31 December 2023, the Group held 18,000,000 ordinary shares (2022: 18,000,000 ordinary shares), representing 27.59% (2022: 27.59%) equity interests in Sino-Rock, a private company incorporated in Hong Kong which is considered as an associate of the Group, and principally engaged in investment holding and provision of capital management and consultancy services. The Group recognised Sino-Rock as a significant investment for the years ended 31 December 2023 and 2022. The Group's share of net assets in Sino-Rock was HK$292,120,000 at 31 December 2023 (2022: HK$277,758,000), which accounted for approximately 18% (2022: 17%) of the total assets of the Group. The aggregate cost of investment in Sino-Rock was HK$107,014,000 (2022: HK$107,014,000). The Group treats Sino-Rock as a long-term investment and a business partner in its asset management business.

(ii) It is considered that the Group had significant influence over CPIAR Fund through the Group's significant influence over the investment manager of CPIAR Fund which has wide discretion over the relevant activities of CPIAR Fund. Note 4 provides more details about the management judgement.

Summarised consolidated financial information of associates

Summarised consolidated financial information in respect of the Group's material associates is set out below.

The associates have a reporting date of 31 December and are accounted for using the equity method in these consolidated financial statements prepared in accordance with HKFRSs.

17. INTERESTS IN ASSOCIATES / SHARE OF RESULTS OF ASSOCIATES AND A JOINT VENTURE (CONTINUED)

(a) Interests in associates and share of results of associates (Continued)

Summarised consolidated financial information of associates (Continued)

Sino-Rock

	2023 *HK$'000*	2022 *HK$'000*
Current assets		
– Bank balances and cash	**165,946**	241,993
– Other current assets	**53,432**	60,808
	219,378	302,801
Non-current assets		
– Financial assets at fair value through profit or loss		
– Level 1 and 2	**69,934**	36,321
– Level 3	**747,856**	669,503
– Other non-current assets	**180,842**	134,122
	998,632	839,946
Current liabilities	**(85,555)**	(56,889)
Non-current liabilities	**(60,508)**	(67,700)
Net assets	**1,071,947**	1,018,158
Revenue and net gains	**188,276**	144,106
Profit for the year	**81,747**	57,126
Other comprehensive expenses for the year	**(11,487)**	(49,330)
Total comprehensive income for the year	**70,260**	7,796
Dividend received from the associate	**(3,036)**	(5,520)

17. INTERESTS IN ASSOCIATES / SHARE OF RESULTS OF ASSOCIATES AND A JOINT VENTURE (CONTINUED)

(a) Interests in associates and share of results of associates (Continued)

Summarised consolidated financial information of associates (Continued)

A reconciliation of the above summarised financial information to the carrying amount of the interest in the associate recognised in the consolidated financial statements is as follows:

	2023 *HK$'000*	2022 *HK$'000*
Net assets of Sino-Rock	**1,071,947**	1,018,158
Non-controlling interests	**(13,158)**	(11,790)
Net assets attributable to shareholders of Sino-Rock	**1,058,789**	1,006,368
Proportion of the Group's ownership interest in Sino-Rock	**27.59%**	27.59%
Carrying amount of the Group's interest in Sino-Rock	**292,120**	277,758

CPHL

	2023 *HK$'000*	2022 *HK$'000*
Current assets		
– Bank balances and cash	**4,965**	3,202
– Financial assets at fair value through profit or loss	**211,637**	228,742
– Trade and other receivables	**77,148**	73,794
	293,750	305,738
Non-current assets	**1,435**	–
Current liabilities	**(95,807)**	(113,040)
Net assets	**199,378**	192,698
Revenue and net gains	**56,424**	87,226
Profit and total comprehensive income for the year	**6,680**	28,846

A reconciliation of the above summarised financial information to the carrying amount of the interest in the associate recognised in the consolidated financial statements is as follows:

	2023 *HK$'000*	2022 *HK$'000*
Net assets of CPHL	**199,378**	192,698
Proportion of the Group's ownership interest in CPHL	**40%**	40%
Carrying amount of the Group's interest in CPHL	**79,751**	77,079

17. INTERESTS IN ASSOCIATES / SHARE OF RESULTS OF ASSOCIATES AND A JOINT VENTURE (CONTINUED)

(a) Interests in associates and share of results of associates (Continued)

Summarised consolidated financial information of associates (Continued)

CPIAR Fund

	2023 ***HK$'000***	2022 *HK$'000*
Current assets		
– Bank balances and cash	**3,962**	5,182
– Financial assets at fair value through profit or loss	**480,990**	523,330
– Other current assets	**2,661**	1,383
	487,613	529,895
Current liabilities	**(27,270)**	(22,241)
Net assets	**460,343**	507,654
Revenue and net gains/(losses)	**15,350**	(132,100)
Profit/(loss) and total comprehensive income/(expense) for the year	**8,937**	(139,252)

A reconciliation of the above summarised financial information to the carrying amount of the interest in the associate recognised in the consolidated financial statement is as follows:

	2023 ***HK$'000***	2022 *HK$'000*
Net assets of CPIAR Fund	**460,343**	507,654
Proportion of the Group's ownership interest in CPIAR Fund	**16.61%**	14.87%
Carrying amount of the Group's interest in CPIAR Fund	**76,463**	75,481

CIIH

At 31 December 2023, the carrying amount of the Group's interest in CIIH amount to HK$1,312,000 (2022: HK$427,000). The Group recognised a profit and total comprehensive income of HK$885,000 (2022: loss and total comprehensive expense of HK$1,303,000) from the interest in CIIH for the year ended 31 December 2023.

17. INTERESTS IN ASSOCIATES / SHARE OF RESULTS OF ASSOCIATES AND A JOINT VENTURE (CONTINUED)

(b) Share of result of a joint venture

The Group recognised a profit of HK$63,000 and other comprehensive expense of HK$1,374,000 from interest in a joint venture for the year ended 31 December 2022.

Details of the Group's interest in an unlisted joint venture are as follows:

Name	Place of establishment	Particulars of shares capital held	Principal activity
建信國貿（廈門）私募基金管理有限公司 *(note)*	The PRC	RMB7,000,000 of registered capital	Private equity investment and fund management

Note: 建信國貿（廈門）私募基金管理有限公司 is a limited liability company (equity joint venture enterprise) registered under the PRC law. The joint venture has been disposed during the year ended 31 December 2022 for a total consideration of HK$14,998,000 and a gain of HK$1,350,000 has been recongnised in the profit or loss.

18. OTHER ASSETS

	2023 HK$'000	2022 HK$'000
Stock Exchange stamp duty deposit	**250**	500
Stock Exchange Fidelity Fund deposit	**100**	100
Stock Exchange Compensation Fund deposit	**100**	100
Guarantee Fund deposits with the Hong Kong Securities Clearing Company Limited	**2,423**	5,065
Clearing link deposits with Hong Kong Securities Clearing Company Limited	**312**	253
Statutory deposits and deposits with the HKFE Clearing Corporation Limited ("HKCC")	**1,500**	1,500
Reserve fund deposit with the SEHK Options Clearing House Limited ("SEOCH")	**1,744**	1,839
Rental deposits	**4,757**	4,948
Others	**114**	129
	11,300	14,434

19. INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(a) Tax payable

	2023 **HK$'000**	2022 HK$'000
Provision for		
– Hong Kong Profits Tax	**67**	36
– PRC Corporate Income Tax	**8,140**	4,778
	8,207	4,814

(b) Deferred tax

The movements in deferred tax (assets)/liabilities during the year are as follows:

	Accelerated tax depreciation ***HK$'000***	**Tax losses** ***HK$'000***	**Impairment losses** ***HK$'000***	**Total** ***HK$'000***
At 1 January 2022	4,246	(4,246)	(51)	(51)
(Credited)/charged to consolidated statement of profit or loss *(note 9)*	(1,273)	1,273	9	9
At 31 December 2022 and 1 January 2023	2,973	(2,973)	(42)	(42)
(Credited)/charged to consolidated statement of profit or loss *(note 9)*	(1,374)	1,374	(99)	(99)
At 31 December 2023	**1,599**	**(1,599)**	**(141)**	**(141)**

Apart from the above, no other deferred tax asset is recognised in respect of the unused tax losses as the management of the Group considers that it is not probable that future assessable profits will be available to offset against the unrecognised losses.

The Group has unrecognised tax losses and temporary differences arising from depreciation of property and equipment in excess of related depreciation allowances as at 31 December 2023 of HK$329,188,000 (2022: HK$269,824,000) and HK$5,080,000 (2022: HK$6,797,000), respectively. These tax losses have no expiry dates.

At 31 December 2023, the deferred tax liabilities of HK$22,202,000 (2022: HK$20,177,000) in relation to the temporary differences relating to the undistributed profits of PRC subsidiaries, have not been recognised in respect of the tax that would be payable on the distribution of these retained earnings, as the Company controls the dividend policy of these subsidiaries and it has been determined that it is probable that these profits will not be distributed in the foreseeable future.

20. TRADE AND OTHER RECEIVABLES

	2023 HK$'000	2022 HK$'000
Trade receivables from clients arising from		
– corporate finance *(note (i))*	**8,036**	2,300
– securities brokering *(note (ii))*	**75,031**	123,237
Margin and other trade-related deposits with brokers and financial institutions arising from *(note (iii))*		
– commodities and futures brokering	**24,688**	43,114
– securities brokering	**12,417**	1,583
Margin loans arising from securities brokering *(note (iv))*	**132,984**	142,268
Trade receivables from clearing houses arising from securities brokering *(note (v))*	**46,567**	670
Less: impairment allowances *(note (vi))*	**(13,786)**	(13,184)
Total trade receivables *(note (vii))*	**285,937**	299,988
Deposits	**1,045**	2,920
Other receivables *(note (viii))*	**33,665**	71,327
Total trade and other receivables	**320,647**	374,235

The carrying amounts of trade and other receivables approximate to their fair values. All of the trade and other receivables, other than margin loans arising from securities brokering, are expected to be recovered or realised within one year.

Notes:

(i) For trade receivables related to corporate finance, no impairment allowance was provided for the year (2022: nil). During the year ended 31 December 2022, impairment allowances of HK$3,373,000 were written off. The settlement terms of trade receivables from corporate finance clients are usually 30 days from the date of invoice. The relevant ageing analysis based on the date of invoice at the reporting date was as follows:

	2023 HK$'000	2022 HK$'000
Current	**7,463**	–
30-60 days	**100**	–
Over 60 days	**473**	2,300
	8,036	2,300

20. TRADE AND OTHER RECEIVABLES (CONTINUED)

Notes: (continued)

(ii) For trade receivables from clients arising from securities brokering, the amounts represent outstanding unsettled trades due from clients as at the year end. It normally takes 2 to 3 days to settle after the trade date of those transactions. As at 31 December 2023, it included overdue balances of HK$9,672,000 (2022: HK$11,903,000). These overdue balances are either subsequently settled after the reporting date or fully collateralised by listed securities. The directors of the Company did not consider that there was a significant change in credit quality of the balance. No impairment allowance has been provided.

(iii) The settlement terms of margin and other deposits from brokers and financial institutions are at specific agreed terms. Clients trading in commodities and futures contracts and obtaining securities margin financing from the Group are required to observe the Group's margin policies. For commodities and futures contracts, initial margins are required before trading and thereafter clients are required to keep the equity position at a prescribed maintenance margin level. The effective interest rate for margins and other trade-related deposits is 0.01% (2022: 0.01%) per annum.

In addition, margin and trade-related deposits are deposited with high-credit-quality financial institutions. No impairment allowance has been provided as the related allowances were considered to be immaterial and there was no credit default history.

(iv) Margin clients of the securities brokering business are repayable on demand and are required to pledge their shares to the Group for credit facilities for securities trading. The effective interest rates ranged from 8% to 13% (2022: 8% to 13%) per annum.

The amount of credit facilities granted to margin clients is determined by the discounted value of shares acceptable by the Group after making reference to industry practice. As at 31 December 2023, the fair value of shares accepted as collateral amounted to HK$680,556,000 (2022: HK$1,128,797,000) and the fair value of the majority of clients' listed securities exceeds the carrying amount of those individual loans to margin clients.

Credits are extended to brokering clients on a case-by-case basis in accordance with the financial status of clients such as their financial conditions, trading records, business profile and the collateral available to the Group.

Special approvals from the Group were granted to those clients whose fair values of collaterals were less than the carrying amount of their individual loans by considering their historical repayment records, credit quality of those margin clients and other factors affecting the market prices of collateral. Credit risks from those margin clients were considered to be minimal.

The Group is allowed to use clients' securities up to the amount of 140% of the loans to margin clients as collateral of the Group's bank facilities (with client's consent). However, no securities held as collateral have been repledged to secure the Group's bank facilities for the years ended 31 December 2023 and 2022.

As at 31 December 2023, the Group had concentration of credit risk of 71% (2022: 64%) of the trade receivables from margin loans due from the five largest margin clients.

During the Year, impairment loss of HK$602,000 was charged to profit or loss (2022: reversal of HK$54,000 was credited to profit or loss). As at 31 December 2023, impairment allowances of HK$13,786,000 (2022: HK$13,184,000) for the receivables from margin clients was provided. No ageing analysis is disclosed as in the opinion of the management, the ageing analysis does not give additional value in view of the nature of revolving margin loans.

20. TRADE AND OTHER RECEIVABLES (CONTINUED)

Notes: (continued)

(v) The settlement terms of trade receivables from clearing houses are usually 1 to 2 days after the trade date.

Furthermore, the Group maintains designated accounts with SEOCH and HKCC as a result of its normal business transactions. At 31 December 2023, the designated accounts with SEOCH and HKCC not otherwise dealt with in the consolidated financial statements amounted to HK$3,225,000 (2022: HK$5,850,000) and HK$4,896,000 (2022: HK$5,890,000) respectively.

(vi) The movements in the impairment allowances for trade and other receivables during the year are as follows:

	HK$'000
At 1 January 2022	16,611
Reversal of impairment losses *(note 7(a))*	(54)
Written off	(3,373)
At 31 December 2022 and 1 January 2023	13,184
Provision of impairment losses *(note 7(a))*	5,425
Written off	(4,823)
At 31 December 2023	**13,786**

	Stage 1 ***HK$'000***	**Stage 2** ***HK$'000***	**Stage 3** ***HK$'000***	**Simplified approach** ***HK$'000***	**Total** ***HK$'000***
Expected credit losses					
As at 1 January 2022	309	–	12,929	3,373	16,611
Change due to financial instrument recognised as at beginning of the year					
– Repayment and derecognition	–	–	–	(3,373)	(3,373)
– Remeasurement of ECL	(54)	–	–	–	(54)
As 31 December 2022 and 1 January 2023	**255**	**–**	**12,929**	**–**	**13,184**
Change due to financial instrument recognised as at beginning of the year					
– Repayment and derecognition	**(4,823)**	**–**	**–**	**–**	**(4,823)**
– Remeasurement of ECL	**5,425**	**–**	**–**	**–**	**5,425**
As 31 December 2023	**857**	**–**	**12,929**	**–**	**13,786**

20. TRADE AND OTHER RECEIVABLES (CONTINUED)

Notes: (continued)

(vi) As at 31 December 2023 and 2022, an analysis of the gross amount of trade and other receivables and their expected credit losses is as follows:

	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Gross amount as at 31 December 2023					
Trade receivables from clients	**75,031**	**–**	**–**	**8,036**	**83,067**
Margin and other trade-related deposits with brokers and financial institutions	**37,105**	**–**	**–**	**–**	**37,105**
Margin loans	**119,955**	**100**	**12,929**	**–**	**132,984**
Trade receivables from clearing houses	**46,567**	**–**	**–**	**–**	**46,567**
Deposits	**1,045**	**–**	**–**	**–**	**1,045**
Other receivables	**33,665**	**–**	**–**	**–**	**33,665**
	313,368	**100**	**12,929**	**8,036**	**334,433**
Expected credit losses as at 31 December 2023					
Trade receivables from clients	**–**	**–**	**–**	**–**	**–**
Margin and other trade-related deposits with brokers and financial institutions	**–**	**–**	**–**	**–**	**–**
Margin loans	**(857)**	**–**	**(12,929)**	**–**	**(13,786)**
Trade receivables from clearing houses	**–**	**–**	**–**	**–**	**–**
Deposits	**–**	**–**	**–**	**–**	**–**
Other receivables	**–**	**–**	**–**	**–**	**–**
	(857)	**–**	**(12,929)**	**–**	**(13,786)**

20. TRADE AND OTHER RECEIVABLES (CONTINUED)

Notes: (continued)

(vi) As at 31 December 2023 and 2022, an analysis of the gross amount of trade and other receivables and their expected credit losses is as follows: (Continued)

	Stage 1 *HK$'000*	Stage 2 *HK$'000*	Stage 3 *HK$'000*	Simplified approach *HK$'000*	Total *HK$'000*
Gross amount as at 31 December 2022					
Trade receivables from clients	123,237	–	–	2,300	125,537
Margin and other trade-related deposits with brokers and financial institutions	44,697	–	–	–	44,697
Margin loans	129,239	100	12,929	–	142,268
Trade receivables from clearing houses	670	–	–	–	670
Deposits	2,920	–	–	–	2,920
Other receivables	71,327	–	–	–	71,327
	372,090	100	12,929	2,300	387,419
Expected credit losses as at 31 December 2022					
Trade receivables from clients	–	–	–	–	–
Margin and other trade-related deposits with brokers and financial institutions	–	–	–	–	–
Margin loans	(255)	–	(12,929)	–	(13,184)
Trade receivables from clearing houses	–	–	–	–	–
Deposits	–	–	–	–	–
Other receivables	–	–	–	–	–
	(255)	–	(12,929)	–	(13,184)

(Expressed in Hong Kong dollars)

20. TRADE AND OTHER RECEIVABLES (CONTINUED)

Notes: (continued)

(vi) As at 31 December 2023 and 2022, an analysis of the expected credit losses rate is as follows:

	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	%	%	%	%	%
Expected credit losses rate as at 31 December 2023					
Margin loans arising from securities brokering	0.71	0.20	100.00	–	10.37
Expected credit losses rate as at 31 December 2022					
Margin loans arising from securities brokering	0.20	0.20	100.00	–	9.27

During the year ended 31 December 2023, the Group has recognised an impairment loss of HK$4,823,000 in respect of interest receivables (included in other receivables) relating to debt instruments at fair value through other comprehensive income which are credit-impaired. The amount has been subsequently written off upon derecognition of the related financial assets. No impairment allowance has been provided for the remaining trade and other receivables as the related allowances were considered immaterial and there was no credit default history.

(vii) Other than the trade receivables from margin loans, the Group does not have any other significant concentration of credit risk with respect to trade receivables, as the Group has a large number of customers, which are widely dispersed.

(viii) As at 31 December 2023, the Group has other receivables from its fellow subsidiaries and ultimate holding company, amounted to HK$20,967,000 (2022: HK$23,419,000) in total.

21. PLEDGED BANK DEPOSITS/BANK BALANCES AND CASH

	2023 **HK$'000**	2022 HK$'000
Cash in hand	**19**	21
Bank balances		
– pledged deposits	**12,447**	12,165
– fixed deposits	**52,900**	–
– general accounts	**466,412**	587,023
	531,759	599,188
	531,778	599,209
By maturity:		
Bank balances		
– current and savings accounts	**466,412**	587,023
– fixed deposits (maturing within three months)	**65,347**	12,165
	531,759	599,188

As at 31 December 2023, bank deposits amounting to HK$12,447,000 (2022: HK$12,165,000), which included a principal of HK$12,000,000 (2022: HK$12,000,000) plus accrued interest, have been pledged to banks as security for the provision of securities brokering facilities for a total amount of HK$200 million (2022: HK$200 million).

Certain subsidiaries of the Group maintained segregated trust accounts with authorised institutions as a result of their respective business activities. As at 31 December 2023, segregated trust accounts not dealt with in these consolidated financial statements amounted to HK$334,986,000 (2022: HK$674,159,000).

As at 31 December 2023, the bank balances and deposits bore interest at rates from 0.01% to 3.25% (2022: 0.01% to 0.5%) per annum. Included in bank balances and deposits are HK$177,296,000 (2022: HK$209,803,000) placed with a fellow subsidiary which is a licensed bank.

Cash and cash equivalents

	2023 **HK$'000**	2022 HK$'000
Analysis of balances of cash and cash equivalents		
Cash in hand and at banks (excluding pledged bank deposits)	**519,331**	587,044

22. SHARE CAPITAL

	Number of shares	Nominal value
		HK$'000
Authorised share capital		
Ordinary shares	1,000,000,000	100,000
Issued and fully paid		
Ordinary shares		
At 1 January 2022, 31 December 2022, 1 January 2023 and 31 December 2023	641,205,600	64,121

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

Capital management

The Group's primary objectives for managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost. In addition, subsidiaries of the Group licensed by the Securities and Futures Commission ("SFC") are obliged to meet the regulatory liquid capital requirements under the Securities and Futures (Financial Resources) Rules ("SF(FR)R") at all times.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions. For the licensed subsidiaries, the Group ensures that each of them maintains a liquid capital level adequate to support the activities level with sufficient buffer to accommodate the increase in liquidity requirements arising from potential increases in business activities. SF(FR)R returns are filed to the SFC by the licensed subsidiaries on a monthly or semi-annually basis as required. During the current and prior years, all the licensed subsidiaries complied with the liquid capital requirements under the SF(FR)R.

The Group defined gearing ratio as net debt-to-adjusted capital ratio and monitors its capital structure based on it. For this purpose, the Group defines net debt as total debt (which includes borrowings, bonds issued, trade and other payables and lease liabilities) plus unaccrued proposed dividends, less bank balances and cash (including pledged bank deposits). Adjusted capital comprises all components of equity, less unaccrued proposed dividends.

Further, the Group strived to maintain highly liquid assets to prepare for any unexpected sudden changes in the market. As at the end of the reporting period, the current ratio was 161% (2022: 162%).

22. SHARE CAPITAL (CONTINUED)

Capital management (Continued)

The net debt-to-adjusted capital ratios at 31 December 2023 and 2022 are as follows:

	Notes	2023 HK$'000	2022 HK$'000
Current liabilities			
Trade and other payables	*24*	**184,675**	205,259
Borrowings	*25*	**484,808**	447,388
Lease liabilities	*16*	**18,364**	21,491
Bonds issued	*26*	**–**	10,000
		687,847	684,138
Non-current liabilities			
Lease liabilities	*16*	**10,281**	28,645
Total debt		**698,128**	712,783
Less: Bank balances and cash (including pledged bank deposits)	*21*	**(531,778)**	(599,209)
Net debt		**166,350**	113,574
Total equity and adjusted capital		**940,133**	948,113
Adjusted net debt-to-capital ratio		**17.69%**	11.98%

23. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2023 HK$'000	2022 HK$'000
Non-current assets		
Intangible assets	**120**	120
Investments in subsidiaries	**547,856**	547,956
Investments in associates	**207,078**	207,078
	755,054	755,154
Current assets		
Debt instruments at fair value through other comprehensive income	**224,794**	110,539
Financial assets at fair value through profit or loss	**40,228**	29,567
Amounts due from subsidiaries	**138,680**	153,697
Other receivables	**13,522**	30,268
Bank balances	**29,805**	48,326
	447,029	372,397
Current liabilities		
Amounts due to subsidiaries	**161,823**	89,658
Other payables	**9,220**	15,497
Borrowings	**484,808**	447,388
Bonds issued	**–**	10,000
	655,851	562,543
Net current liabilities	**(208,822)**	(190,146)
Total assets less current liabilities	**546,232**	565,008

23. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

Information about the statement of financial position of the Company at the end of the reporting period is as follows: (continued)

	2023	2022
	HK$'000	*HK$'000*
Capital and Reserves		
Share capital	**64,121**	64,121
Other reserves	**594,236**	582,300
Accumulated losses	**(112,125)**	(81,413)
Total equity	**546,232**	565,008

Zhang Yi
Executive Director

Zhang Xunyuan
Executive Director

23. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

Reserves

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of reserves during the year are set out below:

	The Company					
	Share premium* HK$'000	Capital reserve* HK$'000 (note(i))	Investment revaluation reserve* HK$'000	Contributed surplus* HK$'000 (note(ii))	Retained earnings/ (accumulated losses) HK$'000	Total HK$'000
At 1 January 2022	421,419	114,658	(3,227)	53,023	37,175	623,048
Loss for the year	–	–	–	–	(105,764)	(105,764)
Other comprehensive expense	–	–	(3,573)	–	–	(3,573)
Total comprehensive expense for the year	–	–	(3,573)	–	(105,764)	(109,337)
2021 final dividend approved and paid during the year	–	–	–	–	(12,824)	(12,824)
At 31 December 2022 and 1 January 2023	**421,419**	**114,658**	**(6,800)**	**53,023**	**(81,413)**	**500,887**
Loss for the year	**–**	**–**	**–**	**–**	**(30,712)**	**(30,712)**
Other comprehensive income	**–**	**–**	**11,936**	**–**	**–**	**11,936**
Total comprehensive income/ (expense) for the year	**–**	**–**	**11,936**	**–**	**(30,712)**	**(18,776)**
At 31 December 2023	**421,419**	**114,658**	**5,136**	**53,023**	**(112,125)**	**482,111**

Notes:

(i) The capital reserve of the Group represents (i) capital contribution from the Company's shareholders, (ii) notional capital contribution from the Company's shareholders arising on acquisition of an associate, (iii) the difference between the nominal value of the shares issued by the Company and the nominal value of the deferred share capital of a subsidiary acquired in 2000 and (iv) the fair value of the actual or estimated number of unexercised share options granted to employees of the Company. All share options were cancelled in prior years.

(ii) The contributed surplus arose as a result of the Group's reorganisation in 2000 and represents the difference between the aggregate net asset value of subsidiaries acquired and the nominal amount of the Company's shares issued for the acquisition.

* These reserve accounts comprise the other reserves of HK$594,236,000 (2022: HK$582,300,000) in the statement of financial position of the Company.

24. TRADE AND OTHER PAYABLES

	2023 **HK$'000**	2022 *HK$'000*
Trade payables to margin clients arising from securities brokering	**3,661**	1,032
Trade payables to securities trading clients arising from securities brokering	**113,589**	94,596
Margin and other deposits payable to clients arising from commodity and futures brokering	**24,577**	43,006
Trade payables to brokers arising from securities brokering	**1,010**	2,333
Trade payables to clearing houses arising from securities brokering	**4,828**	28,409
Total trade payables	**147,665**	169,376
Accruals, provision and other payables	**33,088**	35,630
Deferred revenue	**3,922**	253
Total trade and other payables	**184,675**	205,259

The carrying amounts of trade and other payables approximate to their fair values. The majority of trade and other payables are expected to be settled within one year. The trade payables are aged within 30 days.

The settlement terms of payables to clearing houses and securities trading clients from the ordinary course of business of brokering in securities range from 2 to 3 days after the trade date of those transactions. Margin and other deposits received from clients for their trading of commodities and futures contracts, which exceeded the margin maintenance requirement, were repayable on demand.

25. BORROWINGS

	2023 **HK$'000**	2022 *HK$'000*
Classified as current liabilities:		
– Bank loans *(note 25(a))*	**386,417**	378,300
– Borrowings under repurchase agreements *(note 25(b))*	**98,391**	69,088
	484,808	447,388

25. BORROWINGS (CONTINUED)

(a) Bank loans

At 31 December 2023, the bank borrowings were repayable and carried interest with reference to the HIBOR (2022:HIBOR/LIBOR) as follows:

	2023	2022
	HK$'000	*HK$'000*
Within a period not exceeding 1 year	**386,417**	378,300
Within a period of more than 1 year but not exceeding 2 years	–	–
Within a period of more than 2 years but not exceeding 5 years	–	–
Within a period of more than 5 years	–	–
	386,417	378,300

As at 31 December 2023, the Group had total banking facilities of HK$1,538,000,000 (2022: HK$2,088,000,000).

Among these banking facilities, HK$1,382,000,000 (2022: HK$1,932,000,000) was under specific performance obligation on Company's controlling shareholder which the current controlling shareholder shall hold over 50% directly or indirectly, of the entire issued share capital of the Company. In addition, HK$200,000,000 (2022: HK$200,000,000) of these banking facilities was further secured by pledged deposits with a principal of HK$12,000,000 (2022: HK$12,000,000).

As at 31 December 2023, HK$386,417,000 (2022: HK$378,300,000) was drawn from the banking facilities under the specific performance obligation. Among these banking facilities, HK$58,416,000 was drawn in Renminbi (2022: HK$89,700,000 was drawn in US dollars).

As at 31 December 2023 and 2022, the Group has not utilised any of the banking facilities secured by the pledged deposits. The effective interest rate of the bank loans is also equal to the contracted interest rate.

(b) Borrowings under repurchase agreements

The Group has entered into several repurchase agreements with financial institutions in which the Group sold a portfolio of debt investments it held to the financial institutions in exchange for a cash consideration of US$12,614,000 (equivalent to HK$98,391,000) (2022: US$8,857,000 (equivalent to HK$69,088,000)). There are no maturity dates stated in the agreements and the interest is calculated with reference to the SOFR adjusted by Credit Adjustment Spread (2022: LIBOR). The Group is required to repurchase the debt investments at original cash consideration plus interest at variable rates calculated with reference to the SOFR adjusted by Credit Adjustment Spread (2022: LIBOR) upon the termination of the agreements. As at 31 December 2023, the obligations under repurchase agreements were collateralised by the Group's debt investments and listed perpetual bonds with a fair value of HK$126,991,000 (2022: HK$83,642,000).

26. BONDS ISSUED

At 31 December 2022, bonds issued represented a number of fixed rate coupon bonds at an interest rate of 2.5% per annum, payable semi-annually, and with an aggregated principal amount of HK$10,000,000. The bonds have been settled on 21 April 2023.

The exposure and the contractual maturity dates of the bonds are as follows:

	2023 ***HK$'000***	2022 *HK$'000*
Within a period not exceeding 1 year	**–**	10,000

The bonds were unsecured, non-guaranteed and issued to independent third parties without any early redemption options. The carrying amounts of the bonds issued approximate their fair values.

27. DEFINED CONTRIBUTION PLANS

The aggregate employer's contributions, net of forfeited contributions, which have been dealt with in the consolidated statement of profit or loss for the year are shown as follows:

	2023 ***HK$'000***	2022 *HK$'000*
Employer's contributions charged to the consolidated statement of profit or loss	**3,030**	2,412

28. DIRECTORS' EMOLUMENTS

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Listing Rules, 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is shown below.

The remuneration of the directors for the year ended 31 December 2023 is set out below:

Name of Director	Fee *HK$'000*	Basic salaries *HK$'000*	Housing allowances and benefits in kind *HK$'000*	Discretionary bonuses *HK$'000*	Employer's contribution to pension scheme *HK$'000*	Total *HK$'000*
Executive Directors						
Zhu Ruimin *(note (i))*	–	–	–	–	–	–
Zhang Yi *(note (ii))*	–	168	97	–	233	498
Zhang Xunyuan *(note (iii))*	–	500	320	–	116	936
Lau Mun Chung *(note (iv))*	240	2,326	–	–	18	2,584
Independent Non-Executive Directors						
Xia Zhidong	240	–	–	–	–	240
Liu Xiaofeng	240	–	–	–	–	240
Zheng Minggao	240	–	–	–	–	240
	960	2,994	417	–	367	4,738

Notes:

(i) Zhu Ruimin resigned as Executive Director and Chairman effective from 13 March 2023.

(ii) Zhang Yi has been re-designated from the position of the Chief Executive Officer to Chairman on 13 March 2023.

(iii) Zhang Xunyuan has been appointed as Executive Director and Chief Executive Officer effective from 13 March 2023.

(iv) Lau Man Chung resigned as Executive Director effective from 2 March 2024.

(v) The evaluation of the performance of the Executive Directors has not yet been finalised. The discretionary bonuses payable are therefore not finalised and the final amount will be disclosed in due course. The discretionary bonuses of certain executive directors are payable by instalments.

28. DIRECTORS' EMOLUMENTS (CONTINUED)

The remuneration of the directors for the year ended 31 December 2022 is set out below:

Name of Director	Fee *HK$'000*	Basic salaries *HK$'000*	Housing allowances and benefits in kind *HK$'000*	Discretionary bonuses *HK$'000*	Employer's contribution to pension scheme *HK$'000*	Total *HK$'000*
Executive Directors						
Zhu Ruimin	–	–	–	–	–	–
Zhang Yi	–	750	480	–	339	1,569
Lau Mun Chung	240	2,326	–	–	18	2,584
Non-Executive Director						
Chow Kwok Wai *(note (i))*	220	–	–	–	–	220
Independent Non-Executive Directors						
Hung Muk Ming *(note (ii))*	220	–	–	–	–	220
Xia Zhidong	240	–	–	–	–	240
Liu Xiaofeng	240	–	–	–	–	240
Zheng Minggao *(note (iii))*	20	–	–	–	–	20
	1,180	3,076	480	–	357	5,093

Notes:

(i) Chow Kwok Wai resigned as Non-Executive Director effective from 1 December 2022.

(ii) Hung Muk Ming resigned as Independent Non-Executive Director effective from 1 December 2022.

(iii) Zheng Minggao was appointed as Independent Non-Executive Director effective from 1 December 2022.

29. KEY MANAGEMENT PERSONNEL'S EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS

(a) Key management personnel's emoluments

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group directly or indirectly, including Executive Directors and Executive Officers, Non-Executive Directors and Independent Non-Executive Directors.

The remuneration of key management personnel during the year is as follows:

	2023 ***HK$'000***	2022 *HK$'000*
Basic salaries, discretionary bonuses, housing allowances and benefits in kind	**11,924**	13,202
Defined contribution plans	**457**	451
	12,381	13,653

The remuneration of Executive Directors is reviewed by the Remuneration Committee and/or the Board having regard to the performance of individuals and market trends.

The number of the key management personnel whose emoluments fell within the following bands is as follows:

	Number of individuals	
	2023	2022
Emolument bands		
HK$Nil–HK$1,000,000	**7**	7
HK$1,000,001–HK$1,500,000	**2**	3
HK$1,500,001–HK$2,000,000	**–**	1
HK$2,000,001–HK$2,500,000	**2**	2
HK$2,500,001–HK$3,000,000	**1**	1
	12	14

29. KEY MANAGEMENT PERSONNEL'S EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS (CONTINUED)

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year included one (2022: one) director, whose emoluments are reflected in note 28. The emoluments payable to the remaining four (2022: four) individuals during the year are as follows:

	2023 ***HK$'000***	2022 *HK$'000*
Basic salaries, discretionary bonuses, housing allowances and benefits in kind	**8,226**	8,242
Defined contribution plans	**72**	72
	8,298	8,314

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

	Number of individuals	
	2023	2022
HK$1,500,001–HK$2,000,000	**2**	2
HK$2,000,001–HK$2,500,000	**2**	2
	4	4

30. EQUITY-SETTLED SHARE-BASED TRANSACTIONS

All share options were cancelled in prior years.

During the years ended 31 December 2023 and 2022, no share options were granted nor outstanding.

31. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Reconciliation of loss before taxation to net cash generated from operating activities

	Notes	**2023** **HK$'000**	2022 HK$'000
Loss before taxation		**(168)**	(11,380)
Adjustments for:			
Depreciation of property and equipment	7(b)	**3,293**	3,605
Depreciation of right-of-use assets	7(b)	**20,293**	23,799
Share of profits of associates and a joint venture, net		**(24,355)**	(6,457)
Interest income from pledged bank deposits		**(282)**	(26)
Gain on disposal of property and equipment	5	**–**	(90)
Loss/(gain) from changes in fair value of financial assets at fair value through profit or loss, net	5	**10,979**	(8,366)
(Gain)/loss on disposal of financial assets at fair value through profit or loss, net	5	**(364)**	7,647
(Gain)/loss on disposal of debt instruments at fair value through other comprehensive income, net	5	**(1,004)**	12,661
Interest income from investments	5	**(11,694)**	(15,484)
Interest expenses on lease liabilities	8	**1,453**	1,831
Other interest expenses	8	**24,872**	18,629
Gain on disposal of a joint venture	5	**–**	(1,350)
Impairment loss on financial assets under expected credit loss model, net of reversal	7(a)	**13,262**	2,800
Operating profit before working capital changes		**36,285**	27,819
Decrease/(increase) in other assets		**3,134**	(2,808)
Decrease in trade and other receivables		**46,200**	66,429
Decrease in trade and other payables		**(21,942)**	(72,289)
Cash generated from operations		**63,677**	19,151
Hong Kong profits tax refunded/(paid)		**778**	(762)
Overseas profits tax paid		**(9,398)**	(13,413)
Net cash generated from operating activities		**55,057**	4,976

31. 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 arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Lease liabilities *HK$'000* *(note 16)*	Borrowings *HK$'000* *(note 25)*	Bonds issued *HK$'000* *(note 26)*	Interest payable included in other payables *HK$'000*	Total *HK$'000*
At 1 January 2022	25,905	762,969	10,000	762	799,636
Financing cash flows	(22,925)	(315,581)	–	(18,053)	(356,559)
New leases	45,325	–	–	–	45,325
Interest expenses *(note 8)*	1,831	–	–	18,629	20,460
At 31 December 2022 and 1 January 2023	**50,136**	**447,388**	**10,000**	**1,338**	**508,862**
Financing cash flows	**(22,944)**	**37,420**	**(10,000)**	**(23,514)**	**(19,038)**
Interest expenses *(note 8)*	**1,453**	**–**	**–**	**24,872**	**26,325**
At 31 December 2023	**28,645**	**484,808**	**–**	**2,696**	**516,149**

32. CONTINGENT LIABILITIES

As at 31 December 2023, a subsidiary of the Company engaging in securities brokering and providing securities margin financing has secured banking facilities from certain authorised institutions for a total amount of HK$200 million (2022: HK$200 million). In addition, the Company has issued corporate guarantees for a total principal amount of HK$200 million (2022: HK$200 million) for these facilities. As at 31 December 2023, no amount (2022: nil) was drawn under the banking facilities.

Apart from the above, the Group has no other material contingent liabilities as at 31 December 2023 (2022: nil).

33. CAPITAL AND INVESTMENT COMMITMENTS

(a) Capital commitments

Capital commitments outstanding at the end of the reporting period not provided for in the consolidated financial statements are as follows:

	2023 ***HK$'000***	2022 *HK$'000*
Capital expenditure in respect of the acquisition of property and equipment contracted for but not provided in the consolidated financial statements	**396**	268

(b) Investment commitments

The Group had no material investment commitments contracted as at 31 December 2023 (2022: nil).

As part of the Group's asset management business, the Group sets up structured entities (for example, investment funds) and generate fees from managing assets on behalf of investors. The Group may also co-invest in these structured entities in the capacity as general partners or investment managers of these structured entities. The Group did not control and did not consolidate these structured entities.

As at 31 December 2023, the carrying values of the interests held by the Group in the above unconsolidated structured entities managed by the Group amounted to HK$32,020,000 (2022: HK$48,022,000), which was recognised in financial assets at fair value through profit or loss. The maximum exposure to loss is the carrying value of the assets held. Other than the invested amounts above, the Group has no significant outstanding commitments to these unconsolidated structured entities. Other than the committed capital, the Group has no intention to provide financial or other support to these structured entities.

34. FINANCIAL RISK MANAGEMENT

34.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risks (including foreign exchange risk, equity price risk and interest rate risk), credit risk and liquidity risk. 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.

Risk management is carried out by the Risk Management Committee (the "RMC") under policies approved by the Board of Directors. The RMC identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The RMC also recommends the overall risk management policy for the approval of the Board or the Executive Management Committee (the "EMC") of the Group, covering specific areas, such as foreign exchange risk, equity price risk, interest rate risk, credit risk, the use of derivative financial instruments and non-derivative financial instruments, and investing excess liquidity.

(a) Market risk

The exposures of the Group to market risk include foreign exchange risk, equity price risk and interest rate risk.

Foreign exchange risk

The Group is exposed to foreign exchange risk primarily arising from its financial assets and financial liabilities denominated in foreign currencies. The currencies giving rise to this risk are primarily Renminbi and the United States dollars. The RMC reviews the exposures from time to time to cope with changes in volatility in the market.

34. FINANCIAL RISK MANAGEMENT (CONTINUED)

34.1 Financial risk factors (Continued)

(a) Market risk (Continued)

Foreign exchange risk (Continued)

The following table details the Group's exposure at the end of the reporting period to foreign exchange risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate.

	Japanese Yen *HK$'000*	United States dollars *HK$'000*	Renminbi *HK$'000*	Others *HK$'000*
At 31 December 2023				
Debt instruments at fair value through other comprehensive income	**–**	**224,794**	**–**	**–**
Financial assets at fair value through profit or loss	**–**	**40,227**	**–**	**–**
Trade and other receivables	**214**	**53,218**	**226**	**215**
Other assets	**–**	**–**	**312**	**–**
Bank balances and cash	**201**	**42,518**	**5,568**	**890**
Trade and other payables	**(178)**	**(2,458)**	**(281)**	**–**
Borrowings	**–**	**(98,391)**	**(58,416)**	**–**
Net exposure arising from recognised net assets	**237**	**259,908**	**(52,591)**	**1,105**
At 31 December 2022				
Debt instruments at fair value through other comprehensive income	–	110,539	–	–
Financial assets at fair value through profit or loss	–	29,567	–	–
Trade and other receivables	1,248	80,071	1,620	620
Other assets	–	–	235	–
Bank balances and cash	183	54,363	31,332	2,240
Trade and other payables	(799)	(2,844)	(257)	–
Borrowings	–	(158,788)	–	–
Net exposure arising from recognised net assets	632	112,908	32,930	2,860

34. FINANCIAL RISK MANAGEMENT (CONTINUED)

34.1 Financial risk factors (Continued)

(a) Market risk (Continued)

Sensitivity analysis

The following table indicates the approximate change in the Group's loss before tax in response to possible changes in the foreign exchange rates to which the Group has significant exposure at the end of the reporting period.

	2023		2022	
	Appreciation/ (depreciation) of foreign currencies	**Increase/ (decrease) on loss before tax** *HK$'000*	Appreciation/ (depreciation) of foreign currencies	Increase/ (decrease) on loss before tax *HK$'000*
RMB	**10%**	**(5,259)**	10%	(3,293)
	(10%)	**5,259**	(10%)	3,293

The sensitivity analysis has been determined assuming that the change in foreign exchange rates had occurred at the end of the reporting period and had been applied to each of the Group entities' exposure to foreign exchange risk for monetary assets and liabilities in existence at that date, and that all other variables, in particular interest rates, remain constant. Effects of changes in foreign exchange rates on certain non-monetary financial assets are included in equity price risk.

The stated changes represent management's assessment of reasonably possible changes in foreign exchange rates over the period until the end of the next annual reporting period. 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. Accordingly, no sensitivity analysis has been prepared.

Results of the analysis as presented in the above table represent an aggregation of the effects on each of the Group entities' loss before tax 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 analysis is performed on the same basis for 2022.

Equity price risk

At 31 December 2023 and 2022, the Group was mainly exposed to equity price changes arising from unlisted private equity fund classified as financial assets at fair value through profit or loss (note 15).

34. FINANCIAL RISK MANAGEMENT (CONTINUED)

34.1 Financial risk factors (Continued)

(a) Market risk (Continued)

Equity price risk (Continued)

At 31 December 2023, it was estimated that an increase/decrease of 10% in the fair value of the relevant private equity fund, with all other variables held constant, would significantly decrease/increase the Group's loss before tax as follows:

	Increase/ (decrease) in fair value	**2023 (Decrease)/ increase on loss before taxation** ***HK$'000***	2022 (Decrease)/ increase on loss before taxation *HK$'000*
Unlisted private equity fund classified as financial assets at fair value through profit or loss	10%	**(3,202)**	(4,802)
	(10%)	**3,202**	4,802

The sensitivity analysis indicates the instantaneous change in the Group's loss before tax and equity that would arise assuming the changes in the fair value of the relevant private equity fund had occurred at the end of the reporting period and had been applied to re-measure those financial instruments held by the Group which exposed the Group to equity price risk at the reporting date. The market risk associated with the debt investments is included in interest rate risk.

Interest rate risk

Cash flow interest rate risk

The Group is exposed to cash flow interest rate risk in relation to the financial instruments subject to floating interest rates. Financial assets subject to cash flow interest rate risk mainly include margin loans arising from securities brokering and bank balances. Financial liabilities subject to floating interest rates are bank loans and borrowings under repurchase agreements. The Group currently does not have a cash flow interest rate hedging policy. However, management is closely monitoring the Group's exposure arising from margin financing and other lending activities undertaken by allowing an appropriate margin on the interest received and paid by the Group.

34. FINANCIAL RISK MANAGEMENT (CONTINUED)

34.1 Financial risk factors (Continued)

(a) Market risk (Continued)

Interest rate risk (Continued)

The cash flow interest rate risk exposure of the Group at the end of the reporting period is as follows:

	2023		2022	
	Effective interest rate	HK$'000	Effective interest rate	HK$'000
Assets				
Bank balances	**0.50%**	**405,006**	0.01%	405,883
Margin loans	**8.875%**	**132,984**	8.625%	142,268
		537,990		548,151
Liabilities				
Bank loans	**5.760%**	**(386,417)**	5.764%	(378,300)
Borrowings under repurchase agreements	**5.690%**	**(98,391)**	4.091%	(69,088)
		(484,808)		(447,388)
Net exposure		**53,182**		100,763

As at 31 December 2023, it is estimated that with all other variables held constant, an increase/decrease in the interest rate by 25 basis points would have increased/decreased the Group's loss before taxation by approximately HK$133,000 (2022: HK$252,000) and HK$133,000 (2022: HK$722,000) respectively.

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to the exposure to interest rate risk for non-derivative financial instruments in existence at that date. The 25 (2022: 25) basis points increase/decrease represents management's assessment of a reasonably possible change in interest rates over the period until the end of the next annual reporting period.

Fair value interest rate risk

At 31 December 2023 and 2022, the Group is also exposed to fair value interest rate risk in relation to debt investments with fixed interest classified as debt instruments at fair value through other comprehensive income (note 14). The Group does not have a fair value interest rate hedging policy. However, management is closely monitoring the Group's exposure arising from debt investments by regularly performing quantitative analysis, including periodic sensitivity analysis.

34. FINANCIAL RISK MANAGEMENT (CONTINUED)

34.1 Financial risk factors (Continued)

(a) Market risk (Continued)

Interest rate risk (Continued)

A sensitivity analysis of the Group's fair value interest rate risk arising from the debt investments classified as debt instruments at fair value through other comprehensive income is as follows:

	2023 Effect on equity *HK$'000*	2022 Effect on equity *HK$'000*
Increase by 25 basis points	**(1,809)**	(1,146)
Decrease by 25 basis points	**2,035**	1,289

(b) Credit risk

The Group's credit risk is primarily attributable to its debt instruments at fair value through other comprehensive income, pledged bank deposits, bank balances and trade and other receivables (including margin loans arising from securities brokering). It has policies in place to ensure that credits are granted to customers with an appropriate credit history and/or collateral deposited with the Group.

For trade receivables arising from securities brokering except for margin loans, credits are granted to a large population of clients, and hence, there is no significant concentration risk. The margin clients' listed securities can be sold at the Group's discretion upon margin shortfall situation to fulfil any margin call.

Further quantitative data in respect of the Group's exposure to credit risk for margin loans arising from securities brokering is disclosed in note 20(iv). As at 31 December 2023 and 2022, such risks are mitigated by the listed securities held by the Group as collateral which are subject to periodic review.

For commodities and futures brokering, an initial margin will be collected before the opening of trading positions. Derivative counterparties and cash transactions are limited to high credit quality financial institutions and only brokers having sound credit rating will be accepted.

The open positions of the margin clients of the trading of commodities and futures contracts can be closed at the Group's discretion in margin shortfall situation to settle any margin call requirements imposed by their respective commodities and futures contracts transactions.

The Group's pledged bank deposits and bank balances are deposited in respectable and large commercial banks. The credit risk of pledged bank deposits, bank balances and cash is considered to be manageable.

34. FINANCIAL RISK MANAGEMENT (CONTINUED)

34.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

Debt instruments at fair value through other comprehensive income are listed debt investments with fixed interest. The Group has a policy in place of spreading the aggregate value of transactions concluded amongst approved counterparties with an appropriate credit quality. The Group's exposure and the credit ratings of its counterparties are continuously monitored.

The Group primarily invested in debt investments which are rated at least B+ by international credit rating agencies, Standard & Poor's, Moody's or Fitch; or otherwise rated AAA by Chinese credit rating agencies, China Chengxin or China Lianhe. Any exception shall be approved by the management of the Group. As at 31 December 2023, 50% (2022: over 98%) of the debt investments invested by the Company were rated B+ or above by international credit rating agencies; 0% (2022: 0%) were B or below; 50% (2022: 0%) were not rated by international credit rating agencies but instead rated AAA by Chinese credit rating agencies; and 0% (2022: 1%) which are overdue and had their credit rating withdrawn. In addition, the five largest debt investments contribute to 57% (2022: 94%) of the total debt investments. The management of the Group reviews the portfolio of debt investments on a regular basis to ensure that there is no significant concentration risk. In this regard, the management of the Group considers that the credit risk relating to investments in debt investments is closely monitored.

The Group has maintained relationship with various financial institutions, and has policies to limit the amount of credit exposure to any financial institution. Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade and other receivables are set out in note 20.

The maximum credit exposure is the worst case scenario of exposure to the Group without taking into account any collateral held or other credit enhancements. For financial assets, the maximum exposure to credit risk equals their carrying amount. For loan commitments and other credit related liabilities, the maximum exposure to credit risk is the full amount of the committed facilities.

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December 2023 and 2022.

34. FINANCIAL RISK MANAGEMENT (CONTINUED)

34.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

As at 31 December 2023	12-month ECLs Stage 1 HK$'000	Lifetime ECLs Stage 2 HK$'000	Lifetime ECLs Stage 3 HK$'000	Lifetime ECLs Simplified approach HK$'000	Total HK$'000
Debt investment at fair value through other comprehensive income					
– B + and above	111,650	–	–	–	111,650
– B to N/A	113,144	–	–	–	113,144
Trade and other receivables					
– Normal	313,368	100	–	8,036	321,504
– Doubtful	–	–	12,929	–	12,929
Bank balances (including pledged bank deposits)					
– Not yet past due	531,759	–	–	–	531,759
	1,069,921	100	12,929	8,036	1,090,986

As at 31 December 2022	12-month ECLs Stage 1 HK$'000	Lifetime ECLs Stage 2 HK$'000	Lifetime ECLs Stage 3 HK$'000	Lifetime ECLs Simplified approach HK$'000	Total HK$'000
Debt investment at fair value through other comprehensive income					
– B + and above	109,107	–	–	–	109,107
– B to N/A	–	–	1,432	–	1,432
Trade and other receivables					
– Normal	372,090	100	–	2,300	374,490
– Doubtful	–	–	12,929	–	12,929
Bank balances (including pledged bank deposits)					
– Not yet past due	599,209	–	–	–	599,209
	1,080,406	100	14,361	2,300	1,097,167

The Group applies the general approach for impairment of financial assets except for impairment of trade and other receivables arising from corporate finance, which the simplified approach was applied.

The credit quality of the financial assets included in trade and other receivables is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

34. FINANCIAL RISK MANAGEMENT (CONTINUED)

34.1 Financial risk factors (Continued)

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the Group employs a prudent liquidity policy.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

	Weighted average effective interest rate	Carrying amount *HK$'000*	Total contractual undiscounted cash flow *HK$'000*	Within 1 year or on demand *HK$'000*	Between 1 and 2 years *HK$'000*	Between 2 and 6 years *HK$'000*
At 31 December 2023						
Trade and other payables	N/A	180,753	180,753	180,753	–	–
Bank loans	5.76%	386,417	408,674	408,674	–	–
Borrowings under repurchase agreements	5.69%	98,391	103,990	103,990	–	–
Lease liabilities	3.76%	28,645	29,534	19,034	9,314	1,186
		694,206	722,951	712,451	9,314	1,186

	Weighted average effective interest rate	Carrying amount *HK$'000*	Total contractual undiscounted cash flow *HK$'000*	Within 1 year or on demand *HK$'000*	Between 1 and 2 years *HK$'000*	Between 2 and 6 years *HK$'000*
At 31 December 2022						
Trade and other payables	N/A	185,422	185,422	185,422	–	–
Bank loans	5.76%	378,300	387,784	387,784	–	–
Borrowings under repurchase agreements	4.09%	69,088	70,625	70,625	–	–
Bonds issued	2.50%	10,000	10,044	10,044	–	–
Lease liabilities	3.71%	50,136	52,515	22,945	19,116	10,454
		692,946	706,390	676,820	19,116	10,454

The Company's policy is to regularly monitor its liquidity requirements including borrowings from subsidiaries, bonds issued to independent third parties, dividend payments to shareholders and accrued payments to ensure that it maintains sufficient reserves of cash to satisfy its contractual and foreseeable obligations as they fall due.

34. FINANCIAL RISK MANAGEMENT (CONTINUED)

34.2 Fair value measurement of financial instruments

Fair value of the Group's financial assets that are measured at fair value on a recurring basis

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurement is categorised (Level 1 to 3) based on the degree to which the inputs to the fair value measurements are observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

		Fair Value			Valuation
		2023	2022	Fair value	techniques
		HK$'000	*HK$'000*	hierarchy	key inputs
(i)	Financial assets at fair value through profit or loss				
	– Listed perpetual bonds	**15,342**	14,804	Level 1	Quoted prices in an active market
	– Listed fund investments	**24,885**	14,763	Level 1	Quoted prices in an active market
	– Unlisted private equity funds *(note)*	**32,020**	48,022	Level 3	Adjusted net asset value ("NAV") of private equity fund
	– Unlisted equity securities	**1**	1	Level 2	Adjusted NAV of equity securities
(ii)	Debt instruments at fair value through other comprehensive income				
	– Listed debt investment	**224,794**	110,539	Level 1	Quoted prices in an active market

Note: The fair values of unlisted equity funds are determined with reference to its net asset value or recent transaction price. Accordingly, no sensitivity analysis was prepared.

There are no transfers into or out of Level 3 for financial assets in the current year (2022: nil).

34. FINANCIAL RISK MANAGEMENT (CONTINUED)

34.2 Fair value measurement of financial instruments (Continued)

Reconciliation of Level 3 fair value measurements of financial instruments

	Financial assets at fair value through profit or loss *HK$'000*
At 1 January 2022	15,846
Additions	25,021
Changes in fair value	10,011
Exchange difference	(1,633)
Disposals	(1,223)
At 31 December 2022 and 1 January 2023	48,022
Additions	2,064
Changes in fair value	(10,825)
Exchange difference	(667)
Disposals	(6,574)
At 31 December 2023	32,020

Fair value measurement and valuation process

The management is responsible for determining the appropriate valuation techniques and inputs for fair value measurements. In estimating the fair value of the financial instruments, the Group uses market observable data to the extent it is available. Where Level 1 inputs are not available, the Group maximises its use of other observable market data relevant to the assets or the liabilities. As there are a number of investments within these investment funds, management considered providing the sensitivity analysis is not meaningful.

35. RELATED PARTY AND CONNECTED PARTY TRANSACTIONS

The following is a summary of significant related party and connected party (as defined in the Listing Rules) transactions which were carried out in the normal course of the Group's business:

	2023 HK$'000	2022 HK$'000
Brokering commission for securities dealing *(note (i))*	**2,887**	6,206
Service fee income *(note (ii))*	**3,965**	8,350
Placing commission *(note (iii))*	**601**	541
Fund management fee and advisory fee income *(note (iv))*	**49,097**	58,586
Bank interest income *(note (v))*	**977**	409
Advisory fee expense *(note (vi))*	**–**	(2,800)

Notes:

(i) In 2023 and 2022, the Group earned commission income from its directors and fellow subsidiaries for providing securities brokering services. The commission income from fellow subsidiaries constitutes continuing connected transactions.

(ii) In 2023 and 2022, the Group earned service fee income from an associate and its fellow subsidiaries for providing administrative supporting and consulting services.

(iii) In 2023 and 2022, the Group received placing commission from its fellow subsidiaries and ultimate holding company for placing securities. The entire amount constitutes continuing connected transactions.

(iv) In 2023 and 2022, the Group earned management fee income from China Cinda Asset Management Co., Ltd. ("China Cinda" and its associates (as defined by Listing Rule)) for providing asset management services. The entire amount constitutes continuing connected transactions.

(v) In 2023 and 2022, the Group earned bank interest income from its fellow subsidiary.

(vi) In 2022, the Group incurred an advisory fee expense to an associate for obtaining consulting services.

(vii) The Group is indirectly controlled by China Cinda, which is indirectly controlled by the PRC government through the Ministry of Finance (the "MOF"). The MOF is the major shareholder of China Cinda as at 31 December 2023 and 2022. For the current and prior years, the Group undertakes certain transactions and maintain certain balances with entities directly or indirectly owned by the PRC government, including but not limited to making bank deposits, receiving banking facilities, renting properties and rendering and obtaining other services. The Group is of the opinion that these transactions are in normal business terms that do not require separate disclosure.

(viii) Compensation of key management personnel is disclosed in note 29(a).

36. IMMEDIATE AND ULTIMATE HOLDING COMPANY

At 31 December 2023 and 2022, the directors consider the immediate parent and ultimate controlling party of the Group to be Cinda Securities (H.K.) Holdings Limited and China Cinda Asset Management Co., Ltd., respectively, which are incorporated in Hong Kong and established in the PRC, respectively.

37. EVENTS AFTER THE REPORTING PERIOD

There have been no events after the reporting period that require adjustments to the consolidated financial statements.

38. OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The Group offsets the following trade receivables and trade payables as the Group currently has a legally enforceable right to set off the balance, and intends either to settle on net basis, or to realise the balance simultaneously.

The disclosures set out in the tables below include financial assets and financial liabilities that are subject to an enforceable master netting arrangement or similar agreement that covers similar financial instruments that are either:

- offset in the Group's consolidated statement of financial position; or

- not offset in the Group's consolidated statement of financial position as the offsetting criteria are not met.

Under the agreement of continuous net settlement made between the Group and Hong Kong Securities Clearing Company Limited ("HKSCC"), the Group has a legally enforceable right to set off the money obligation receivable and payable with HKSCC on the same settlement date and the Group intends to settle them on a net basis. In addition, the Group has a legally enforceable right to set off the trade receivables and payables with brokering clients that are due to be settled on the same date and the Group intends to settle these balances on a net basis.

Other balances with HKSCC and brokering clients that are not to be settled on the same date, or can only be set off in an event of default, are presented in gross.

38. OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

Financial assets and liabilities subject to offsetting, enforceable master netting arrangements and similar agreements are as follows:

	Gross amounts of recognised financial assets	Gross amounts of recognised financial liabilities offset in the consolidated statement of financial position	Net amounts of financial assets presented in the consolidated statement of financial position	Related amounts not offset in the consolidated statement of financial position: Financial instruments received as collateral *(note (iii))*	Net amount
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
As at 31 December 2023					
Financial assets by counterparty					
Trade receivables from:					
– Margin clients *(note (i))*	**168,753**	**(35,769)**	**132,984**	**(117,171)**	**15,813**
– Clearing houses *(note (ii))*	**88,873**	**(88,755)**	**118**	**–**	**118**
Total	**257,626**	**(124,524)**	**133,102**	**(117,171)**	**15,931**
As at 31 December 2022					
Financial assets by counterparty					
Trade receivables from:					
– Margin clients *(note (i))*	168,813	(26,544)	142,269	(129,455)	12,814
– Clearing houses *(note (ii))*	105,822	(105,375)	447	–	447
Total	274,635	(131,919)	142,716	(129,455)	13,261

38. OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

Financial assets and liabilities subject to offsetting, enforceable master netting arrangements and similar agreements are as follows: (Continued)

	Gross amounts of recognised financial liabilities	Gross amounts of recognised financial liabilities offset in the consolidated statement of financial position	Net amounts of financial liabilities presented in the consolidated statement of financial position	Related amounts not offset in the consolidated statement of financial position: Financial instruments received as collateral *(note (iii))*	Net amount
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
As at 31 December 2023					
Financial liabilities by counterparty					
Trade payable to:					
– Margin clients *(note (i))*	**(39,430)**	**35,769**	**(3,661)**	**–**	**(3,661)**
– Clearing houses *(note (ii))*	**(93,583)**	**88,755**	**(4,828)**	**–**	**(4,828)**
Total	**(133,013)**	**124,524**	**(8,489)**	**–**	**(8,489)**
As at 31 December 2022					
Financial liabilities by counterparty					
Trade payable to:					
– Margin clients *(note (i))*	(27,576)	26,544	(1,032)	–	(1,032)
– Clearing houses *(note (ii))*	(133,784)	105,375	(28,409)	–	(28,409)
Total	(161,360)	131,919	(29,441)	–	(29,441)

Notes:

(i) Under the agreement signed between the Group and the customers, money obligations receivable and payable with the same customer on the same date are settled on a net basis simultaneously.

(ii) Under the agreement of the Continuous Net Settlement made between the Group and HKSCC, money obligations receivable and payable with HKSCC on the same settlement date are settled on a net basis.

(iii) Financial instruments represent the margin clients' listed securities measured at fair value determined by reference to their respective quoted prices pledged to the Group for credit facilities for securities trading.

(Expressed in Hong Kong dollars)

39. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2023

Up to the date of issue of these consolidated financial statements, the HKICPA has issued a number of new or amended standards, which are not yet effective for the year ended 31 December 2023 and which have not been adopted in these consolidated financial statements. These developments include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to HKAS 1 Presentation of Financial Statements *Classification of Liabilities as Current or Non-current* ("2020 amendments")	1 January 2024
Amendments to HKAS 1 Presentation of Financial Statements *Non-current Liabilities with Covenants* ("2022 amendments")	1 January 2024
Amendments to HKFRS 16 Leases *Lease Liability in a Sale and Leaseback*	1 January 2024
Amendments to HKAS 7 Statement of Cash Flows and HKFRS 7 Financial Instruments: Disclosures *Supplier Finance Arrangements*	1 January 2024
Amendments to HKAS 21 The Effects of Changes in Foreign Exchange Rates *Lack of Exchangeability*	1 January 2025

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Group's consolidated financial statements.

40. COMPARATIVE FIGURES

Certain comparative figures have been re-presented in order to conform to the current year's presentation.

Five Year Financial Summary

(Expressed in Hong Kong dollars)

Results	**2023**	2022	2021	2020	2019
	Year ended 31 December				
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
(Loss)/profit attributable to equity holders	**(12,849)**	(22,408)	57,794	83,671	51,559

Assets and liabilities	**2023**	2022	2021	2020	2019
	As at 31 December				
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Total assets	**1,646,468**	1,665,710	2,106,451	2,551,768	2,002,834
Total liabilities	**(706,335)**	(717,597)	(1,083,811)	(1,562,667)	(1,117,830)
Total equity	**940,133**	948,113	1,022,640	989,101	885,004

Notes:

1. The Company was incorporated in Bermuda on 19 April 2000 and became the holding company of the companies now comprising the Group on 10 July 2000.

2. Segregated trust accounts maintained by the Group to hold clients' monies and the corresponding amounts classified under accounts payable are treated as items not recognised in the consolidated statement of financial position.