

Prepared for JTH



# INNOVAX HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock code: 2680

ANNUAL REPORT  
2023/24

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# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### Executive Directors

Mr. Chung Chi Man  
Mr. Poon Siu Kuen, Calvin

### Independent Non-executive Directors

Ms. Chan Ka Lai, Vanessa  
Dr. Wu Kwun Hing  
Mr. Yip Siu Hong

## AUDIT COMMITTEE

Ms. Chan Ka Lai, Vanessa (*Chairlady*)  
Dr. Wu Kwun Hing  
Mr. Yip Siu Hong

## REMUNERATION COMMITTEE

Mr. Yip Siu Hong (*Chairman*)  
Dr. Wu Kwun Hing  
Ms. Chan Ka Lai, Vanessa

## NOMINATION COMMITTEE

Dr. Wu Kwun Hing (*Chairman*)  
Ms. Chan Ka Lai, Vanessa  
Mr. Yip Siu Hong

## REGISTERED OFFICE

Cricket Square  
 Hutchins Drive  
 P.O. Box 2681  
 Grand Cayman KY1-1111  
 Cayman Islands

## HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit A–C, 20/F, Neich Tower  
 128 Gloucester Road  
 Wanchai, Hong Kong

## HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited  
 Shops 1712–1716  
 17/F, Hopewell Centre  
 183 Queen's Road East  
 Wanchai, Hong Kong

## COMPANY SECRETARY

Ms. Chau Lok Yi

## LEGAL ADVISERS

JINGTIAN & GONGCHENG LLP  
 Suites 3203–3207  
 32/F., Edinburgh Tower  
 The Landmark  
 15 Queen's Road Central  
 Hong Kong

## AUDITOR

BDO Limited  
 *Certified Public Accountants*  
 *Registered Public Interest Entity Auditor*  
 25th Floor, Wing On Centre  
 111 Connaught Road Central  
 Hong Kong

## PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited  
 Chong Hing Bank Limited  
 Hang Seng Bank Limited  
 The Hong Kong and Shanghai Banking Corporation Limited

## WEBSITE

[www.innovax.hk](http://www.innovax.hk)

This Annual Report has been issued in the English language with a separate Chinese language translation. If there is any conflict in the Annual Report 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.

Dear Shareholders,

On behalf of the board (the "Board") of directors (the "Director(s)") of Innovax Holdings Limited (the "Company"), I hereby present the annual report and audited consolidated financial statements of the Company and its subsidiaries (together the "Group") for the year ended 29 February 2024 (the "Year").

## 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 (the "Main Board") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") 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.

# CHAIRMAN'S STATEMENT (Continued)

## COMPANY 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 Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (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.

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. 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. 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.

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.

# CHAIRMAN'S STATEMENT (Continued)

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.

## ACKNOWLEDGEMENT

On behalf of the Board, I wish to take this opportunity to express our appreciation to the senior management and staff of the Group for their commitment, and the Directors for their dedication and perseverance.

I would also like to express our sincere gratitude to our clients for their invaluable patronage and to the shareholders for their continued confidence in and support for the Group. I would also like to sincerely thank our business partners including banks for their continuous support throughout the Year.

We shall continue to work together to achieve continuous growth of the Group and to generate a greater return for our shareholders and investors.

**Chung Chi Man**

*Chairman*

Hong Kong, 30 May 2024

# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS OVERVIEW

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.

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.

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.

### 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 HK\$17.4 million for the year ended 28 February 2023.

The Group has been actively maintaining frequent contacts with existing clients to identify business opportunities with them. Leveraging on the resources and network of the Group's senior management, the Group has been proactively approaching new clients from different geographical locations and with demand for different corporate finance services so as to broaden its project reserves.

### 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.

# MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

## 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 Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and the Rules Governing the Listing of Securities on GEM (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 Hong Kong Code on Takeovers and Mergers (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 adviser 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 5 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, 3 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).

The Group will leverage its expertise and extensive industry network to secure more equity placing and underwriting projects and expand its product and service coverage to include debt capital markets.

## 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).

The Group continuously evaluates and expands its range of services of its securities dealing and brokerage business to meet the evolving needs of clients and capitalise on the market trends. To this end, the Group plans to introduce new service offerings, including discretionary account management services, wealth management services and US securities brokerage services.

# MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

## 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.

The Group will continue to develop its securities financing services steadily and improve its risk management system and credit control capabilities in order to mitigate potential market risks and operational risks.

## 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).

The Group aims to provide clients with more comprehensive and sophisticated range of investment solutions through setting up more specialised investment funds including hedge funds, private equity funds and venture capital funds, via the Group's existing open-ended fund companies structure in Hong Kong, which is registered with the Securities and Futures Commission ("SFC"), or Cayman Island fund structure, to cater for the evolving needs of clients and capitalise on market opportunities.

## 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)	3%–15%	3%–15%

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.

# MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

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 plans to expand its product portfolio by increasing secured personal loan services, which involve accepting physical assets, such as real estate properties, as collateral from borrowers.

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 Annual Report.

## 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.

# MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

## 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 Annual Report, 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.

## PLEDGE OF ASSETS

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

# MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

## 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.

# MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

## 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 the fair value of the 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 HK\$'000	Cost of the investment in listed securities as at 29 February 2024 HK\$'000	Unrealized loss for the year ended 29 February 2024 HK\$'000
<b>Equity investments at fair value through profit and loss</b>						
1542	Taizhou Water Group Co., Ltd	5.85%	11.1%	31,356	48,159	5,031
	Total			31,356	48,159	5,031

### 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.

# MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

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 Annual Report, there was no significant event after the reporting period.

# MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

## 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 with 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 (Note)	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 Annual Report, the Company had utilised all of the net proceeds from the IPO in the manner consistent with the disclosure set out above.

# MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

## 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.

# BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

## EXECUTIVE DIRECTORS

**Mr. CHUNG Chi Man (鍾志文)**, aged 51, is the founder of the Group, the chairman of the Board and executive Director. He is a responsible officer of Innovax Capital Limited for type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities. Mr. Chung is primarily responsible for overall strategic planning and development of the Group as well as overseeing the general management of the Group.

Mr. Chung has over 26 years of experience in financial services, accounting and management as well as investment consultancy. He started his career in an international bank and served as various senior managerial and financial advisory positions in various companies.

Mr. Chung obtained a bachelor degree in business administration from the Chinese University of Hong Kong in December 1995. He was awarded Sir Edward Youde Memorial Scholarship in 1992 and is a fellow member of the Association of Chartered Certified Accountant since July 2001.

**Mr. POON Siu Kuen, Calvin (潘兆權)**, aged 53, is the chief executive officer and executive Director. Mr. Poon is primarily responsible for overall management of the Group and supervision and management of the Group's corporate finance advisory business. He is a responsible officer of Innovax Capital Limited for type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities and is a sponsor principal of Innovax Capital Limited.

Mr. Poon has over 24 years of experience in corporate finance. Prior to joining the Group in February 2015, Mr. Poon worked as an accountant at KPMG Hong Kong from December 1996 to February 2000. From July 2001 to December 2005, he was employed by Kingsway Capital Limited, a financial services company, as an associate director, where he handled various IPO projects, M&A transactions and fund raising exercises. He then joined China Everbright Capital Limited, a financial services company from December 2005 to February 2015 with his last position being the executive director of the corporate finance department.

Mr. Poon obtained a bachelor degree in civil engineering and a master degree in practising accounting from Monash University in Australia in October 1995 and November 2000, respectively. He has been an associate member of CPA Australia since September 1997, and advanced to full CPA status in April 2000.

# BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT (Continued)

## INDEPENDENT NON-EXECUTIVE DIRECTORS

**Dr. WU Kwun Hing (胡觀興)**, aged 57, was appointed as an independent non-executive Director on 24 August 2018. He is mainly responsible for supervising and providing independent advice to the Board. He joined the Group as an independent non-executive director of Innovax Capital Limited on 16 March 2015.

Dr. Wu has over 32 years of experience in engineering consultancy, including extensive international experience in major infrastructure projects. Dr. Wu is currently operating his company SimEng Technologies Ltd., established in December 2017, specialized on computer simulation. Dr. Wu was the technical director of Atkins China Limited from September 2020 to December 2023. From May 2018 to July 2020, Dr. Wu was the chief tunnel ventilation and station air-conditioning engineer of Oriental Consultants Global Co. Ltd. From September 1992 to November 2017, Dr. Wu worked at WSP (Asia) Limited (formerly known as Parsons Brinckerhoff (Asia) Limited), an engineering professional services firm, with his last position being a technical director.

Dr. Wu obtained a bachelor degree in mechanical engineering from the Hong Kong Polytechnic University in 1992 and a PhD in mechanical engineering from the Hong Kong University of Science and Technology in 2008. Dr. Wu is a fellow member of the Hong Kong Institution of Engineers since November 2022.

**Mr. YIP Siu Hong (葉少康)**, aged 55, was appointed as an independent non-executive Director on 1 June 2022. He is mainly responsible for supervising and providing independent advice to the Board.

Mr. Yip is experienced in business consultancy industry, social services and education sectors. Mr. Yip is currently the founding CEO and director of EP Venture Company Limited and Appetizup Company Limited.

Mr. Yip graduated from the Chinese University of Hong Kong with a bachelor degree in science in 1991 and obtained a master degree in business administration from the Chinese University of Hong Kong in 2004. He also obtained a master degree of arts in quantitative analysis for business from the City University of Hong Kong in 1998. He was conferred an Honorary Fellow from the City University of Hong Kong in 2011. He was conferred an Honorary Fellow from Lingnan University in October 2021. He was also a torchbearer in the Beijing 2008 Olympic Torch Relay. In 2011, Mr. Yip was awarded the Medal of Honor of Hong Kong.

## BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT (Continued)

**Ms. CHAN Ka Lai, Vanessa (陳嘉麗)**, aged 50, was appointed as an independent non-executive Director on 24 August 2018. She is mainly responsible for supervising and providing independent advice to the Board.

Ms. Chan is a professional accountant with over 26 years of experience in auditing, accounting and financial management. Currently, Ms. Chan is the operating director of WA C&E Limited which specialises in providing company secretarial, business and financial advisory services. She is currently an independent non-executive director of Tycoon Group Holdings Limited, a company listed on the Main Board (Stock Code: 3390), LEPU ScienTech Medical Technology (Shanghai) Co., Ltd., a company listed on the Main Board (Stock Code: 2291) and Hollwin Urban Operation Service Group Co., Ltd. (Stock Code: 2529). She worked in China Agri-Industries Holdings Limited, a state-owned enterprise previously listed on the Main Board, from November 2009 to December 2018 with her last position as the financial controller. Prior to joining China Agri-Industries Holdings Limited, she worked as an accounting manager of The Kowloon Motor Bus Co. (1933) Ltd. from August 2005 to February 2008 and worked in KPMG Hong Kong from July 1995 to August 2005 with the last position as a senior audit manager. In addition, Ms. Chan is the member and Honorary Treasurer of Hong Kong Guide Dogs Association Limited (a registered charity organisation).

Ms. Chan obtained a bachelor degree of arts in accountancy from the Hong Kong Polytechnic University in October 1995. She is a fellow member of the Hong Kong Institute of Certified Public Accountants since March 2006 and the Association of Chartered Certified Accountants since October 2006. Ms. Chan is also a member of the Hong Kong Chartered Governance Institute since March 2004 and the Hong Kong Institute of Directors since January 2018.

### SENIOR MANAGEMENT

**Mr. SO Hin Pong (蘇顯邦)**, aged 67, was the chief executive officer and executive director of Innovax Securities Limited from March 2017 to November 2020. He is currently the responsible officer for type 1 (dealing in securities), type 2 (dealing in futures contracts), type 4 (advising on securities) and type 9 (asset management) regulated activities of the Group.

Mr. So has over 41 years of experience in the financial and securities industry. Prior to joining the Group, Mr. So worked at Sun Hung Kai Group from February 1982 to June 2001, during which he had served as (i) an executive director of Sun Sun Fund, a fund launched by Sun Hung Kai Group; and (ii) a senior manager of the management and marketing department of SHK Fund Management Limited, where he managed the AEs' business activities. He then worked at China Everbright Limited (Stock Code: 165), a company listed on the Main Board, from June 2001 to March 2011 and China Everbright Securities International Limited ("CESIL"), a financial and securities services group in Hong Kong and a subsidiary of Everbright Securities Company Limited, a company listed on the Main Board (Stock Code: 6178), from April 2011 to March 2017. He had served as the responsible officer for type 1 (dealing in securities), type 2 (dealing in futures contracts), type 3 (leveraged foreign exchange trading), type 4 (advising on securities), type 5 (advising on futures contracts), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities for the operating subsidiaries of China Everbright Limited and CESIL during the respective periods.

Mr. So obtained the diploma in advanced financial management from the Asia International Open University in Macau in July 1995 and the diploma in finance from the Chinese University of Hong Kong in October 1997.

## BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT (Continued)

**Mr. LI Lap Sun (李立新)**, aged 57, was appointed as the chief investment officer and executive director of Innovax Asset Management Limited in March 2017. He is mainly responsible for supervising and managing the Group's asset management business.

Mr. Li has over 30 years of experience in finance and asset management. Mr. Li worked at Merrill Lynch (Asia Pacific) Limited from March 1994 to August 2004, with his last position being a director. He then worked at Goldman Sachs (Asia) L.L.C. as an executive director in the equities division from October 2004 to March 2007. From June 2007 to March 2017, Mr. Li was a responsible officer and the fund manager of Spitzer Asset Management Limited ("Spitzer Asset") (a licensed corporation which carried out type 9 (asset management) regulated activity), and he was a director of Spitzer Asset during the period from February 2017 to March 2017.

Mr. Li obtained a bachelor degree of arts in economics from the University of California, Los Angeles in the United States in June 1989 and a master degree in business administration from the University of Southern California in the United States in May 1992.

**Ms. CHAU Lok Yuen Amy (周樂宛)**, aged 47, was appointed as the head of equity capital markets in June 2017 and a director of Innovax Securities Limited in September 2020. She is principally responsible for supervising and managing the Group's placing and underwriting business, the securities dealing and brokerage business and research.

Ms. Chau has over 16 years of experience in finance and capital markets. From December 2007 to September 2010, Ms. Chau worked as a senior associate of equity capital markets in Sun Hung Kai Financial, a licensed corporation which carries out type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities. In January 2011, Ms. Chau joined as a senior manager of equity capital markets in CESIL. Her last position was a director of equity capital markets.

Ms. Chau obtained a bachelor degree of accountancy from the City University of Hong Kong in June 1999. She further obtained a master degree in business administration from the University of Manchester in June 2013.

**Ms. CHAU Lok Yi (周樂怡)**, aged 44, is the chief financial officer and company secretary of the Company and is mainly responsible for overall management of the financial and company secretarial matters of the Group. Ms. Chau joined the Group in May 2017.

Ms. Chau has over 20 years of experience in accounting. Prior to joining the Group, Ms. Chau worked at the finance and operations department of Oriental Patron Securities Limited, a company providing equity research, underwriting and securities brokerage services, from August 2003 to February 2005 with her last position being an accountant. Since February 2005, she worked at Morison Heng CPA Limited as a senior audit manager.

Ms. Chau obtained a bachelor degree of arts in accountancy from the Hong Kong Polytechnic University in November 2003. She obtained a master degree in business administration from the University of Iowa in December 2016. She is a member of the Hong Kong Institute of Certified Public Accountants since July 2007.

## BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT (Continued)

**Mr. LAM King Fung (林景烽)**, aged 42, is the chief operation officer and head of compliance of the Group and is mainly responsible for the business operation and regulatory compliance matters of the Group. Mr. Lam joined the Group in May 2017.

Mr. Lam has over 16 years of experience in regulatory compliance. Prior to joining the Group, Mr. Lam worked at CESIL from October 2010 to April 2017 with his last position as a senior vice president of legal, compliance and company secretarial department.

Mr. Lam obtained a bachelor degree of business in risk management from the Monash University of Australia in April 2005 and a master degree of corporate governance from the Hong Kong Polytechnic University in October 2013. Mr. Lam is a member of the Hong Kong Chartered Governance Institute since 2015 and a member of the Hong Kong Institute of Chartered Secretaries since December 2017.

### COMPANY SECRETARY

**Ms. CHAU Lok Yi (周樂怡)**, aged 44, was appointed as the company secretary of the Company on 4 May 2018. For details of her education and experience, please refer to the paragraph headed "SENIOR MANAGEMENT" in this section.

### DISCLOSURE OF DIRECTORS' INFORMATION PURSUANT TO RULE 13.51B(1) OF THE LISTING RULES

The basis for determining the Directors' emoluments (including bonus payments) remained unchanged during the Year.

During the Year, there were no changes to the Directors' information that are required to be disclosed pursuant to 13.51B(1) of the Listing Rules.

The Board is pleased to present this “Report of the Directors” together with the consolidated financial statements of the Group for the Year.

## PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

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.

An analysis of the principal activities of the Group during the Year is set out in the section headed “Management Discussion and Analysis” of this Annual Report and Note 40 to the consolidated financial statements.

Further discussion and analysis of the business activities as required by Schedule 5 to the Hong Kong Companies Ordinance (Chapter 622 of the Laws of Hong Kong) (“Hong Kong Companies Ordinance”), including a discussion of the principal risks and uncertainties faced by the Group, indication of likely future developments of the Group’s businesses and other relevant information, are set out in the section headed “Chairman’s Statement” on pages 3 to 5 and the section headed “Management Discussion and Analysis” on pages 6 to 15 of this Annual Report. Such discussion forms part of this “Report of the Directors”.

The environmental policies and performance, compliance with relevant laws and regulations and relationships with employees, customers, suppliers and others that have a significant impact on the Group and on which the Group’s success depends are set out in the section headed “Environmental, Social and Governance Report” on pages 46 to 59 of this Annual Report.

## FINANCIAL SUMMARY

A summary of the audited consolidated results and the assets and liabilities of the Group for the last five financial years, as extracted from the audited consolidated financial statements, is set out on page 126 of this Annual Report. This summary does not form part of the audited consolidated financial statements.

## SHARE CAPITAL AND SHARES ISSUED

Details of movements in the share capital of the Company for the Year and details of the shares issued during the Year are set out in Note 31 to the consolidated financial statements.

## SUBSIDIARIES

Particulars of the Company’s subsidiaries are set out in Note 40 to the consolidated financial statements.

# REPORT OF THE DIRECTORS (Continued)

## KEY RELATIONSHIP WITH STAKEHOLDERS

The Group is committed to operate in a sustainable manner while balancing the interests of its various stakeholders including customers and employees. Through regular stakeholder engagement via different channels, the stakeholders are encouraged to give their opinions regarding the environmental, social and governance policies of the Group.

Further details are set out in the section headed “Management Discussion and Analysis” on pages 6 to 15 and the section headed “Environmental, Social and Governance Report” on pages 46 to 59 of this Annual Report.

## KEY RELATIONSHIP WITH EMPLOYEES AND CUSTOMERS

The Group understands the importance of maintaining a good relationship with its employees and customers to meet its immediate and long-term business goals and development. During the Year, there were no material and significant disputes between the Group and its employees and customers.

## ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is committed to contributing to the sustainability of the environment and is committed to becoming an environmental-friendly corporation. Details of our environmental, social and governance policies and performance during the Year are set out in the section headed “Environmental, Social and Governance Report” on pages 46 to 59 of this Annual Report.

## COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

As far as the Board and the Group’s management are aware, the Group has complied in all material aspects with the relevant laws and regulations that have a significant impact on the business and operation of the Group. During the Year, there was no material breach of, or non-compliance with, applicable laws and regulations by the Group.

## PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the articles of associations (“Articles”) of the Company or the laws of the Cayman Islands which would oblige the Company to offer new shares on a pro-rata basis to its existing shareholders.

## PROPERTY AND EQUIPMENT

Details of movements in the property and equipment of the Company and the Group during the Year are set out in Note 18 to the consolidated financial statements. There were no investment properties held by the Group during the Year.

## DEBENTURE ISSUED

The Group did not issue any debenture during the Year and up to the date of this Annual Report.

# REPORT OF THE DIRECTORS (Continued)

## EQUITY-LINKED AGREEMENTS

Save for disclosed in the paragraph headed “Share Option Scheme” under this section, no equity-linked agreements were entered into by the Group, or existed during the Year.

## DIVIDEND

The Directors do not recommend payment of any dividend for the Year (2023: Nil).

## RESERVES AND DISTRIBUTABLE RESERVES

Details of movements in the reserves of the Group during the Year are set out in the section headed “Consolidated Statement of Changes in Equity” in the consolidated financial statements on page 66 of this Annual Report.

Details of the movements in the reserves of the Company during the Year are set out in Note 41 to the consolidated financial statements.

## BANK LOANS AND OTHER BORROWINGS

As at 29 February 2024, the Group had no bank loans (2023: Nil) and amounts due to a director (2023: Nil).

## MAJOR CUSTOMERS

During the Year, sales to the five largest customers and the largest customer of the Group accounted for approximately 52.4% and approximately 36.6% respectively of the total sales. None of the Directors or any of their associates or any shareholders, which, to the best knowledge of the Directors, own more than 5% of the Company’s issued share capital, had any beneficial interest in the Group’s five largest customers.

Due to the Group’s business nature, the Group does not have major suppliers.

## EMPLOYEE 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.

Compensation of key executives of the Group is reviewed by the Company’s remuneration committee based on the Group’s performance and the executives’ respective contributions to the Group.

The Company has adopted a share option scheme as incentive to eligible participants including Directors, details of which are set out in the paragraph headed “Share Option Scheme” below.

# REPORT OF THE DIRECTORS (Continued)

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).

The Directors' remuneration incurred for the Year was approximately HK\$7.0 million (2023: approximately HK\$6.0 million).

## MANAGEMENT CONTRACTS

No contract concerning the management and administration of the whole or any substantial part of the business of the Group was entered into or existed during the Year.

## RELATED PARTY TRANSACTIONS

Related party transactions entered into by the Group for the Year are disclosed in Note 35 to the consolidated financial statements. These transactions were conducted in accordance with terms as agreed between the Group and the respective related parties. The Directors confirm that those related party transactions were conducted on normal commercial terms and on arm's length basis.

During the Year, the Group had provided securities dealing and brokerage services to Mr. Chung Chi Man, the chairman of the Board and executive Director and money lending services to Mr. Poon Siu Kuen, Calvin, the chief executive officer and executive Director.

The investment management agreement entered into between Innovax Asset Management and Innovax Alpha SPC (the "Investment Management Agreement") constituted a connected transaction or continuing connected transaction of the Company under the Listing Rules which are required to be disclosed in this Annual Report in accordance with Chapter 14A of the Listing Rules. The Investment Management Agreement as disclosed in Note 35 to the consolidated financial statements is a continuing connected transaction which is fully exempted from the reporting, annual review, announcement and independent Shareholders' approval requirements pursuant to Rule 14A.76(1)(c) of the Listing Rules. Save as the connected transaction and continuing connected transactions disclosed above, the Directors consider that all other related party transactions disclosed in Note 35 to the consolidated financial statements did not fall under the definition of "connected transactions" or "continuing connected transactions" (as the case may be) under Chapter 14A of the Listing Rules which are required to comply with any of the reporting, annual review, announcement, or independent shareholders' approval requirements under the Listing Rules. The Company confirmed it has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules (if applicable) throughout the Year.

## DIRECTORS

The Directors who held office during the Year and up to the date of this Annual Report are:

### Executive Directors

Mr. Chung Chi Man (*Chairman*)

Mr. Poon Siu Kuen, Calvin (*Chief Executive Officer*)

### Independent Non-executive Directors

Dr. Wu Kwun Hing

Ms. Chan Ka Lai, Vanessa

Mr. Yip Siu Hong

Biographical details of the Directors and senior management of the Group are set out in the section headed “Biographies of Directors and Senior Management” on pages 16 to 20 of this Annual Report.

In accordance with Article 83(3) of the Articles, any Director appointed by the Board to fill a casual vacancy shall hold office until the first general meeting of the members after his/her appointment and be subject to re-election at such meeting and any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

Meanwhile, in accordance with Article 84(1) of the Articles, at each annual general meeting, one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years.

The Company has received annual confirmation from each of the independent non-executive Directors regarding their independence to the Company and considers that each of the independent non-executive Directors is independent to the Company.

## PERMITTED INDEMNITY

Pursuant to the Articles and subject to the applicable laws and regulations, every Director shall be indemnified and secured harmless out of the assets and profits of the Company against all actions, costs, charges, losses, damages and expenses which they or any of them may incur or sustain in or about the execution of their duty in their offices. The Company has arranged appropriate insurance cover in respect of potential legal actions against its Directors and officers. In accordance with the provisions of Section 470 of the Hong Kong Companies Ordinance, the aforesaid approved indemnity clause for the benefit of the Directors was effective during the Year and at the time when this report prepared by the Directors was adopted in accordance with Section 391(1) (a) of the Hong Kong Companies Ordinance.

# REPORT OF THE DIRECTORS (Continued)

## DIRECTORS' SERVICE CONTRACT

During the Year and up to the date of this Annual Report, none of the Directors has a service contract with the Company and/or any of its subsidiaries, which is not terminable by the employing company within one year without payment of compensation, other than statutory compensation.

## RETIREMENT BENEFITS PLANS

The Group has participated in a MPF Scheme which is registered with the Mandatory Provident Fund Schemes Authority under the Mandatory Provident Fund Schemes Ordinance. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of an independent trustee. Under the MPF Scheme, the Group as the employer and the employees of the Group are each required to make contributions to the MPF Scheme at rates specified in the rules of the scheme. The only obligation of the Group with respect to the MPF Scheme is to make the required contributions. Except for voluntary contribution, no forfeited contribution under the MPF Scheme is available to reduce the contribution payable in future years.

The retirement benefits scheme contributions arising from the MPF Scheme charged to the profit or loss represent contributions paid or payable to the funds by the Group at rates specified in the rules of the scheme.

## CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS

Save as disclosed in the related party transactions disclosed in Note 35 to the consolidated financial statements, neither the Company nor any of its subsidiaries had entered into any contract of significance with the Company's Controlling Shareholders (as defined in the section below) or their subsidiaries, or any contract of significance for the provision of services to the Company or any of its subsidiaries by the Controlling Shareholders or their subsidiaries, during the Year.

## DEED OF NON-COMPETITION

The controlling shareholders as defined in the Listing Rules and, in the context of the Company, means Mr. Chung Chi Man and Billion Shine International Investment Limited ("BSI") (collectively the "Controlling Shareholders"), have entered into the deed of non-competition dated 24 August 2018 (the "Deed of Non-competition") in favour of the Company, details of which were set out in the prospectus of the Company dated 31 August 2018. Pursuant to the Deed of Non-competition, the Controlling Shareholders have undertaken to the Company (for itself and as trustee for each of its subsidiaries from time to time) that with effect from 14 September 2018, being the date of listing (the "Listing") of the Company's shares on the Stock Exchange, they would not and would procure that none of their close associates (except for any members of the Group) shall, except through their interests in the Company, whether as principal or agent and whether undertaken directly or indirectly, either on their own account or in conjunction with or on behalf of any person, corporate, partnership, joint venture or other contractual arrangement and whether for profit or otherwise, among other things, carry on, participate, acquire or hold any right or interest or otherwise be interested, involved or engaged in or connected with, directly or indirectly, any business which is, directly or indirectly, in any respect in competition with or similar to or is likely to be in competition with the core business of the Group currently excluded or possibly in the future to be engaged by the Group in Hong Kong or such other countries as the Group may conduct or carry on business from time to time.

# REPORT OF THE DIRECTORS (Continued)

The Controlling Shareholders have confirmed to the Company that during the Year and up to the date of this Annual Report, they and their respective close associates (as defined under the Listing Rules) have complied with the undertakings contained in the Deed of Non-competition.

For the Year and up to the date of this Annual Report, none of the Directors, the Controlling Shareholders or their respective close associates (as defined under the Listing Rules) had any business or interest in a business which competes or may compete with the business of the Group or had any other conflicts of interest with the Group.

## **DIRECTORS' INTEREST IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS**

None of the Directors or his/her connected entities has or had a material interest, either directly or indirectly, in any transaction, arrangement or contract of significance to the business of the Group to which the Company, or any of its subsidiaries or fellow subsidiaries was a party throughout the Year and up to the date of this Annual Report.

## **DIRECTORS' INTEREST IN A COMPETING BUSINESS**

As of 29 February 2024, none of the Directors was interested in any business apart from the Group's business which competes or is likely to compete with the Group's business, either directly or indirectly or would otherwise require disclosure under Rule 8.10 of the Listing Rules.

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

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

## **DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES**

Save as disclosed under the paragraph headed "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures" below, at no time during the Year were rights to acquire benefits by means of the acquisition of shares in the Company granted to any Director or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company, or the Company's subsidiary or holding company or a subsidiary of the Company's holding company a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

# REPORT OF THE DIRECTORS (Continued)

## DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 29 February 2024, the following Directors and chief executive of the Company had or were deemed to have interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed issuers (the "Model Code") contained in Appendix C3 to the Listing Rules:

### Interest in shares of the Company

Name of Director	Capacity/Nature of interest	Number and class of securities (Note 1)	Approximate percentage of interest in the Company (Note 3)
<b>Executive Director</b>			
Mr. Chung Chi Man	Interest in controlled corporation (Note 2)	300,000,000 shares (L)	75%
	Beneficial owner	400,000 shares (Underlying shares) (L)	0.1%
Mr. Poon Siu Kuen, Calvin	Beneficial owner	400,000 shares (Underlying shares) (L)	0.1%
<b>Independent non-executive Director</b>			
Dr. Wu Kwun Hing	Beneficial owner	400,000 shares (Underlying shares) (L)	0.1%
Ms. Chan Ka Lai, Vanessa	Beneficial owner	400,000 shares (Underlying shares) (L)	0.1%

Notes:

- (1) The letter "L" denotes a person's long position in the shares.
- (2) Mr. Chung Chi Man and BSI are the Controlling Shareholders. Mr. Chung Chi Man owns the entire issued share capital of BSI. By virtue of the SFO, Mr. Chung Chi Man is deemed to be interested in such shares held by BSI.
- (3) The calculation is based on the total number of 400,000,000 shares in issue as at 29 February 2024.

# REPORT OF THE DIRECTORS (Continued)

## Interest in shares of associated corporation of the Company

Name of Director	Name of associated corporation	Capacity/nature of interest	Number and class of securities (Note 1)	Approximate percentage of shareholding in associated Corporation (%)
Mr. Chung Chi Man	BSI	Beneficial owner	110 shares (L)	100%

Note:

(1) The letter "L" denotes a person's long position in the shares.

Save as disclosed above, as at 29 February 2024, none of the Directors and chief executive of the Company had any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which he was taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be recorded in the register referred to therein or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

## INTEREST DISCLOSEABLE UNDER THE SFO AND SUBSTANTIAL SHAREHOLDER

So far as is known to the Directors, as at 29 February 2024 and the date of this Annual Report, the following persons (not being Directors or chief executive of the Company) had, or were deemed to have, interests or short positions in the shares, underlying shares and debentures of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register of interests required to be kept by the Company under Section 336 of the SFO:

Name of Shareholder	Capacity/nature of interest	Number and class of securities (Note 1)	Approximate percentage of shareholding (%) (Note 3)
BSI	Beneficial owner	300,000,000 shares (L)	75%
Ms. Lee Yin Har	Interest of spouse (Note 2)	300,000,000 shares (L)	75%

Notes:

(1) The letter "L" denotes a person's long position in the shares.

(2) Ms. Lee Yin Har is the spouse of Mr. Chung Chi Man. She is deemed, or taken to be, interested in all shares in which Mr. Chung Chi Man is interested in for the purpose of the SFO.

(3) The calculation is based on the total number of 400,000,000 shares in issue as at 29 February 2024.

Save as disclosed above, as at 29 February 2024, none of the substantial or significant shareholders or other persons, other than the Directors and chief executive of the Company whose interests are set out in the paragraph headed "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures" above, had any interests or short positions in the shares or underlying shares as recorded in the register required to be kept by the Company under Section 336 of the SFO.

# REPORT OF THE DIRECTORS (Continued)

## 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 Annual Report, 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 Annual Report. 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.

# REPORT OF THE DIRECTORS (Continued)

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 Annual Report, 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.

Grantees (Note 1)	Capacity	Date of Grant (Note 2)	Exercise price (per share) HK\$	Closing price immediately before the date of Grant (HK\$)	Exercise period (Note 3)	Granted (Note 4)	Number of share options during the Year				Balance as at 29 February 2024
							Balance as at 1 March 2023	Exercised (Note 5)	Lapsed	Cancelled	
<b>Directors and Chief Executives</b>											
Mr. Chung Chi Man	Executive Director, Chairman	9 March 2022	HK\$0.324	HK\$0.31	9 September 2022 to 8 March 2032	400,000	400,000	—	—	—	400,000
Mr. Poon Siu Kuen, Calvin	Executive Director, Chief Executive Officer	9 March 2022	HK\$0.324	HK\$0.31	9 September 2022 to 8 March 2032	400,000	400,000	—	—	—	400,000
Dr. Wu Kwun Hing	Independent non-executive Director	9 March 2022	HK\$0.324	HK\$0.31	9 September 2022 to 8 March 2032	400,000	400,000	—	—	—	400,000
Ms. Chan Ka Lai, Vanessa	Independent non-executive Director	9 March 2022	HK\$0.324	HK\$0.31	9 September 2022 to 8 March 2032	400,000	400,000	—	—	—	400,000
<b>Former Director</b>											
Mr. Choi Wai Ping (resigned on 1 June 2022)	Independent non-executive Director	9 March 2022	HK\$0.324	HK\$0.31	9 September 2022 to 8 March 2032	400,000	400,000	—	—	—	400,000
<b>Employees</b>											
Ms. Chau Lok Yuen, Amy	Director of a subsidiary of the Company	9 March 2022	HK\$0.324	HK\$0.31	9 September 2022 to 8 March 2032	400,000	400,000	—	—	—	400,000
Mr. Li Lap Sun	Director of a subsidiary of the Company	9 March 2022	HK\$0.324	HK\$0.31	9 September 2022 to 8 March 2032	400,000	400,000	—	—	—	400,000
13 other employees		9 March 2022	HK\$0.324	HK\$0.31	9 September 2022 to 8 March 2032	37,200,000	37,200,000	—	—	—	37,200,000
<b>Total</b>						<b>40,000,000</b>	<b>40,000,000</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>40,000,000</b>

**Notes:**

- (1) All grantees, except for the Independent Non-executive Directors, shown in this table for the Year are employees of the Group working under employment contracts that are regarded as “continuous contracts” for the purposes of the Employment Ordinance (Chapter 57 of the Laws of Hong Kong).
- (2) The vesting period of the share options is from the date of the grant until the commencement of the exercise period.
- (3) The validity period of the share options is from 9 March 2022 to 8 March 2032.
- (4) A total number of 40,000,000 shares, representing 10% of the issued shares of the Company as at 29 February 2024 are available for issue under the 2018 Share Option Scheme.
- (5) Under the exercise restrictions in respect of the share options granted to Mr. Chung Chi Man, Mr. Poon Siu Kuen, Calvin, Dr. Wu Kwun Hing, Mr. Choi Wai Ping, Ms. Chan Ka Lai, Vanessa, Ms. Chau Lok Yuen, Amy and Mr. Li Lap Sun, the share options can only be exercised by him/her if such exercise will not result in non-compliance of the public float requirement under the Listing Rules by the Company.

# REPORT OF THE DIRECTORS (Continued)

The aggregate fair value of the share options granted on 9 March 2022 under the 2018 Share Option Scheme of approximately HK\$6.7 million (approximately HK\$551,000 for all directors of the Company and its subsidiaries and approximately HK\$6.2 million for other employees) was estimated as at the date of grant by using Black-Scholes model with Binomial Tree method taking into account the terms and conditions upon which the share options were granted.

	<b>Granted on 9 March 2022</b>
Expected volatility	107.072%
Expected life	10 years
Risk-free rate	1.7201%
Expected dividend yield	0%

The expected volatility was determined by using the historical volatility of the Company's share price. Shareholders are warned to the subjectivity and uncertainty as to the fair value of the share options as the calculation of the fair value of the share options is subject to a number of assumptions and with regard to the limitation of the pricing model.

Upon the grant of the 40,000,000 share options on 9 March 2022 under the 2018 Share Option Scheme, the Company will no longer be able to grant further share options as at 29 February 2024 and up to the date of this Annual Report.

The total number of shares that may be issued in respect of 40,000,000 share options granted under the 2018 Share Option Scheme divided by the weighted average number of shares in issue for the Year was 10%.

Apart from the Share Option Scheme, at no time during the Year and up to the date of this Annual Report the Company or any associated corporation was a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors, or their spouses or children under the age 18, had any right to subscribe for the shares in, or debentures of, the Company, or had exercised any such rights.

Save as disclosed 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.

## MATERIAL LITIGATION

The Group was not involved in any material litigation or arbitration during the Year. The Directors are also not aware of any material litigation or claims that are pending or threatened against the Group during the Year and up to the date of this Annual Report.

## USE OF PROCEEDS

The Company made an announcement on 21 April 2020, regarding the change in use of proceeds in accordance with 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.

# REPORT OF THE DIRECTORS (Continued)

## PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at 20 June 2024, being the latest practicable date for ascertaining the contents set out in this Annual Report prior to its printing, the Company has maintained the prescribed percentage of public float under the Listing Rules.

## CHARITABLE DONATIONS

During the Year, the Group made a charitable donation of HK\$500,000 (2023: Nil).

## TAX RELIEF

The Company is not aware of any relief on taxation to its shareholders by reasons of their holdings of the shares of the Company. If the shareholders are unsure about the taxation implication of purchasing, holding, disposing of, dealing in, or exercise of any rights in relation to the shares of the Company, they are advised to consult their professional advisers.

## EVENT AFTER THE REPORTING PERIOD

The event after the end of the Year is disclosed in the section headed "Management Discussion and Analysis" on page 13 of this Annual Report.

## AUDITOR

The consolidated financial statements for the Year have been audited by BDO Limited. BDO Limited shall retire and, being eligible, offer themselves for re-appointment at the forthcoming AGM. The Board has taken the recommendation of the Audit Committee that a resolution for the reappointment of BDO Limited as the Group's independent auditor will be proposed at the forthcoming AGM.

On behalf of the Board

**Chung Chi Man**

*Chairman*

30 May 2024

# CORPORATE GOVERNANCE REPORT

The Board and the senior management of the Group are committed to the maintenance of good corporate governance practices and procedures. The Group believes that good corporate governance provides a framework that is essential for effective management, healthy corporate culture, successful business growth and enhancing shareholders' value. The corporate governance principles of the Group emphasise a quality Board, sound internal controls, and transparency and accountability to all shareholders of the Company.

## CORPORATE GOVERNANCE PRACTICES

During the Year and up to the date of this Annual Report, the Company has applied the principles and code provisions of the Corporate Governance Code ("CG Code") contained in Appendix C 1 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 Annual Report.

## BOARD OF DIRECTORS

The Board currently consists of five Directors, comprising two executive Directors namely Mr. Chung Chi Man and Mr. Poon Siu Kuen, Calvin and three independent non-executive Directors, namely Dr. Wu Kwun Hing, Mr. Yip Siu Hong and Ms. Chan Ka Lai, Vanessa. Mr. Chung Chi Man is currently the chairman of the Board.

The biographical details of the Directors are set out in the section headed "Biographies of Directors and Senior Management" on pages 16 to 20 of this Annual Report. None of the members of the Board is related to one another.

The Company has entered into a service contract with each of the executive Directors and a letter of appointment with each of the independent non-executive Directors.

## RESPONSIBILITIES, ACCOUNTABILITIES AND CONTRIBUTIONS OF THE BOARD AND SENIOR MANAGEMENT

The powers and duties of the Board include convening general meetings and reporting the Board's work at the shareholders' meetings, determining the Group's business and investment plans, preparing the annual financial budgets and reports, formulating proposals for profit distributions and for the increase or reduction of the Company's registered capital as well as exercising other powers, functions and duties as conferred by the Articles.

The Group's senior management is responsible for the day-to-day management of the Group's businesses and overseeing the Group's general administration, daily operation, business development, finance, marketing and legal and compliance.

# CORPORATE GOVERNANCE REPORT (Continued)

## CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Mr. Chung Chi Man is currently the chairman of the Board (the “Chairman”) and Mr. Poon Siu Kuen, Calvin is the chief executive officer of the Company (the “Chief Executive Officer”). The Chairman is responsible for the effective functioning and leadership of the Board. The Chief Executive Officer focuses on the Group’s business development and the daily management and operations generally. Their respective responsibilities are clearly defined and set out in writing.

## INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

During the Year, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors representing one-third of the Board with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has received from each of its independent non-executive Directors written annual confirmation of their independence pursuant to the Listing Rules and the Company considers that each of them is independent in accordance with the Listing Rules and unrelated in every aspect including financial, business or family.

## TERM OF APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTORS

All independent non-executive Directors are appointed for a term of three years. Each of such appointments is subject to the rotation and retirement provisions in the Articles.

## APPOINTMENT, RE-ELECTION AND REMOVAL OF DIRECTORS

The procedure and process of appointment, re-election and removal of Directors are laid down in the Articles which provide that at each annual general meeting one-third of the Directors for the time being shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. Any Director appointed by the Board to fill a casual vacancy shall hold office until the first general meeting of members after his/her appointment and be subject to re-election at such meeting and any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

## DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted 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.

# CORPORATE GOVERNANCE REPORT (Continued)

## DIRECTORS' TRAINING AND PROFESSIONAL DEVELOPMENT

Each newly appointed Director has received formal, comprehensive and tailored induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Group and full awareness of Director's responsibilities and obligations under the Listing Rules and relevant regulatory requirements. Such induction shall be supplemented by meetings with the senior management of the Group.

During the Year, the Directors complied with the Code Provision C.1.4 of the CG Code on participation in continuous professional training as follows:

	Mode of participation	
	a	b
<b>Executive Directors</b>		
Mr. Chung Chi Man	✓	✓
Mr. Poon Siu Kuen, Calvin	✓	✓
<b>Independent non-executive Directors</b>		
Dr. Wu Kwun Hing	—	✓
Ms. Chan Ka Lai, Vanessa	—	✓
Mr. Yip Siu Hong	—	✓

a: Directors received regular briefings and updates from the Group's senior management and company secretary on the Group's business, operations and corporate governance matters.

b: Directors read technical bulletins, periodicals and other publications on subjects relevant to the Group and/or on their responsibilities and obligations under the Listing Rules and relevant regulatory requirements.

## BOARD MEETINGS

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

During the Year, the Board convened 6 meetings and the Chairman held 1 meeting with the independent non-executive Directors without the presence of other Directors.

During the Year, the Company held 1 general meeting on 18 August 2023.

# CORPORATE GOVERNANCE REPORT (Continued)

Details of the attendance of the Directors for the board meetings and the general meeting during the Year are as follows:

	Attendance/Number of	
	Board meetings entitled to attend	General meetings entitled to attend
<b>Executive Directors</b>		
Mr. Chung Chi Man	6/6	1/1
Mr. Poon Siu Kuen, Calvin	6/6	1/1
<b>Independent non-executive Directors</b>		
Dr. Wu Kwun Hing	6/6	1/1
Ms. Chan Ka Lai, Vanessa	6/6	1/1
Mr. Yip Siu Hong	2/2	1/1

## BOARD COMMITTEES

The Board has established the audit committee, the remuneration committee and the nomination committee and delegated various responsibilities to these committees, which assist the Board in discharging its duties and overseeing particular aspects of the Group's activities.

### Audit Committee

The Company established the audit committee (the "Audit Committee") on 24 August 2018 with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph D.3 of the CG Code. The Audit Committee comprises three members, namely, Ms. Chan Ka Lai, Vanessa, Dr. Wu Kwun Hing and Mr. Yip Siu Hong, all being independent non-executive Directors. The Audit Committee is chaired by Ms. Chan Ka Lai, Vanessa, who possesses the appropriate professional qualifications.

The primary duties of the Audit Committee include but not limiting to (i) assisting the Board by providing an independent view of the effectiveness of the financial reporting, risk management and internal control systems of the Group; (ii) making recommendations to the Board on the appointment and removal of the external auditor; (iii) reviewing the effectiveness of the audit process; (iv) developing and reviewing the accounting principles and practices adopted by the Group; and (v) performing other duties and responsibilities as assigned by the Board.

# CORPORATE GOVERNANCE REPORT (Continued)

During the Year, 2 Audit Committee meetings were held. The attendance of each member is set out below:

	Attendance/Number of Audit Committee meetings entitled to attend
Ms. Chan Ka Lai, Vanessa ( <i>Committee Chairlady</i> )	2/2
Dr. Wu Kwun Hing	2/2
Mr. Yip Siu Hong	1/2

The work performed by the Audit Committee during the Year includes the following:

- reviewed and discussed the annual results of the Group for the year ended 28 February 2023.
- reviewed and discussed the interim results of the Group for the six months ended 31 August 2023.
- reviewed the financial reporting, risk management and internal control systems of the Group.
- reviewed the accounting principles and practices adopted by the Group.
- reviewed the effectiveness of the internal audit of the Group.
- reviewed the adequacy of resources, staff qualifications and experience, training programmes and budget of the Group's accounting and financial reporting functions.
- considered and discussed the reappointment of BDO Limited, as the auditor of the Group and recommended to the Board for approval by shareholders.
- discussed with the auditor about the audit plan.

The Audit Committee had reviewed this Annual Report and confirmed that it complies with the applicable standard, the Listing Rules and other applicable legal requirements and that adequate disclosures have been made. There is no disagreement between the members of the Audit Committee regarding the selection and appointment of the external auditor.

## Remuneration Committee

The Company established the remuneration committee (the "Remuneration Committee") on 24 August 2018 with written terms of reference in compliance with Rule 3.25 of the Listing Rules and paragraph E.1.2 of the CG Code. The Remuneration Committee comprises three members, namely Mr. Yip Siu Hong, Dr. Wu Kwun Hing and Ms. Chan Ka Lai, Vanessa, all being independent non-executive Directors. The Remuneration Committee is chaired by Mr. Yip Siu Hong.

The primary duties of the Remuneration Committee include but not limiting to (i) making recommendations to the Board on the policy and structure for the remuneration of the Directors and senior management of the Group and on the establishment of a formal and transparent procedure for developing remuneration policies; (ii) making recommendations to the Board on the remuneration packages of the Directors and senior management of the Group; (iii) reviewing and approving the management's remuneration proposals with reference to the Board's corporate goals and objectives; and (iv) considering and approving the grant of share options to Eligible Participants pursuant to the Share Option Scheme.

# CORPORATE GOVERNANCE REPORT (Continued)

The Remuneration Committee shall meet at least once a year, or more frequently if circumstances require, to review and make recommendations to the Board on the remuneration policy and structure of the Group, and the remuneration packages of the Directors and senior management of the Group and other related matters.

During the Year, 1 Remuneration Committee meeting was held. The attendance of each member is set out below:

	Attendance/Number of Remuneration Committee meetings entitled to attend
Mr. Yip Siu Hong ( <i>Committee Chairman</i> )	1/1
Dr. Wu Kwun Hing	1/1
Ms. Chan Ka Lai, Vanessa	1/1

The remuneration policy for the Directors and senior management of the Group was based on their experience, level of responsibility and general market conditions. Any discretionary bonus and other merit payments are linked to the profit performance of the Group and the individual performance of the Directors and senior management of the Group. The remuneration policy is subject to review by and the recommendations of the Remuneration Committee.

The Remuneration Committee has adopted the recommendation model described in E.1.2(c)(ii) of the CG Code.

The work performed by the Remuneration Committee during the Year includes the following:

- reviewed and determined the policy for the remuneration of the Directors and senior management of the Group.
- assessed performance of the executive Directors.
- reviewed and recommended the remuneration packages of the Directors and senior management of the Group.
- reviewed and approved the terms of the executive Directors' service contracts.

No Director nor any of his/her associates was involved in deciding his/her own remuneration.

## Nomination Committee

The Company established the nomination committee (the "Nomination Committee") on 24 August 2018 with written terms of reference in compliance with paragraph B.3.1 of the CG Code. The Nomination Committee comprises three members, namely Dr. Wu Kwun Hing, Mr. Yip Siu Hong and Ms. Chan Ka Lai, Vanessa, all being independent non-executive Directors. The Nomination Committee is chaired by Dr. Wu Kwun Hing.

The primary duties of the Nomination Committee include but not limiting to (i) reviewing the structure, size and diversity (including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service) of the Board; (ii) making recommendations on any proposed changes to the Board to complement the corporate strategy of the Group; (iii) assessing the independence of the independent non-executive Directors; and (iv) making recommendations to the Board on the appointment of the members of the Board.

The Nomination Committee shall meet at least once a year, or more frequently if circumstances require, to review the Board composition, to develop and formulate relevant procedures for the nomination and appointment of Directors and to develop and evaluate the corporate governance practices of the Group.

# CORPORATE GOVERNANCE REPORT (Continued)

During the Year, 1 Nomination Committee meeting was held. The attendance of each member is set out below:

	<b>Attendance/Number of Nomination Committee meetings entitled to attend</b>
Dr. Wu Kwun Hing ( <i>Committee Chairman</i> )	1/1
Mr. Yip Siu Hong	1/1
Ms. Chan Ka Lai, Vanessa	1/1

The work performed by the Nomination Committee during the Year includes the following:

- reviewed the structure, size, diversity and composition of the Board and the nomination policy of the Company according to the development of the Group, the requirements under the Listing Rules and the market situation.
- assessed the independence of the independent non-executive Directors.
- made recommendations to the Board on the appointment or re-appointment of Directors and succession plan for the Directors, in particular the Chairman and the Chief Executive Officer.

## NOMINATION POLICY

The Board adopted the nomination policy (the "Nomination Policy") on 28 May 2019 which sets out the nomination criteria and procedures for the Company to select candidate(s) for possible inclusion in the Board. The Nomination Policy could assist the Company to achieve board diversity in the Company and enhance the effectiveness of the Board and its corporate governance standard.

When assessing the suitability of a candidate, factors such as the qualifications, skills, integrity and experience will be taken into consideration as a whole. In the case of independent non-executive Directors, they must further satisfy the independence criteria set out within Rule 3.13 of the Listing Rules. Since the selection of candidates should ensure that diversity remains a central feature of the Board, a range of diverse perspectives, including but not limited to gender, age, cultural and educational background, or professional experience would be considered.

The process to identify potential candidates for the Board would be as follows:

- (1) identifying potential candidates, including recommendations from the Board members, professional search firms and shareholders of the Company;
- (2) evaluating the candidates based on the approved selection criteria through methods such as reviewing the resume and conducting background checks;
- (3) reviewing the profiles of the shortlisted candidates and interviewing them; and
- (4) making recommendations to the Board on the selected candidates.

The Nomination Policy also includes succession plan for Directors to assess whether vacancies on the Board would be created or expected due to Directors' resignation, retirement, death and other circumstances and to identify candidates in advance if necessary. The Nomination Policy will be reviewed on a regular basis.

# CORPORATE GOVERNANCE REPORT (Continued)

## BOARD DIVERSITY

The Board adopted the board diversity policy on 28 May 2019.

The Company seeks to achieve board diversity through the consideration of a number of factors, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and other qualities. The Company also takes into consideration its own business model and specific needs from time to time in determining the optimal composition of the Board.

The Nomination Committee has considered measurable objectives based on gender, age, professional experience and ethnicity. Such objectives will be reviewed from time to time to ensure their appropriateness and the progress made towards achieving those objectives will be ascertained. The Nomination Committee will review the board diversity of the Company, as appropriate, to ensure its continued effectiveness at least once a year.

The Board currently consists of a diverse mix of Board members with different appropriate skills, knowledge, experience and gender to promote and achieve better performance of the Group. As at 29 February 2024, approximately 34.3% of the Group's workforce (including senior management) were female.

## REMUNERATION POLICY

The Directors and senior management of the Group receive compensation in the form of salaries, director fees, benefits-in-kind, discretionary bonuses related to the performance of the Group, and share options which may be granted under the Share Option Scheme. The Group also reimburses them for expenses which are necessarily and reasonably incurred for providing services or executing their functions in relation to the Group's business and operations. The Group regularly reviews and determines the remuneration and compensation package of the Directors and senior management of the Group, by reference to, among other things, salaries and bonus paid by comparable companies, duties and responsibilities and performance of the Group.

## REMUNERATION OF SENIOR MANAGEMENT

Pursuant to code provision E.1.5 of the CG Code, the annual remuneration (including share-based compensation) of members of the senior management of the Group, including the executive Directors, by band for the Year is set out below:

Annual Remuneration	Number of individuals
HK\$0 to HK\$1,000,000	2
HK\$1,000,001 to HK\$2,000,000	3
HK\$2,000,001 to HK\$3,000,000	1
HK\$3,000,001 to HK\$4,000,000	—
HK\$4,000,001 to HK\$5,000,000	1

# CORPORATE GOVERNANCE REPORT (Continued)

## CORPORATE GOVERNANCE FUNCTION

The Board assumes the responsibility for overseeing the overall management and strategic planning of the Group through directing and supervising the Group's affairs. The Directors (including independent non-executive Directors) will be provided in a timely manner with appropriate information in the form and quality to enable them to make an informed decision and perform their duties and responsibilities. The Directors may make further enquiries for more information and have separate and independent access to the senior management and operational staff of the Group. There are also procedures in place to enable the Directors, upon reasonable request, to seek independent professional advice in appropriate circumstances at the Group's expense to assist them in performing their duties.

## RISK MANAGEMENT AND INTERNAL CONTROLS

### Responsibility of the Board

The Board is committed to the maintenance of good corporate governance, practices and procedures, and to implement effective risk management and internal control systems of the Group. The Board acknowledges its responsibility for the risk management and internal control and reviewing the effectiveness of the systems on an annual basis. However, such systems are designed to manage rather than eliminate risk of failure to achieve business objective, and can only provide reasonable but not absolute assurance against material misstatement or loss.

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.

The Board as a whole is responsible for identifying and considering the disclosure requirements and guidelines regarding inside information. Meanwhile, the compliance department of the Group is responsible for maintaining the watch list and the restricted list and monitoring clients' trading and staff dealing. The Group's public side staff who are exposed to inside information must maintain the confidentiality of such information and may use it only for the business purpose for which it is communicated.

The process to identify, evaluate and manage risks are carried out on a regular and on-going basis. These processes are summarised as follows:

### Risk identification

- Identify risks that may potentially affect the Group's business and operations.

### Risk assessment

- Assess the impact and consequence of the identified risks on the business and the likelihood of their occurrence.

## Response to findings of risk assessment

- Prioritise the risks by comparing the results of the risk assessment; and
- Determine the risk management strategies and internal control processes to prevent, avoid or mitigate the risks.

## Risk monitoring and reporting

- Perform ongoing and regular monitoring of the risks and ensure that appropriate internal control processes are in place;
- Enhance risk management strategies and internal control processes in case of any significant change of situation; and
- Report the results and effectiveness of the risk management and internal control systems to the Board and the Audit Committee regularly.

In relation to the handling and dissemination of inside information, the Group has implemented an information disclosure policy to ensure potential inside information is being captured and confidentiality of such information is being maintained until consistent and timely disclosure is made in accordance with the Listing Rules. The policy is summarised as follows:

- Designated reporting channels from different operations informing any potential inside information to designated departments;
- Designated persons and departments to determine further escalation and disclosure as required; and
- Designated persons authorised to act as spokespersons and respond to external enquiries.

The Group has staff performing internal audit functions including monitoring, assessing and periodic review of the design, implementation and effectiveness of the risk management and internal control systems and procedures.

During the Year, the Company has conducted an annual review on the effectiveness and efficiency of the Group's risk management and internal control systems, and both the Board and the Audit Committee were satisfied with and confirmed that the Group's risk management and internal control systems were effective and adequate.

## COMPANY SECRETARY

The company secretary of the Company (the "Company Secretary"), Ms. Chau Lok Yi, is a full-time employee of the Group. During the Year, the Company Secretary undertook no less than 15 hours of relevant professional training as required under Rule 3.29 of the Listing Rules. Her biography is set out in the section headed "Biographies of Directors and Senior Management" on page 20 of this Annual Report.

# CORPORATE GOVERNANCE REPORT (Continued)

## AUDITOR REMUNERATION

BDO Limited was engaged as the auditor of the Group and provided the following services to the Group for the Year.

	2024 HK\$'000	2023 HK\$'000
Audit services	800	800
Other services	—	—
Total	800	800

## ACKNOWLEDGEMENT OF RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Directors have acknowledged their responsibilities for preparing the consolidated financial statements of the Group. In preparing the consolidated financial statements for the Year, the Directors have:

- based on a going concern basis;
- selected suitable accounting policies and applied them consistently; and
- made judgements and estimates that were prudent, fair and reasonable.

The report of the auditor of the Group about its reporting responsibilities on the consolidated financial statements is set out in the Independent Auditor's Report from pages 60 to 63 of this Annual Report.

## COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

The Company believes that effective communication with shareholders is essential for enhancing investor relations and investors' understanding of the Group's business performance and strategies. The Group also recognises the importance of transparency and timely disclosure of corporate information which enables shareholders and investors to make the best investment decision.

The general meetings of the Company provide a forum for communication between the Board and the shareholders. The Chairman as well as chairpersons of the Audit Committee, the Remuneration Committee and the Nomination Committee or, in their absence, other members of the respective committees and, where applicable, the independent Board, are available to answer questions at the shareholders' meetings.

During the Year, an annual general meeting of the Company was held on 18 August 2023 at which all the Directors attended to communicate with the shareholders of the Company. All corporate communication and regulatory announcements were timely published on the website of the Stock Exchange and the Company. The Board considers that the shareholders communication policy is effective during the Year.

## SHAREHOLDERS' RIGHTS

### Right to Convene Extraordinary General Meeting

Pursuant to Article 58 of the Articles, the Board may whenever it thinks fit call extraordinary general meetings. Any one or more shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Company Secretary, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two (2) months after the deposit of such requisition. If within twenty-one (21) days of such deposit the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

### Right to Put Forward Proposals at General Meetings

A shareholder shall make a written requisition to the Board or the Company Secretary at the Company's principal place of business in Hong Kong at Unit A-C, 20/F, Neich Tower, 128 Gloucester Road, Wanchai, Hong Kong, specifying the shareholding information of the shareholder, his/her contact details and the proposal he/she intends to put forward at the general meeting regarding any specified transaction/business and its supporting documents.

### Right to Put Forward Enquiries to the Board

Shareholders may send written enquiries to the Company for the attention of the Company Secretary at the Company's principal place of business in Hong Kong at Unit A-C, 20/F, Neich Tower, 128 Gloucester Road, Wanchai, Hong Kong.

### Dividend Policy

The Company has adopted a policy on payment of dividends on 28 May 2019. Whether dividends will be paid and the amount of dividends to be paid will depend on, among other things, the Group's profitability, financial condition, business development, future prospects, future cash flow and such other factors as the Directors may consider relevant at the time of declaration of any dividends subject to the discretion of the Directors.

### Changes in Constitutional Documents

Pursuant to Rule 13.90 of the Listing Rules, the Company has published its Articles on the website of the Company and the Stock Exchange. A special resolution has been passed at the annual general meeting held at 18 August 2023 to amend and adopt the second amended and restated Memorandum and the Articles in order to comply with the recent amendments to the Listing Rules.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## ABOUT THIS REPORT

The Company is pleased to present the 2023/24 environmental, social and governance report (“ESG Report”). This ESG Report reflects the sustainability strategy of the Group, including the environmental, social and governance (“ESG”) initiatives and performances. The Company also wants to take this opportunity to communicate these achievements with its stakeholders.

### Reporting standard and Principles

This ESG Report is prepared in accordance with the Environmental, Social and Governance Reporting Guide (the “ESG Reporting Guide”), which is the Appendix C2 to the Listing Rules. The Group has adhered to the four reporting principles of “Materiality”, “Quantitative”, “Balance” and “Consistency” set out in the ESG Reporting Guide.

Principle	Meaning and Our Practice
Materiality	Materiality means issues covered in the ESG Report are important to investors and other stakeholders. The Group has identified the key ESG issues through regular engagements with its stakeholders and the assessment by its management.
Quantitative	Key performance indicators (“KPIs”) are reported in a measurable manner where appropriate. Historical KPIs results are provided for comparison. Targets are set to reduce impacts to the environment.
Balance	Both achievements and challenges are covered in this ESG Report to reflect an unbiased and objective picture on the Group’s performances.
Consistency	The reporting scope and approach remain consistent with previous years for meaningful comparison.

### Reporting Period and Scope

The information disclosed in this ESG Report covers the financial year from 1 March 2023 to 29 February 2024 (the “Reporting Period” or the “Year”). Figures for the corresponding period from 1 March 2022 to 28 February 2023 (the “Year 2022/2023”) are also presented for comparison. Unless otherwise specified, this ESG Report covers the operation of the corporate finance advisory business of the Group. The Group will continuously improve its sustainable development strategy and expand the scope of disclosure progressively in line with its business development.

### Confirmation and Approval

The Group has established internal controls and a formal review process to ensure that the information presented in this ESG Report is as accurate and reliable as possible. The Board has the overall responsibility for the establishment and disclosure of relevant measures and KPIs. This ESG Report was reviewed and approved by the Board on 30 May 2024.

## POLICY AND STRATEGY

Founded in 2014, the Group has a business objective to establish an integrated platform for providing financial and securities services to its clients. As the momentous stage of the Group, the Listing provided an arena for the Group not just to have a sufficient and healthy capital base but also opportunities to realise a more efficient and sustainable fund-raising platform.

To make a sustainable difference, campaigns and trainings have been launched to promote its values within the Group. The Group has categorised the ESG activities into the following four focus areas:

### 1. Sustainable Business

- The Group operates in a sustainable manner meanwhile balancing the interests of various stakeholders including customers and employees. Through regular stakeholder engagement, the stakeholders are encouraged to give their opinions regarding the ESG policies of the Group.

### 2. Community and Development

- Through enactment of its Community Investment Policy Statement, the Group fosters positive relationships in the community. The Group works closely with external organisations and encourages employee participation in voluntary works.

### 3. Inclusion and Diversity

- An inclusive culture and workplace diversity are promoted in the Group by providing training to and informing employees about topics related to equal opportunity, discrimination and harassment.
- The Group provides equal opportunities in employment, training and career development regardless of gender, age, nationality, race, skin colour, religion, body size, illness, mental or physical disability, family roles, family composition, sexual orientation, political beliefs or social status.

### 4. Climate and Environmental

- The Group is committed to contributing to the sustainability of the environment and to becoming an environmental-friendly corporation. The Group focuses on reduction of energy and natural resources consumption, waste reduction and utilisation of environmental friendly products and services.
- Through its internal channels and engagement of volunteer service, the Group raises the environmental awareness of its staff. The Group further encourages its suppliers, business partners and customers to improve their environmental performance.

The Group is committed and will continue to contributing towards the UN Sustainable Development Goals (“UNSDG”) in order to achieve a sustainable business environment and to become an environmental-friendly corporation.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Continued)

## KEY ACHIEVEMENTS

The Group has identified the major accomplishments during the Year which are aligned to the following UNSDG:

1. Good Health and Well-being **(The 3rd UNSDG)**

- To safeguard the health of its staff, the Group had adopted the “Work from Home” practice when needed since late January 2020, in response to the coronavirus pandemic.
- All relevant laws and regulations are complied, no cases of work-related injuries or fatalities were recorded during the Reporting Period.

2. Quality Education **(The 4th UNSDG)**

- Through its annual appraisal procedure and training programmes (such as training on anti-money laundering and risk management) provided to its employees, the Group supports their performance improvement and nurtures their career growth.

3. Gender Equality **(The 5th UNSDG)**

- The Group emphasises diversity and is committed to providing a workplace free from discrimination and harassment for employees and adopts consistent selection criteria and neutral wording in job advertisements.

4. Sustainable Cities and Communities **(The 11th UNSDG)**

- To promote sustainability not just to its employees but also other stakeholders including but not limited to its suppliers, business partners and customers, the Group encourages the use of online facsimile (internet fax) system.
- The Group avoids using disposables and strictly follows the practice of recycling by setting up recycling bins with regular collection by trusted service providers.

5. Responsible Consumption and Production **(The 12th UNSDG)**

- The Group implements various measures to increase energy efficiency and reduce emissions, such as adopting lighting zoning system and maintaining optimal air-conditioning temperature. Simplifying workflow to reduce business trips also reduces potential carbon emission.
- The Group has formulated the Supply Chain Management, Product Responsibility and Anti-Corruption Policy Statement (collectively known as “Operation Policy Statement”) which outlines the Group’s commitment to providing services information to customers in an accurate and timely manner and safeguarding data security.

6. Climate Action **(The 13th UNSDG)**

- The Group adopts the practice of recycling in daily business and operation and promotes the importance of change of habit and sustainable business internally and externally.
- The Group plans to support different afforestation projects, which include the project in the Amazon forest, by acquiring its carbon credits through the Intercontinental Carbon Assets Development Group Limited (“ICCAD”).

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Continued)

## 7. Life on Land (The 15th UNSDG)

- Besides targeting to use less energy and natural resources, the Group plans to offset the greenhouse gas (“GHG”) generated from it by purchasing carbon credits. The Group is also planning on planting trees, in Hong Kong or in mainland China, as a long-term means, to continually reduce the emission impact to the environment.

## 8. Peace, Justice and Strong Institutions (The 16th UNSDG)

- All services offered by the Group comply with applicable local laws and regulations, including but not limited to the Prevention of Bribery Ordinance (Chapter 201 of the Laws of Hong Kong) and internal requirements for professional conduct.
- 100% of the Group’s staff completed the training on anti-money laundering during the Year.

## ESG GOVERNANCE AND RISK MANAGEMENT

### (Related to the 16th UNSDG)

The Board and senior management of the Group are committed to the maintenance of good corporate governance practices and procedures. The Group believes that good corporate governance provides a framework that is essential for effective management, healthy corporate culture, successful business growth and enhancing shareholders’ value.

The corporate governance principles of the Group emphasise a quality Board, sound internal controls, and transparency and accountability to all shareholders of the Company. The Board has the overall responsibility in overseeing the Group’s ESG strategy and performance on matters about environmental protection, employment, operational responsibility and community investment.

The Group acknowledges that risk management is an integral part of good corporate governance. The Board continuously monitors the effectiveness of risk management and internal control systems of the Group to identify, evaluate and respond to various risks, including ESG risks. The Board also takes appropriate measures to avoid or mitigate risks that may adversely affect the Group’s business.

To enable the Company to achieve the ESG-related targets set for each reporting period, the Group monitors the usage of electricity, purchase of paper and the amount of non-hazardous waste generated on a quarterly basis.

The Audit Committee regularly reviews the Group’s risk management and internal control systems, and receives reports from the senior management of the Group to confirm that the internal control mechanism is effective. The Group regularly reviews industry-relevant risks in order to update the internal control and risk management process in a timely manner.

As part of its corporate responsibility, the Group continues to explore ways to engage its stakeholders and further strengthen its sustainability governance.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Continued)

## STAKEHOLDERS' ENGAGEMENT

Understanding and responding to the needs and expectation of stakeholders from different sectors helps the Group in formulating and adjusting its sustainability strategies.

The Group's stakeholders are those who have a considerable influence on the Group's business, and whom the Group's business has a significant impact on. The Group identifies clients, shareholders, employees, business partners, regulatory authorities and the community as its key stakeholders.

The Group engages its key stakeholders via multiple channels to gather their feedback. Meetings and other communicative means are held across daily operations for both internal and external stakeholder groups. Every feedback from stakeholders guides the Group to identify material ESG issues, as well as to address risks and seize development opportunities.

Throughout the stakeholders' engagement, the Group identifies that quality of services, customer data protection and privacy, anti-corruption, and employee training and development are material ESG issues. The Group's policies regarding these issues are disclosed in the respective sections of this ESG Report.

### Your Feedback

The Group always hopes to promote communication between the Group and its stakeholders. The Group sincerely invites you to provide your valuable opinion. Your input can help the Group further enhance its sustainability management. If you have any questions or suggestions regarding the Group's sustainability policies or the content of this ESG Report, please send your comments through [compliance@innovax.hk](mailto:compliance@innovax.hk). Your feedback will be highly appreciated.

## PROTECTING THE ENVIRONMENT

### (Related to the 9th, 11th, 12th, 13th, & 15th UNSDG)

The Group runs its business within its office premises and the Group does not create a significant impact on the environment. Despite that, the Group strives to protect the environment and reduce the impact on the environment by its business operation. The Group has formulated its Environmental Protection Policy Statement to guide its direction in minimising the negative impacts of its operation on the environment regarding air emissions, water and waste management and use of energy and other resources.

During the Reporting Period, to the best knowledge of the Directors, the Group was not aware of any cases of non-compliance in relation to environmental laws and regulations, including but not limited to the Air Pollution Control Ordinance (Chapter 311 of the Laws of Hong Kong), Water Pollution Control Ordinance (Chapter 358 of the Laws of Hong Kong) and Waste Disposal Ordinance (Chapter 354 of the Laws of Hong Kong).

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Continued)

## Energy Consumption and Air Emissions

In line with its commitments stated in the Environmental Protection Policy Statement, the Group has implemented a number of measures to increase energy efficiency and reduce GHG emissions:

- Switching off the lights in public areas during lunch and non-working hours;
- Adopting lighting zoning system;
- Keeping good maintenance of electrical appliances and replacing malfunctioning equipment;
- Setting the air-conditioning temperature at an optimal temperature; and
- Simplifying workflow to reduce business trips.

Due to the characteristics of the industry, the Group does not produce any direct GHG emission. The main energy consumption of the operation is electricity. The total electricity consumption and the total GHG emissions generated during the Year decreased by approximately 21.0% and approximately 24.4% as compared to the Year 2022/2023. The decrease in the electricity consumption during the Year was the result of the employees' effort in reducing electricity consumption. The Group will continue to manage GHG emissions and expects that emission level during the next reporting period will be similar to the level during the Year.

Environmental KPIs	Year 2023/24	Year 2022/23	Unit
Total energy consumption	<b>7.02</b>	8.89	MWh
Energy intensity per office floor area	<b>0.07</b>	0.14	MWh/m <sup>2</sup>
Energy intensity per employee	<b>0.585</b>	1.47	MWh/person
Total GHG emissions	<b>4.77</b>	6.31	tonnes CO <sub>2</sub> -e
GHG intensity per office floor area	<b>0.05</b>	0.10	tonnes CO <sub>2</sub> -e/m <sup>2</sup>
GHG intensity per employee	<b>0.40</b>	0.49	tonnes CO <sub>2</sub> -e/person

Notes:

- Energy and GHG intensity per office floor area for the Year have been adjusted to reflect the actual situation.
- The Group did not produce significant GHG emissions in both Year 2022/2023 and the Year.
- According to Hong Kong Electric, the amount of carbon emissions per kilowatt hour of electricity was 0.68 kg carbon dioxide equivalent ("CO<sub>2</sub>-e").

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Continued)

## Water and Waste Management

The Group is well aware that reasonable use of resources is essential to sustainable development. The Environmental Protection Policy Statement also sets out the Group's commitment to optimising the use of water and raw materials. The Group has adopted a series of measures to effectively manage the use of resources and handle wastes:

- Encouraging employees to conserve water;
- Using paper from sustainable sources or made of recycled materials;
- Adopting electronic communications and filing to reduce the use of paper;
- Recommending use of duplex printing or photocopying;
- Adopting online facsimile (internet fax) system;
- Avoiding using disposables; and
- Setting up recycling bins and waste recyclers to collect wastes regularly.

The Group does not consume a significant amount of water or generate a large amount of sewage. The water the Group uses comes from the Water Supplies Department of Hong Kong and the Group does not have any issue in sourcing water. Since the property manager of the Group's office premises cannot provide the water consumption data for individual tenant, the Group has no water usage data that could be disclosed. Wastewater produced is directly discharged to the sewerage network. No packaging material is used for the Group's finished products.

The Group does not generate hazardous waste in its daily operation and the non-hazardous waste mainly consists of paper and other general refuse. The total non-hazardous waste generated during the Year decreased by approximately 37.9% as compared to the Year 2022/2023. The non-hazardous waste generated per employee during the Year was approximately 25.0% lower than that in the Year 2022/2023. The decrease in the generation of non-hazardous waste during the Year was the result of the employees' effort in reducing generation of non-hazardous waste. The Group will continue to manage generation of non-hazardous waste and expects that amount of non-hazardous waste to be generated during the next reporting period will be similar to the level during the Year.

The amount of non-hazardous waste generated during the Year 2022/23 and the Year is summarized in the following table.

Environmental Key Performance Indicators	Year 2023/24	Year 2022/23	Unit
Total non-hazardous waste generated	<b>0.36</b>	0.58	tonnes
Non-hazardous waste intensity per office floor area	<b>0.004</b>	0.01	tonnes/m <sup>2</sup>
Non-hazardous waste intensity per employee	<b>0.03</b>	0.04	tonnes/person

Note:

Non-hazardous waste intensity per office floor area for the Year has been adjusted to reflect the actual situation.

## Environment and Natural Resources

The Group understands the need to protect the planet for present and future generations and is making ongoing efforts to use fewer natural resources. The Group operates its business with environmental concerns in mind and encourages good environmental practices.

The Group is working to reduce its consumption of energy and natural resources, to reduce waste, and to use environmental friendly products and services whenever possible. To identify the environmental improvement opportunities, the Group will improve the data collection system in order to review the effectiveness of the emissions and waste reduction measures, as well as the energy and water efficiency initiatives. The Group prioritises the usage of digital communication tools such as emails over printed letters, and also educates its staff through internal channels to raise environmental awareness and cultivate green values among its staff.

## Additional Measures to Mitigate Emission Impact to the Environment

The Group recognises that real-world impacts and activities from individuals are crucial to achieve sustainability. Instead of only focusing on prevention measures to reduce carbon footprint, the Group would also like to inspire other companies and to contribute proactively in the restoration of the nature.

### (a) Afforestation Internationally

Besides targeting to use less energy and natural resources, the Group has been in an active dialogue with ICCAD regarding acquisition of carbon credits as a short-term means to offset some (or even all) of the GHG emissions generated from the business. The Group could therefore provide its indirect support to the afforestation project “Project of Cerrado and Amazonia REDD Brasil” in Amazon forest. The total forest carbon stock of the mentioned project is estimated up to 70,000,000 tonnes CO<sub>2</sub>-e, covering a total project area exceeding 600,000 hectares.

### (b) Carbon Neutralisation

Through the potential afforestation project with ICCAD, the Group would then be able to step forward to not just achieving carbon neutralisation but also creating other positive impacts including offsetting of an estimate of 100,000 tonnes CO<sub>2</sub>-e, compared to the Group’s GHG emissions of approximately 4.8 tonnes CO<sub>2</sub>-e during the Year.

### (c) Afforestation Locally

In addition to supporting the forest restoration, the Group is also contemplating to create a positive impact on the environment by planting trees, either in Hong Kong or in mainland China, as a long-term means, to continually reduce the emission impact to the environment.

Note:

A carbon credit is a tradable permit or certificate that provides the credit holder the right to emit one ton of carbon dioxide or an equivalent of another GHG — it essentially allows producers to compensate for their GHG emissions.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Continued)

## Climate Change

As Hong Kong’s climate is sub-tropical, the significant climate-related issues the Group has identified and faced are typhoons and heavy rainstorms. As stated in the Group’s Staff Handbook, when Typhoon Signal No. 8 or Black Rainstorm Warning is hoisted on or before the normal office hour, staff is not required to come to work and the office is usually closed until the signal or warning is lowered. The issues inevitably affect the productivity of the Group. Having said that, for urgent works, the staff can adopt “Work from Home” practice to mitigate the impact on the operation of the Group.

## PEOPLE

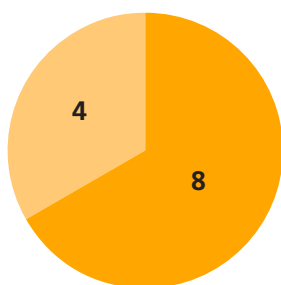
(Related to the 3rd, 4th, 5th & 10th UNSDG)

Employees are the foundation for a business’s success and future development. As a caring and responsible corporation, the Group is devoted to providing a decent working environment for its employees. Policies relating to employment management, including compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare are set out in the Staff Handbook and the Employment and Labour Practices Policy Statement. During the Reporting Period, to the best knowledge of the Directors, the Group was not aware of any cases of non-compliance in relation to the labour laws and regulations, including but not limited to, the Employment Ordinance (Chapter 57 of the Laws of Hong Kong).

The Group provides different channels to facilitate open communications among all employees. The Group informs employees of important corporate announcements and up-to-date policies through email. As of 29 February 2024, the corporate finance advisory business of the Group had 12 full-time staff, who are all based in Hong Kong. The following graphs show their distribution by gender, age and employment category.

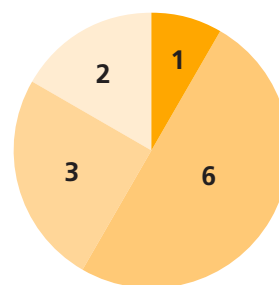
Employees by Gender

Male Female



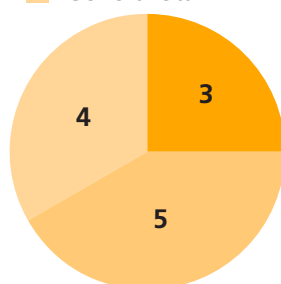
Employees by Age

21-30 31-40 41-50 51-60



Employees by Category

Senior Management Middle Management General Staff

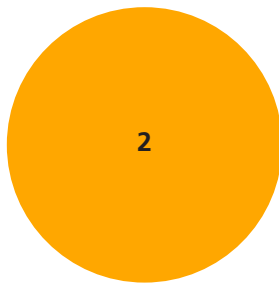


# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Continued)

Staff dismissal records with reasons are provided by the respective department heads and documented by the human resources department together with the approval records. Employee turnover statistics in the Reporting Period are shown in the graphs below.

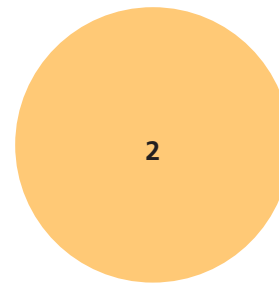
## Employees Turnover by Gender

■ Male ■ Female



## Employees Turnover by Age

■ 21–30



## Equal Opportunity

The Group emphasises diversity and is committed to providing a workplace free from discrimination and harassment for employees from different backgrounds. To create a diverse talent pool and ensure the recruitment process is free from any forms of discrimination, the Group adopts consistent selection criteria and neutral wording in job advertisements. The same principle is also applied in career development and training, regardless of employees' gender, age, nationality, ethnicity, religion, disability or sexual orientation. The Group provides employees with information related to equal opportunity, discrimination and harassment. An employee who believes that he/she is subject to any kind of harassment could report to the designated person of the Group.

## Remuneration and Benefits

The Group ensures its remuneration is attractive and decent. The basic monthly salary takes into account of the job responsibilities, skills required for the position and the qualifications and experience of the employee. The Group may offer a discretionary bonus to an employee based on the performance of the Group and that of the employee. This is to reward efforts made by the employees in the preceding year and encourage them to continue to contribute to the development of the Group.

The Group's management reviews the remuneration annually based on the employees' performance, the Group's financial results, as well as changes to the cost of living and the general economic condition. The Group has also adopted the Share Option Scheme for Eligible Participants (including Directors) in order to provide incentives and foster mutual growth of the participants and the Group.

The Group's employees are entitled to a five-day working week, public holidays, paid annual leaves, sick leaves, maternity and paternity leaves, as well as marriage and compassionate leaves. The Group also provides medical benefits which include outpatient benefits and hospitalisation coverage for most of the employees.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Continued)

## Health and Safety

The Group's employees work inside offices and are not exposed to significant occupational health and safety risks. The Employment and Labour Practices Policy Statement states the Group's commitments in maintaining a healthy and safe working environment. The Group's Staff Handbook provides employees with guidance on health and safety workplace and the key points are summarised as follow:

- Properly maintaining all work-related equipment and systems;
- Making sure that the use, handling, storage and transport of office supplies and equipment are neat, tidy, safe and free from hazards; and
- Regularly reviewing and updating the Health and Safety Policy and notifying all employees on its updates.

The Group complies with the relevant laws and regulations, such as the Occupational Safety and Health Ordinance (Chapter 509 of the Laws of Hong Kong). To the best knowledge of the Directors, no cases of work-related injuries or fatalities were recorded during the Year and the previous two financial years.

## Training and Development

The Group appreciates the values of career planning and development of its employees. It has established a procedure of annual performance appraisal. An employee's performance is reviewed against his/her objective and target based on his/her development needs. The Group considers that such review can support the employee's career growth and help the Group achieve its business goals. The Group believes that providing training programmes to its employees can improve their performance and nurture their career growth.

As a financial and securities services provider, the Group has an obligation to conduct customer due diligence and identify risks regarding money laundering and terrorist financing. During the Reporting Period, the Group provided in-house training on anti-money laundering and risk management as regular refresher training for all employees. The training ensures that all employees, no matter their work position, are aware of their obligations to develop a risk profile for every customer and report suspicious transactions as stipulated under relevant regulations and guidelines.

		Percentage of Employees Trained	Average Training Hours Per Employee
<b>Gender</b>	Male	100%	12.0
	Female	100%	12.0

		Percentage of Employees Trained	Average Training Hours Per Employee
<b>Employee Category</b>	Senior Management	100%	12.0
	Middle Management	100%	12.0
	General Staff	100%	12.0

## Labour Standards

Child labour and forced labour infringe basic human rights and put a corporate's reputation at risks. The Group adheres to local labour laws and standards and is committed to prohibiting the use of child labour and forced labour.

To prevent hiring child labour by mistake, the Group has set minimum working age requirement and verified the age of applicant by scrutinising various identification documents before hiring. The Group avoids forced labour by assuring employees' right to terminate their employment. Normal working hours are stipulated in the Staff Handbook.

During the Reporting Period, to the best knowledge of the Directors, the Group was not aware of any non-compliance with relevant labour laws and regulations, including but not limited to the Employment Ordinance (Chapter 57 of the Laws of Hong Kong), Employees' Compensation Ordinance (Chapter 282 of the Laws of Hong Kong), Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) and Minimum Wage Ordinance (Chapter 608 of the Laws of Hong Kong). The Group keeps track of any changes in the relevant labour laws and regulations and reviews and revises its employment practices accordingly.

## OPERATING PRACTICES

### (Related to the 8th & 12th UNSDG)

The Group is committed to upholding the highest standard of corporate governance and business integrity in its activities. The Group has formulated the Operation Policy Statement in order to manage social risks in its daily operation.

## Supply Chain Management

The Group does not produce any physical products and therefore it does not have significant procurement. The Group's suppliers which are all located in Hong Kong mainly include professional services providers, property management and office supplies vendors.

The Group maintains strategic partnerships with and supports all of its suppliers to reduce the environmental and social impacts along its value chain. The Group considers the following aspects of potential suppliers, including but not limited to compliance with laws and regulations, past experience, environmental sustainability, products and services quality and the prevailing market price, before engaging them. The Group prefers selecting suppliers who share the same environmental, social and ethical values with it, so as to integrate its sustainability strategy into its daily operation.

## Products and Services Responsibility

The Group values each client and continuously strives to improve its services to satisfy the clients' needs. The Operation Policy Statement outlines its commitment to providing services information to customers in an accurate and timely manner and safeguarding data security.

The Group has established a complaint handling process to protect the interest of its clients. All written and verbal complaints received are reported to the compliance officer of the Group, who is responsible to conduct investigations and respond to the complainant within a reasonable period. The Group also conducts independent reviews on the complaint handling procedures regularly.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Continued)

To protect clients' privacy, the Group has maintained control over its information systems. The Group has provided guidance to the related personnel on handling and storage of client data. Restricted access right to folders and files is limited to the relevant team members only. The Group has also set up a firewall to prevent leakage of confidential information. For its sales and marketing, the Group commits to providing objective, accurate, honest and fair information in all marketing and communication channels, including printed materials and advertisements. Given its business nature, the Group does not have any intellectual property rights which are needed for providing services to its clients.

To the best knowledge of the Directors, the Group was not aware of any significant non-compliance with laws and regulations in relation to products and services responsibility during the Reporting Period, including but not limited to the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong), the SFO and the Listing Rules. The Group's operation does not involve in health and safety issues relating to the provision of its services. To the best knowledge of the Directors, the Group was not aware of any cases of non-compliance with laws and regulations concerning health and safety, advertising, labelling and privacy during the Reporting Period.

### **Anti-Corruption, Anti-Money Laundering and Anti-Terrorist Financing**

The Group believes that integrity is the foundation of fulfilling corporate social responsibilities. The Group recognises its responsibility to conduct businesses in an honest and ethical manner. The Group ensures that all services offered comply with applicable laws and regulations in Hong Kong, including but not limited to the Prevention of Bribery Ordinance (Chapter 201 of the Laws of Hong Kong) and internal requirements for professional conduct. The Group has set up a whistleblowing policy (the "Whistleblowing Policy") to encourage its staff to report any suspected action, situation or circumstance anonymously without fear of retaliation. The Audit Committee has the overall responsibility for the Whistleblowing Policy, but has delegated the day-to-day responsibility for overseeing and implementing the whistleblowing function to the compliance department of the Group. Besides, as required by the SFC, the Group provides in-house anti-corruption trainings to all of its staff. During the Reporting Period, to the best knowledge of the Directors, the Group and its staff were not involved in any legal cases in relation to corruption.

As a financial and securities services provider, prevention and detection of money laundering is part of the Group's core social responsibilities. The Group's Policy on Prevention of Money Laundering and Terrorist Financing sets forth the responsibilities of the Group and its employees in preventing money laundering and terrorist financing. It provides clear procedures, as summarised in the following graph, to prevent and suppress such activities in the Group's operation.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Continued)

## AML Procedures



The Group arranges trainings on anti-money laundering and anti-terrorist financing for employees and regularly communicates with them on the importance of compliance and business conduct. During the Reporting Period, to the best knowledge of the Directors, the Group was not aware of any non-compliance cases against relevant laws and regulations, including but not limited to the Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Chapter 615 of the Laws of Hong Kong).

## COMMUNITY INVESTMENT

**(Related to the 1st, 11th, 13th & 15th UNSDG)**

The Group is a caring enterprise and has devoted to making contributions to the community where it operates. The Group has established its Community Investment Policy Statement and is committed to fostering a positive relationship with the community.

The Group also continuously encourages its staff to participate in any kinds of voluntary works held by external organisations.

### Social Impact

Financially supporting the afforestation project will help not only restoring the nature but also creating significant amount of job openings and opportunities for the local communities.

The Group has been planning to financially support an afforestation project in the Amazon forest and also targeting to create social impact and influence to the local society through tree planting and further community contributions. The Group will review and adjust its plans and focus on creating positive social impact and contributions to the community.

# INDEPENDENT AUDITOR'S REPORT



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## TO THE SHAREHOLDERS OF INNOVAX HOLDINGS LIMITED

*(incorporated in the Cayman Islands with limited liability)*

### OPINION

We have audited the consolidated financial statements of Innovax Holdings Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 64 to 125, which comprise the consolidated statement of financial position as at 29 February 2024, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 29 February 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

### BASIS FOR OPINION

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

### KEY AUDIT MATTERS

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

# INDEPENDENT AUDITOR'S REPORT (Continued)

During the audit of the Group, we identified the following key audit matters:

## Key audit matter

### *Impairment assessment of accounts receivable arising from securities financing services and loan receivables*

We identified the impairment assessment of accounts receivable arising from securities financing services and loan receivables as a key audit matter because of the significant judgement and estimation uncertainty involved in the determination of expected credit loss ("ECL") on the individual balances of accounts receivable arising from securities financing services and loan receivables at the end of reporting period.

Refer to Notes 21, 22 and 37 to the consolidated financial statements and the accounting policies on Note 3 to the consolidated financial statements.

As at 29 February 2024, the total gross carrying amount of accounts receivable arising from securities financing services and loan receivables were approximately HK\$18.6 million and HK\$19.9 million, respectively.

As at 29 February 2024, the carrying amount of ECL of approximately HK\$25,000 and HK\$459,000 was recognised in relation to the accounts receivable arising from securities financing services and loan receivables, respectively.

In assessing the ECL on the individual balances of accounts receivable arising from securities financing services and loan receivables, management performed the assessment based on their historical credit loss experience, adjusted for factors that are specific to the margin clients and borrowers, general economic conditions and forecast of future conditions at the end of reporting period. Management also reviews the realisable value of pledged securities received from the margin clients, the property units of secured loan receivables and their credit quality. The methodologies and assumptions used in the impairment assessment of accounts receivable arising from securities financing services and loan receivables are reviewed regularly by management to reduce the differences between loss estimates and actual loss experience.

## How our audit addressed the key audit matter

Our procedures in relation to the impairment assessment of accounts receivable arising from securities financing services and loan receivables included:

- Examining the underlying documentation and key assumptions and estimates used in the impairment assessment of advances to customers in margin financing and loan receivables by the management on a sample basis and assessing the fair value of pledged securities for all impaired balances of advances to customers in margin financing;
- Challenging the management's assessment and expectation of the possible outcomes on the recoverability of the individual balances of advances to customers in margin financing and borrowers, the fair value of pledged securities and the principal activities of the pledged securities by reading the public announcements and other available information to us on a sample basis; and
- Evaluating, together with our internal valuation specialists, the reasonableness and appropriateness of the impairment assessment model and the critical assumptions, inputs and parameters used in the model.

# INDEPENDENT AUDITOR'S REPORT (Continued)

## OTHER INFORMATION

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

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

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

## DIRECTORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

The directors are also responsible for overseeing the Group's financial reporting process. The Audit Committee assists the directors in discharging their responsibility in this regard.

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

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

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

# INDEPENDENT AUDITOR'S REPORT (Continued)

As part of an audit in accordance with HKSA's, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

## **BDO Limited**

*Certified Public Accountants*

Choi Kit Ying

Practising Certificate no. P07387

Hong Kong, 30 May 2024

# 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	5	11,734	17,446
Placing and underwriting services	5	10,913	9,531
Securities dealing and brokerage services	5	3,002	3,132
Asset management services	5	427	455
Interest income from securities financing services	5	5,525	14,808
Interest income from money lending services	5	1,126	163
Total revenue		32,727	45,535
Other income	7	4,638	4,412
Other gains	8	22,424	625
		59,789	50,572
Other operating expenses		(15,055)	(12,646)
Depreciation of property and equipment	18	(159)	(1,054)
Depreciation of right-of-use assets	19	(1,389)	(1,758)
Impairment allowance on financial and contract assets, net of reversal	9	2	(28)
Staff costs	10	(41,368)	(41,390)
Finance costs	11	(42)	(271)
Share of losses of joint ventures	25	(3)	(2)
Profit/(loss) before tax	12	1,775	(6,577)
Income tax expense	13	—	—
Profit/(loss) and total comprehensive income/(expense) for the year		1,775	(6,577)
Earnings/(loss) per share			
Basic and diluted (HK cents)	15	0.44	(1.64)

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 29 February 2024

	Notes	As at	
		29 February 2024 HK\$'000	28 February 2023 HK\$'000
Non-current assets			
Property and equipment	18	80	239
Right-of-use assets	19	297	1,686
Intangible asset	20	500	500
Deferred tax assets	32	357	357
Loan receivables	22	—	4,885
Other receivables, deposits and prepayments	24	275	633
Interest in joint venture	25	—	3
<b>Total non-current assets</b>		<b>1,509</b>	<b>8,303</b>
Current assets			
Accounts receivable	21	29,851	87,138
Loan receivables	22	19,478	10,626
Contract assets	23	—	—
Other receivables, deposits and prepayments	24	2,285	852
Financial assets at fair value through profit or loss	34	69,518	42,586
Amount due from a joint venture	25	10	—
Cash and bank balances	26	112,020	87,390
Cash and bank balances — held on behalf of customers	27	48,929	70,720
<b>Total current assets</b>		<b>282,091</b>	<b>299,312</b>
<b>Total assets</b>		<b>283,600</b>	<b>307,615</b>
Current liabilities			
Accounts payable	28	59,452	91,808
Other payables and accruals	29	13,027	5,173
Contract liabilities	30	302	93
Amount due to a joint venture	25	—	1
Lease liabilities	33	330	1,496
<b>Total current liabilities</b>		<b>73,111</b>	<b>98,571</b>
<b>Net current assets</b>		<b>208,980</b>	<b>200,741</b>
<b>Total assets less current liabilities</b>		<b>210,489</b>	<b>209,044</b>
Non-current liabilities			
Lease liabilities	33	—	330
<b>Net assets</b>		<b>210,489</b>	<b>208,714</b>
Equity			
Share capital	31	4,000	4,000
Reserves		206,489	204,714
<b>Total equity</b>		<b>210,489</b>	<b>208,714</b>

The consolidated financial statements on pages 64 to 125 were approved and authorised for issue by the board of directors on 30 May 2024 and signed on its behalf by:

**Chung Chi Man**  
Director

**Poon Siu Kuen, Calvin**  
Director

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 29 February 2024

	Share capital HK\$'000 (note 31)	Share premium HK\$'000	Share option reserve HK\$'000	Retained profits HK\$'000	Total equity HK\$'000
At 1 March 2022	4,000	169,663	—	34,890	208,553
Loss and total comprehensive expense for the year	—	—	—	(6,577)	(6,577)
Recognition of equity settled share-based payment	—	—	6,738	—	6,738
Lapse of share options	—	—	(31)	31	—
At 28 February 2023	4,000	169,663	6,707	28,344	208,714
Profit and total comprehensive income for the year	—	—	—	1,775	1,775
At 29 February 2024	4,000	169,663	6,707	30,119	210,489

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 29 February 2024

	Notes	Year ended	
		29 February 2024 HK\$'000	28 February 2023 HK\$'000
<b>OPERATING ACTIVITIES</b>			
Profit/(loss) before tax		1,775	(6,577)
Adjustments for:			
Interest expenses	11	42	271
Interest income	7	(3,446)	(1,147)
Depreciation of property and equipment	18	159	1,054
Depreciation of right-of-use assets	19	1,389	1,758
Dividend income	7	(869)	(2,088)
Impairment allowance on financial and contract assets, net of reversal	9	(2)	28
Realised gains on financial assets at fair value through profit or loss	8	(19,850)	(50)
Unrealised gains on financial assets at fair value through profit or loss	8	(2,574)	(575)
Share option expenses	10	—	6,738
Share of losses of joint ventures	25	3	2
Operating cash flows before movements in working capital		(23,373)	(586)
Decrease in accounts receivable		57,380	18,812
Increase in loan receivables		(5,363)	(15,701)
Decrease in contract assets		—	345
(Increase)/decrease in other receivables, deposits and prepayments		(1,068)	9,210
(Increase)/decrease in financial assets at fair value through profit or loss		(4,508)	358
Increase in amount due from a joint venture		(10)	—
Decrease in cash and bank balances held on behalf of customers		21,791	11,650
Decrease in accounts payable		(32,356)	(658)
Increase in other payables and accruals		7,854	4,049
Increase/(decrease) in contract liabilities		209	(380)
(Decrease)/increase in amount due to a joint venture		(1)	1
Cash generated from in operations		20,555	27,100
Income tax refund		—	452
Interest received from loan receivables		1,302	408
Dividends received		869	2,088
<b>NET CASH GENERATED FROM OPERATING ACTIVITIES</b>		<b>22,726</b>	<b>30,048</b>
<b>INVESTING ACTIVITIES</b>			
Purchases of property and equipment	18	—	(324)
Interest received		3,442	755
Investment in a joint venture	25	—	(5)
<b>NET CASH GENERATED FROM INVESTING ACTIVITIES</b>		<b>3,442</b>	<b>426</b>
<b>FINANCING ACTIVITIES</b>			
Repayment of principal of lease liabilities	39	(1,496)	(1,639)
Repayment of interest portion of lease liabilities	39	(42)	(70)
Proceeds from borrowings	39	—	3,000
Repayment of borrowings	39	—	(3,000)
Interest paid on bank borrowings	39	—	(201)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>		<b>(1,538)</b>	<b>(1,910)</b>
<b>NET INCREASE IN CASH AND BANK BALANCES</b>		<b>24,630</b>	<b>28,564</b>
<b>CASH AND BANK BALANCES AT BEGINNING OF THE YEAR</b>		<b>87,390</b>	<b>58,826</b>
<b>CASH AND BANK BALANCES AT END OF THE YEAR</b>	26	<b>112,020</b>	<b>87,390</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 BSI, 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 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–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 and securities 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 29 February 2024

## 2. CHANGES IN ACCOUNTING POLICIES (Continued)

### 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 two years ended 28 February 2023 and 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 29 February 2024

## 2. CHANGES IN ACCOUNTING POLICIES (Continued)

### 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 "2020 Amendments") <sup>1, 4</sup>
Amendments to HKAS 1	Non-current Liabilities with Covenants (the "2022 Amendments") <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. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Listing Rules and the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis, except for investments in listed equity securities which are measured at fair value at the end of each reporting period, as set out below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 Share-based Payment, leasing transactions that are accounted for in accordance with HKFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 Inventories or value in use in HKAS 36 Impairment of Assets.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 29 February 2024

## 3. BASIS OF PREPARATION AND ACCOUNTING POLICIES (Continued)

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The accounting policies are set out below.

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

### Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 29 February 2024

## 3. BASIS OF PREPARATION AND ACCOUNTING POLICIES (Continued)

### Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences and tax losses, to the extent that it is probable that taxable profits will be available against which those deductible temporary differences and tax losses, can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and does not give rise to equal taxable and deductible temporary difference.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and joint venture, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

### Property and equipment

Property and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to write-off the cost of items of assets less than residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 29 February 2024

## 3. BASIS OF PREPARATION AND ACCOUNTING POLICIES (Continued)

### Intangible assets

#### Intangible assets acquired separately

Intangible assets with indefinite useful lives that are acquired separately are carried at cost less any subsequent accumulated impairment losses.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

#### Impairment on property and equipment, right-of-use and intangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its property and equipment and right-of-use assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any). Intangible assets with indefinite useful lives are tested for impairment at least annually, and whenever there is an indication that they may be impaired.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets ("CGU"). In addition, corporate assets are also allocated to individual cash-generating units, on a reasonable and consistent basis.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

### Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument, except for regular way purchases or sales of financial assets which are recognised and derecognised on a trade date basis.

Financial assets and financial liabilities are initially measured at fair value except for accounts receivable arising from contracts with customers. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 29 February 2024

## 3. BASIS OF PREPARATION AND ACCOUNTING POLICIES (Continued)

### Financial instruments (Continued)

#### Financial assets

##### *Classification and subsequent measurement of financial assets*

Financial assets that are held within a business model whose objective is to collect contractual cash flows; and the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding are subsequently measured at amortised cost. All other financial assets are subsequently measured at fair value through profit and loss (“FVTPL”).

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is included in the “other gains and losses” line item.

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit impaired. Interest income which are derived from the Group’s ordinary course of business are presented as revenue.

##### *Impairment of financial assets*

The Group recognises a loss allowance for expected credit loss (“ECL”) on financial assets which are subject to impairment under HKFRS 9 (including accounts receivable, loan and other receivables, amount due from a joint venture, cash and bank balances — held on behalf of customers and cash and bank balances). The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

For accounts receivable arising from corporate finance advisory services, securities dealing and brokerage services and asset management services, the Group applies the simplified approach (as defined in HKFRS 9) in measuring ECL.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 29 February 2024

## 3. BASIS OF PREPARATION AND ACCOUNTING POLICIES (Continued)

### Financial instruments (Continued)

#### Financial assets (Continued)

##### *Impairment of financial assets (Continued)*

For other financial assets, the Group applies the general approach to measure ECL, that is to recognise a loss allowance based on 12-month ECL. However, when there has been a significant increase in credit risk since initial recognition, the loss allowance will be based on the lifetime ECL.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

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

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements, which are expected to reduce the borrower's economic incentive to make scheduled contractual payments or to otherwise have an effect on the probability of a default occurring;
- an actual or expected significant deterioration in the operating results of the debtor; or
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

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.

(ii) Definition of default

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 29 February 2024

## 3. BASIS OF PREPARATION AND ACCOUNTING POLICIES (Continued)

### Financial instruments (Continued)

#### Financial assets (Continued)

##### *Impairment of financial assets (Continued)*

##### (iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event;
- (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- (e) the disappearance of an active market for that financial asset because of financial difficulties.

##### (iv) Write-off policy

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

##### (v) Measurement and recognition of ECL

ECL are probability-weighted estimate of credit losses. Credit losses are measured at the difference between the contractual cash flows due in accordance with the contract and the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancement that are integral to the contract terms. The maximum period considered when estimating ECL is the maximum contractual period over which the Group is exposed to credit risk.

##### *Derecognition of financial assets*

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

### Financial liabilities and equity

#### *Equity instruments*

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 29 February 2024

## 3. BASIS OF PREPARATION AND ACCOUNTING POLICIES (Continued)

### Financial instruments (Continued)

#### Financial liabilities and equity (Continued)

##### *Financial liabilities*

Financial liabilities including accounts and other payables are subsequently measured at amortised cost, using the effective interest method. Interest expense is recognised in profit or loss in the period in which they are incurred.

##### *Derecognition of financial liabilities*

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged or cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

### Revenue from contracts with customers

Under HKFRS 15, the Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

Revenue arising from financial and securities services is recognised on the following basis:

- Sponsorship, financial advisory, and other service income are recognised over time according to the entity's progress towards complete satisfaction of a performance obligation and transaction prices of the contracts. It is recognised over time when the Group has an enforceable right to payment for performance completed to date at all times throughout the duration of the contract and the performance does not create an asset with an alternative use. Payments are received by installments in accordance to the completion of milestones as specified in the mandate;
- Compliance advisory service income is recognised over time according to the Group's progress towards complete satisfaction of a performance obligation and transaction prices of the contracts. It is recognised over time when the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs. Payments are received when the relevant services are completed in accordance with the terms of underlying agreement or deal mandate;
- Placing and underwriting commission is recognised at a point in time when the relevant services are completed in accordance with the terms of the underlying agreement or deal mandate. Payments are due upon presentation of invoice;
- Commission income from securities dealing and brokerage business is recognised on execution of purchase, sales or other transactions or services by the Group on behalf of its clients. Commission income is payable two days after the trade date; and
- Asset management fee income is recognised over time as those services are provided continuously over the contract period. Invoices for these services income are issued on a regular basis based on the terms stated in the contract.

For each of above revenue recognised over time, the Group measures the progress towards complete satisfaction of a performance obligation based on input method, which is based on the Group's efforts or inputs incurred in satisfying a performance obligation relative to the total expected inputs to the satisfaction of that performance obligation ("percentage of completion"), that best depict the Group's performance in transferring control of goods or services.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 29 February 2024

## 3. BASIS OF PREPARATION AND ACCOUNTING POLICIES (Continued)

### Revenue from contracts with customers (Continued)

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with HKFRS 9 on the same basis as accounts receivable arising from corporate finance advisory services. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

### Share-based payments

#### Equity-settled share-based payment transactions

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share options reserve). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share options reserve.

When share options are exercised, the amount previously recognised in share options reserve will be transferred to share capital and share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will be transferred to retained profits.

### Leases

#### Definition of a lease

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

For contracts entered into or modified or arising from business combinations on or after the date of initial application, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

#### The Group as a lessee

##### *Allocation of consideration to components of a contract*

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 29 February 2024

## 3. BASIS OF PREPARATION AND ACCOUNTING POLICIES (Continued)

### Leases (Continued)

#### The Group as a lessee (Continued)

##### *Right-of-use assets*

The cost of right-of-use assets includes:

- (i) the amount of the initial measurement of the lease;
- (ii) any lease payments made at or before the commencement date, less any lease incentives received;
- (iii) any initial direct costs incurred by the lessee; and
- (iv) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

### Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

### Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments and are remeasured as a result of any reassessment or lease modifications. Interest accrued on lease liabilities is included in profit or loss in the period that are incurred.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 29 February 2024

## 3. BASIS OF PREPARATION AND ACCOUNTING POLICIES (Continued)

### Retirement benefit costs

Payments to defined contribution retirement benefit plans, which is the Mandatory Provident Fund Scheme (“MPF Scheme”), are recognised as an expense when employees have rendered service entitling them to the contributions.

### Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

## 4. KEY SOURCES OF ESTIMATION UNCERTAINTY

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are set out as follows.

### ECL for accounts receivable and loan receivables

The ECL for accounts receivable and loan receivables are based on the Group’s historical default rates taking into consideration forward-looking information that is reasonably supportable and available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered.

The provision of ECL is sensitive to changes in estimates. The estimates would include the amount and timing of future cash flows and collateral values when determining impairment allowances. These estimates are driven by a number of factors, changes in which can result in different levels of allowances. The Group considers reasonably supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information and also, forward-looking analysis. Details of expected credit loss, the information about the ECL and the Group’s accounts receivable and loan receivables are disclosed in note 37.

### Income taxes

No deferred tax asset was recognised in the Group’s consolidated statement of financial position in relation to the estimated unused tax losses of approximately HK\$56,031,000 (2023: approximately HK\$53,431,000). The realisability of the deferred tax asset mainly depends on whether sufficient taxable profits will be available or existing taxable temporary differences will be reversed in the future. In case where the actual future taxable profits generated are more than expected, recognition of deferred tax asset in relation to estimated unused tax losses may arise, which would be recognised in the profit or loss for the period in which such a recognition takes place.

### Fair values of unlisted equity investment

The fair values of financial assets at fair value that are not quoted in active markets are determined by using valuation techniques. Management judgement and estimates are required for the selection of appropriate valuation parameters, assumptions and modeling techniques. As at 29 February 2024, the carrying amount of unlisted equity investment was HK\$5,355,000 (2023: nil). Further details are given in notes 34 and 37 to the consolidated financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 29 February 2024

## 5. 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 Listing Rules, the GEM Listing Rules or 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 29 February 2024

## 5. REVENUE (Continued)

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 29 February 2024

## 5. REVENUE (Continued)

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

### 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 29 February 2024

## 6. 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 and securities 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 two years ended 29 February 2024, the following external customers contributed more than 10% of the total revenue of the Group.

	2024 HK\$'000	2023 HK\$'000
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.

## 7. OTHER INCOME

	2024 HK\$'000	2023 HK\$'000
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 (note)	—	731
Others	177	10
	<b>4,638</b>	<b>4,412</b>

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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 29 February 2024

## 8. OTHER GAINS

	2024 HK\$'000	2023 HK\$'000
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	2,574	575
	<b>22,424</b>	625

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

	2024 HK\$'000	2023 HK\$'000
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	(94)	(146)
	<b>2</b>	(28)

Details of impairment assessment for the Year are set out in note 37.

## 10. STAFF COSTS

	2024 HK\$'000	2023 HK\$'000
Directors' emoluments ( <i>note 16</i> )	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	—	6,343
	<b>41,368</b>	41,390

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 29 February 2024

## 11. FINANCE COSTS

	2024 HK\$'000	2023 HK\$'000
Interest expenses — bank borrowings	—	201
Interest expenses — lease liabilities ( <i>note 33 (ii)</i> )	42	70
	<b>42</b>	<b>271</b>

## 12. PROFIT/(LOSS) BEFORE TAX

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

## 13. INCOME TAX EXPENSE

	2024 HK\$'000	2023 HK\$'000
Hong Kong Profits Tax:		
— Current tax	—	—
Deferred tax expenses ( <i>note 32</i> )	—	—
	<b>—</b>	<b>—</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 29 February 2024

## 13. INCOME TAX EXPENSE (Continued)

Hong Kong Profit Tax is calculated at the rate of 16.5% (2023: 16.5%) on the estimated assessable profits for the Year.

Income tax expense is reconciled to the profit/(loss) before tax per consolidated statement of profit or loss and other comprehensive income for the Year as follows:

	2024 HK\$'000	2023 HK\$'000
Profit/(loss) before tax	1,775	(6,577)
Tax at Hong Kong Profit Tax at 16.5%	293	(1,085)
Tax effect of expenses not deductible for tax purpose	106	217
Tax effect of income not taxable for tax purpose	(829)	(330)
Tax effect of previously unrecognised tax losses recognised as deferred tax asset	(917)	—
Utilisation of tax losses previously not recognised	(168)	(802)
Tax effect of deductible temporary differences not recognised	1	687
Tax effect of tax losses not recognised	1,514	1,313
Income tax expense for the year	—	—

No deferred tax asset was recognised in the Group's consolidated statement of the financial position in relation to the estimated unused tax losses of approximately HK\$56,031,000 at 29 February 2024 (2023: approximately HK\$53,431,000) as it is not probable that taxable profit will be available against which these tax losses can be utilised. The unrecognised tax losses may be carried forward indefinitely.

At the end of the reporting period, the Group has deductible temporary differences of approximately HK\$528,000 relating to impairment allowance on financial assets (2023: approximately HK\$530,000). No deferred tax asset has been recognised in relation to such deductible temporary difference as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

## 14. DIVIDEND

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 29 February 2024

## 15. 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)	1,775	(6,577)
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings/(loss) per share	400,000,000	400,000,000
Earnings/(loss) per share:		
Basic and diluted (HK cents)	0.44	(1.64)

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.

## 16. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

For the year ended 29 February 2024

Name	Directors' fee HK\$'000	Salaries and allowances HK\$'000	Employer's contribution to MPF HK\$'000	Share option expenses HK\$'000	Bonuses HK\$'000	Total HK\$'000
<b>Executive Directors</b>						
Mr. Chung Chi Man	—	1,500	18	—	600	2,118
Mr. Poon Siu Kuen, Calvin	—	2,400	18	—	2,100	4,518
<b>Independent Non-executive Directors</b>						
Dr. Wu Kwan Hing	120	—	—	—	—	120
Ms. Chan Ka Lai, Vanessa	120	—	—	—	—	120
Mr. Yip Siu Hong	120	—	—	—	—	120
	360	3,900	36	—	2,700	6,996

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 29 February 2024

## 16. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS (Continued)

For the year ended 28 February 2023

Name	Directors' fee HK\$'000	Salaries and allowances HK\$'000	Employer's contribution to MPF HK\$'000	Share option expenses HK\$'000	Bonuses HK\$'000	Total HK\$'000
<b>Executive Directors</b>						
Mr. Chung Chi Man	—	1,500	18	79	—	1,597
Mr. Poon Siu Kuen, Calvin	—	2,400	18	79	1,350	3,847
<b>Independent Non-executive Directors</b>						
Dr. Wu Kwan Hing	120	—	—	79	—	199
Mr. Choi Wai Ping (resigned with effect from 1 June 2022)	30	—	—	79	—	109
Ms. Chan Ka Lai, Vanessa	120	—	—	79	—	199
Mr. Yip Siu Hong (appointed with effect from 1 June 2022)	90	—	—	—	—	90
	360	3,900	36	395	1,350	6,041

None of the Directors or the chief executive officer, Mr. Poon Siu Kuen, Calvin, waived or agreed to waive any remuneration during the current year and the previous year.

The discretionary bonus is determined by reference to the duties and responsibilities within the Group and the market conditions.

The executive Directors' emoluments shown above were for their services in connection with the management of the operations and businesses of the Group.

The independent non-executive Directors' emoluments shown above were for their services as Directors.

No amounts were paid or payable to any of the Directors as an inducement to join the Group or as compensation for loss of office during the Year.

Mr. Yip Siu Hong was appointed as an independent non-executive Director on 1 June 2022 and Mr. Choi Wai Ping resigned as the independent non-executive Director on 1 June 2022.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 29 February 2024

## 17. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees of the Group during the Year included 1 Director (2023: 1 Director), details of whose remuneration are set out in note 16 above. Details of the remuneration for the Year of the remaining four (2023: four) highest paid employees who are neither a Director nor chief executive of the Company are as follows:

	2024 HK\$'000	2023 HK\$'000
Salaries, allowances and benefits in kind	7,500	6,729
Performance related bonuses	8,900	2,916
Retirement benefits	72	72
	<b>16,472</b>	<b>9,717</b>

The number of the highest paid employees who are not the Directors and whose remuneration during the two years ended 29 February 2024 fell within the following bands is as follows:

	2024 No. of employees	2023 No. of employees
HK\$nil to HK\$1,000,000	—	—
HK\$1,000,001 to HK\$1,500,000	—	—
HK\$1,500,001 to HK\$2,000,000	—	1
HK\$2,000,001 to HK\$2,500,000	1	1
HK\$2,500,001 to HK\$3,000,000	—	1
HK\$3,000,001 to HK\$3,500,000	1	1
HK\$3,500,001 to HK\$4,000,000	—	—
HK\$4,000,001 to HK\$4,500,000	1	—
HK\$4,500,001 to HK\$5,000,000	—	—
HK\$5,000,001 to HK\$5,500,000	—	—
HK\$5,500,001 to HK\$6,000,000	—	—
HK\$6,000,001 to HK\$6,500,000	—	—
HK\$6,500,001 to HK\$7,000,000	1	—
	<b>4</b>	<b>4</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 29 February 2024

## 18. PROPERTY AND EQUIPMENT

	Computer equipment HK\$'000	Furniture and fixtures HK\$'000	Leasehold improvement HK\$'000	Office equipment HK\$'000	Total HK\$'000
<b>Cost</b>					
At 1 March 2022	806	491	5,882	89	7,268
Additions	55	—	258	11	324
Written off	—	—	(2,653)	—	(2,653)
At 28 February 2023	861	491	3,487	100	4,939
Additions	—	—	—	—	—
At 29 February 2024	861	491	3,487	100	4,939
<b>Depreciation</b>					
At 1 March 2022	765	487	4,964	83	6,299
Charge for the year	35	2	1,013	4	1,054
Written off	—	—	(2,653)	—	(2,653)
At 28 February 2023	800	489	3,324	87	4,700
Charge for the year	25	1	128	5	159
At 29 February 2024	825	490	3,452	92	4,859
<b>Carrying amounts</b>					
At 29 February 2024	36	1	35	8	80
At 28 February 2023	61	2	163	13	239

The above items of property and equipment are depreciated on a straight-line basis, at the following rates per annum:

Computer equipment	25%
Furniture and fixtures	25%
Leasehold improvement	Over shorter of terms of the related lease and 25%
Office equipment	25%

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 29 February 2024

## 19. RIGHT-OF-USE ASSETS

- (i) The analysis of the net book value of right-of-use assets by class of underlying asset is as follows:

	2024 HK\$'000	2023 HK\$'000
Properties leased for own use, carried at depreciated cost	297	1,686

- (ii) Amounts recognised in profit or loss:

	2024 HK\$'000	2023 HK\$'000
Depreciation of right-of-use assets	1,389	1,758

For the two years ended 29 February 2024, the Group leased various offices for its operations. During the year ended 28 February 2023, Lease terms are negotiated on an individual basis and none of the leases include extension or termination options. In determining the lease terms and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

## 20. INTANGIBLE ASSET

	Stock Exchange trading rights HK\$'000

### COST AND CARRYING AMOUNTS

At 1 March 2022, 28 February 2023 and 29 February 2024	500
--	-----

Intangible asset is considered by the Directors as having an indefinite useful life because the Stock Exchange trading rights are expected to contribute to net cash inflows indefinitely.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 29 February 2024

## 21. ACCOUNTS RECEIVABLE

	2024 HK\$'000	2023 HK\$'000
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	(69)	(162)
	<b>29,851</b>	<b>87,138</b>

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:

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 29 February 2024

## 21. ACCOUNTS RECEIVABLE (Continued)

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 35, was approximately HK\$63,000 (2023: approximately HK\$36,000).

## 22. LOAN RECEIVABLES

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

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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 29 February 2024

## 23. 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 HK\$'000	2023 HK\$'000
Contract assets	—	—
Less: impairment allowance	—	—
	—	—

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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 29 February 2024

## 23. CONTRACT ASSETS (Continued)

Movements in contract assets are as follows:

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

## 24. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2024 HK\$'000	2023 HK\$'000
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)
	<b>2,560</b>	1,485
Analysed as		
Non-current	275	633
Current	2,285	852
	<b>2,560</b>	1,485

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 29 February 2024

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

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

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
			29 February 2024	28 February 2023	
InnoCity GBA Capital Limited ("Innocity")	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 HK\$'000	2023 HK\$'000
Aggregate carrying amount of the Group's joint venture in the consolidated financial statements	—	3
Share of losses and total comprehensive expense of the Group's joint venture	(3)	(2)

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 29 February 2024

## 26. 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).

## 27. 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 28) 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 SFO. The Group is not allowed to use the client's monies to settle its own obligations.

## 28. ACCOUNTS PAYABLE

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

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 bank accounts with authorised financial institutions of approximately HK\$48,929,000 (2023: approximately HK\$70,720,000) (note 27).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 29 February 2024

## 29. OTHER PAYABLES AND ACCRUALS

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

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

## 30. CONTRACT LIABILITIES

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

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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 29 February 2024

## 31. SHARE CAPITAL

	Par value	Number of shares	Nominal amount HK\$'000
Ordinary shares			
Authorised:			
At 28 February 2023 and 29 February 2024	HK\$0.01	1,000,000,000	10,000
Issued and fully paid:			
At 28 February 2023 and 29 February 2024	HK\$0.01	400,000,000	4,000

## 32. DEFERRED TAXATION

The deferred tax balances recognised by the Group and the movement therein during the Year are as follows:

	Unrealised gain on listed equity securities HK\$'000	Tax losses HK\$'000	Temporary difference on accelerated accounting depreciation HK\$'000	Total HK\$'000
At 1 March 2022	—	—	(357)	(357)
Charge to profit or loss for the year	—	—	—	—
At 28 February 2023	—	—	(357)	(357)
Charge/(credit) to profit or loss for the year	917	(917)	—	—
At 29 February 2024	917	(917)	(357)	(357)

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 29 February 2024

## 33. LEASE LIABILITIES

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

Future lease payments are due as follows:

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 29 February 2024

## 33. LEASE LIABILITIES (Continued)

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

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

- (ii) Amounts recognised in profit or loss

	2024 HK\$'000	2023 HK\$'000
Interest on lease liabilities	42	70

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

	2024 HK\$'000	2023 HK\$'000
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> )	5,355	—
	<b>69,518</b>	<b>42,586</b>

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 had 9.09% equity interest in the above-mentioned company. The Group intends to dispose of them at appropriate opportunity.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 29 February 2024

## 35. RELATED PARTY TRANSACTIONS AND BALANCES

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

	2024 HK\$'000	2023 HK\$'000
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	21	16

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 HK\$'000	2023 HK\$'000
Loan receivable		
— Mr. Poon Siu Kuen, Calvin	700	700

## 36. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure each group entity will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from previous years.

The capital structure of the Group consists of debt and equity attributable to owners of the Company (comprising issued share capital and reserves).

The management of the Group reviews the capital structure by considering the cost of capital and the risks associated with that class of capital. In view of this, the Group manages its overall capital structure through the payment of dividends and issuance of new shares.

Several subsidiaries of the Group (the "Regulated Subsidiaries") are registered with the SFC for the businesses in which they operate in. The Regulated Subsidiaries are subject to liquid capital requirements under the Hong Kong Securities and Futures (Financial Resources) Rules (the "SF(FR)R") adopted by the SFC. Under the SF(FR)R, the Regulated Subsidiaries must maintain their liquid capital (assets and liabilities adjusted as determined by the SF(FR)R) in excess of HK\$3 million or 5% of their total adjusted liabilities, whichever is the higher. The required information is filed with the SFC on a regular basis.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 29 February 2024

## 37. FINANCIAL INSTRUMENTS

### Categories of financial instruments

	2024 HK\$'000	2023 HK\$'000
<b>Financial assets at amortised cost</b>		
— Accounts receivable	29,851	87,138
— Loan and other receivables		
Deposits with Stock Exchange and a clearing house	275	230
Interest receivable	307	109
Loan receivables	19,478	15,511
Utility deposit	492	497
Others	1,054	354
— Amount due from a joint venture	10	—
— Cash and bank balances — held on behalf of customers	48,929	70,720
— Cash and bank balances	112,020	87,390
<b>Financial asset at FVTPL</b>	<b>69,518</b>	<b>42,586</b>
	<b>281,934</b>	<b>304,535</b>
<b>Financial liabilities</b>		
Accounts payable	59,452	91,808
Other payables and accruals	13,027	5,173
Amount due to a joint venture	—	1
Lease liabilities	330	1,826
	<b>72,809</b>	<b>98,808</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 29 February 2024

## 37. FINANCIAL INSTRUMENTS (Continued)

### Fair value measurements

Some of the Group's financial instruments are measured at fair value for financial reporting purposes.

The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique and inputs used).

	Fair value as at 29 February 2024 HK\$'000	Fair value as at 28 February 2023 HK\$'000	Fair value hierarchy	Valuation technique and key inputs	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
Financial assets at FVTPL						
— Listed equity investments	64,163	42,586	Level 1	Quoted bid price in an active market	N/A	N/A
— Unlisted equity investment	5,355	—	Level 3	Adjusted net asset method	Net assets	The higher the net asset, the higher the valuation

Note:

The valuation of unlisted equity investment was determined by adjusted net asset method. The investment is made at fair value and of arm's length basis together with several other independent investors at the same value. It is still at preliminary development and research stage, no material change occurred between the investment date and reporting date.

### Valuation processes

The Group's unlisted equity investment was valued by independent professionally qualified valuer at 29 February 2024, who hold a recognised relevant professional qualification. The Group's finance department includes a team that review the valuations performed by the independent valuer for financial reporting purposes.

At each reporting date, the finance department:

- verifies all major inputs to the independent valuation report; and
- holds discussions with the independent valuers.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 29 February 2024

## 37. FINANCIAL INSTRUMENTS (Continued)

Analysis of financial instruments measured at fair value, at each reporting date by level in the fair value hierarchy into which the fair value measurement is categorised as follows:

### Fair value hierarchy

	At 29 February 2024			Total HK\$'000
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	
<b>Financial assets</b>				
Financial assets measured at fair value through profit or loss				
— Listed equity securities	64,163	—	—	64,163
— Unlisted equity investment	—	—	5,355	5,355
<b>Total</b>	<b>64,163</b>	<b>—</b>	<b>5,355</b>	<b>69,518</b>

	At 28 February 2023			Total HK\$'000
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	
<b>Financial assets</b>				
Financial assets measured at fair value through profit or loss				
— Listed equity securities	42,586	—	—	42,586
— Unlisted equity investment	—	—	—	—
<b>Total</b>	<b>42,586</b>	<b>—</b>	<b>—</b>	<b>42,586</b>

There were no transfers between Levels 1 and 2 for both years.

Reconciliation of level 3 fair value measurements of financial assets is as below:

	Financial assets at fair value through profit or loss HK\$'000
At 28 February 2023 and 1 March 2023	—
Addition	5,355
Disposal/redemption	—
Total gain in profit or loss	—
<b>At 29 February 2024</b>	<b>5,355</b>

The management of the Group considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated statement of financial position approximate to their fair values.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 29 February 2024

## 37. FINANCIAL INSTRUMENTS (Continued)

### Financial risk management

The Group's risk management objectives are to achieve a proper balance between risks and yield and minimise the adverse impact of risks on the Group's operating performance. Based on these risk management objectives, the Group's risk management strategy is to identify and analyse the various risks the Group is exposed to, and to establish an appropriate tolerance for risk management practice, so as to monitor, notify and respond to the risks regularly and effectively and to control risks at an acceptable level. The principal financial risks inherent in the Group's business are market risk (includes interest rate risk and price risk), credit risk and liquidity risk. The Group's risk management objective is to enhance shareholders' value while retaining exposure within acceptable thresholds.

#### Market risk

##### *Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group is exposed to fair value interest rate risk in relation to fixed-rate demand and fixed deposits, loan receivables and lease liabilities.

The Group is exposed to cash flow interest rate risk in relation to certain accounts receivable arising from the securities financing service. The Group did not use financial derivatives to hedge its exposure to interest rate risk. The management regularly monitors the Group's exposure on an ongoing basis.

The Group's cash flow interest rate risk is mainly relating to the fluctuation of Hong Kong prime rate arising from the Group's interest bearing financial instruments.

The sensitivity analysis below has been determined based on the exposure to variable interest rates at the end of the reporting period. The analysis is prepared assuming the amounts outstanding at the end of the reporting period were outstanding for the whole year. A 50 basis points (2023: 50 basis points) increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

As at 29 February 2024, if the interest rate had been 50 (2023: 50) basis point higher/lower, the Group's profit for the Year would increase/decrease by approximately HK\$78,000 (2023: approximately HK\$270,000).

##### *Price risk*

The Group is exposed to equity price risk through its investment in listed equity securities measured at FVTPL (see note 34).

The sensitivity analyses have been prepared based on the exposure to equity price risk at the reporting date. If the prices of the respective equity instruments had been 5% higher/lower, the post-tax profit for the year would increase/decrease by approximately HK\$3,208,000 (2023: approximately HK\$2,129,000) as a result of the changes in fair value of listed equity investments at FVTPL.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 29 February 2024

## 37. FINANCIAL INSTRUMENTS (Continued)

### Financial risk management (Continued)

#### Credit risk and impairment assessment

Credit risk arises when a counterparty is unable or unwilling to meet a commitment that it has entered into with the Group. The Group's credit risk is primarily attributable to its accounts receivable from customers, loans and other receivables and cash and bank balances. As at 29 February 2024 and 28 February 2023, the carrying amounts of financial assets at amortised cost represented the maximum credit exposure without taking into account of the collaterals held. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets, except that the credit risk associated with accounts receivable arising from the securities financing services and the secured loan receivables is mitigated because they are secured by listed securities or property units.

As at 29 February 2024 and 28 February 2023, the Group recognised a loss allowance of approximately HK\$25,000 and approximately HK\$96,000 respectively on the accounts receivable arising from the securities financing services which were secured by collaterals.

The Group manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties and by monitoring exposures in relation to such limits. The Group evaluates the credit risk for each loan application on the basis of the repayment ability of the customer having regard to his/her financial position, employment status, past due record and collaterals pledged to the Group.

Credits are granted according to the hierarchy of approval authorities within the Group. The Group has established a credit quality review process to provide early identification of possible changes in the creditworthiness of the counterparties, including regular collateral revisions.

The Group adopts a prudent approach to credit risk management framework. Its credit policy is timely revised to align with the prevailing credit environment which is continuously affected by changes in business, economy, regulatory requirements, money market and social conditions.

In order to minimise the credit risk on secured margin financing, management is responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts and receivables from margin clients with shortfalls in relation to the securities financing services. In addition, the Group requests securities collateral from individual margin client and the value of such securities collateral has to be maintained at certain level in proportion to the outstanding balance due from the margin client. The Group closely monitors the volatility of the market prices of the securities collateral taking into consideration of their current market prices and historical price movements, latest information and news of the related listed companies and other relevant factors regarding the financial market that may impact the market prices of the securities collateral. In this regard, the Directors consider that the Group's credit risk is significantly reduced.

Monitoring of credit risk on accounts receivable from the corporate finance advisory services is performed by the management on an on-going basis.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 29 February 2024

## 37. FINANCIAL INSTRUMENTS (Continued)

### Financial risk management (Continued)

#### Credit risk and impairment assessment (Continued)

As at 29 February 2024 and 28 February 2023, the Group had concentration of credit risk on accounts receivable due from 3 secured margin clients from the securities financing business as to approximately 43% and approximately 46% respectively of the total accounts receivable.

For accounts receivable and contract assets arising from the corporate finance advisory services and other receivables, the Group applied expected loss rate based on that of the counterparties with similar credit ratings, with adjustment to reflect current conditions and forecasts of future economic conditions through the use of financial market analysis and individual stock analysis, as appropriate. For loan receivables, the Group has assessed the customers' creditability to repay the loans by conducting various types of assessment. The Group has established a formal loan policy with clear credit review assessment and basis for determining the interest rate and terms depending on the performance and creditability of its customers. The Group's management is monitoring the credit risk closely and on an on-going basis.

Except for accounts receivable, and contract assets arising from the securities financing services and the corporate finance advisory services and other receivables, as well as loan receivables, the impairment allowance determined for other financial assets carried at amortised cost was insignificant during the year.

The Group takes into consideration forward-looking information that is available without undue cost or effort in its assessment of significant increase in credit risk as well as in its measurement of ECL. The Group uses external and internal information to generate a 'base case' scenario of future forecast of relevant economic variables along with a representative range of other possible forecast scenarios. The external information includes economic data and forecasts published by governmental bodies and monetary authorities.

The Group applies probabilities to the forecast scenarios identified. The base case scenario is the single most-likely outcome and consists of information used by the Group for strategic planning and budgeting. The Group has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, by using a statistical analysis of historical data, has estimated relationships between macro-economic variables and credit risk and credit losses. The Group has not changed in the estimation techniques or significant assumptions since the last reporting period.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 29 February 2024

## 37. FINANCIAL INSTRUMENTS (Continued)

### Financial risk management (Continued)

#### Credit risk and impairment assessment (Continued)

The tables below detail the credit risk exposures of the Group's financial assets (including accounts receivable, loan and other receivables, cash and bank balances and cash and bank balances — held on behalf of customers), which are subject to ECL assessment:

		Gross carrying amount	
		2024	2023
		HK\$'000	HK\$'000
<b>Financial assets at amortised costs</b>			
Accounts receivable arising from:	21		
— Corporate finance advisory services		Lifetime ECL (not credit-impaired-simplified approach)	822
			700
— Securities dealing and brokerage services		Lifetime ECL (not credit-impaired-simplified approach)	10,416
			21,823
— Securities financing services		12-month ECL	18,617
			64,741
— Asset management services		Lifetime ECL (not credit-impaired-simplified approach)	65
			36
Loan and other receivables			
— Deposits, interest and other receivables (Note 1)	24	12-month ECL	2,128
			1,193
— Loan receivables	22	12-month ECL	19,937
			15,876
Cash and bank balances (Note 1)	26	12-month ECL	112,020
			87,390
Cash and bank balances — held on behalf of customers (Note 1)	27	12-month ECL	48,929
			70,720

Note 1: The credit risk on cash and bank balances and cash and bank balances — held on behalf of customers, deposits and interest receivables are limited because the counterparties are major institutional banks, stock exchange and clearing house with sound credit ratings assigned by international credit-rating agencies and major utility companies. They have a low risk of default and there is no significant increase in credit risk since initial recognition. Accordingly, they are subject to 12-month ECL and the amount of ECL is insignificant.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 29 February 2024

## 37. FINANCIAL INSTRUMENTS (Continued)

### Financial risk management (Continued)

#### Credit risk and impairment assessment (Continued)

The following table provides information about the exposure to credit risk for non credit-impaired accounts receivable other than the account receivable from the securities financing business based on expected loss rate as at 29 February 2024 and 28 February 2023.

	Expected loss rate	Gross carrying amount HK\$'000	Lifetime ECL HK\$'000
<b>At 29 February 2024</b>			
Accounts receivable			
— Corporate finance advisory service	2.3%	822	19
— Securities dealing and brokerage services	0.2%	10,416	24
— Asset management services	0.8%	65	1
			44
<b>At 28 February 2023</b>			
Accounts receivable			
— Corporate finance advisory service	2.3%	700	16
— Securities dealing and brokerage services	0.2%	21,823	50
— Asset management services	0.8%	36	—
			66

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 29 February 2024

## 37. FINANCIAL INSTRUMENTS (Continued)

### Financial risk management (Continued)

#### Credit risk and impairment assessment (Continued)

The following table shows the movement in lifetime ECL that has been recognised for accounts receivable other than the account receivable from the securities financing under the simplified approach.

	<b>Lifetime ECL (not credit-impaired)</b> HK\$'000
<b>At 1 March 2022</b>	143
Changes due to financial instruments recognised as at 1 March 2022:	
— Impairment losses recognised	279
— Impairment losses reversed	(368)
New financial assets originated or purchased	12
<b>At 28 February 2023</b>	66
Changes due to financial instruments recognised as at 1 March 2023:	
— Impairment losses recognised	1
— Impairment losses reversed	(33)
New financial assets originated or purchased	10
<b>At 29 February 2024</b>	44

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 29 February 2024

## 37. FINANCIAL INSTRUMENTS (Continued)

### Financial risk management (Continued)

#### Impairment allowances on contract assets

The movements in the allowance of impairment for the contract assets during the year are as follows:

	Lifetime ECL (not credit-impaired) HK\$'000
<b>At 1 March 2022</b>	8
Changes due to financial instrument recognised as at 1 March 2022:	
— Impairment losses recognised	—
— Impairment losses reversed	(8)
<b>At 28 February 2023 and 29 February 2024</b>	—

#### Impairment allowances on loan and other receivables

The ECL for the loan receivables and loan advanced to staff and a margin client is assessed on an individual basis. The movements in the allowance of impairment for the loan and other receivables during the year are as follows:

	12 Month ECL HK\$'000	Lifetime ECL (not credit-impaired) HK\$'000	Total HK\$'000
<b>At 1 March 2022</b>	168	51	219
Changes due to financial instrument recognised as at 1 March 2022:			
— Impairment losses recognised	46	—	46
— Impairment losses reversed	—	(51)	(51)
New financial assets originated or purchased	154	—	154
<b>At 28 February 2023</b>	368	—	368
Changes due to financial instrument recognised as at 1 March 2023:			
— Impairment losses recognised	1	—	1
— Impairment losses reversed	(21)	—	(21)
New financial assets originated or purchased	111	—	111
<b>At 29 February 2024</b>	459	—	459

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 29 February 2024

## 37. FINANCIAL INSTRUMENTS (Continued)

### Financial risk management (Continued)

#### Impairment allowances on securities financing services

The movements in the impairment allowance of accounts receivable from the securities financing business were as follows:

	12-months ECL HK\$'000
<b>At 1 March 2022</b>	132
Changes due to financial instruments recognised as at 1 March 2022:	
— Impairment losses recognised	—
— Impairment losses reversed	(36)
<b>At 28 February 2023</b>	96
Changes due to financial instruments recognised as at 1 March 2023:	
— Impairment losses recognised	—
— Impairment losses reversed	(71)
<b>At 29 February 2024</b>	25

#### Liquidity risk

To manage the liquidity risk, the Group monitors and maintains a level of cash and bank balances deemed adequate by the management of the Group to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The following table details the Group's remaining contractual maturity for its financial liabilities. The table has been prepared based on the undiscounted cash flows of financial liabilities with the earliest date on which the Group would be required to repay.

The table includes both interest and principal cash flows. To the extent that interest rate is floating rate, the undiscounted amount is derived from the prevailing market rate at the end of each reporting period.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 29 February 2024

## 37. FINANCIAL INSTRUMENTS (Continued)

### Financial risk management (Continued)

#### Liquidity risk (Continued)

	On demand or less than 1 month HK\$'000	1 month to 3 months HK\$'000	3 months to 1 year HK\$'000	More than one year but less than two years HK\$'000	Total undiscounted cash flows HK\$'000	Carrying amount HK\$'000
<b>At 29 February 2024</b>						
Non-derivative financial liabilities						
Accounts payable	59,452	—	—	—	59,452	59,452
Lease liabilities	128	204	—	—	332	330
Other payables and accruals	12,227	800	—	—	13,027	13,027
	71,807	1,004	—	—	72,811	72,809
<b>At 28 February 2023</b>						
Non-derivative financial liabilities						
Accounts payable	91,808	—	—	—	91,808	91,808
Lease liabilities	128	385	1,025	332	1,870	1,826
Other payables and accruals	4,373	800	—	—	5,173	5,173
Amount due to a joint venture	1	—	—	—	1	1
	96,310	1,185	1,025	332	98,852	98,808

### Offsetting financial assets and financial liabilities

The disclosures set out in the tables below include financial assets and financial liabilities that:

- are offset in the Group's consolidated statement of financial position; or
- are subject to an enforceable master netting arrangement or similar agreement that covers similar financial instruments, irrespective of whether they are offset in the Group's consolidated statement of financial position.

Under the agreement of continuous net settlement made between the Group and Hong Kong Securities Clearing Company Limited ("HKSCC") and brokers, the Group has a legally enforceable right to set off the money obligation receivable and payable with HKSCC and brokers on the same settlement date and the Group intends to set off on a net basis.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 29 February 2024

## 37. FINANCIAL INSTRUMENTS (Continued)

### Offsetting financial assets and financial liabilities (Continued)

In addition, the Group has a legally enforceable right to set off the accounts receivable and payable with brokerage clients that are due to be settled on the same date and the Group intends to settle these balances on a net basis.

Except for balances which are due to be settled on the same date being offset, amounts due from/to HKSCC, brokers and brokerage clients that are not to be settled on the same date, financial collateral including cash and securities received by the Group, and deposit placed with HKSCC and brokers do not meet the criteria for offsetting in the consolidated statement of financial position since the right of set-off of the recognised amounts is only enforceable following an event of default.

Financial assets subject to offsetting, enforceable master netting arrangements or similar agreements

Type of financial assets	Gross amounts of recognised financial assets HK\$'000	Gross amounts of recognised financial liabilities offset in the consolidated statement of financial position HK\$'000	Net amounts of financial assets recognised in the consolidated statement of financial position HK\$'000	Related amounts not set off in the consolidated statement of financial position		Net amount HK\$'000
				Financial instruments HK\$'000	Collateral received HK\$'000	

#### At 29 February 2024

Accounts receivable arising from securities dealing and brokerage services and securities financing services

57,014	(28,031)	28,983	(10,392)	(18,591)	—
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#### At 28 February 2023

Accounts receivable arising from securities dealing and brokerage services and securities financing services

144,906	(58,488)	86,418	(21,767)	(64,651)	—
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# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 29 February 2024

## 37. FINANCIAL INSTRUMENTS (Continued)

### Offsetting financial assets and financial liabilities (Continued)

Financial assets subject to offsetting, enforceable master netting arrangements or similar agreements (Continued)

Type of financial liabilities	Gross amounts of recognised financial liabilities HK\$'000	Gross amounts of recognised financial assets offset in the consolidated statement of financial position HK\$'000	Net amounts of financial liabilities recognised in the consolidated statement of financial position HK\$'000	Related amounts not set off in the consolidated statement of financial position		Net amount HK\$'000
				Financial instruments HK\$'000	Collateral pledged HK\$'000	
<b>At 29 February 2024</b>						
Accounts payable arising from securities dealing and brokerage services and securities financing services	87,103	(28,031)	59,072	(10,392)	—	48,680
<b>At 28 February 2023</b>						
Accounts payable arising from securities dealing and brokerage services and securities financing services	150,200	(58,488)	91,712	(21,767)	—	69,945

The tables below reconcile the amounts of accounts receivable and accounts payable as presented in the consolidated statement of financial position:

	29 February 2024 HK\$'000	28 February 2023 HK\$'000
<b>Accounts receivable</b>		
Net amount of accounts receivable arising from securities dealing and brokerage services and securities financing services	28,983	86,418
Accounts receivable not in the scope of offsetting disclosure	867	720
Accounts receivable as disclosed in the consolidated statement of financial position	29,850	87,138
<b>Accounts payable</b>		
Net amount of accounts payable arising from securities dealing and brokerage services and securities financing services	59,072	91,712
Accounts payable not in the scope of offsetting disclosure	380	96
Accounts payable as disclosed in the consolidated statement of financial position	59,452	91,808

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 29 February 2024

## 38. 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.

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 major terms of the Share Option Scheme are summarised as follows:

- i. The purpose of the Share Option Scheme is to motivate eligible participants to optimise their performance efficiency for the benefit of the Group; and attract and retain or otherwise maintain on-going business relationship with eligible participants whose contributions are or will be beneficial to the long-term growth of the Group.
- ii. The eligible participants of the Share Option Scheme include any full-time or part-time employees, executives or officers of the Company or any of its subsidiaries; any directors (including executive, non-executive directors and independent non-executive directors) of the Company or any of its subsidiaries; any advisers (professional or otherwise), consultants, suppliers, customers and agents to the Company or any of its subsidiaries; and related entities who, in the sole opinion of the Board, will contribute or have contributed to the Company or any of its subsidiaries.
- iii. The maximum number of shares in respect of which options may be granted under the Share Option Scheme and under any other share option schemes of the Company must not in aggregate exceed 10% of the total number of shares.
- iv. An option may be exercised in accordance with the terms of the Share Option Scheme at any time after the date upon which the option is deemed to be granted and accepted and prior to the expiry of 10 years from that date.
- v. The period during which an option may be exercised will be determined by the Board in its absolute discretion, save that no option may be exercised more than 10 years after it has been granted. No option may be granted more than 10 years after the date of approval of the Share Option Scheme. Subject to earlier termination by the Company in general meeting or by the Board, the Share Option Scheme shall be valid and effective for a period of 10 years from the date of its adoption.
- vi. There is no minimum period for which an option must be held before it can be exercised.
- vii. The total number of shares issued and which may fall to be issued upon exercise of the options granted under the Share Option Scheme and any other share option schemes of the Company (including both exercised and outstanding options) to each eligible participant in any 12-month period up to the date of grant shall not exceed 1% of the shares in issue as at the date of grant.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 29 February 2024

## 38. SHARE OPTION SCHEME (Continued)

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 major terms of the Share Option Scheme are summarised as follows: (Continued)

- viii. The subscription price of a share in respect of any particular option granted under the Share Option Scheme shall be such price as the Board in its absolute discretion shall determine, save that such price will not be less than the highest of:
- a. the official closing price of the shares as stated in the Stock Exchange's daily quotation sheets on the date of grant, which must be a day on which the Stock Exchange is open for the business of dealing in securities;
  - b. the average of the official closing prices of the shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant; and
  - c. the nominal value of a share.

The estimated fair value of the options granted on the grant date is approximately HK\$6,738,000.

The fair value was measured using the Binomial Option Pricing model. The inputs used in the model were as follows:

Share Options granted on 9 March 2022:

Risk-free rate (continuous rate): 1.7201%

Share value as at the appraisal date: HK\$0.31 per share

Exercise Price: HK\$0.324

Expected tenor: 10 years

Volatility: 107.072%

Dividend yield: 0.00%

The Binomial Option Pricing model has been used to estimate the fair value of the share options. The variables and assumptions used in the computing the fair value of the share options are based on the Directors' best estimate. The value of an option varies with different variables of certain subjective assumptions.

The volatility measured at the standard deviation of expected share price returns is based on the historical daily close price volatility of the Company.

The valuation was performed by Greater China Appraisal Limited, who is independent to the Group.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 29 February 2024

## 38. SHARE OPTION SCHEME (Continued)

Movements in the number of outstanding share option during the Year were as follows:

Grantee	Date of grant	Outstanding as at 1 March 2023	Granted during the year	Forfeited during the year	Exercised during the year	Outstanding as at 29 February 2024	Exercise price (HK\$)	Exercise period
<b>Directors</b>								
Mr. Chung Chi Man	9 March 2022	400,000	—	—	—	400,000	0.324	9 September 2022 to 8 March 2032
Mr. Poon Siu Kuen, Calvin	9 March 2022	400,000	—	—	—	400,000	0.324	9 September 2022 to 8 March 2032
Dr. Wu Kwun Hing	9 March 2022	400,000	—	—	—	400,000	0.324	9 September 2022 to 8 March 2032
Ms. Chan Ka Lai, Vanessa	9 March 2022	400,000	—	—	—	400,000	0.324	9 September 2022 to 8 March 2032
<b>Directors of a subsidiary</b>								
Ms. Chau Lok Yuen, Amy	9 March 2022	400,000	—	—	—	400,000	0.324	9 September 2022 to 8 March 2032
Mr. Li Lap Sun	9 March 2022	400,000	—	—	—	400,000	0.324	9 September 2022 to 8 March 2032
<b>Employees of Group companies</b>								
Mr. Choi Wai Ping	9 March 2022	400,000	—	—	—	400,000	0.324	9 September 2022 to 8 March 2032
		40,000,000	—	—	—	40,000,000		

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 29 February 2024

## 38. SHARE OPTION SCHEME (Continued)

Movements in the number of outstanding share option during the year ended 28 February 2023 were as follows:

Grantee	Date of grant	Outstanding as at 1 March 2022	Granted during the year	Forfeited during the year	Exercised during the year	Outstanding as at 28 February 2023	Exercise price (HK\$)	Exercise period
<b>Directors</b>								
Mr. Chung Chi Man	9 March 2022	—	400,000	—	—	400,000	0.324	9 September 2022 to 8 March 2032
Mr. Poon Siu Kuen, Calvin	9 March 2022	—	400,000	—	—	400,000	0.324	9 September 2022 to 8 March 2032
Dr. Wu Kwun Hing	9 March 2022	—	400,000	—	—	400,000	0.324	9 September 2022 to 8 March 2032
Ms. Chan Ka Lai, Vanessa	9 March 2022	—	400,000	—	—	400,000	0.324	9 September 2022 to 8 March 2032
Mr. Choi Wai Ping	9 March 2022	—	400,000	—	—	400,000	0.324	9 September 2022 to 8 March 2032
<b>Directors of a subsidiary</b>								
Ms. Chau Lok Yuen, Amy	9 March 2022	—	400,000	—	—	400,000	0.324	9 September 2022 to 8 March 2032
Mr. Li Lap Sun	9 March 2022	—	400,000	—	—	400,000	0.324	9 September 2022 to 8 March 2032
<b>Employees of Group companies</b>								
	9 March 2022	—	37,200,000	—	—	37,200,000	0.324	9 September 2022 to 8 March 2032
		—	40,000,000	—	—	40,000,000		

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 29 February 2024

## 39. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

### Reconciliation of liabilities arising from financing activities

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

	<b>Bank borrowings</b> HK\$'000	<b>Lease liabilities</b> HK\$'000	<b>Total</b> HK\$'000
At 1 March 2022	—	721	721
Changes from cash flows:			
Payment of principal of lease liabilities	—	(1,639)	(1,639)
Interest paid on lease liabilities	—	(70)	(70)
Proceeds from borrowings	3,000	—	3,000
Repayment of borrowings	(3,000)	—	(3,000)
Interest paid on bank borrowings	(201)	—	(201)
<b>Total changes from financing activities</b>	<b>(201)</b>	<b>(1,709)</b>	<b>(1,910)</b>
Other changes:			
Additions to lease liabilities	—	2,744	2,744
Interest expenses ( <i>note 11</i> )	201	70	271
<b>Total others changes from financing activities</b>	<b>201</b>	<b>2,814</b>	<b>3,015</b>
At 28 February 2023	—	1,826	1,826
Changes from cash flows:			
Payment of principal of lease liabilities	—	(1,496)	(1,496)
Interest paid on lease liabilities	—	(42)	(42)
<b>Total changes from financing activities</b>	<b>—</b>	<b>(1,538)</b>	<b>(1,538)</b>
Other changes:			
Interest expenses ( <i>note 11</i> )	—	42	42
<b>Total others changes from financing activities</b>	<b>—</b>	<b>42</b>	<b>42</b>
At 29 February 2024	—	330	330

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 29 February 2024

## 40. PARTICULARS OF SUBSIDIARIES OF THE COMPANY

Name	Place of incorporation	Principal activities and place of operation	Class of shares held/paid up issued share capital	Effective interest held as at	
				29 February 2024	28 February 2023
<b>Directly held by the Company</b>					
Crystal Prospect Limited	BVI	Investment holding in Hong Kong	Ordinary shares/ US\$100	100%	100%
<b>Indirectly held by the Company</b>					
Innovax Securities Limited	Hong Kong	Provision of securities dealing and brokerage services and securities financing services in Hong Kong	Ordinary shares/ HK\$20,000,000	100%	100%
Innovax Capital Limited	Hong Kong	Provision of corporate finance advisory services in Hong Kong	Ordinary shares/ HK\$10,000,000	100%	100%
Innovax Asset Management Limited	Hong Kong	Provision of asset management services in Hong Kong	Ordinary shares/ HK\$2,800,000	100%	100%
Innovax Management Limited	BVI	Provision of management services in Hong Kong	Ordinary shares/ US\$100	100%	100%
Innovax Futures Limited	Hong Kong	Provision of futures contracts dealing and brokerage services in Hong Kong	Ordinary shares/ HK\$5,000,000	100%	100%
Innovax Consultancy Limited	Hong Kong	Inactive	Ordinary shares/ HK\$1	100%	100%
Innovax Credit Limited	Hong Kong	Provision of money lending services in Hong Kong	Ordinary shares/ HK\$100	100%	100%
Innovax Investment Limited	BVI	Investment holding in Hong Kong	Ordinary shares/ US\$100	100%	100%
Innovax Fintech Limited	Hong Kong	Inactive	Ordinary shares/ HK\$1	100%	100%
Innovax China Financial Holdings Limited	Hong Kong	Investment holding in Hong Kong	Ordinary shares/ HK\$1	100%	100%

None of the subsidiaries had issued any debt securities at the end of the Year.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 29 February 2024

## 41. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	29 February 2024 HK\$'000	28 February 2023 HK\$'000
Non-current assets		
Unlisted investments in subsidiaries	1	1
Amounts due from subsidiaries	168,998	141,828
Total non-current assets	168,999	141,829
Current assets		
Other receivables and prepayments	233	130
Cash and bank balances	392	18,413
Total current assets	625	18,543
Total assets	169,624	160,372
Current liabilities		
Amounts due to subsidiaries	9,770	—
Accruals	68	68
Total current liabilities	9,838	68
Net current (liabilities)/assets	(9,213)	18,475
Total assets less current liabilities and net assets	159,786	160,304
Equity		
Share capital (see note 31)	4,000	4,000
Reserves	155,786	156,304
Total equity	159,786	160,304

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 29 February 2024

## 41. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (Continued)

### Movement in the Company's reserves

	Share premium HK\$'000	Share option reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 March 2022	169,663	—	(19,403)	150,260
Loss and total comprehensive expense for the year	—	—	(694)	(694)
Recognition of equity settled share-based payment	—	6,738	—	6,738
Lapse of share option	—	(31)	31	—
At 28 February 2023	169,663	6,707	(20,066)	156,304
Loss and total comprehensive expense for the year	—	—	(518)	(518)
At 29 February 2024	169,663	6,707	(20,584)	155,786

## 42. SUBSEQUENT EVENTS

As at the date of this Annual Report, there was no significant event after the reporting period.

# FINANCIAL SUMMARY

For the year ended 29 February 2024

	2020 HK\$'000	2021 HK\$'000	2022 HK\$'000	2023 HK\$'000	2024 HK\$'000
Revenue					
Corporate finance advisory services	51,975	38,219	14,812	17,446	<b>11,734</b>
Placing and underwriting services	34,525	33,613	4,221	9,531	<b>10,913</b>
Securities dealing and brokerage services	5,232	2,471	1,903	3,132	<b>3,002</b>
Asset management services	717	1,527	553	455	<b>427</b>
Interest income from securities financing services	4,227	7,852	13,445	14,808	<b>5,525</b>
Interest income from money lending services	—	—	21	163	<b>1,126</b>
Total revenue	96,676	83,682	34,955	45,535	<b>32,727</b>
Other income	2,933	6,145	4,010	4,412	<b>4,638</b>
Other gains and losses	(6,172)	6,205	(8,373)	625	<b>22,424</b>
	93,437	96,032	30,592	50,572	<b>59,789</b>
Administrative and operating expenses	(18,500)	(21,105)	(14,378)	(15,458)	<b>(16,603)</b>
Net impairment allowance on financial instruments and contract assets, net of reversal	(576)	388	(17)	(28)	<b>2</b>
Staff costs	(70,859)	(72,610)	(37,390)	(41,390)	<b>(41,368)</b>
Finance costs	(228)	(184)	(55)	(271)	<b>(42)</b>
Listing expenses	—	—	—	—	<b>—</b>
Share of losses of joint ventures	—	—	—	(2)	<b>(3)</b>
Total expenses	(90,163)	(93,511)	(51,840)	(57,149)	<b>(58,014)</b>
(Loss)/profit before tax	3,274	2,521	(21,248)	(6,577)	<b>1,775</b>
Income tax expense	(1,667)	(141)	(1,269)	—	<b>—</b>
(Loss)/profit and total comprehensive (expense)/income for the year	1,607	2,380	(22,517)	(6,577)	<b>1,775</b>
(Loss)/earnings per share					
Basic (HK cents)	0.4	0.6	(5.63)	(1.64)	<b>0.44</b>
Diluted (HK cents)	0.4	0.6	(5.63)	(1.64)	<b>0.44</b>

## Asset and liabilities

	2020 HK\$'000	2021 HK\$'000	2022 HK\$'000	2023 HK\$'000	2024 HK\$'000
Total assets	300,231	408,032	303,337	307,615	<b>283,600</b>
Total liabilities	(71,541)	(176,962)	(94,784)	(98,901)	<b>(73,111)</b>
Net assets	228,690	231,070	208,553	208,714	<b>210,489</b>