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華富建業國際金融有限公司

QUAM PLUS INTERNATIONAL FINANCIAL LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 952)

ANNOUNCEMENT OF AUDITED ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2024

The board of directors (the “Board” or the “Directors”) of Quam Plus International Financial Limited (the “Company”) hereby announces the audited consolidated results of the Company and its subsidiaries (together, the “Group”) for the year ended 31 December 2024, together with the comparative figures for the year ended 31 December 2023, which have been prepared in accordance with the Hong Kong Financial Reporting Standards (the “HKFRSs”).

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	<i>Notes</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Fee and commission income	4	89,909	130,075
Interest income			
— Calculated using the effective interest method	4	93,512	318,502
— Calculated using other method	4	111,322	115,461
Net investment income/(loss)	4	118,808	(218,384)
Total revenue	4	413,551	345,654

	<i>Notes</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Other (loss)/income, net	5	(177,350)	159,880
Direct costs		(73,421)	(93,739)
Staff costs		(159,477)	(173,833)
Depreciation and amortisation		(19,594)	(31,859)
Gain/(loss) on fair value change of investment properties		8,580	(42,120)
Expected credit loss (“ECL”) net reversal		21,247	61,954
Finance costs			
— Interest on borrowings	6	(50,017)	(46,175)
— Interest on lease liabilities	6	(2,371)	(3,198)
Other operating expenses	7	(51,301)	(57,999)
Share of results of associates, net		24,104	(694)
(Loss)/profit before tax	8	(66,049)	117,871
Tax (expense)/credit, net	9	(7,318)	1,666
Net (loss)/profit attributable to equity holders of the Company		<u>(73,367)</u>	<u>119,537</u>
(Loss)/earnings per share for net (loss)/profit attributable to equity holders of the Company		<i>HK cent(s)</i>	<i>HK cent(s)</i>
— Basic and diluted	10	<u>(1.2)</u>	<u>1.9</u>

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Net (loss)/profit attributable to equity holders of the Company	<u>(73,367)</u>	<u>119,537</u>
Other comprehensive loss including reclassification adjustments		
Item that may be reclassified subsequently to profit or loss		
— Exchange loss on translation of financial statements of foreign operations	(1,584)	(5,424)
Items that will not be reclassified subsequently to profit or loss		
— Capital distribution from investment measured at fair value through other comprehensive income	300	—
— Change in fair value of investment measured at fair value through other comprehensive income	<u>(828)</u>	<u>—</u>
Other comprehensive loss including reclassification adjustments and net of tax	<u>(2,112)</u>	<u>(5,424)</u>
Total comprehensive (loss)/income attributable to equity holders of the Company	<u><u>(75,479)</u></u>	<u><u>114,113</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	As at 31 December 2024			As at 31 December 2023		
		Current HK\$'000	Non-current HK\$'000	Total HK\$'000	Current HK\$'000	Non-current HK\$'000	Total HK\$'000
ASSETS							
Cash and cash equivalents		156,675	—	156,675	122,380	—	122,380
Bank balances held on behalf of clients		1,025,136	—	1,025,136	823,120	—	823,120
Pledged bank deposits		—	22,700	22,700	—	—	—
Financial assets held for trading		601,024	32,082	633,106	566,351	38,190	604,541
Financial assets not held for trading		132,248	3,382	135,630	135,586	4,210	139,796
Loans to margin clients	12	610,217	—	610,217	547,986	—	547,986
Credit loans	13	320,459	—	320,459	422,182	—	422,182
Accounts receivable	14	261,174	—	261,174	302,272	—	302,272
Prepayments, deposits and other receivables		49,231	—	49,231	48,920	—	48,920
Investment properties	15	—	851,760	851,760	—	913,380	913,380
Interest in an associate		—	—	—	—	1,180	1,180
Goodwill and other intangible assets		—	17,989	17,989	—	17,000	17,000
Other assets		—	15,540	15,540	—	21,106	21,106
Property and equipment		—	69,161	69,161	—	85,497	85,497
Tax recoverables		6,823	—	6,823	—	—	—
Deferred tax assets		—	13,675	13,675	—	14,652	14,652
TOTAL ASSETS		<u>3,162,987</u>	<u>1,026,289</u>	<u>4,189,276</u>	<u>2,968,797</u>	<u>1,095,215</u>	<u>4,064,012</u>
LIABILITIES AND EQUITY							
LIABILITIES							
Bank and other borrowings		491,350	176,934	668,284	674,007	—	674,007
Accounts payable	16	1,220,571	—	1,220,571	1,076,880	—	1,076,880
Contract liabilities		8,258	—	8,258	4,620	—	4,620
Lease liabilities		12,054	37,662	49,716	12,070	49,445	61,515
Accruals and other payables		246,424	—	246,424	184,834	—	184,834
Tax payable		—	—	—	518	—	518
Deferred tax liabilities		—	2,664	2,664	—	223	223
TOTAL LIABILITIES		<u>1,978,657</u>	<u>217,260</u>	<u>2,195,917</u>	<u>1,952,929</u>	<u>49,668</u>	<u>2,002,597</u>
EQUITY							
Share capital				20,657			20,657
Reserves				<u>1,972,702</u>			<u>2,040,758</u>
TOTAL EQUITY				<u>1,993,359</u>			<u>2,061,415</u>
TOTAL LIABILITIES AND EQUITY				<u>4,189,276</u>			<u>4,064,012</u>
<i>Net current assets</i>				<u><u>1,184,330</u></u>			<u><u>1,015,868</u></u>

NOTES TO THE AUDITED RESULTS

For the year ended 31 December 2024

1. BASIS OF PREPARATION

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

The financial statements have been prepared on the historical cost basis except for investment properties and certain financial instruments which are measured at fair value.

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.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

2.1 Adoption of amended HKFRSs

The Group has applied the following amendments to HKFRSs issued by HKICPA to these financial statements for the current accounting period:

- Amendments to HKFRS 16, Lease Liability in a Sale and Leaseback
- Amendments to HKAS 1, Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
- Amendments to HKAS 1, Non-current Liabilities with Covenants
- Amendments to HKAS 7 and HKFRS 7, Supplier Finance Arrangements

Except as described below, the application of the amendments to HKFRSs in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Impacts on application of Amendments to HKAS 1 Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) (the “2020 Amendments”) and Amendments to HKAS 1 Non-current Liabilities with Covenants (the “2022 Amendments”)

The Group has applied the amendments for the first time in the current year. The 2020 Amendments provide clarification and additional guidance on the assessment of right to defer settlement for at least twelve months from reporting date for classification of liabilities as current or non-current, which:

- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the classification should not be affected by management intentions or expectations to settle the liability within twelve months.
- clarify that the settlement of a liability can be a transfer of cash, goods or services, or the entity’s own equity instruments to the counterparty. If a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity’s own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying HKAS 32 Financial Instruments: Presentation.

For rights to defer settlement for at least twelve months from reporting date which are conditional on the compliance with covenants, the 2022 Amendments specifically clarify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity’s right to defer settlement of a liability for at least twelve months after the reporting date, even if compliance with the covenant is assessed only after the reporting date. The 2022 Amendments also specify that covenants with which an entity must comply after the reporting date (i.e. future covenants) do not affect the classification of a liability as current or non-current at the reporting date. However, if the entity’s right to defer settlement of a liability is subject to the entity complying with covenants within twelve months after the reporting period, an entity discloses information that enables users of financial statements to understand the risk of the liabilities becoming repayable within twelve months after the reporting period. This would include information about the covenants, the carrying amount of related liabilities and facts and circumstances, if any, that indicate that the entity may have difficulties complying with the covenants.

The application of the above amendments has no material impact on the classification of the Group’s liabilities in the current or prior year.

2.2 Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31 December 2024

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments, which are not yet effective for the year ended 31 December 2024 and which have not been adopted in these 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 21 — Lack of Exchangeability	1 January 2025
Amendments to HKFRS 9 and HKFRS 7 — Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
Amendments to HKFRS Accounting Standards — Annual Improvements to HKFRS Accounting Standards — Volume 11	1 January 2026
HKFRS 18 — Presentation and Disclosure in Financial Statements	1 January 2027
HKFRS 19 — Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to HKFRS 10 and HKAS 28 — Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

The Group is currently assessing the possible impact of the above new or revised standards in the period of initial application. The Group has considered that the adoption of these amendments are unlikely to have a material impact to the Group's consolidated financial statements.

3. SEGMENT INFORMATION

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

	Corporate finance <i>HK\$'000</i>	Asset management <i>HK\$'000</i>	Brokerage <i>HK\$'000</i>	Interest income <i>HK\$'000</i>	Investments <i>HK\$'000</i>	Others <i>HK\$'000</i>	Total <i>HK\$'000</i>
2024							
Reportable segment revenue							
Fee and commission income	9,133	8,847	64,953	—	—	6,976	89,909
Interest income	—	—	146,926	57,908	—	—	204,834
Net investment income	—	—	—	—	118,808	—	118,808
Segment revenue from external customers	9,133	8,847	211,879	57,908	118,808	6,976	413,551
Inter-segment revenue	1,450	1,974	270	—	—	493	4,187
Reportable segment revenue	10,583	10,821	212,149	57,908	118,808	7,469	417,738
Reportable segment result	(10,703)	(4,713)	34,372	233	(98,444)	(7,028)	(86,283)
2023							
Reportable segment revenue							
Fee and commission income	31,322	10,969	81,481	—	—	6,303	130,075
Interest income	—	—	145,166	287,143	1,654	—	433,963
Net investment loss	—	—	—	—	(218,384)	—	(218,384)
Segment revenue from external customers	31,322	10,969	226,647	287,143	(216,730)	6,303	345,654
Inter-segment revenue	4,850	1,772	743	—	—	252	7,617
Reportable segment revenue	36,172	12,741	227,390	287,143	(216,730)	6,555	353,271
Reportable segment result	3,606	(2,496)	30,683	261,588	(164,371)	(7,475)	121,535

The totals presented for the Group's operating segments are reconciled to the Group's key financial figures as presented in the consolidated financial statements as follows:

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Reportable segment revenue	417,738	353,271
Elimination of inter-segment revenue	(4,187)	(7,617)
Total revenue	<u>413,551</u>	<u>345,654</u>
Reportable segment result	(86,283)	121,535
Share of results of associates, net	24,104	(694)
Unallocated corporate expenses	(3,870)	(2,970)
(Loss)/profit before tax	<u>(66,049)</u>	<u>117,871</u>

Geographical information

The Group's operations are substantially located in Hong Kong and substantiating all assets of the Group are located in Hong Kong, except investment properties and pledged bank deposits are located in United States of America ("U.S."). Therefore, no detailed analysis of geographical information is presented.

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

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Former connected parties which included the subsidiaries of Tohigh Holdings Co., Ltd., Oceanwide Holdings Co., Ltd., China Oceanwide Holdings Limited (in liquidation) and Minyun Limited*	<u>61,082</u>	<u>218,307</u>

* Revenue from these former connected parties, which are under common control of our former ultimate beneficial owner, is attributable to interest income segment, asset management segment, corporate finance segment and brokerage segment during the year. Upon the completion of sale and purchase of certain Company's shares took place on 3 February 2023, those connected parties have become former connected parties of the Company.

4. REVENUE

Revenue analysis

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Corporate finance business		
<i>Fee and commission income:</i>		
— Placing and underwriting commission income	1,254	9,374
— Financial and compliance advisory services fee income	7,879	21,948
	<u>9,133</u>	<u>31,322</u>
Asset management business		
<i>Fee and commission income:</i>		
— Management fee, performance fee and service fee income	8,847	10,969
	<u>8,847</u>	<u>10,969</u>
Brokerage business		
<i>Fee and commission income:</i>		
— Commission on dealings in securities		
— Hong Kong securities	19,768	24,422
— Other than Hong Kong securities	5,140	2,873
— Commission on dealings in futures and options contracts	27,914	36,891
— Handling, custodian and other service fee income	12,131	17,295
	<u>64,953</u>	<u>81,481</u>
Interest income business		
<i>Interest income calculated using the effective interest method:</i>		
— Interest income from credit loans and bonds	55,094	285,931
— Interest income from cash clients receivables and initial public offering loans	4,395	3,617
— Interest income from bank deposits held on behalf of clients	28,599	25,326
— Interest income from house money bank deposits and others	5,424	3,628
<i>Interest income calculated using other method:</i>		
— Interest income from loans to margin clients	108,076	111,725
— Interest income from others	3,246	3,736
	<u>204,834</u>	<u>433,963</u>
Investments and others business		
<i>Fee and commission income:</i>		
— Financial media service fee income	6,976	6,303
<i>Net investment income/(loss):</i>		
— Net realised and unrealised gain/(loss) on financial assets measured at fair value through profit or loss	111,158	(230,221)
— Dividend income from financial assets measured at fair value through profit or loss	7,650	11,837
	<u>125,784</u>	<u>(212,081)</u>
Total revenue	<u><u>413,551</u></u>	<u><u>345,654</u></u>

5. OTHER (LOSS)/INCOME, NET

	<i>Notes</i>	2024 HK\$'000	2023 HK\$'000
Changes in net asset value attributable to other holders of consolidated investment funds		(6,203)	4,448
Exchange loss, net		(3,175)	(867)
Government subsidies		—	106
Sundry income		304	1,187
Corporate guarantee	<i>(a)</i>	18,032	21,500
Gain on modification of borrowing	<i>(b)</i>	—	111,416
Net loss on modification of credit loans	<i>(c)</i>	(12,203)	—
Loss on disposal of an investment property	<i>(d)</i>	(17,617)	—
Fair value (loss)/gain on financial liability measured at fair value through profit or loss	<i>(b)</i>	(156,488)	22,090
		(177,350)	159,880

Notes:

- (a) As at 31 December 2024 and 2023, the Group has agreed to provide corporate guarantee for any shortfall from the guaranteed amounts.
- (b) During the year 2023, one of creditors agreed to modify the terms of the loan, including the maturity date and settlement method. This constituted a substantial modification of financial liabilities under HKFRS 9, resulting in a gain on modification of approximately HK\$111,416,000, which was recognised in the consolidated statement of profit or loss. Upon modification, the loan was recognised as financial liabilities measured at fair value through profit and loss. The loan was fully settled in 2024.
- (c) During the year 2024, the Group agreed with certain debtors to modify the terms of the credit loans, including the maturity date and settlement schedule. This constitutes modification of financial assets under HKFRS 9, resulting in net loss on modification of approximately HK\$12,203,000 (2023: Nil), which have been recognised in the consolidated statement of profit or loss.
- (d) During the year 2024, the Group disposed an investment property located in U.S. at consideration of HK\$52,583,000 (2023: Nil), resulting in disposal loss of HK\$17,617,000 (2023: Nil).

6. FINANCE COSTS

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Interest on bank borrowings	37,888	33,989
Interest on other borrowings	12,129	12,186
Interest on lease liabilities	2,371	3,198
	<u>52,388</u>	<u>49,373</u>

7. OTHER OPERATING EXPENSES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
	<i>Notes</i>	
Advertising and promotion expenses	1,473	1,589
Auditor's remuneration	2,450	2,450
Bank charges	1,262	1,237
Consultancy fee	2,819	3,563
Entertainments	1,475	2,015
General office expenses	6,387	6,358
Insurance	3,933	2,624
Legal and professional fee	(a) 9,148	13,148
Repairs and maintenance	5,442	4,260
Office reinstatement and relocation cost	(b) 266	8,752
Short-term leases, rent and rates and building management fee	9,228	7,181
Travelling and transportation expenses	2,081	1,820
Others	5,337	3,002
	<u>51,301</u>	<u>57,999</u>

Notes:

- (a) For the year ended 31 December 2023, total legal and professional fee of HK\$13,148,000 consisted of the fee of HK\$5,686,000 related to various one-off corporate transactions.
- (b) For the year ended 31 December 2023, office reinstatement and relocation cost represented cost for relocation of new office took place in first quarter of 2023.

8. (LOSS)/PROFIT BEFORE TAX

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
(Loss)/profit before tax is arrived at after charging:		
Depreciation and amortisation		
— Other intangible assets	1,460	1,270
— Property and equipment	18,134	30,589
	<u>19,594</u>	<u>31,859</u>
Other items		
— Net loss on disposals of property and equipment	176	1,272
— Direct operating expenses arising from investment properties that do not generate rental income	14,570	2,827
— Expenses relating to short-term leases	960	605
	<u>15,606</u>	<u>4,704</u>

9. TAX EXPENSE/(CREDIT), NET

The provision for Hong Kong Profits Tax is calculated at 16.5% (2023: 16.5%) of the estimated assessable profits for the year ended 31 December 2024, except for a subsidiary of the Group which is a qualifying corporation under the two-tiered profits tax rate regime.

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

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Current tax — Hong Kong Profits Tax		
— Current year	856	541
— Over provision in prior years	(310)	—
	<u>546</u>	<u>541</u>
Current tax — Overseas Tax	3,354	—
Deferred tax expense/(credit)	3,418	(2,207)
	<u>6,772</u>	<u>(1,666)</u>
Total tax expense/(credit)	<u>7,318</u>	<u>(1,666)</u>

10. (LOSS)/EARNINGS PER SHARE

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

(a) Basic (loss)/earnings per share

(Loss)/profit attributable to equity holders of the Company

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
For purpose of calculating basic (loss)/earnings per share	<u>(73,367)</u>	<u>119,537</u>

Weighted average number of ordinary shares in issue less shares held for share award scheme

	2024	2023
For purpose of calculating basic (loss)/earnings per share	<u>6,145,877,218</u>	<u>6,145,877,218</u>

(b) Diluted (loss)/earnings per share

For the years ended 31 December 2024 and 2023, potential dilutive ordinary shares are not included in the calculation of diluted (loss)/earnings per shares because they are anti-dilutive. Therefore, the diluted (loss)/earning per share equals to the basic (loss)/earnings per share.

11. DIVIDENDS

Dividend payable to equity holders of the Company attributable to the year:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Special dividend declared and paid of HK1.1 cents per ordinary share	<u>—</u>	<u>68,168</u>

The Board has resolved not to recommend the payment of a final dividend for the year ended 31 December 2024 (2023: Nil).

12. LOANS TO MARGIN CLIENTS

	As at 31 December 2024 <i>HK\$'000</i>	As at 31 December 2023 <i>HK\$'000</i>
Loans to margin clients — Measured at fair value through profit or loss	<u>610,217</u>	<u>547,986</u>

Note:

Margin clients are required to pledge securities collateral to the Group in order to obtain the credit facilities for securities trading. The amount of credit facilities granted to them is determined based on a comprehensive analysis including but not limited to loan-to-market and loan-to-marginable value ratios (“lending ratios”), concentration risk, illiquid collaterals and overall availability of funds. The Group exercises continuous monitoring on outstanding margin loans to see if the actual lending ratios have exceeded the pre-determined levels as a credit risk control mechanism. Any excess in the lending ratios will trigger a margin call where the clients have to make good the shortfall. As at 31 December 2024, the market value of securities pledged by margin clients to the Group as collateral was HK\$9,857 million (31 December 2023: HK\$5,833 million) and the Group is permitted to sell collaterals provided by clients if they fail to fulfil margin calls. Loans to margin clients are repayable on demand and bear interest at commercial rates (normally at Hong Kong Dollar Prime Rate plus a spread). As loans to margin clients are measured at fair value through profit or loss, the carrying amounts of the loans, counted on client-by-client basis, would be marked down to the market value of the clients’ collaterals.

13. CREDIT LOANS

		As at 31 December 2024	As at 31 December 2023
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Credit loans, gross amount			
— Unsecured		4,265,550	3,854,279
— Secured	(b), (d)	<u>317,718</u>	<u>558,615</u>
	(a)	4,583,268	4,412,894
Less: ECL provisions		<u>(4,262,809)</u>	<u>(3,990,712)</u>
Credit loans, net	(c), (d)	<u><u>320,459</u></u>	<u><u>422,182</u></u>

Notes:

- (a) The credit loans bear interest at fixed rates ranging from 6% to 12% (31 December 2023: 2.5% to 12%) per annum.
- (b) As at 31 December 2024 and 2023, the collaterals held by the Group for the secured credit loans mainly include shares of listed and private companies and assets of private companies.

(c) Ageing analysis of credit loans based on due date and net of ECL provision is as follow:

	As at 31 December 2024 <i>HK\$'000</i>	As at 31 December 2023 <i>HK\$'000</i>
Within 30 days	63,979	94,196
31–90 days	—	—
Over 90 days	<u>256,480</u>	<u>327,986</u>
Credit loans, net	<u><u>320,459</u></u>	<u><u>422,182</u></u>

(d) As at 31 December 2023, included in secured credit loans, a net balance of HK\$2,135,000 was reverse repurchase agreements on bonds.

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

Reverse repurchase agreements are transactions in which the external investors sell a security to the Group and simultaneously agree to repurchase it (or an asset that is substantially the same) at the agreed date and price. The repurchase prices are fixed and the Group is not exposed to substantially all the credit risks, market risks and rewards of those securities bought. These securities are not recognised in the consolidated financial statements but regarded as “collateral” because the external investors retain substantially all the risks and rewards of these securities. The reverse repurchase agreements were fully settled in 2024.

As at 31 December 2023, the fair value of the collaterals was HK\$4,129,000.

14. ACCOUNTS RECEIVABLE

		As at 31 December 2024 <i>HK\$'000</i>	As at 31 December 2023 <i>HK\$'000</i>
	<i>Notes</i>		
<i>Accounts receivable from dealings in securities, futures and options contracts</i>			
— Brokers and clearing houses	(a)	235,074	272,879
— Cash clients	(a)	31,664	29,954
<i>Accounts receivable from asset management, corporate finance and other businesses</i>			
— Clients	(a)	<u>20,045</u>	<u>21,806</u>
		286,783	324,639
Less: ECL provisions		<u>(25,609)</u>	<u>(22,367)</u>
Accounts receivable, net	(b)	<u>261,174</u>	<u>302,272</u>

Notes:

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

	As at 31 December 2024 <i>HK\$'000</i>	As at 31 December 2023 <i>HK\$'000</i>
Within 30 days	251,898	278,230
31–90 days	1,401	1,036
Over 90 days	<u>7,875</u>	<u>23,006</u>
Accounts receivable, net	<u>261,174</u>	<u>302,272</u>

15. INVESTMENT PROPERTIES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
At 1 January	913,380	—
Additions arising from acquisition of subsidiaries	—	960,118
Exchange alignment	—	(4,618)
Disposal	(70,200)	—
Gain/(loss) on fair value change	8,580	(42,120)
	<hr/> 851,760 <hr/>	<hr/> 913,380 <hr/>
At 31 December	851,760	913,380

All of the Group's investment properties are held in the U.S..

The settlement arrangement to the loans with China Oceanwide International Investment Company Limited, being a former connected party, was completed on 22 August 2023. The transfer of the sales shares of target companies (all being investment holding companies) was completed. The possession of the four U.S. residential properties was obtained on 22 August 2023 (U.S. time) under the terms and conditions were fulfilled. One of the U.S. residential properties was disposed during 2024.

All of the Group's property interests are held for capital appreciation which accounted for investment properties and measured using fair value model.

The table below sets out particulars of the U.S. residential properties as at 31 December 2024:

No.	Property	Type of use	Particulars of occupancy	Term of lease
1.	250 Atherton Avenue, Atherton, CA 94027, County of San Mateo, State of California, the U.S.	Residential	Vacant	Freehold
2.	40 Verbalee Lane, Hillsborough, CA 94010, County of San Mateo, State of California, the U.S.	Residential	Vacant	Freehold
3.	1111 Tournament Drive, Hillsborough, CA 94010, County of San Mateo, State of California, the U.S.	Residential	Vacant	Freehold

16. ACCOUNTS PAYABLE

		As at 31 December 2024 <i>HK\$'000</i>	As at 31 December 2023 <i>HK\$'000</i>
	<i>Notes</i>		
<i>Accounts payable from dealings in securities, futures and options contracts</i>			
— Brokers and clearing houses	(a)	7,992	10,124
— Cash and margin clients	(a)	1,211,203	1,064,873
 <i>Accounts payable from other businesses</i>			
— Clients		<u>1,376</u>	<u>1,883</u>
	(b)	<u><u>1,220,571</u></u>	<u><u>1,076,880</u></u>

Notes:

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

17. EVENTS AFTER THE REPORTING PERIOD

The Group announced on 23 January 2025 and entered into the share repurchase agreement with the buyer and completed the disposal of 11,739,128 issued class B ordinary shares of an unlisted equity investment at a consideration of US\$8,827,000 (equivalent to HK\$68,848,000) of which represented approximately 1.19% of the total issued shares of the respective unlisted equity investment as at 23 January 2025. The proceeds was received and used to repay one of the secured bank loans.

FINAL DIVIDEND

The Board has resolved not to recommend the payment of a final dividend for the year ended 31 December 2024 (2023: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Macro Environment

2024 was an election year in the U.S., and geopolitical risks remained present as the results settled. Donald Trump was re-elected as President. A significant market variable was the change in interest rate policies from major central banks in Japan and the U.S. In September, the Federal Reserve officially implemented a 0.5% rate cut, marking the first reduction since March 2020, resulting in a total 1% cut for the year. However, following the last meeting of the year, Chairman Powell indicated a cautious and gradual approach to future cuts in 2025. In contrast, Japan's interest rate hike triggered unwinding in yen carry trades, leading to a global market downturn on 5 August 2024, known as "Black Monday".

The U.S. stock market continued to reach new highs in 2024, driven primarily by the "Magnificent Seven," which includes technology stocks like Apple and Nvidia. The concept of artificial intelligence remained a hot topic throughout the year. Following Trump's victory, the U.S. dollar index grew stronger, yet this did not prevent capital from continuing to flow into the U.S. stock market. For the year, the Dow Jones rose by 4,854 points or 13%, the Standard & Poor's 500 gained 1,112 points or 23%, and the Nasdaq increased by 4,299 points or 29%. The stance on rate cuts influenced market trends; news of a "hawkish rate cut" initially led to significant declines, with the Dow in December dropping over 1,000 points and experiencing ten consecutive days of decline, marking the longest losing streak in 50 years.

Mainland China faced pressures from consumption and economic transformation, prompting the central government to initiate reforms in the A-share market. A series of measures were introduced to stabilise both the stock and property markets. Stimulated by news of government support for the stock market, investor sentiment improved, and in 2024, gross domestic product ("GDP") finally surpassed RMB130 trillion, successfully achieving a year-on-year growth target of "keeping above 5%".

Hong Kong Market Review

In 2024, the Hong Kong stock market exhibited a pattern of initial decline followed by a significant rise, with the Hang Seng Index gaining 3,012 points or 17% for the year. This marked a reversal of a four-year downturn and represented the best performance since 2017, setting multiple new trading records, including a historic high turnover of HK\$620.7 billion on 8 October 2024. The average daily turnover in 2024 was HK\$131.8 billion, a 26% increase from HK\$105 billion in 2023. The initial public offerings (“IPO(s)”) market also showed signs of recovery, with approximately 70 new stocks listed throughout the year. Notably, it welcomed three specialized technology stocks — Crystal Tech Holdings, Hezhima Intelligent, and Yuejiang — under Chapter 18C of the Listing Rules. The total funds raised through IPO(s) in 2024 amounted to HK\$87.5 billion, an 89% increase from HK\$46.3 billion in 2023. With several leading domestic companies listing in Hong Kong in the second half of the year, Hong Kong’s global ranking in IPO fundraising rose from tenth at the start of the year to fourth by the end, with total fundraising reaching HK\$190.3 billion, up to 22% from HK\$156 billion in 2023.

Results and Overview

For the year ended 31 December 2024, the Group recorded consolidated loss before tax of HK\$66 million (2023: consolidated profit before tax of HK\$118 million). This loss before tax for 2024 was mainly attributable to the loss recognised resulting from the anticipated disposal of its investment in HealthKonnnect Medical and Health Technology Management Company Limited (“HealthKonnnect”). Excluding the loss of HK\$95 million (2023: Nil) arising from HealthKonnnect for the year ended 31 December 2024, the Group recorded consolidated profit before tax of HK\$29 million (2023: HK\$118 million). The decrease was mainly attributable to the one-off partial settlement of certain loan balances due from a former connected party for which profit was recognised in 2023.

The Group’s net aggregate revenue increased to HK\$414 million in 2024 from HK\$346 million in 2023, representing a year-on-year increase of HK\$68 million. The revenue from core operating businesses fell by 14% year-on-year to HK\$230 million in 2024. If we exclude our net investment income of HK\$119 million (2023: net investment loss of HK\$218 million) recorded as part of our revenue, our adjusted revenue was HK\$295 million (2023: HK\$564 million), representing a year-on-year decrease of 48%. The significant decrease in adjusted revenue primarily resulted from a large part of the interest income recognised in 2023 arising from the one-off partial settlement arrangement entered in 2023 in relation to certain loans due from a former connected party which was a non-recurring event from our money lending business.

The Board has resolved not to recommend the payment of a final dividend for the year ended 31 December 2024 (2023: Nil).

Business Review

The year 2024 presented significant challenges for our company due to the strong US dollar and the high-interest rate environment in Hong Kong. In 2024, our corporate finance business faced a challenging environment with a drop in the number of transactions and delays in the IPO timetables. However, we have managed to build an encouraging deal pipeline that holds promise for future growth. We successfully launched our External Asset Management (EAM) platform, enhancing our distribution capabilities. This strategic initiative has positioned us well to cater to a broader client base and deliver tailored financial solutions. The current weak economic climate has also provided us with an opportunity to attract experienced talents in our asset management business. These new recruits have been instrumental in expanding our assets under management and broadening our product pipelines and services within the asset management sector. In addition to these achievements, we have made significant progress in negotiating the recovery of various overdue loans. Our diligent efforts in this area have contributed to improving our financial stability. We have managed to increase the banking facilities for our brokerage business, re-establishing connection with a significant number of banks, and brokerage business volume as 2024 progressed. The revenue of our brokerage business recorded a 17% increase in the second half of 2024 as compared to the first half of 2024. Moreover, we have continued to monitor and control our costs effectively, ensuring that we operate efficiently and maintain our profitability. Despite the challenges faced throughout 2024, we have demonstrated our ability to adapt, innovate, and grow. We remain committed to our strategic goals and are optimistic about the opportunities that lie ahead in 2025.

Financial Review

The following table summarised the revenue breakdown of the Group's principal businesses. Except for the interest income from brokerage business of HK\$147 million (2023: HK\$145 million), the revenue generated by core operating business decreased compared to 2023.

Revenue	2024 HK\$ million	2024 Proportion	2023 HK\$ million	2023 Proportion	Favourable/ (unfavourable) change
Corporate finance business	9	4%	31	12%	(71)%
Asset management business	9	4%	11	4%	(18)%
Brokerage business	65	28%	81	30%	(20)%
Interest income from brokerage business	147	64%	145	54%	1%
	<u>212</u>		<u>226</u>		
Total revenue for core operating business	<u>230</u>	100%	<u>268</u>	100%	(14)%
Interest income from non- brokerage business	58		290		(80)%
Financial media service fee income	7		6		17%
Net investment gain/(loss)	<u>119</u>		<u>(218)</u>		155%
Total revenue	<u><u>414</u></u>		<u><u>346</u></u>		20%

Corporate Finance Business

The Group's corporate finance business primarily comprises sponsorship for listing, financial advisory, financing consultation service, and equity capital market. Revenue from corporate finance business decreased by approximately 71%, from HK\$31 million in 2023 to HK\$9 million in 2024. The drop was primarily due to lower sponsorship fee income as clients postponed their IPO projects timelines.

Asset Management Business

Revenue from asset management business has decreased from HK\$11 million in 2023 to HK\$9 million in 2024.

Brokerage Business

The overall performance of our brokerage business had been affected by the credit crunch we experienced as a result of the financial difficulties of our former controlling shareholder. We reduced our margin book and adopted a responsible approach to our business to overcome the onerous situation. This inevitably led to a decrease in clients and therefore business volume which impact was felt more in 2024 than 2023, before we steadied our ship and recovered. As a result, revenue from brokerage business has decreased by 20% from HK\$81 million in 2023 to HK\$65 million in 2024. Commission income from dealing in futures decreased by 23% from HK\$35 million in 2023 to HK\$27 million in 2024. Commission income from dealing in securities decreased by 7% from HK\$27 million in 2023 to HK\$25 million in 2024. Even though the overall performances of dealings in securities and futures in 2024 were below 2023, the second half of 2024 performances in dealings in securities and futures were better than the first half of 2024, recording increase of 27% and 25% respectively.

Interest Income from Brokerage Business

The interest income from brokerage business has increased slightly by 1% from HK\$145 million in 2023 to HK\$147 million in 2024 mainly due to the increase in interest income from improved treasury management while offset by the decrease in margin loan interest income. The decrease in margin loan interest income mainly due to the drop in average outstanding margin loan to clients.

Interest Income from Non-Brokerage Business

The interest income from non-brokerage business has decreased by 80% from HK\$290 million in 2023 to HK\$58 million in 2024 mainly due to the one-off partial settlement of loan balances due from a former connected party in 2023.

Financial Media Service Fee Income

Financial media service fee income was around HK\$7 million in 2024 and consider stable as compared to HK\$6 million in 2023.

Net Investment Gain/(Loss)

The net investment gain of HK\$119 million in 2024 as compared to a net loss of HK\$218 million in 2023. The net investment gain in 2024 mainly comprises of (i) HK\$157 million (2023: Nil) gain from disposals of investment in Guotai Junan International Holdings Limited, (ii) reversal of mark-to-market loss on margin loans of HK\$1 million (2023: mark-to-market loss of HK\$107 million), and (iii) net favorable changes of fair values of other financial assets of HK\$56 million (2023: HK\$2 million), which was partially offset by HK\$95 million of downward adjustment in the fair value of HealthKonnnect (2023: HK\$113 million).

In 2024, the above-mentioned HK\$95 million downward adjustment in the fair value of HealthKonnnect was resulted from the anticipated disposal of investment in HealthKonnnect. Details of the disposal of investment in HealthKonnnect were set out in the Company's announcements dated on 23 January 2025 and 18 February 2025.

Other (Loss)/Income

Other loss was about HK\$177 million for 2024, as compared to a gain of HK\$160 million in 2023 comprising a HK\$111 million gain was arising through the terms modification on a contractual loan previously entered between the Company and the relevant counterparty. The other loss in 2024 mainly comprises of HK\$156 million loss arising from the increase in the market value of the collateral of a financial liability, HK\$18 million loss on disposal of an investment property located in the U.S. and HK\$12 million loss arising through the terms modification on contractual credit loans previously entered between the Group and the relevant counterparties.

Expenses

Direct costs decreased by 22% from HK\$94 million for 2023 to HK\$73 million in 2024, primarily due to the decrease in commission expense of our brokerage business following the decline in gross commission income. Staff costs decreased by 9% from HK\$174 million in 2023 to HK\$159 million in 2024 as a result of resource streamlining and workforce optimization. Finance costs on bank and other borrowings increased by 9% from HK\$46 million in 2023 to HK\$50 million in 2024 due to increase in average borrowings from new financing facilities.

Impairment Loss

In 2024, the Group recognised expected credit loss (“ECL”) net reversal of approximately HK\$21 million (2023: HK\$62 million) and were mainly arisen from ECL net reversal of HK\$103 million (2023: ECL net charges of HK\$377 million) to credit loans to independent third parties, offset by ECL net charges of HK\$83 million (2023: ECL net reversal of HK\$411 million) to credit loans and bonds to former connected parties.

In the following, the Group listed out the loans with material ECL net reversal/ (charges), which with reference to over 1% of total asset value of HK\$4,189 million of the Group as at 31 December 2024 (i.e. over HK\$42 million). The Group considers that such materiality level is appropriate for this purpose. As such, total ECL net reversal of HK\$21 million comprises reversal of HK\$87 million for credit loans to independent third parties which were explained below.

Details of credit loans to independent third parties with material ECL movement in 2024

Identities of borrowers	Principal amount <i>HK\$ million</i>	Net carrying	Reversal of	Interest rate	Loans granted		Details of personal guarantee	Their ultimate beneficial owners	Latest status of repayment as at 31 December 2024
		amount as at 31 December 2024 <i>HK\$ million</i>	ECL for the year 2024 <i>HK\$ million</i>		date	Tenure			
Corporate Client 1	—	—	44	9%	1 December 2019	Within 5 years	By an independent third party	Independent third party	Fully settled
Corporate Client 2	—	—	43	12%	8 March 2019	Within 2 years	By an independent third party	Independent third party	Fully settled
	<u>—</u>	<u>—</u>	<u>87</u>						

No additional loan was granted to above Corporate Clients. Reversal of ECL on Corporate Client 1 was due to the completion of the loan assignment in 2024 in relation to the assignment of the credit loan of Corporate Client 1 at a consideration equivalent to the nominal value of the credit loan, which settled by way of allotment and issuance of shares of the assignee. Details of the loan assignment for Corporate Client 1 were set out in the Company's announcement dated on 18 December 2023. Reversal of ECL on Corporate Client 2 was due to full settlement by the assignee under second assignment of loan. Details of the assignment arrangement for Corporate Client 2 were set out in the Company's announcement dated on 6 June 2023.

(a) Reasons for the impairment

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

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

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

(iii) forward-looking market data such as gross domestic product will also impact to the recoverability of the loans.

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

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

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

For the year of 2024, independent impairment assessment was performed on credit loans to former connected parties and independent third parties by an independent valuer, Masterpiece Valuation Advisory Limited which is a professional business consulting company established in Hong Kong and with a branch office in the Greater China area. The consulting teams are formed by experienced professionals from accounting, finance and real estate with well-recognised qualifications including but not limited to HKICPA, Chartered Financial Analyst, member of the Hong Kong Institute of Surveyors, Registered Professional Surveyors, Financial Risk Manager and Certified Public Valuer. In applying the accounting standard, the below formula was used in assessing their respective ECL provisions:

$$ECL = EAD \times PD \times (1 - PV \text{ of } (Recovery \text{ Rate} \times FLF))$$

1. Exposure at Default (the “EAD”) is the principal and interest outstanding that are at risk of default.
2. Probability of Default (the “PD”) is the likelihood that counterparties will fail to repay. PD of 100% is used when the counterparties default or very likely to default. For other cases, PD sourced from “Average cumulative issuer-weighted global default rates by alphanumeric rating” published by Moody’s, a reputation credit agency.
3. Recovery Rate sourced from “Average debt recovery rates measured by ultimate recoveries” published by Moody’s, a reputable credit agency.

4. Forward-looking factor (the “FLF”) is served as adjustment to recovery rate basing on the recent and forecasted data related to assets of the borrowers. GDP growth data were selected as the appropriate macro factor (“Z”) according to the assets location of the counterparties. And for counterparties located in People’s Republic of China (“PRC”), broad measure of money supply (M2) was also included to make relevant forward-looking adjustments to Recovery rate.
5. Present Value (“PV”) of $(\text{Recovery Rate} \times \text{FLF}) = (\text{Recovery rate} \times \text{FLF}) / (1 + \text{effective interest rate})^{\text{Time to Recover}}$.

Money Lending

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

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

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

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

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

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

To diversify the clients and lower the concentration of loans portfolio, our borrowers included individuals, listed companies and companies from different industries such as securities investment, real estate and consultation service. As at 31 December 2024, the Group has 20 borrowers, of which 17 unlisted corporate borrowers, 1 listed corporate borrower and 2 individual borrowers.

As at 31 December 2024, the Group has 36 credit loans with principal amounts ranging from HK\$2 million to HK\$446 million with fixed coupon interest rates ranging from 6% to 12%. The credit loans portfolio fell with the following bands:

Loan size of principal	Number of credit loans fall into the band
Above HK\$100 million–HK\$500 million	11
Above HK\$50 million–HK\$100 million	7
Above HK\$10 million–HK\$50 million	12
Above HK\$5 million–HK\$10 million	2
Below or equals to HK\$5 million	4
	<hr/>
	36
	<hr/> <hr/>

Out of the 36 credit loans, 1 loan was secured by shares of private companies and assets of private companies with personal guarantee (1% of the total principal amount of the Group's credit loan portfolio), 1 loan was secured by shares of listed company with personal guarantee (2% of the total principal amount of the Group's credit loan portfolio), 1 loan was secured by shares of private companies with personal guarantee (6% of the total principal amount of the Group's credit loan portfolio), 2 loans were secured by assets of borrowers and unguaranteed (1% of the total principal amount of the Group's credit loan portfolio), 9 unsecured loans with personal or company's guarantee (47% of the total principal amount of the Group's credit loan portfolio) and the remaining 22 loans were unsecured and unguaranteed (43% of the total principal amount of the Group's credit loan portfolio).

As at 31 December 2024, the top five borrowers constituted 69% of the total principal amount of the Group's credit loan portfolio.

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

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

As at 31 December 2024, the gross amounts of credit loans have increased by HK\$170 million from HK\$4,413 million as at 31 December 2023 to HK\$4,583 million. The net carrying amount after ECL provisions of credit loan has decreased from HK\$442 million as at 31 December 2023 to HK\$320 million at 31 December 2024.

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

	As at 31 December 2024 HK\$'000	As at 31 December 2023 HK\$'000
Within 30 days	63,979	94,196
31–90 days	—	—
Over 90 days	256,480	327,986
Credit loans, net	<u>320,459</u>	<u>422,182</u>

(iv) Internal controls measures

Credit Approval

The Group's money lending business follows a stringent procedure. Due diligence and credit assessments are performed by the respective lending department to assess the credit quality of the potential borrowers. These assessments include the identity, creditability, and financial background of the borrowers, and the value and characteristics of the collaterals to be pledged.

A loan proposal is then prepared by the designated loan officer and submitted to the Risk Management Department (“RMD”) for their comment. This comment is attached to the final submission of the proposal and presented to the Business Assessment Committee (BAC) either through a physical meeting or in an email for their approval.

The BAC may comment, add conditions, or seek improve the terms and conditions before giving their final approval. A Transaction Approval Form (TAF) is signed off by the Department Head of the respective lending department, the approval members, and the Chief Operating Officer to complete the approval process and for record.

Subject to the size of the loan/total exposure of each borrower and its related parties, different approval authority is applied, where higher authority is required for the approval of larger loans. Till the end of 2024, the Group has long established this hierarchy of approval authority, the details of which are stated below:

Loan size/total exposure of each borrower and its related parties (HK\$)	Approval authority
Above HK\$1,000 million	Board of Directors
Above HK\$500 million – HK\$1,000 million	Executive Committee (ExCom.)
Above HK\$100 million – HK\$500 million	3 members in ExCom. (must include Chairman of ExCom.)
Above HK\$50 million – HK\$100 million	Business Assessment Committee (BAC)
Above HK\$10 million – HK\$50 million	3 members of BAC (must include Chief Executive Officer)
Above HK\$5 million – HK\$10 million	3 members of BAC (must include Chief Financial Officer or Chief Operating Officer)
Below or equals to HK\$5 million	2 members of BAC (must include Chief Financial Officer or Chief Operating Officer)

Note:

- 1) Business Assessment Committee comprises of Chief Executive Officer, Chief Financial Officer, Chief Investment Officer, Chief Operating Officer and Chief Risk Officer.

Continuous loan monitoring

The Group's designated loan officer closely monitors the Group's loan portfolio, include regular communication with the individual borrowers to update and review their financial position from time to time, and to determine appropriate actions for recovery of the relevant loans at the earliest time.

Also, RMD will review the risk level of each of the loans on a daily basis and submit written monthly report to the ExCom. with their recommendation. From time to time, RMD alerts our senior management and/or the ExCom. on specific events (e.g. failed repayment) and advise its recommended actions. In parallel, our Accounts Department and Treasury Department also keep track of the repayment schedule constantly and make relevant alerts to senior management in case of failed or late repayment.

Recoverability and collection

At each month end, the designated loan officer checks if there is overdue balances or late payment and RMD will perform an independent review on the loans portfolio and closely monitor the status and report to the senior management.

Usually there would be internal discussions on a case-by-case basis on what recovery actions to be taken so that the Group could recover the most in a timely fashion. Means like phones calls, seizure of collaterals, statutory demand letter and further legal actions would be discussed. Demand letter and statutory demand letter will be issued to the borrower when consider appropriately if there is overdue repayment. Where appropriate, legal action will be initiated against the borrower for the recovery of the amount due and taking possession of the collateral pledged. Seizure of collaterals and realization of underlying collaterals would also be taken if necessary. Where appropriate, the Group will also petition to the court for winding-up/bankruptcy of the borrower and/or guarantor. Again, the recovery and collection decisions and processes are included in the monthly risk management report to the ExCom..

Other Information

Capital structure, liquidity and financial resources

The Group generally finances its operations with internally generated cash flow as well as through the utilisation of banking facilities and short-term loans and notes from non-bank entities. The Group's cash level at the end of 2024 was around HK\$157 million (2023: HK\$122 million).

At the end of 2024, the Group's total borrowings amounted to HK\$668 million, slightly decreased by 1% from HK\$674 million at the end of 2023. Borrowings mainly consisted of two components.

- The first component was utilised bank facilities of around HK\$494 million (2023: HK\$453 million), of which the Group had available aggregate banking facilities of around HK\$917 million (2023: HK\$556 million).
- The second component was private notes issued by the Company and loans from other parties (non-bank financial institutions), which amounted to HK\$174 million at the end of 2024 (2023: HK\$221 million).

At the end of 2024, the net assets of the Group was HK\$1,993 million (2023: HK\$2,061 million). The Group's gearing ratio (leverage) was 34% (2023: 33%), being calculated as total borrowings over net assets. The management has applied prudent risk and credit management on the borrowings. In addition, the Group is required to strictly follow regulatory re-pledging ratios and prudent bank borrowing benchmarks that govern the extent of bank borrowings in the securities margin lending business.

Material acquisitions, disposals and significant investments

Upon the completion of loan assignment and disposal of equity securities, the Group's equity interest in Fortune Origin Group Limited ("Fortune Origin") increased from 15.7% to 21.3% and it became associates of the Group which accounted for using equity method. The details of acquisition are set out in the Company's announcements dated on 18 December 2023, 10 January 2024 and 30 May 2024.

On 21 November 2024, the Group's equity interest in Fortune Origin have been diluted and decreased to 19.8%. Fortune Origin ceased to be associates of the Group and the equity interest in Fortune Origin held by the Group are reclassified as financial assets measured at fair value through profit or loss.

Save as disclosed above, there was no material acquisition and disposal of subsidiaries or associated companies in 2024.

As at 31 December 2024, the Group held the following significant investment that was classified as fair value through profit or loss with fair value representing 5% or more of the Group's total assets (i.e. HK\$209 million).

Description of investment	Investment costs	Fair value as at 31 December 2024	Number of	Percentage of	Size as compared to the Group's total assets as at 31 December 2024	Total amount of dividends received for the year ended 31 December 2024	Unrealised gain for the year ended 31 December 2024
			ordinary shares held in the investee company as at 31 December 2024	investment held in the investee company as at 31 December 2024			
	HK\$'000	HK\$'000	Number of shares	%	%	HK\$'000	HK\$'000
Equity interest in Fortune Origin	211,494	310,123	3,081	19.8	7.4	N/A	42,704

Fortune Origin, a company incorporated in the British Virgins Island, and its subsidiaries are principally engaged in investment business and brokerage services. The Group held the equity investment in Fortune Origin with a medium-term.

Pledged assets of the Group

At the end of 2024, assets of HK\$1,093 million (2023: HK\$514 million) were charged to banks.

Employees and remuneration policies

On 31 December 2024, the Group had 181 full time employees (2023: 193) in Hong Kong and 19 full time employees (2023: 22) in Mainland China. In addition, the Group has 65 self-employed sales representatives (2023: 60). Competitive total remuneration packages are offered to employees by reference to industry remuneration research reports, prevailing market practices and standards and individual merit. Salaries are reviewed annually, and discretionary bonuses are paid with reference to individual performance appraisals, prevailing market conditions and the Group's financial performance. Other benefits offered by the Group include a mandatory provident fund scheme, medical and health insurance.

Risk management

The Group's business is closely related to the economy and market fluctuations of Hong Kong and China, and indirectly affected by financial markets across the globe. To cope with unpredictable market fluctuations and minimize risks, the Group takes preventive measures and established a three-tier risk management system. At the front line, there are the relevant business departments who conduct the initial risk assessments. RMD and Legal & Compliance Department then reviews and provide comments on identified risks, if any. RMD is responsible for risk identification and

analysis, the setting and monitoring of risk limits and parameters, and produce timely risk reports to the senior management. The Legal & Compliance Department also comments and monitors the legal risks involved as required. The Internal Audit Department conduct thorough checks periodically to ensure that any procedural and potential risks can be eradicated, concluding the final stem of our Group's comprehensive risk control.

Credit risk

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

Market risk

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

Liquidity risk

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

Operational risk

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

Regulatory compliance risk

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

Prospects

The sentiment of the Hong Kong stock market has become positive noticeably as reflected in the level of the Hang Seng Index and the market's daily turnover volume. China's macroeconomic data shows signs of strength and the Government of the PRC has also taken increasingly proactive measures to boost consumption. The performance of our securities business in the second half of 2024 beats the first half of 2024. All are good indications that we are finally coming out from the doldrums. We will seek to build on the momentum gained in the second half of 2024 and the foundation established to grow our businesses responsibly while being cautious of the uncertainties associated with the new U.S. administration and ongoing conflicts between nations.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

During the year ended 31 December 2024, neither the Company nor any of its subsidiaries had purchased, redeemed or sold any listed securities of the Company.

CORPORATE GOVERNANCE PRACTICES

The Board considers that the Company has applied the principles and complied with the code provisions set out in the Corporate Governance Code of Appendix C1 of the Listing Rules, throughout the year ended 31 December 2024 and subsequent period up to the date of this announcement, save for the deviation from code provision C.2.1 which is explained as follows:

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

MODEL CODE FOR SECURITIES TRANSACTIONS

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

In response to specific enquiry, all of the Directors confirmed that they have complied with the required standard set out in the Model Code and the code of conduct regarding securities transactions by the Directors adopted by the Company throughout the year ended 31 December 2024.

AUDIT COMMITTEE REVIEW

The Audit Committee of the Company (which comprises three independent non-executive directors) has reviewed the audited annual results of the Company for the year ended 31 December 2024 and discussed with the management of the Company the accounting principles and practices adopted by the Group, internal control and financial reporting matters.

SCOPE OF WORK OF HLB HODGSON IMPEY CHENG LIMITED

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, and the related notes thereto for the year ended 31 December 2024 as set out in the preliminary announcement have been agreed by the Group’s auditors, HLB Hodgson Impey Cheng Limited (the “Auditors”), to the amounts set out in the Group’s audited consolidated financial statements for the year ended 31 December 2024. The work performed by Auditors 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 HKICPA and consequently no opinion or assurance conclusion has been expressed by Auditors on the preliminary announcement.

PUBLICATION OF THE AUDITED RESULTS ANNOUNCEMENT AND ANNUAL REPORT

The audited results announcement of the Group for the year ended 31 December 2024 is published on the website of HKEXnews at www.hkexnews.hk and the website of the Company at www.quamplus.com respectively. The Annual Report for the year ended 31 December 2024 of the Company will be despatched to the shareholders of the Company (if requested) and made available on the above websites in due course.

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

Hong Kong, 25 March 2025

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

Executive Directors:

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

Independent Non-executive Directors:

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

Non-executive Director:

Mr. WANG Liuqi