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## INNOVAX HOLDINGS LIMITED

創陞控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2680)

### ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 29 FEBRUARY 2024

The board (the “**Board**”) of directors (the “**Directors**”) of Innovax Holdings Limited (the “**Company**”) is pleased to present to its shareholders the consolidated results of the Company and its subsidiaries (the “**Group**”), which is extracted from the audited consolidated financial statements for the year ended 29 February 2024 (the “**Year**”), together with the comparative figures for the year ended 28 February 2023 as follows:

FINANCIAL SUMMARY	Year ended	
	29 February 2024 HK\$'000	28 February 2023 HK\$'000
Total revenue	32,727	45,535
Profit/(Loss) and total comprehensive income/ (expense) for the year	1,775	(6,577)
Earnings/(loss) per share		
Basic and diluted (HK cents)	0.44	(1.64)

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 29 February 2024

	Notes	Year ended	
		29 February 2024 HK\$'000	28 February 2023 HK\$'000
Revenue			
Corporate finance advisory services	3	11,734	17,446
Placing and underwriting services	3	10,913	9,531
Securities dealing and brokerage services	3	3,002	3,132
Asset management services	3	427	455
Interest income from securities financing services	3	5,525	14,808
Interest income from money lending services	3	<u>1,126</u>	<u>163</u>
Total revenue		32,727	45,535
Other income	5	4,638	4,412
Other gains	6	<u>22,424</u>	<u>625</u>
		<u>59,789</u>	<u>50,572</u>
Other operating expenses		(15,055)	(12,646)
Depreciation of property and equipment		(159)	(1,054)
Depreciation of right-of-use assets		(1,389)	(1,758)
Impairment allowance on financial and contract assets, net of reversal	7	2	(28)
Staff costs	8	(41,368)	(41,390)
Finance costs	9	(42)	(271)
Share of losses of joint ventures	18	<u>(3)</u>	<u>(2)</u>
Profit/(loss) before tax	10	1,775	(6,577)
Income tax expense	11	<u>—</u>	<u>—</u>
Profit/(loss) and total comprehensive income/(expense) for the year		<u>1,775</u>	<u>(6,577)</u>
Earnings/(loss) per share			
Basic and diluted (HK cents)	13	<u>0.44</u>	<u>(1.64)</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 29 February 2024

		As at	
		29 February 2024	28 February 2023
	Notes	HK\$'000	HK\$'000
Non-current assets			
Property and equipment		80	239
Right-of-use assets		297	1,686
Intangible asset		500	500
Deferred tax assets		357	357
Loan receivables	15	—	4,885
Other receivables, deposits and prepayments	17	275	633
Interest in joint venture	18	—	3
		<u>1,509</u>	<u>8,303</u>
Total non-current assets			
Current assets			
Accounts receivable	14	29,851	87,138
Loan receivables	15	19,478	10,626
Contract assets	16	—	—
Other receivables, deposits and prepayments	17	2,285	852
Financial assets at fair value through profit or loss	25	69,518	42,586
Amount due from a joint venture	18	10	—
Cash and bank balances	19	112,020	87,390
Cash and bank balances — held on behalf of customers	20	48,929	70,720
		<u>282,091</u>	<u>299,312</u>
Total current assets			
Total assets			
		<u>283,600</u>	<u>307,615</u>

		As at	
		29 February 2024	28 February 2023
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Current liabilities			
Accounts payable	21	59,452	91,808
Other payables and accruals	22	13,027	5,173
Contract liabilities	23	302	93
Amount due to a joint venture	18	—	1
Lease liabilities	24	<u>330</u>	<u>1,496</u>
Total current liabilities		<u>73,111</u>	<u>98,571</u>
Net current assets		<u>208,980</u>	<u>200,741</u>
Total assets less current liabilities		<u>210,489</u>	<u>209,044</u>
Non-current liabilities			
Lease liabilities	24	<u>—</u>	<u>330</u>
Net assets		<u><u>210,489</u></u>	<u><u>208,714</u></u>
Equity			
Share capital		4,000	4,000
Reserves		<u>206,489</u>	<u>204,714</u>
Total equity		<u><u>210,489</u></u>	<u><u>208,714</u></u>

## NOTES

For the year ended 29 February 2024

### 1. GENERAL INFORMATION

The Company was incorporated and registered as an exempted company with limited liability in the Cayman Islands under the Companies Law Chapter 22 of the Cayman Islands on 14 June 2016. The immediate holding company is Billion Shine International Investment Limited, a limited liability company incorporated in the British Virgin Islands (“BVI”), which is wholly-owned by Mr. Chung Chi Man, the founder of the Group, chairman of the Board and executive Director. The shares of the Company have been listed on the main board (“Main Board”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) with effect from 14 September 2018.

The address of the Company’s registered office is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and the address of its principal place of business is at Unit A to C, 20/F, Neich Tower, 128 Gloucester Road, Wanchai, Hong Kong.

The Company is an investment holding company and its subsidiaries are principally engaged in provision of financial services including corporate finance advisory services, placing and underwriting services, securities dealing and brokerage services, securities financing services, asset management services and money lending services.

The consolidated financial statements are presented in Hong Kong dollars (“HK\$”) which is also the functional currency of the Company. All values are rounded to the nearest thousand (“HK\$’000”) except otherwise indicated.

### 2. CHANGES IN ACCOUNTING POLICIES

#### 2.1 New standards, interpretations and amendments adopted from 1 March 2023

The Hong Kong Institute of Certified Public Accountants (“HKICPA”) has issued a number of new or amendments to HKFRSs that are first effective for the current accounting period of the Group:

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

None of these new or amendments to HKFRSs has a material impact on the Group’s results and financial position for the current or prior period but affect the disclosure of accounting policies of the Group.

#### 2.2 New guidance on accounting for the MPF-LSP offsetting mechanism in Hong Kong issued by HKICPA

In June 2022, Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the “Amendment Ordinance”) was enacted. The Amendment Ordinance abolishes the use of the accrued benefits derived from employers’ mandatory contributions under the mandatory provident fund (“MPF”) scheme to offset severance payment (“SP”) and long service payments (“LSP”) (“the Abolition”). Subsequently, the Hong Kong government announced that the Abolition will take effect on 1 May 2025 (the “Transition Date”).

The following key changes will take effect since the Transition Date:

- Accrued benefits derived from employers' mandatory MPF contributions cannot be used to offset the LSP/SP in respect of the employment period after the Transition Date.
- The pre-transition LSP/SP is calculated using the last month's salary immediately preceding the Transition Date, instead of using the last month's salary of employment termination date.

Due to the complexities of the accounting for the offsetting of accrued benefits derived from an employer's mandatory MPF contributions and its LSP obligation and the accounting for the offsetting mechanism could become material in light of the Abolition, the HKICPA published "Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong" (the "**Guidance**") in July 2023 to provide guidance to account for the offsetting mechanism and the Abolition. The HKICPA concluded that there are two acceptable accounting approaches for the offsetting mechanism, being:

- Approach 1: Account for the amount expected to be offset as a deemed employee contribution towards that employee's LSP benefits in terms of HKAS 19.93(a)
- Approach 2: Account for the employer MPF contributions and the offsetting mechanism as a funding mechanism for the LSP obligation

For the year ended 29 February 2024, the Group's LSP liability before the expected offsetting under the MPF-LSP offsetting mechanism is immaterial. Application of the Guidance had no material effect on the consolidated financial statements of the Group.

### 2.3 New standards, interpretations and amendments that have been issued but are not yet effective

The following amendments to HKFRSs have been issued, but are not yet effective and have not been early adopted by the Group. The Group's current intention is to apply these changes on the date they become effective.

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup>
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback <sup>1</sup>
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current (the " <b>2020 Amendments</b> ") <sup>1, 4</sup>
Amendments to HKAS 1	Non-current Liabilities with Covenants (the " <b>2022 Amendments</b> ") <sup>1, 4</sup>
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements <sup>1</sup>
Amendments to HKAS 21	Lack of Exchangeability <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2024

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2025

<sup>3</sup> No mandatory effective date yet determined but available for adoption

<sup>4</sup> As a consequence of the 2020 Amendments and 2022 Amendments, Hong Kong Interpretation 5 Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause was revised to align the corresponding wording with no change in conclusion

The Group is currently assessing the impact of these new accounting standards and amendments. The Group does not expect any standards issued by the HKICPA, but are yet to be effective, to have a material impact on the Group.

### 3. REVENUE

#### **Performance obligations for contracts with customers**

##### *Corporate finance advisory services*

The Group provides IPO sponsorship services to customers. It acts as sponsor for companies seeking to list in Hong Kong advising and guiding them and their directors throughout the listing process. The revenue is recognised over time during the IPO process.

The Group provides financial advisory service to customers. It acts as financial adviser to listed companies in Hong Kong as well as their shareholders and investors advising them on transactions involving the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”), the Rules Governing the Listing of Securities on GEM (the “**GEM Listing Rules**”) or the Hong Kong Code on Takeovers and Mergers (the “**Takeovers Code**”). The revenue is recognised over time during the service period.

The Group provides independent financial advisory service to customers. It acts as independent financial adviser to independent board committees and independent shareholders of listed companies in Hong Kong rendering recommendations and opinions. The revenue is recognised over time during the service period.

The Group provides compliance advisory service to customers. It acts as compliance adviser to listed companies in Hong Kong advising them on post-listing compliance matters. The revenue is recognised over time during the service period.

##### *Placing and underwriting services*

The Group provides placing and underwriting services to customers. It acts as (i) placing or sub-placing agent or underwriter or sub-underwriter or distributor for issue of new shares by listed companies or placing of existing shares of listed companies; and (ii) overall coordinator or bookrunner or lead manager or underwriter or sub-underwriter or distributor for IPOs of listing applicants. The revenue is recognised at a point in time when the transactions relating to the capital raising activities are executed and service obligations are completed.

##### *Securities dealing and brokerage services*

The Group provides securities dealing and brokerage services to customers. Commission income from securities dealing and brokerage services is determined at a certain percentage of the transaction value of the trades executed and is recognised as revenue on the date the trades are executed. Normal settlement terms are one or two days after the trade date, unless specifically agreed with the counterparties.

##### *Asset management services*

Income generated from provision of asset management services to customers is recognised over time as the Group provides asset management services and the customers simultaneously receives and consumes the benefit provided by the Group. The management fee is charged at a fixed percentage per annum of the net asset value of the asset under management by the Group. The Group is also entitled to a performance fee, which is evaluated on an annual basis, for certain accounts when pre-set performance target for the relevant performance period is met. The performance fee is

recognised when it is highly probable that a significant reversal in the cumulative revenue recognised will not occur. Management fee is normally due on the anniversary date while performance fee is normally due at the end of the relevant performance period.

The following is an analysis of the Group's revenue from its major services:

	<b>2024</b> <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Corporate finance advisory services		
Sponsor fee income	<b>8,207</b>	11,147
Advisory fee income — financial and independent financial advisory	<b>1,980</b>	4,409
Advisory fee income — compliance advisory	<b>1,547</b>	1,890
	<b>11,734</b>	17,446
Placing and underwriting services		
Placing and underwriting fee income	<b>10,913</b>	9,531
Securities dealing and brokerage services		
Commission income	<b>3,002</b>	3,132
Asset management services		
Management fee income	<b>427</b>	455
Sub-total — Revenue from contracts with customers	<b>26,076</b>	30,564
Interest income from securities financing services		
Interest income — Margin clients	<b>5,523</b>	14,787
Interest income — Cash clients	<b>2</b>	21
	<b>5,525</b>	14,808
Interest income from money lending services		
Interest income — personal loans	<b>1,126</b>	163
Sub-total — Interest income from securities financing services and money lending services	<b>6,651</b>	14,971
Total	<b>32,727</b>	45,535



	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Timing of revenue recognition		
— At a point in time	13,915	12,663
— Over time	<u>12,161</u>	<u>17,901</u>
	<u>26,076</u>	<u>30,564</u>
Interest revenue	<u>6,651</u>	<u>14,971</u>
Total	<u><u>32,727</u></u>	<u><u>45,535</u></u>

#### **Transaction price allocated to the remaining performance obligation for contracts with customers**

The Group applied the practical expedient for not to disclose the aggregate amount of transaction price allocated to performance obligations of the corporate finance advisory services that are unsatisfied (or partially satisfied) as at the reporting date, given the performance obligations is part of a contract that has an original expected duration of less than one year.

#### **4. SEGMENT INFORMATION**

Information reported to the executive Directors, being the chief operating decision maker (the “**CODM**”), for the purpose of resource allocation and assessment of segment performance, focuses on revenue of each type of services provided. CODM considers the business from service perspectives whereby the performance of the services is assessed based on revenue generated in the course of the ordinary activities of a recurring nature of the business of the Group. CODM considers the business of the Group as a whole as the Group is primarily engaged in provision of financial services. Therefore, the management of the Group considers that the Group only has one single operating segment.

No geographical segment information is presented as the Group’s revenue is all derived in Hong Kong based on the location of services delivered and the Group’s non-current assets (excluding financial and deferred tax assets) are all located in Hong Kong based on the physical location of assets or the location of operations.

## Major customer

During the Year, the following external customers contributed more than 10% of the total revenue of the Group.

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Customer A	11,985	N/A*
Customer B	N/A*	8,509
Customer C	N/A*	7,097
Customer D	N/A*	6,363

\* The corresponding customer did not contribute more than 10% of the total revenue of the Group during the years ended 28 February 2023 and 29 February 2024.

## 5. OTHER INCOME

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Interest income from bank balances	3,442	755
Interest income from other receivables	4	392
Dividend income	869	2,088
Handling fee income	146	436
Government grant ( <i>note</i> )	—	731
Others	177	10
	<u>4,638</u>	<u>4,412</u>

*Note:* During the Year, no government grant (2023: approximately HK\$731,000) was obtained from the Employment Support Scheme (“**ESS**”) under the Anti-epidemic Fund launched by the Hong Kong government supporting the payroll of the Group’s employees. Under the ESS, the Group had to commit to spending the grant on payroll expenses, and could not reduce employee head count below the prescribed levels for a specified period of time. The Group does not have other unfulfilled obligations relating to this scheme.

## 6. OTHER GAINS

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Realised gains on financial assets at fair value through profit or loss	19,850	50
Unrealised gains on financial assets at fair value through profit or loss	<u>2,574</u>	<u>575</u>
	<u><u>22,424</u></u>	<u><u>625</u></u>

## 7. IMPAIRMENT ALLOWANCE ON FINANCIAL AND CONTRACT ASSETS, NET OF REVERSAL

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Reversal of impairment losses on accounts receivable	93	113
Reversal of impairment losses on contract assets	—	8
Reversal/(provision) of impairment losses on other receivables	3	(3)
Impairment losses on loan and interest receivable	<u>(94)</u>	<u>(146)</u>
	<u><u>2</u></u>	<u><u>(28)</u></u>

## 8. STAFF COSTS

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Directors' emoluments	6,996	6,041
Other staffs		
Salaries and allowance	23,970	23,733
Bonuses	9,900	4,771
Contributions to MPF Scheme	502	502
Share option expenses	<u>—</u>	<u>6,343</u>
	<u><u>41,368</u></u>	<u><u>41,390</u></u>

## 9. FINANCE COSTS

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Interest expenses — bank borrowings	—	201
Interest expenses — lease liabilities	<u>42</u>	<u>70</u>
	<u><u>42</u></u>	<u><u>271</u></u>

## 10. PROFIT/(LOSS) BEFORE TAX

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Profit/(loss) before tax for the year has been arrived at after charging:		
Auditor's remuneration	800	800
Short-term lease expenses	<u>—</u>	<u>184</u>

## 11. INCOME TAX EXPENSE

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Hong Kong Profits Tax:		
— Current tax	—	—
Deferred tax expenses	<u>—</u>	<u>—</u>
	<u><u>—</u></u>	<u><u>—</u></u>

## 12. DIVIDEND

The Board does not recommend payment of any dividend for the Year (2023: HK\$Nil).

### 13. EARNINGS/(LOSS) PER SHARE

	2024	2023
Earnings/(loss) for the purpose of basic and diluted earnings/(loss) per share:		
Profit/(loss) for the year attributable to owners of the Company (HK\$'000)	<u>1,775</u>	<u>(6,577)</u>
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings/(loss) per share	<u>400,000,000</u>	<u>400,000,000</u>
Earnings/(loss) per share:		
Basic and diluted (HK cents)	<u>0.44</u>	<u>(1.64)</u>

The computation of diluted earnings/(loss) per share does not assume exercise of any of the Company's outstanding share options since the exercise price of those share options was higher than the average market price of the Company's shares during the two years ended 29 February 2024.

### 14. ACCOUNTS RECEIVABLE

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Accounts receivable arising from:		
— Corporate finance advisory services	822	700
— Securities dealing and brokerage services	10,416	21,823
— Securities financing services		
— Secured margin loan	18,617	64,741
— Asset management services	65	36
Less: allowance for credit loss	<u>(69)</u>	<u>(162)</u>
	<u>29,851</u>	<u>87,138</u>

Income arising from the corporate finance advisory services and the placing and underwriting services are payable upon presentation of invoices.

Accounts receivable arising from the securities dealing and brokerage business is repayable two days after trade date.

Accounts receivable arising from the securities financing services is generally secured by listed equity securities. The management of the Group ensures that the available cash balance and listed equity securities belonging to clients in which the Group holds as custodian are sufficient to cover the amounts due to the Group. The amounts due from margin clients are repayable on demand and bear interest at commercial rates.

During the year, there has not been any significant changes in the quality of the collateral held for the accounts receivable arising from the securities financing services. The Group has taken into consideration of these collaterals in estimating loss allowance for the accounts receivable arising from the securities financing services.

In respect of the accounts receivable arising from the corporate finance advisory services, the securities dealing and brokerage services and the asset management services, the aging analysis based on trade date/invoice date as at 29 February 2024 and 28 February 2023 are as follows:

	<b>2024</b>	2023
	<b>HK\$'000</b>	HK\$'000
0–30 days	<b>10,986</b>	22,254
31–60 days	<b>137</b>	75
61–90 days	<b>30</b>	75
Over 90 days	<b>150</b>	155
Less: impairment allowance	<b>(44)</b>	(66)
	<b><u>11,259</u></b>	<b><u>22,493</u></b>

No aging analysis in respect of the accounts receivable arising from the securities financing services is disclosed as in the opinion of the Directors, the aging analysis does not give additional value in view of the nature of the business.

As at 29 February 2024, the accounts receivable arising from the asset management services, which was the amount due from Innovax Alpha SPC — Innovax Balanced Fund SP, being a related party as disclosed in note 26, was approximately HK\$63,000 (2023: approximately HK\$36,000).

## 15. LOAN RECEIVABLES

	<b>2024</b>	2023
	<b>HK\$'000</b>	HK\$'000
Secured loan receivables	<b>5,000</b>	5,000
Unsecured loan receivables	<b>14,937</b>	10,876
Less: impairment allowance	<b>(459)</b>	(365)
	<b><u>19,478</u></b>	<b><u>15,511</u></b>
Analysed as		
Non-current	—	4,885
Current	<b><u>19,478</u></b>	<b><u>10,626</u></b>
	<b><u>19,478</u></b>	<b><u>15,511</u></b>

The Group has provided money lending services in Hong Kong during the Year. The customers are mainly individuals. During the Year, the Group recorded an interest income from the money lending services of approximately HK\$1.1 million (2023: approximately HK\$163,000), representing an increase of approximately 590.8% as compared with the year ended 28 February 2023.

As at 29 February 2024, the secured loan receivables were secured by property units and carried interest at a fixed rate of 8.5% (2023: 8.5%) per annum, while the unsecured loan receivables carried interest at fixed and floating rate ranging from 3% to 15% (2023: 3% to 15%) per annum.

## 16. CONTRACT ASSETS

Contract assets represented the sponsor fee income arising from the corporate finance advisory services recognised after work is performed but not yet billed to customers.

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Contract assets	—	—
Less: impairment allowance	<u>—</u>	<u>—</u>
	<u>—</u>	<u>—</u>

Typical payment terms which impact on the amount of contract assets recognised are as follows:

— sponsor mandates

The Group's sponsor mandates include payment schedules which require stage payments over the IPO listing application period once certain specified milestones are reached. The performance obligation is considered satisfied when all the relevant duties of a sponsor as stated in the mandate are fulfilled.

The Group requires certain customers to provide upfront deposits ranging from approximately 7% to approximately 31% of total contract sum upon signing of the mandates as part of its credit risk management policies. Afterwards, the Group would require stage payments upon submission of the listing application to the Stock Exchange, upon hearing of the listing application and upon listing of the applicant's shares on the Stock Exchange.

For unbilled revenue arising from the sponsor mandate that is conditional on the Group's achieving specified milestones as stipulated in the sponsor mandate, it is recognised as contract assets. When the rights become unconditional, the Group typically transfers the contract assets to accounts receivable. For any consideration received from customers for corporate finance advisory services not provided, it is recognised as contract liabilities.

The Group classifies these contract assets as current because the Group expects to realise them in its normal operating cycle.

Movements in contract assets are as follows:

	<b>2024</b> <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Balance as at 1 March	—	345
Transfer from contract assets recognised at the beginning of the year to accounts receivable	—	(345)
	<u>—</u>	<u>(345)</u>
Balance as at 29 February/28 February	<u>—</u>	<u>—</u>

#### **17. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS**

	<b>2024</b> <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Deposits with the Stock Exchange and a clearing house	275	230
Interest receivable	307	109
Prepayment	432	295
Utility deposit	492	497
Others	1,054	357
Less: impairment allowance	—	(3)
	<u>2,560</u>	<u>1,485</u>
Analysed as		
Non-current	275	633
Current	<u>2,285</u>	<u>852</u>
	<u>2,560</u>	<u>1,485</u>



## 18. INTEREST IN JOINT VENTURE/AMOUNT DUE FROM/(TO) A JOINT VENTURE

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Cost of unlisted interest in a joint venture ( <i>note i</i> )	5	5
Share of losses	<u>(5)</u>	<u>(2)</u>
	<u>—</u>	<u>3</u>
Amount due from/(to) a joint venture ( <i>note ii</i> )	<u>10</u>	<u>(1)</u>

### Notes:

- (i) As at 29 February 2024, the cost of investment comprised an investment in a joint venture of HK\$5,000 (2023: HK\$5,000).
- (ii) The amount due from/(to) a joint venture is unsecured, interest-free and repayable on demand.

Details of the joint venture as at 29 February 2024 and 28 February 2023 are as follow:

Name of entity	Place of incorporation	Principal place of business	Proportion of ownership interest held by the Group		Principal activities
			2024	2023	
InnoCity GBA Capital Limited (“ <b>Innocity</b> ”)	Hong Kong	Hong Kong	50%	50%	Investment holding

The joint venture is accounted for using the equity method in the consolidated financial statements.

Summarised financial information of the Group’s immaterial joint venture:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Aggregate carrying amount of the Group’s joint venture in the consolidated financial statements	<u>—</u>	<u>3</u>
	<u>2024 <i>HK\$'000</i></u>	<u>2023 <i>HK\$'000</i></u>
Share of losses and total comprehensive expense of the Group’s joint venture	<u>(3)</u>	<u>(2)</u>

## 19. CASH AND BANK BALANCES

As at 29 February 2024, cash and bank balances, which mainly represent demand deposits and fixed deposits with an original maturity within 3 months at banks, were approximately HK\$112,020,000 (2023: approximately HK\$87,390,000).

## 20. CASH AND BANK BALANCES — HELD ON BEHALF OF CUSTOMERS

The Group maintains segregated trust accounts with authorised financial institutions to hold clients' monies arising from its normal course of business. The Group has classified the clients' monies as cash and bank balances — held on behalf of customers under the current assets section of the consolidated statement of financial position and recognised the corresponding accounts payable (note 21) to respective clients on the ground that it is liable for any loss or misappropriation of clients' monies. The cash and bank balances — held on behalf of customers are restricted and governed by the Hong Kong Securities and Futures (Client Money) Rules under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “SFO”). The Group is not allowed to use the client's monies to settle its own obligations.

## 21. ACCOUNTS PAYABLE

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Accounts payable arising from:		
— Securities dealing and brokerage services	59,072	91,712
— Placing and underwriting services	<u>380</u>	<u>96</u>
	<u><u>59,452</u></u>	<u><u>91,808</u></u>

The settlement terms of clearing house and securities trading clients from the ordinary course of business of the securities dealing and brokerage services range from one to two days after the trade date of those transactions. Accounts payable from the placing and underwriting services is repayable on demand. As at 29 February 2024, amounts due to directors and key management personnel of the Group included in accounts payable arising from the securities dealing and brokerage services were approximately HK\$186,000 (2023: approximately HK\$57,000).

No aging analysis is disclosed as, in the opinion of the Directors, such analysis does not give additional value in view of the nature of these businesses.

As at 29 February 2024, accounts payable arising from the securities dealing and brokerage services also placed in segregated accounts with authorised financial institutions of approximately HK\$48,929,000 (2023: approximately HK\$70,720,000) (note 20).

## 22. OTHER PAYABLES AND ACCRUALS

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Accrued expenses	13,013	5,022
Other payables	<u>14</u>	<u>151</u>
	<u><u>13,027</u></u>	<u><u>5,173</u></u>

Other payables are unsecured, non-interest bearing and repayable on demand.

## 23. CONTRACT LIABILITIES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Advisory fee	<u>302</u>	<u>93</u>
	<u><u>302</u></u>	<u><u>93</u></u>

The first instalment of an advisory fee income is generally paid in advance prior to the beginning of each project and is initially recorded as contract liabilities in the consolidated statement of financial position. The portion of income received from the clients while the relevant services have not yet been provided is recorded as contract liabilities in the consolidated statement of financial position and will be reflected as a current liability if such amount represents revenue that the Group expects to recognise within one year from the reporting date or normal operating cycle.

During the Year, advisory fee of approximately HK\$93,000 (2023: approximately HK\$473,000) that was included in the contract liabilities balance at the beginning of the Year was recognised as revenue.

## 24. LEASE LIABILITIES

	<i>HK\$'000</i>
As at 1 March 2022	721
Addition	2,744
Interest expenses	70
Lease payments	<u>(1,709)</u>
As at 28 February 2023	1,826
Interest expenses	42
Lease payments	<u>(1,538)</u>
Balance as at 29 February 2024	<u><u>330</u></u>

Future lease payments are due as follows:

	<b>29 February 2024</b>		
	<b>Future lease payments HK\$'000</b>	<b>Interest HK\$'000</b>	<b>Present value HK\$'000</b>
Not later than one year	332	(2)	330
Later than one year but not later than two years	<u>—</u>	<u>—</u>	<u>—</u>
Lease liabilities as at 29 February 2024	<u><b>332</b></u>	<u><b>(2)</b></u>	<u><b>330</b></u>
	<b>28 February 2023</b>		
	<b>Future lease payments HK\$'000</b>	<b>Interest HK\$'000</b>	<b>Present value HK\$'000</b>
Not later than one year	1,538	(42)	1,496
Later than one year but not later than two years	<u>332</u>	<u>(2)</u>	<u>330</u>
Lease liabilities as at 28 February 2023	<u><b>1,870</b></u>	<u><b>(44)</b></u>	<u><b>1,826</b></u>

(i) The present value of future lease payments is analysed as follows:

	<b>29 February 2024 HK\$'000</b>	<b>28 February 2023 HK\$'000</b>
Current liabilities	330	1,496
Non-current liabilities	<u>—</u>	<u>330</u>
	<u><b>330</b></u>	<u><b>1,826</b></u>

(ii) Amounts recognised in profit or loss

	<b>2024 HK\$'000</b>	<b>2023 HK\$'000</b>
Interest on lease liabilities	<u><b>42</b></u>	<u><b>70</b></u>

## 25. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Financial assets measured at FVTPL		
— Equity securities listed in Hong Kong ( <i>note (i)</i> )	64,163	42,586
— Unlisted equity investment in Hong Kong ( <i>note (ii)</i> )	<u>5,355</u>	<u>—</u>
	<u><u>69,518</u></u>	<u><u>42,586</u></u>

*Notes:*

- (i) The fair value of the listed securities is determined based on closing market price available on the Stock Exchange.
- (ii) During the Year, the Group acquired 5,000,000 ordinary shares of an unlisted company incorporated in Hong Kong, at a consideration of RMB5,000,000, equivalent to HK\$5,355,000. As at 29 February 2024, the Group has 9.09% equity interest in the above-mentioned company. The Group intends to dispose of them at appropriate opportunity.

## 26. RELATED PARTY TRANSACTIONS AND BALANCES

During the year, the Group entered into the following transactions with related parties:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Commission income		
— Mr. Chung Chi Man	0.1	0.05
Management fee income		
Innovax Alpha SPC — Innovax Balanced Fund SP ( <i>note</i> )	408	455
Interest Income		
— Mr. Poon Siu Kuen, Calvin	<u>21</u>	<u>16</u>

*Note:* Mr. Li Lap Sun (key management personnel of the Group) has interests in the management shares of Innovax Alpha SPC and the participating shares of Innovax Alpha SPC — Innovax Balanced Fund SP which is managed by Innovax Asset Management Limited.

The following balance was outstanding at the end of the reporting period:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Loan receivable		
— Mr. Poon Siu Kuen, Calvin	<u>700</u>	<u>700</u>

## MANAGEMENT DISCUSSION AND ANALYSIS

### MARKET REVIEW

Throughout the Year, the global economy demonstrated resilience amidst ongoing challenges. Although the Year began with high inflation and geopolitical tensions, particularly the Russia-Ukraine conflict and Sino-US relations, there were signs of stabilisation as the year progressed. Later in the Year, tensions escalated with the Israel-Hamas war, yet efforts by major economies to control inflation through monetary policies gradually bore fruit despite core inflation levels and interest rates remaining elevated. However, the recovery remained uneven across regions, with North America showing more positive signs as compared to Europe's pessimism. Most financial markets, after initial volatility, showed signs of adapting to the new economic realities and rose in 2023 on hopes for an end to the interest rate hike cycle, though investor confidence remained cautious.

In China, affected by disruptions to the supply chain during the COVID-19 pandemic period, liquidity problems increasing credit risks for local governments and property developers, decreased exports, industrial output and retail sales growth, and the continued Sino-US tensions, the recovery of the economic environment was weak and disappointing during the Year. The GDP growth in the second quarter of 2023 was approximately 6.3%, which is lower than market expectations. Despite some improvements in macroeconomic indicators in the industrial and service sectors, consumer confidence was fragile. Together with weak RMB performance and pessimistic economic outlook and sentiment, the financial market underperformed compared to other major financial markets in the world.

In Hong Kong, the challenging external environment, including the economic slowdown in China, geopolitical tension and tightening monetary policy, constrained the economic recovery in the aftermath of the COVID-19 pandemic. The real estate market experienced a slowdown with declining property prices and reduced transaction volume. Hong Kong's fiscal surplus had been in deficit for three consecutive years. The recovery of consumption was under pressure due to some structural issues such as changes in consumer spending preferences, Hong Kong's declining competitiveness and the strategy of global companies to implement equal pricing in the market. The Hong Kong financial market, closely tied to both global trends and the Chinese economy, faced headwinds from weak global sentiment towards China-related assets, de-risking or decoupling strategies between China and other major overseas economies, and interest rate fluctuations.

During the Year, the US stock market performed strongly, with technology and growth stocks being outstanding. The Dow Jones index, the S&P 500 index and the Nasdaq Composite increased by approximately 19.4%, approximately 29.0% and approximately 41.4% respectively, closing at 38,996, 5,096, 16,092 respectively. On the other hand, deteriorated investor confidence and sluggish consumption and investment environment have led to a poor performance of the China and Hong Kong stock markets. During the Year, the Shanghai Stock Exchange Composite Index, Shenzhen Stock Exchange Composite Index and ChiNext Index decreased by approximately 9.0%, approximately 21.7% and approximately 26.1% respectively, closing at 3,015, 9,330 and 1,807 respectively. During the Year, the Hang Seng Index decreased by approximately 19.9%, closing at 16,511 and the average daily trading turnover of the Hong Kong stock market decreased to approximately HK\$99.5 billion by

approximately 20.3% as compared to the year ended 28 February 2023. During the Year, the total amount of funds raised from newly listed companies on the Main Board decreased by approximately 55.1% to approximately HK\$44.6 billion, and the number of newly listed companies on the Main Board decreased by approximately 26.9% to 68 (including 3 companies that were transferred from GEM to the Main Board and 2 listings by way of introduction), as compared to the year ended 28 February 2023. During the period between 1 March 2022 and 29 February 2024, there was no listing on GEM.

## **Business Overview**

The Group is an integrated financial and securities services provider licensed to conduct type 1 (dealing in securities), type 2 (dealing in futures contracts), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO and money lending business under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong).

The Group provides a wide range of financial and securities services to its clients. Its services cover corporate finance advisory services including (i) IPO sponsorship services; (ii) financial and independent financial advisory services; and (iii) compliance advisory services, placing and underwriting services, dealing and brokerage services for securities trading and futures contracts trading, securities financing services, research services, asset management services and money lending services.

### **Corporate Finance Advisory Services**

During the Year, the Group was engaged in a total of 28 corporate finance advisory projects (2023: 44 projects), including 7 IPO sponsorship projects (2023: 12 projects), 14 financial and independent financial advisory projects (2023: 21 projects) and 7 compliance advisory projects (2023: 11 projects). Income generated from the corporate finance advisory business amounted to approximately HK\$11.7 million, representing a decrease of approximately 32.7% from approximately \$17.4 million for the year ended 28 February 2023.

#### ***IPO sponsorship services***

Leveraging on its competitiveness and solid experience, provision of IPO sponsorship services remains as the Group's core business. During the Year, the Group was engaged in 7 IPO sponsorship projects (2023: 12 projects) and income generated from provision of IPO sponsorship services was approximately HK\$8.2 million (2023: approximately HK\$11.1 million).

During the Year, the Group completed IPO sponsorship services for 1 company out of the 68 companies newly listed on the Main Board.

#### ***Financial and independent financial advisory services***

The Group's financial advisory services mainly include (i) acting as financial adviser to Hong Kong listed companies and their major shareholders on notifiable transactions under the Listing Rules and the GEM Listing Rules; and (ii) acting as financial adviser to major shareholders of listed companies in

Hong Kong and investors seeking to control or invest in listed companies in Hong Kong on matters falling within the ambit of the Takeovers Code. Independent financial advisory services include acting as independent financial adviser to independent board committee and/or independent shareholders of listed companies in Hong Kong on transactions under the Listing Rules, the GEM Listing Rules and the Takeovers Code.

During the Year, the Group was engaged in 10 financial advisory projects (2023: 12 projects) and 4 independent financial advisory projects (2023: 9 projects) and income generated from provision of financial and independent financial advisory services was approximately HK\$2.0 million (2023: approximately HK\$4.4 million).

### ***Compliance advisory services***

The Group acts as compliance advisers to newly listed and existing listed companies on the Main Board or GEM and advises them on post-listing compliance matters.

During the Year, the Group was engaged in 7 compliance advisory projects (2023: 11 projects) and income generated from provision of compliance advisory services was approximately HK\$1.5 million (2023: approximately HK\$1.9 million).

### **Placing and Underwriting Services**

The Group provides placing and underwriting services by acting as (i) placing or sub-placing agent or underwriter or sub-underwriter or distributor for issue of new shares by listed companies or placing of existing shares of listed companies; and (ii) overall coordinator or bookrunner or lead manager or underwriter or sub-underwriter or distributor for IPOs of listing applicants, in return for placing and/or underwriting commission income.

During the Year, the Group completed 12 placing and underwriting projects (2023: 5 projects), including 6 transactions as overall coordinator or bookrunner or lead manager or underwriter or sub-underwriter or distributor for IPOs, 2 transactions as placing agent or underwriter for rights issues by listed companies, 2 transactions as sub-placing agent or distributor for issue of new shares by listed companies, and 2 transactions as placing agent or sub-underwriter for placing of existing shares of listed companies, and income generated from the placing and underwriting business was approximately HK\$10.9 million (2023: approximately HK\$9.5 million).

### **Securities Dealing and Brokerage Services**

The Group provides securities dealing and brokerage services to its clients for trading in securities listed on the Main Board or GEM in return for brokerage commission income.

As at 29 February 2024, the Group had 1,015 securities accounts maintained in Innovax Securities Limited (2023: 916) and the commission income generated from the securities dealing and brokerage business was approximately HK\$3.0 million during the Year (2023: approximately HK\$3.1 million).



## Securities Financing Services

The Group provides securities financing services by providing (i) margin financing to its clients for purchasing securities on the secondary market; and (ii) IPO financing to its clients for subscribing shares offered under public tranche of IPOs.

As at 29 February 2024, the total outstanding balance of margin loans amounted to approximately HK\$18.6 million (2023: approximately HK\$64.7 million) and the interest income generated from the securities financing business was approximately HK\$5.5 million during the Year (2023: approximately HK\$14.8 million). The significant decrease in the total outstanding balance of margin loans was due to the Group's prudent approach and strategy to reduce its risk exposure under the deteriorating condition of the Hong Kong stock market during the Year.

## Asset Management Services

The Group provides fund management and discretionary account management services to its clients who are professional investors.

As at 29 February 2024, the asset under management of Innovax Alpha SPC — Innovax Balanced Fund SP was approximately US\$2.9 million (equivalent to approximately HK\$22.8 million) (2023: approximately US\$3.1 million (equivalent to approximately HK\$24.5 million)). The income generated from the asset management business was approximately HK\$427,000 during the Year (2023: approximately HK\$455,000).

## Money Lending Services

The Group provides money lending services through Innovax Credit Limited.

During the Year, the Group had provided personal loan service. Clients are generally solicited through (i) proactively approaching by the Group's management and (ii) referral from existing clients. The source of funds of the money lending business is mainly from the Groups' internal resources.

Details of the Group's money lending business for the two years ended 29 February 2024 are as follows:

	2024	2023
<b>Personal loans</b>		
Number of personal loans (per person)	9	6
Outstanding principal amount of personal loans (HK\$'000)	19,478	15,511
Range of interest rates (per annum)	<u>3%–15%</u>	<u>3%–15%</u>

The Group will only advance new loans to those borrowers who have good financial credit rating and all overdue balances are reviewed regularly by the Group's senior management.

During the Year, the interest income from the money lending business was approximately HK\$1.1 million (2023: approximately HK\$163,000) and accounted for approximately 3.4% (2023: approximately 0.36%) of the Group's revenue. The loan receivables as at 29 February 2024 was approximately HK\$19.5 million (2023: approximately HK\$15.5 million). During the Year, the Group's money lending business did not record any doubtful or bad debt.

As at 29 February 2024, the amount of loan receivables due from the largest borrower and the five largest borrowers were approximately HK\$6.7 million (approximately 34.6% of the total loan receivables) (2023: approximately HK\$7.3 million (approximately 47.1% of the total loan receivables)) and approximately HK\$18.1 million (approximately 92.9% of the total loan receivables) (2023: approximately HK\$15.5 million (approximately 99.9% of the total loan receivables)) respectively.

The Group has in place internal control procedures in relation to its money lending business, including but not limited to conducting prudent credit assessment and customer due diligence by gathering personal and financial background information of the clients, and performing relevant litigation search, company search, and/or land search from the Hong Kong courts, Companies Registry and Land Registry as necessary. The Group cautiously determines the approval of the loan application taking into account the credit assessment and customer due diligence results and the relevant loan terms. The senior management of the Group conducts regular review on the repayment progress and the outstanding balance exposure.

The Group has implemented effective credit control procedures and there was no delinquent loan as at the date of this announcement.

### **Future Contracts Dealing and Brokerage Services**

Since June 2019, the Group has been licensed to conduct type 2 (dealing in future contracts) regulated activity. During the Year, the Group did not conduct any business in relation to dealing in future contracts and therefore, no revenue was generated from the future contracts dealing and brokerage business. The Group plans to provide future contracts dealing and brokerage services to clients in return for commission income when appropriate.

## **FINANCIAL REVIEW**

### **Revenue**

During the Year, the performance of the Hong Kong financial market was sluggish. The daily trading turnover, the number of newly listed companies on the Stock Exchange and the total amount of fund raised from newly listed companies decreased significantly from the year ended 28 February 2023. The revenue generated from its corporate finance advisory business, securities dealing and brokerage business, securities financing business and asset management business during the Year recorded a decrease of approximately 32.7%, 4.2%, 62.7% and 6.2% respectively as compared to the year ended 28 February 2023. Consequently, during the Year, the Group's total revenue decreased by approximately 28.1% to approximately HK\$32.7 million from approximately HK\$45.5 million for the

year ended 28 February 2023, notwithstanding that the revenue generated from the placing and underwriting business and the money lending business recorded an increase of approximately 14.5% and 590.8% respectively as compared to the year ended 28 February 2023.

### **Other income**

Driven by the Group's strategy to diversify its businesses from provision of financial and securities services into capital investment leveraging on its internal resources and capital, the Group achieved a gain (unrealised and realised) from equity investment of approximately HK\$22.4 million during the Year.

### **Other Operating Expenses**

During the Year, the Group's other operating expenses increased by approximately 19.0% to approximately HK\$15.1 million (2023: approximately HK\$12.6 million). Such increase was mainly attributable to an increase in expenses related to marketing activities during the Year.

### **Staff Costs**

During the Year, staff costs of approximately HK\$41.4 million were maintained at approximately the amount recorded for the year ended 28 February 2023 (2023: approximately HK\$41.4 million).

### **Profit attributable to the owners of the Company**

With the Group's continuous effort in cost control, during the Year, the Group's total cost and expenses increased insignificantly by approximately 1.5% to approximately HK\$58.0 million from approximately HK\$57.1 million for the year ended 28 February 2023. The Group recorded a profit and total comprehensive income of approximately HK\$1.8 million, which significantly improved from a loss and total comprehensive expense of approximately HK\$6.6 million for the year ended 28 February 2023.

## **LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE**

The Group's working capital and other capital requirements were principally satisfied by cash generated from the Group's operations and capital.

As at 29 February 2024, the Group's net current assets amounted to approximately HK\$209.0 million (2023: approximately HK\$200.7 million), and its liquidity as represented by current ratio (current assets/current liabilities) was approximately 3.86 times (2023: approximately 3.04 times). As at 29 February 2024, cash and bank balances amounted to approximately HK\$112.0 million (2023: approximately HK\$87.4 million).

Gearing ratio is calculated based on debts including payables incurred not in the ordinary course of business divided by the total equity as at the end of the financial year. As at 29 February 2024 and 28 February 2023, the Group's debts including payables incurred not in the ordinary course of business were nil, representing a gearing ratio of nil.

As at 29 February 2024 and the date of this announcement, the total issued shares of the Company were 400,000,000.

The Group monitors its capital structure from time to time according to the market condition and capital requirements of the Group.

## **SHARE OPTION SCHEME**

The Company adopted a share option scheme (the “**2018 Share Option Scheme**”) pursuant to Chapter 17 of the Listing Rules on 24 August 2018, which was terminated on 18 August 2023. No further share option has been or will be granted under the 2018 Share Option Scheme since its termination, while the share options granted prior to such termination shall continue to be valid and exercisable in accordance with the 2018 Share Option Scheme. For further details of termination of the 2018 Share Option Scheme, please refer to the circular of the Company dated 14 July 2023.

The Company has adopted a new share option scheme pursuant to Chapter 17 of the Listing Rules on 18 August 2023 (the “**Share Option Scheme**”). The purpose of the Share Option Scheme is to reward the eligible participants (“**Eligible Participants**”) who have contributed or will contribute to the Group, to motivate the Eligible Participants to optimise their performance efficiency for the benefit of the Group and to attract and maintain on-going business relationship with the Eligible Participants. Eligible Participants include (a) any Director, chief executive or employee of the Group and (b) person(s) who provide services to the Group on a continuing and recurring basis in its ordinary and usual course of business which are in the interests of the long-term growth of the Group (“**Service Providers**”). The eligibility of each Eligible Participant shall be determined by the Board from time to time on the basis of the contribution or potential contribution of the Eligible Participant to the development and growth of the Group. The Share Option Scheme shall be valid and effective for a period of ten years commencing from 18 August 2023, after which no further share option shall be granted. Therefore, as at the date of this announcement, the remaining life of the Share Option Scheme was approximately nine years.

Under the Share Option Scheme, the Board shall be entitled to determine the grant of share options and the number of share options to be granted to the relevant grantees taking into account such factors as the Board may consider appropriate. The maximum number of shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and other share option scheme(s) of the Company (if any) and the awards to be granted under share award scheme(s) of the Company (if any), is 40,000,000 shares, being 10% of the total number of shares in issue as at 18 August 2023 and as at the date of this announcement. The Company may seek the approval of its shareholders in general meeting to refresh the aforesaid scheme mandate limit pursuant to the Share Option Scheme and the Listing Rules.

No option shall be granted to any Eligible Participant if, at the relevant time of grant, the number of shares issued and to be issued in respect of all grants made under any share scheme(s) of the Company (granted and proposed to be granted, whether exercised, cancelled or outstanding, excluding any options or awards lapsed in accordance with any share schemes of the Company) to the relevant

Eligible Participant in the 12-month period up to and including the date of such grant would exceed 1% of the total number of shares in issue at such time. Any grant or further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting of the Company.

The total number of shares which may be issued in respect of all options to be granted to the Service Provider(s) under the Share Option Scheme and all options and awards to be granted under any other share option scheme(s) and share award scheme(s) of the Company shall not exceed 1% of the total number of shares in issue as at 18 August 2023 (“**Service Provider Sublimit**”) or the relevant date of approval of the refreshment of the Service Provider Sublimit.

The exercise price of share options is determined by the Board and shall be at least the highest of (i) the closing price of the Company's shares as stated in the daily quotations sheet of the Stock Exchange on the date of offer of the share options, which must be a business day; (ii) the average of the closing prices of the Company's shares as stated in the daily quotations sheets of the Stock Exchange for the five business days immediately preceding the date of offer of the share options; and (iii) the nominal value of a share. Offers for grant of options shall be valid for acceptance within 30 days after the date of offer, when the grantee shall pay HK\$1.00 to the Company as consideration for the grant.

Vesting period for the options granted under the Share Option Scheme shall not be less than twelve (12) months.

No options have been granted, cancelled, exercised or lapsed under the Share Option Scheme from 18 August 2023, being the date of adoption of the Share Option Scheme. As at the date of this announcement, the number of share options available for grant under the scheme mandate is 40,000,000 and the Service Provider Sublimit is 4,000,000.

On 9 March 2022, the Company granted a total of 40,000,000 share options according to the 2018 Share Option Scheme at the exercise price of HK\$0.324 to the Directors and certain employees of the Group. Details of the share options granted under the 2018 Share Option Scheme are set out in the announcement dated 9 March 2022 of the Company. No such share options had been exercised up to 29 February 2024.

Save for the above, the Company did not have any outstanding share options, warrants, derivatives or securities which are convertible or exchangeable into shares as at 29 February 2024.

## **PLEDGE OF ASSETS**

As at 29 February 2024, the Group did not have any pledged assets (2023: Nil).

## **FOREIGN CURRENCY EXPOSURE**

The majority of the Group's revenue is denominated in Hong Kong dollars and the Group's accounts are prepared in Hong Kong dollars. Consequently, the Group's exposure to the risk of foreign exchange rate fluctuations is not material.

## **CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES**

As at 29 February 2024, the Group did not have any significant capital commitment and contingent liability (2023: Nil).

## **LOAN COMMITMENT**

As at 29 February 2024, the Group did not have any loan commitment (2023: Nil).

## **EMPLOYEES AND REMUNERATION POLICIES**

As at 29 February 2024, the Group employed 35 staff (including executive Directors) (2023: 35). The employees' remuneration was determined based on factors such as qualification, duty, contributions and years of experience of the employees.

Moreover, the Group provides comprehensive training programs to its employees or sponsors the employees to attend various job-related training courses.

During the Year, staff costs of approximately HK\$41.4 million were maintained at approximately the amount recorded for the year ended 28 February 2023 (2023: approximately HK\$41.4 million).

## **MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES**

During the Year, the Group did not have any material acquisitions and disposals of subsidiaries, associates or joint ventures.

## SIGNIFICANT INVESTMENTS HELD BY THE GROUP

### Significant Investments

As at 29 February 2024, the Group maintained an equity investment at fair value through profit and loss with a total carrying amount of approximately HK\$69.5 million. Details of the Group's significant investments as at 29 February 2024 are set out as follows:

Stock Code	Name of the investee	Percentage of shareholding in the listed securities held by the Group as at 29 February 2024	Percentage of investment in listed securities to total assets of the Group as at 29 February 2024	Fair value of the investment in listed securities as at 29 February 2024	Cost of the investment in listed securities as at 29 February 2024	Unrealized loss for the year ended 29 February 2024
<b>Equity investments at fair value through profit and loss</b>						
1542	Taizhou Water Group Co., Ltd	5.85%	11.1%	<u>31,356</u>	<u>48,159</u>	<u>5,031</u>
	Total			<u>31,356</u>	<u>48,159</u>	<u>5,031</u>

### *Performance and prospects of the investee*

#### *Taizhou Water Group Co., Ltd. (“Taizhou Water”)*

Taizhou Water together with its subsidiaries (“**Taizhou Water Group**”) are principally engaged in supply of raw water, municipal water, pipeline direct drinking water, packaged drinking water and tap water, ranking the first in Taizhou in terms of raw water and municipal water supply. Taizhou Water Group also offers tap water directly to end-users and engages in the installation of water pipelines for distributing tap water to end-users. Taizhou Water Group owns, operates and manages the Taizhou Water Supply System (Phase I), the Taizhou Water Supply System (Phase II), the Taizhou Water Supply System (Phase III) and the Taizhou Water Supply System (Phase IV). The designed raw water supply capacity is approximately 1,220,000 tonnes per day, and the municipal water supply capacity is 750,000 tonnes per day in the South Area of Taizhou.

As stated in its annual report for the year ended 31 December 2023, Taizhou Water Group recorded a revenue for the year ended 31 December 2023 amounted to approximately RMB606.3 million, representing an increase of approximately 11.7% from the year ended 31 December 2022. Taizhou Water Group recorded a loss attributable to owners of the company for the year ended 31 December 2023 of approximately RMB84.0 million, as compared to a profit attributable to owners of the company



of approximately RMB55.9 million for the year ended 31 December 2022. The basic loss per share for the year ended 31 December 2023 amounted to approximately RMB0.42. The audited consolidated net asset value of Taizhou Water Group as at 31 December 2023 was approximately RMB1,077.9 million.

According to Taizhou Water's annual report for the year ended 31 December 2023, Taizhou Water Group continues to uphold the development principle of steady development of its water supply business and vertical extension of upstream and downstream development across the industry, with the goal of consolidating the foundation, promoting transformation and maintaining stable development. Taizhou Water Group will strengthen water supply guarantee, enhance water supply service capability, focus on refined management and cost control, and promote further enhancement of its operation capability. During the year ended 31 December 2023, Taizhou Water Group, based on its functional positioning and leveraging its own advantages, has strengthened its commitment to the water affairs sector by undertaking the construction of the entire water industry chain, including the raw water and water supply. Projects such as the construction of Luqiao-Jiaojiang Water Supply Pipeline, implementation of Shenxian Danong (神仙大農) Packaged Drinking Water and construction of the Photovoltaic Project in the East Zone have been initiated, aiming to reduce costs, increase efficiency and expand revenue. While growing and strengthening its main business, Taizhou Water Group continues to seek new profit growth points. In the next phase, Taizhou Water Group will strive to open new pathways for high quality development by advancing a series of projects including the renovation of secondary water supply facilities in old residential communities, high-quality drinking water, smart water affairs and others. By enhancing its self-sustaining capabilities, Taizhou Water Group aims to improve its core competitiveness through high quality development and accelerate its market-oriented transformation and upgrading.

The Company is optimistic about the long-term development of the water supply industry, and thus is optimistic on the future prospects of Taizhou Water Group. The Group may realise the investments from time to time where to do so is to be in the best interests of the Group or where the terms on which such realisation to be particularly favorable to the Group.

As at 29 February 2024, the Group held 11,700,000 H shares of Taizhou Water. Taizhou Water closed at HK\$2.68 as at 29 February 2024. The Group received dividend distributed by Taizhou Water of approximately HK\$858,000 during the Year.

Save as disclosed above, the Group did not hold any other significant investment with a value greater than 5% of the Group's gross assets as at 29 February 2024.

## **RISK MANAGEMENT**

The risk management process includes risk identification, risk evaluation, risk management measures and risk control and review.

The management is entrusted with duties to identify, analyse, evaluate, respond, monitor and communicate risks associated with any activity, function or process within its scope of responsibility and authority. It endeavours to evaluate and compare the level of risk against predetermined acceptable



level of risk. For risk control and monitoring, it involves making decisions regarding which risks are acceptable and how to address those that are not. The management will develop contingency plans for possible loss scenarios. Accidents and other situations involving loss or near-loss will be investigated and properly documented as part of the effort to manage risks.

## **FINAL DIVIDEND**

The Board has resolved not to declare any final dividend for the Year (2023: Nil).

## **EVENT AFTER THE REPORTING PERIOD**

As at the date of this announcement, there was no significant event after the report period.

## **USE OF PROCEEDS**

The net proceeds of the Group raised from its initial public offering on the Stock Exchange (the “**IPO**”) was approximately HK\$158 million, after deducting the underwriting fees, commissions and other listing expenses.

The Company made an announcement on 21 April 2020, regarding the change in use of proceeds in accordance to the market conditions and business development of the Group. Details of the change in use of proceeds are set out in the announcement dated 21 April 2020 of the Company. Up to 29 February 2024, the Group had utilised HK\$158.0 million as intended, accounting for 100% of the net proceeds from the IPO.

The use of proceeds as at 29 February 2024 and details of the reallocated net proceeds are as follows:

Use of net proceeds	Planned allocation of net proceeds as stated in the Prospectus	Proposed change of allocation of net proceeds	Revised allocation of net proceeds	Utilised amount up to 29 February 2024	Remaining unutilised amount after revised allocation
Increasing the Group's capital for the expansion of the Group's placing and underwriting business ( <i>Note</i> )	HK\$80 million	–HK\$40 million	HK\$40 million	HK\$40 million	—
Increasing the Group's capital for the expansion of the Group's securities financing business	HK\$33 million	+HK\$59.03 million	HK\$92.03 million	HK\$92.03 million	—
Enhancing and developing the Group's corporate finance advisory business by attracting more talents and expanding the Group's corporate finance team	HK\$15 million	–HK\$14.1 million	HK\$0.9 million	HK\$0.9 million	—
Expanding the Group's asset management business by:					
(a) attracting more talents and expanding the Group's asset management team and	HK\$5.25 million	–HK\$4.93 million	HK\$0.32 million	HK\$0.32 million	—
(b) increasing seed money to establish new funds	HK\$9.75 million	—	HK\$9.75 million	HK\$9.75 million	—
The Group's working capital requirement and general corporate purposes	HK\$15 million	—	HK\$15 million	HK\$15 million	—
<b>Total</b>	<b>HK\$158 million</b>	<b>—</b>	<b>HK\$158 million</b>	<b>HK\$158 million</b>	<b>—</b>

*Note:* As at 21 April 2020, before revised allocation, the net proceeds utilised for maintaining minimum liquid capital requirement under the Securities and Futures (Financial Resources) Rules (Chapter 571N of the Laws of Hong Kong) was approximately HK\$80.0 million. After the reallocation, such utilised amount of the net proceeds was reduced to approximately HK\$40.0 million.

As at the date of this announcement, the Company had utilised all of the net proceeds from the IPO in the manner consistent with the disclosure set out above.

## NO MATERIAL ADVERSE CHANGE

The Directors confirmed that there was no material adverse change in the Group's financial and trading position or prospects since 29 February 2024.

## FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed above, the Group did not have any plans for material investments and capital assets as at 29 February 2024.

## **OUTLOOK AND PROSPECT**

The Group is cautiously confident for gradual improvement to the current market situation and business environment. It is expected that inflation will be under control and the US Federal Reserve will start to lower its benchmark interest rates in 2024, while the global economy will continue to grow, fueled by the rapid development in high technology sectors. In China, looser monetary policy and stronger fiscal stimulus measures are expected to be imposed in the coming future. However, financial markets will continue to be volatile due to the concerns and uncertainties over the geopolitical issues including but not limited to the unsolved Russia-Ukraine conflicts, Middle East conflicts and the Sino-US tensions, and the recovery progress of the economy of China.

As such, the Group considers its operation environment in the coming financial year to remain challenging. The Group will maintain a cautious and prudent approach to mitigate potential market risks and operational risks by further enhancing its risk management and credit control capabilities. The Group will stay vigilant and aware of impacts from adverse market condition and operational environment by following disciplined cost control strategy.

Being an integrated platform for providing financial and securities services, the Group will continue to reinforce the development of the existing business segments by widening its product scope, range of services and customer base. In the meantime, the Group will strive to seek for business opportunities to diversify its business development into new business lines.

Given the support from the Hong Kong and Chinese governments to the financial industry of Hong Kong, including the improvement of the listing regime, expansion of offshore RMB business and continuous strengthening of Hong Kong's strategic role in the Greater Bay Area, Hong Kong shall remain as an important international financial hub and vital link to the Chinese market. The Group believes that the development of the Greater Bay Area will offer numerous opportunities to the Group's business development. The Group will continue to utilise the competitiveness of its overseas resources and follow the national development strategy to develop cross-border business by leveraging on business collaboration and introducing professional talents.

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

Throughout the Year and up to the date of this announcement, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

## **CORPORATE GOVERNANCE PRACTICES**

During the Year and up to the date of this announcement, the Company has applied the principles and code provisions of the Corporate Governance Code (“**CG Code**”) contained in Appendix C1 to the Listing Rules (the “**Code Provisions**”) as the basis of the Company's corporate governance practices.

The Board is of the view that the Company has complied with the Code Provisions set out in the CG Code during the Year and up to the date of this announcement.

## **DIRECTORS' SECURITIES TRANSACTIONS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as the required standard for securities transactions by the Directors.

The Company has made specific enquiries of all Directors and all Directors have confirmed that they have complied with the required standards set out in the Model Code and its code of conduct regarding Directors' securities transactions during the Year.

## **AUDIT COMMITTEE**

The audit committee of the Company (the “**Audit Committee**”) has reviewed the Group's consolidated financial statements for the Year, including the accounting principles adopted by the Group.

As at the date of this announcement, the Audit Committee comprises three members, namely, Ms. Chan Ka Lai, Vanessa (Chairlady), Dr. Wu Kwun Hing and Mr. Yip Siu Hong, all being independent non-executive Directors.

## **SCOPE OF WORK OF BDO LIMITED**

The figures in respect of the Group's consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position and the related notes thereto for the Year as set out in the preliminary announcement have been agreed by the Group's auditor, BDO Limited (“**BDO**”), to the amounts set out in the Group's audited consolidated financial statements for the Year. The work performed by BDO in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by BDO on the preliminary announcement.

## **SUFFICIENCY OF PUBLIC FLOAT**

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of this announcement, the Company has maintained the prescribed percentage of public float under the Listing Rules.

## **PUBLICATION OF INFORMATION ON THE STOCK EXCHANGE'S WEBSITE**

The annual results announcement and annual report of the Company for the year ended 29 February 2024 containing all the information required by the Listing Rules will be despatched to the shareholders (if requested) and published on the website of the Stock Exchange at <http://www.hkex.com.hk> and the website of the Company at [www.innovax.hk](http://www.innovax.hk) in due course.

By Order of the Board  
**Innovax Holdings Limited**  
**Chung Chi Man**  
Chairman

Hong Kong, 30 May 2024

*As at the date of this announcement, the Board comprises Mr. Chung Chi Man as the Chairman and executive Director, Mr. Poon Siu Kuen, Calvin as the chief executive officer and executive Director, Dr. Wu Kwun Hing, Mr. Yip Siu Hong and Ms. Chan Ka Lai, Vanessa as independent non-executive Directors.*

*This announcement has been issued in the English language with a separate Chinese language translation. If there is any conflict in the announcement between the meaning of Chinese words or terms in the Chinese language version and English words in the English language version, the meaning of the English words shall prevail.*