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## 華富建業國際金融有限公司

**QUAM PLUS INTERNATIONAL FINANCIAL LIMITED**

*(Formerly known as China Tonghai International Financial Limited)*

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 952)**

### **ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2023**

The board of directors (the “Board” or “Directors”) of Quam Plus International Financial Limited (formerly known as China Tonghai International Financial Limited) (the “Company”) presents the unaudited condensed consolidated interim financial statements (the “Interim Financial Statements”) of the Company and its subsidiaries (together, the “Group”) for the six months ended 30 June 2023, together with the comparative figures, as follows:

#### **CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS**

		<b>Six months ended 30 June 2023 HK\$'000 (Unaudited)</b>	<b>Six months ended 30 June 2022 HK\$'000 (Unaudited)</b>
	<i>Notes</i>		
Fee and commission income	4	<b>58,763</b>	62,696
Interest income			
— Calculated using the effective interest method	4	<b>174,986</b>	151,622
— Calculated using other method	4	<b>56,653</b>	65,074
Net investment gain/(loss)	4	<b>47,484</b>	(252,474)
<b>Total revenue</b>	4	<b>337,886</b>	26,918

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
(CONTINUED)**

	<i>Notes</i>	<b>Six months ended 30 June 2023 <i>HK\$'000</i> (Unaudited)</b>	<b>Six months ended 30 June 2022 <i>HK\$'000</i> (Unaudited)</b>
Other income	5	<b>1,300</b>	12,077
Direct costs		<b>(49,477)</b>	(54,003)
Staff costs	6	<b>(81,827)</b>	(89,644)
Depreciation and amortisation	6	<b>(19,213)</b>	(21,447)
Expected Credit Loss (“ECL”) net charges		<b>(16,980)</b>	(80,570)
Finance costs			
– Interest on borrowings		<b>(25,187)</b>	(23,711)
– Interest on lease liabilities		<b>(1,814)</b>	(804)
Other operating expenses	7	<b>(29,487)</b>	(28,329)
Share of result of an associate		<b>–</b>	(242)
<b>Profit/(loss) before tax</b>	6	<b>115,201</b>	(259,755)
Tax (expense)/credit	8	<b>(3,932)</b>	14,164
<b>Net profit/(loss) attributable to equity holders of the Company</b>		<b><u>111,269</u></b>	<b><u>(245,591)</u></b>
<b>Earnings/(loss) per share for net profit/ (loss) attributable to equity holders of the Company</b>		<b><i>HK cent(s)</i></b>	<b><i>HK cent(s)</i></b>
– Basic and diluted	9	<b>2</b>	(4)
<b>Dividend per share</b>	10	<b>1.1</b>	Nil

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

	<b>Six months ended 30 June 2023 HK\$'000 (Unaudited)</b>	<b>Six months ended 30 June 2022 HK\$'000 (Unaudited)</b>
<b>Net profit/(loss) attributable to equity holders of the Company</b>	<b><u>111,269</u></b>	<b><u>(245,591)</u></b>
<b>Other comprehensive loss including reclassification adjustments</b>		
Item that may be reclassified subsequently to profit or loss		
– Exchange loss on translation of financial statements of foreign operations	<u>(1,237)</u>	<u>(1,438)</u>
<b>Other comprehensive loss including reclassification adjustments and net of tax</b>	<b><u>(1,237)</u></b>	<b><u>(1,438)</u></b>
<b>Total comprehensive income/(loss) attributable to equity holders of the Company</b>	<b><u><u>110,032</u></u></b>	<b><u><u>(247,029)</u></u></b>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 30 June 2023			As at 31 December 2022			
		Current	Non-current	Total	Current	Non-current	Total
	Notes	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Audited)	HK\$'000 (Audited)	HK\$'000 (Audited)
<b>ASSETS</b>							
Cash and cash equivalents		159,508	–	159,508	195,206	–	195,206
Bank balances held on behalf of clients		945,114	–	945,114	1,123,090	–	1,123,090
Financial assets held for trading		542,349	38,667	581,016	583,802	41,219	625,021
Financial assets not held for trading		121,319	4,210	125,529	184,279	4,210	188,489
Loans to margin clients	11	626,774	–	626,774	670,496	–	670,496
Credit loans	12	1,327,753	–	1,327,753	1,099,984	58,962	1,158,946
Accounts receivable	13	309,343	–	309,343	494,320	–	494,320
Prepayments, deposits and other receivables		67,356	–	67,356	96,124	–	96,124
Interest in an associate		–	1,874	1,874	–	1,874	1,874
Goodwill and other intangible assets		–	17,587	17,587	–	17,960	17,960
Other assets		–	37,283	37,283	–	22,811	22,811
Property and equipment		–	82,485	82,485	–	68,536	68,536
Deferred tax assets		–	17,947	17,947	–	15,214	15,214
<b>TOTAL ASSETS</b>		<b>4,099,516</b>	<b>200,053</b>	<b>4,299,569</b>	<b>4,447,301</b>	<b>230,786</b>	<b>4,678,087</b>
<b>LIABILITIES AND EQUITY</b>							
<b>Liabilities</b>							
Bank and other borrowings		722,147	–	722,147	905,545	–	905,545
Accounts payable	14	1,202,545	–	1,202,545	1,534,134	–	1,534,134
Contract liabilities		6,679	–	6,679	5,259	–	5,259
Lease liabilities		12,366	55,336	67,702	21,701	27,070	48,771
Accruals and other payables		166,604	–	166,604	164,036	–	164,036
Tax payables		11,452	–	11,452	5,744	–	5,744
Deferred tax liabilities		–	802	802	–	2,992	2,992
<b>TOTAL LIABILITIES</b>		<b>2,121,793</b>	<b>56,138</b>	<b>2,177,931</b>	<b>2,636,419</b>	<b>30,062</b>	<b>2,666,481</b>
<b>Equity</b>							
Share capital				20,657			20,657
Reserves				2,100,981			1,990,949
<b>TOTAL EQUITY</b>				<b>2,121,638</b>			<b>2,011,606</b>
<b>TOTAL LIABILITIES AND EQUITY</b>				<b>4,299,569</b>			<b>4,678,087</b>
<i>Net current assets</i>				<b>1,977,723</b>			<b>1,810,882</b>

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### 1. BASIS OF PREPARATION

The Interim Financial Statements have been prepared in accordance with accounting principles generally accepted in Hong Kong and complies with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and with applicable requirements of Appendix 16 to the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

### 2. PRINCIPAL ACCOUNTING POLICIES

The accounting policies and methods of computation that have been used in the preparation of the Interim Financial Statements are consistent with those applied in the preparation of the Group’s annual financial statements for the year ended 31 December 2022, except for the adoption of new and amended Hong Kong Financial Reporting Standards (“HKFRSs”), which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards and Interpretations.

The HKICPA has issued a number of new or amended HKFRSs that are first effective for the current accounting period of the Group. The adoption of these new or amended HKFRSs does not have significant impact on the Group’s Interim Financial Statements. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

### 3. SEGMENT INFORMATION

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

#### Six months ended 30 June 2023 (Unaudited)

	Corporate finance <i>HK\$’000</i>	Asset management <i>HK\$’000</i>	Brokerage <i>HK\$’000</i>	Interest income <i>HK\$’000</i>	Investments <i>HK\$’000</i>	Others <i>HK\$’000</i>	Total <i>HK\$’000</i>
<b>Reportable segment revenue</b>							
Fee and commission income	9,157	5,184	41,053	-	-	3,369	58,763
Interest income	-	-	69,792	161,847	-	-	231,639
Net investment gain	-	-	-	-	47,484	-	47,484
<b>Segment revenue from external customers</b>	<b>9,157</b>	<b>5,184</b>	<b>110,845</b>	<b>161,847</b>	<b>47,484</b>	<b>3,369</b>	<b>337,886</b>
Inter-segment revenue	3,750	944	-	-	-	348	5,042
<b>Reportable segment revenue</b>	<b>12,907</b>	<b>6,128</b>	<b>110,845</b>	<b>161,847</b>	<b>47,484</b>	<b>3,717</b>	<b>342,928</b>
<b>Reportable segment result</b>	<b>(5,925)</b>	<b>(1,889)</b>	<b>16,760</b>	<b>96,492</b>	<b>15,075</b>	<b>(3,123)</b>	<b>117,390</b>

### 3. SEGMENT INFORMATION (CONTINUED)

Six months ended 30 June 2022 (Unaudited)

	Corporate finance <i>HK\$'000</i>	Asset management <i>HK\$'000</i>	Brokerage <i>HK\$'000</i>	Interest income <i>HK\$'000</i>	Investments <i>HK\$'000</i>	Others <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Reportable segment revenue</b>							
Fee and commission income	5,097	5,430	48,037	–	–	4,132	62,696
Interest income	–	–	68,988	147,708	–	–	216,696
Net investment loss	–	–	–	–	(252,474)	–	(252,474)
<b>Segment revenue from external customers</b>	5,097	5,430	117,025	147,708	(252,474)	4,132	26,918
Inter-segment revenue	3,000	1,878	–	–	–	464	5,342
<b>Reportable segment revenue</b>	<u>8,097</u>	<u>7,308</u>	<u>117,025</u>	<u>147,708</u>	<u>(252,474)</u>	<u>4,596</u>	<u>32,260</u>
<b>Reportable segment result</b>	<u>(4,835)</u>	<u>(1,166)</u>	<u>(17,208)</u>	<u>21,823</u>	<u>(253,055)</u>	<u>(3,088)</u>	<u>(257,529)</u>

The total of the Group's reportable segment result is reconciled to the Group's profit/(loss) before tax as follows:

	<b>Six months ended 30 June 2023 <i>HK\$'000</i> (Unaudited)</b>	Six months ended 30 June 2022 <i>HK\$'000</i> (Unaudited)
Reportable segment result	<b>117,390</b>	(257,529)
Share of result of an associate	–	(242)
Unallocated corporate expenses	<b>(2,189)</b>	(1,984)
Profit/(loss) before tax	<u><b>115,201</b></u>	<u>(259,755)</u>

The Group's customers include the following with whom transactions have exceeded 10% of the Groups' revenue (excluding revenue from investments business):

	<b>Six months ended 30 June 2023 <i>HK\$'000</i> (Unaudited)</b>	Six months ended 30 June 2022 <i>HK\$'000</i> (Unaudited)
Former connected parties which included the subsidiaries of Tohigh Holdings Co., Ltd., Oceanwide Holdings Co., Ltd, China Oceanwide Holdings Limited and Minyun Limited <sup>^</sup>	<u><b>162,097</b></u>	<u>100,544</u>

<sup>^</sup> Revenue from these parties, which are under common control of our former ultimate beneficial owner, is attributable to corporate finance segment, interest income segment, asset management segment and brokerage segment during the six months ended 30 June 2023.

#### 4. REVENUE

	Six months ended 30 June 2023 <i>HK\$'000</i> (Unaudited)	Six months ended 30 June 2022 <i>HK\$'000</i> (Unaudited)
<b>Corporate finance business</b>		
<i>Fee and commission income:</i>		
– Placing and underwriting commission income	383	1,352
– Financial and compliance advisory services fee income	8,774	3,745
	<u>9,157</u>	<u>5,097</u>
<b>Asset management business</b>		
<i>Fee and commission income:</i>		
– Management fee and performance fee income	5,184	5,430
	<u>5,184</u>	<u>5,430</u>
<b>Brokerage business</b>		
<i>Fee and commission income:</i>		
– Commission on dealings in securities		
– Hong Kong securities	11,626	16,272
– Other than Hong Kong securities	878	1,601
– Commission on dealings in futures and options contracts	21,567	22,974
– Handling, custodian and other service fee income	6,982	7,190
	<u>41,053</u>	<u>48,037</u>
<b>Interest income business</b>		
<i>Interest income calculated using the effective interest method:</i>		
– Interest income from credit loans and bonds	160,800	148,911
– Interest income from cash clients receivables and initial public offering loans	1,774	1,329
– Interest income from trust bank deposits	11,021	1,327
– Interest income from house money bank deposits and others	1,391	55
<i>Interest income calculated using other method:</i>		
– Interest income from loans to margin clients	55,164	65,063
– Interest income from others	1,489	11
	<u>231,639</u>	<u>216,696</u>
<b>Investments and others business</b>		
<i>Fee and commission income:</i>		
– Financial media service fee income	3,369	4,132
<i>Net investment gain/(loss):</i>		
– Net realised and unrealised gain/(loss) on financial assets measured at fair value through profit or loss	42,041	(257,120)
– Dividend income from financial assets measured at fair value through profit or loss	5,443	4,646
	<u>50,853</u>	<u>(248,342)</u>
<b>Total revenue</b>	<u><u>337,886</u></u>	<u><u>26,918</u></u>

## 5. OTHER INCOME

	<b>Six months ended 30 June 2023 HK\$'000 (Unaudited)</b>	Six months ended 30 June 2022 HK\$'000 (Unaudited)
Changes in net asset value attributable to other holders of consolidated investment funds	2,639	1,824
Exchange (loss)/gain, net	(1,517)	8,013
Government subsidies	–	1,713
Sundry income	178	527
	<u>1,300</u>	<u>12,077</u>

## 6. PROFIT/(LOSS) BEFORE TAX

	<b>Six months ended 30 June 2023 HK\$'000 (Unaudited)</b>	Six months ended 30 June 2022 HK\$'000 (Unaudited)
Profit/(loss) before tax is arrived at after charging:		
Staff costs		
– Fees, salaries, allowances, bonuses and benefits in kind	79,395	84,921
– Employee sales commission	197	2,079
– Retirement benefits scheme contributions	2,075	2,347
– Other staff benefits	160	297
	<u>81,827</u>	<u>89,644</u>
Depreciation and amortisation		
– Other intangible assets	663	919
– Property and equipment	18,550	20,528
	<u>19,213</u>	<u>21,447</u>

## 7. OTHER OPERATING EXPENSES

	<i>Note</i>	<b>Six months ended 30 June 2023 HK\$'000 (Unaudited)</b>	Six months ended 30 June 2022 HK\$'000 (Unaudited)
Advertising and promotion expenses		524	525
Auditor's remuneration		1,225	2,196
Bank charges		610	860
Consultancy fee		1,647	2,904
Entertainments		1,105	510
General office expenses		2,979	2,943
Insurance		1,310	1,321
Legal and professional fee	(a)	9,067	8,772
Repairs and maintenance		4,420	3,197
Short-term leases, rates and building management fee		3,352	2,806
Staff recruitment cost		141	755
Travelling and transportation expenses		990	275
Others		2,117	1,265
		<u>29,487</u>	<u>28,329</u>

(a) During six months ended 30 June 2023, total legal and professional fee of approximately HK\$9.1 million (2022: HK\$8.8 million) mainly represented HK\$5.7 million (2022: HK\$3.3 million) spent on one-off corporate transactions' various professional fee.

## 8. TAX EXPENSE/(CREDIT)

The provision for Hong Kong Profits Tax is calculated at 16.5% (2022: 16.5%) of the estimated assessable profits for the six months ended 30 June 2023, except for a subsidiary of the Group which is a qualifying corporation under the two-tiered profits tax rate regime.

For this subsidiary, the first HK\$2 million of assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%. The provision for Hong Kong Profits tax for this subsidiary was calculated at the same basis in 2022.

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

	<b>Six months ended 30 June 2023 HK\$'000 (Unaudited)</b>	Six months ended 30 June 2022 HK\$'000 (Unaudited)
Current tax — Hong Kong Profits Tax		
— Current period	8,855	14,109
Deferred tax	<u>(4,923)</u>	<u>(28,273)</u>
Total tax expense/(credit)	<u>3,932</u>	<u>(14,164)</u>

## 9. EARNINGS/(LOSS) PER SHARE

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

### Earnings/(loss)

	<b>Six months ended 30 June 2023 HK\$'000 (Unaudited)</b>	Six months ended 30 June 2022 HK\$'000 (Unaudited)
For purpose of basic and diluted earnings/(loss) per share	<b><u>111,269</u></b>	<b><u>(245,591)</u></b>

### Weighted average number of ordinary shares in issue less shares held for Share Award Scheme

	<b>Six months ended 30 June 2023 (Unaudited)</b>	Six months ended 30 June 2022 (Unaudited)
For purpose of basic and diluted earnings/(loss) per share	<b><u>6,145,877,218</u></b>	<b><u>6,145,877,218</u></b>

### Earnings/(loss) per share for net profit/(loss) attributable to equity holders of the Company for the period

	<b>Six months ended 30 June 2023 HK cents (Unaudited)</b>	Six months ended 30 June 2022 HK cents (Unaudited)
Basic and diluted	<b><u>2</u></b>	<b><u>(4)</u></b>

## 10. DIVIDENDS

Dividends payable to equity holders of the Company attributable to the interim period:

	<b>Six months ended 30 June 2023 HK\$'000 (Unaudited)</b>	Six months ended 30 June 2022 HK\$'000 (Unaudited)
Special dividend declared and payable after the interim period of HK1.1 cents per ordinary share (2022: Nil)	<b><u>68,168</u></b>	<b><u>–</u></b>

The special dividend has not been recognised as a liability at the end of the reporting period.

## 11. LOANS TO MARGIN CLIENTS

	As at <b>30 June 2023</b> <i>HK\$'000</i> (Unaudited)	As at 31 December 2022 <i>HK\$'000</i> (Audited)
Loans to margin clients		
– Measured at fair value through profit or loss	<b>626,774</b>	670,496

### Note:

Margin clients are required to pledge securities collateral to the Group in order to obtain the credit facilities for securities trading. The amount of credit facilities granted to them is determined based on a comprehensive analysis including but not limited to loan-to-market and loan-to-marginable value ratios (“lending ratios”), concentration risk, illiquid collaterals and overall availability of funds. The Group exercises continuous monitoring on outstanding margin loans to see if the actual lending ratios have exceeded the pre-determined levels as a credit risk control mechanism. Any excess in the lending ratios will trigger a margin call where the clients have to make good the shortfall. As at 30 June 2023, the market value of securities pledged by margin clients to the Group as collateral was HK\$4,295 million (31 December 2022: HK\$4,848 million) and the Group is permitted to sell collaterals provided by clients if they fail to fulfil in margin calls. Loans to margin clients are repayable on demand and bear interest at commercial rates (normally at Hong Kong Dollar Prime Rate plus a spread). As loans to margin clients are measured at fair value through profit or loss, the carrying amounts of the loans, counted on client-by-client basis, would be marked down to the market value of the client’s collaterals.

## 12. CREDIT LOANS

	As at <b>30 June 2023</b> <i>HK\$'000</i> (Unaudited)	As at 31 December 2022 <i>HK\$'000</i> (Audited)
Credit loans, gross amount		
– Unsecured	<b>4,169,319</b>	4,008,202
– Secured	<b>442,633</b>	467,633
	<b>4,611,952</b>	4,475,835
Less: ECL provisions	<b>(3,284,199)</b>	(3,316,889)
	<b>1,327,753</b>	1,158,946
Analysis of the net amount into current and non-current portions:		
Current	<b>1,327,753</b>	1,099,984
Non-current	–	58,962
	<b>1,327,753</b>	1,158,946

## 12. CREDIT LOANS (CONTINUED)

Notes:

- (a) The loans bear interest at fixed rates ranging from 2.5% to 12% (31 December 2022: 2.5% to 12%) per annum.
- (b) As at 30 June 2023 and 31 December 2022, the collaterals held by the Group for the secured loans mainly include shares of listed and private companies and assets of private companies.
- (c) As at 30 June 2023, HK\$2,109,000 (31 December 2022: HK\$2,084,000) was reverse repurchase agreements on bonds.

	<b>As at 30 June 2023 HK\$'000 (Unaudited)</b>	As at 31 December 2022 HK\$'000 (Audited)
Gross amount	2,139	2,114
Less: ECL provisions	<u>(30)</u>	<u>(30)</u>
	<b><u>2,109</u></b>	<b><u>2,084</u></b>

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

As at 30 June 2023, the fair value of the collaterals was HK\$4,351,000 (31 December 2022: HK\$4,245,000).

### 13. ACCOUNTS RECEIVABLE

		As at 30 June 2023 <i>HK\$'000</i> (Unaudited)	As at 31 December 2022 <i>HK\$'000</i> (Audited)
	<i>Notes</i>		
<i>Accounts receivable from dealings in securities, futures and options contracts</i>			
– Brokers and clearing houses	(a)	283,525	468,195
– Cash clients	(a)	26,888	25,505
<i>Accounts receivable from asset management, corporate finance and other businesses</i>			
– Clients	(a)	<u>23,456</u>	<u>18,289</u>
		333,869	511,989
Less: ECL provisions		<u>(24,526)</u>	<u>(17,669)</u>
Accounts receivable, net	(b)	<u><u>309,343</u></u>	<u><u>494,320</u></u>

*Notes:*

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

	As at 30 June 2023 <i>HK\$'000</i> (Unaudited)	As at 31 December 2022 <i>HK\$'000</i> (Audited)
Within 30 days	285,670	472,466
31–90 days	2,093	1,327
Over 90 days	<u>21,580</u>	<u>20,527</u>
Accounts receivable, net	<u><u>309,343</u></u>	<u><u>494,320</u></u>

## 14. ACCOUNTS PAYABLE

		As at 30 June 2023 <i>HK\$'000</i> (Unaudited)	As at 31 December 2022 <i>HK\$'000</i> (Audited)
	<i>Notes</i>		
<i>Accounts payable from dealings in securities, futures and options contracts</i>			
– Brokers and clearing houses	(a)	3,593	4,485
– Cash and margin clients	(a)	1,189,246	1,526,761
<i>Accounts payable from other businesses</i>			
– Clients		9,706	2,888
	(b)	<u>1,202,545</u>	<u>1,534,134</u>

### *Notes:*

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

## 15. NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

- (a) Our Company's name has changed from "China Tonghai International Financial Limited" to "Quam Plus International Financial Limited". The Certificate of Registration of Alteration of Name of Registered Non-Hong Kong Company of the Company was issued by the Registrar of Companies in Hong Kong on 14 July 2023. The stock short name of the Company for trading in the shares on the Stock Exchange has been changed from "TONGHAI FIN" to "QUAM PLUS FIN" in English and from "中國通海金融" to "華富建業金融" in Chinese with effect from 26 July 2023. Details of the change of company name were set out in the Company's announcements dated 6 July 2023 and 21 July 2023.
- (b) The settlement arrangement in relation to the loans to China Oceanwide International Investment Company Limited has been completed on 22 August 2023. Details of the transaction was set out in the Company's circular dated 28 June 2023 and the Company's announcement dated 23 August 2023.
- (c) On 21 July 2023, the Company has granted an aggregate of 152,500,000 share options at HK\$0.2 per share to 20 persons being directors of the Company, directors of certain subsidiaries of the Company and the employees of the Group. Details of the grant of share options was set out in the Company's announcement dated 21 July 2023.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **MACRO ENVIRONMENT**

In the first half of 2023, central banks in advanced countries continued to raise policy interest rates to battle persistent inflation despite indications of a global economic slowdown. Though the United States also raised rates three times, each at 0.25%, its economy performed better than expected and expanded in the first half of 2023. Despite the overall fragile economic environment, tech stocks marched higher amid excitement over artificial intelligence. Overall, large cap equities and mega cap tech names have jumped higher.

China's GDP experienced a healthy growth rate of 5.5 percent year-on-year in the first half of 2023, one percentage point higher than the first quarter of 2023. The second quarter of 2023 saw a significant recovery in areas, such as services and consumption, while the growth of industrial and manufacturing output accelerated in June 2023 from the previous month.

### **HONG KONG STOCK MARKET**

The Hong Kong stock market rose in the first month of 2023 and then gradually down until the end of June of 2023. In the first half of 2023, the Hang Seng Index and the Hang Seng China Enterprises Index were down 4.4% and 4.2% respectively. The average daily turnover in Hong Kong securities market amounted to HK\$115.5 billion in the period, representing a decrease of 16.5% period-on-period. Hong Kong's IPO market remained subdued with a total of 33 (interim 2022: 27) new issuers. Total funds raised by these IPOs stood at HK\$17.8 billion, representing a decrease of 10% period-on-period. The market capitalisation of the securities market decreased by 13% period-on-period to HK\$33.9 trillion at the end of June 2023.

### **RESULTS AND OVERVIEW**

For the six months ended 30 June 2023, the Group recorded profit before tax of HK\$115 million (interim 2022: loss before tax of HK\$260 million). The profit before tax of the first half of 2023 recorded a major rebound mainly due to the improvement in the overall operating performance of our licensed business, the significant turnaround into fair value gain on certain financial assets and the reduction of net expected credit losses on loans portfolio.

The Group's revenue increased to HK\$338 million in the first half of 2023, representing an increase of HK\$311 million period-on-period. If we exclude our fair value change on investment in financial assets of HK\$47 million gain (interim 2022: loss of HK\$252 million) which are recorded as part of our revenue, our adjusted recurring revenue would be HK\$291 million (interim 2022: HK\$279 million), representing an increase of 4% period-on-period. The investment gain of HK\$47 million in interim 2023 comprised of gain in investments in financial assets of HK\$111 million (interim 2022: HK\$83 million loss) due to the fair value gain on certain financial investment assets; offset by loss on margin loans of HK\$64 million (interim 2022: HK\$169 million) due to price drop of our margin clients collateral (where the collateral market value falls below the outstanding margin loan, counted on client-by-client basis).

## BUSINESS REVIEW

In the first half of 2023, we have observed the progress of market confidence in us and maintained financial stability. In the first few months of 2023, we were still in uncertain period of the COVID recovery and the use of liquidity. Following the completion of the general offer in early May 2023, the quality of earning has been further enhanced both by creating new source of income and reducing unnecessary cost. In the first half of 2023, we have added experienced talents in our corporate finance and securities business as well as our asset management business. New talents have helped the Group to develop our business and expand our products. We have increased a lot of pipelines with better prospects, thanks to the distribution capabilities through the establishment of our External Asset Management (EAM) model.

## FINANCIAL REVIEW

As the financial performance from investments and others business and interest income other than those from brokerage business are subject to high volatility, we have presented the following analysis of revenue of our licensed businesses to better understand our core operating businesses:

Revenue	Interim 2023 <i>HK\$ million</i>	Proportion	Interim 2022 <i>HK\$ million</i>	Proportion	Change
Corporate finance business	9	7%	5	4%	80%
Asset management business	5	4%	5	4%	0%
Brokerage business	41	33%	48	38%	(15)%
Interest income from brokerage business	70	56%	69	54%	1%
Total adjusted operating revenue	<u>125</u>	<u>100%</u>	<u>127</u>	<u>100%</u>	<u>(2)%</u>

Interest income from brokerage business, which is our largest recurrent revenue stream, increased by 1% period-on-period. Revenue from corporate finance business increased by 80% period-on-period.

### **Corporate Finance Business**

The Group's corporate finance business comprises sponsorship for listing, financial advisory, financing consultation service and equity capital market. Revenue from corporate finance business has increased by 80% from HK\$5 million in interim 2022 to HK\$9 million in interim 2023 mainly due to the increase in financial advisory fee income across the two interim periods.

### **Asset Management Business**

Revenue from asset management business recorded no change at HK\$5 million in two interim periods.

### **Brokerage Business**

Revenue from brokerage business has decreased by 15% from HK\$48 million in interim 2022 to HK\$41 million in interim 2023, mainly due to the decrease in the commission income from dealing in Hong Kong securities and Hong Kong futures products. The average daily market turnover of the secondary market at the Hong Kong Stock Exchange has dropped by 16.5% across two interim periods.

### **Interest Income from Brokerage Business**

The interest income from brokerage business has increased by 1% from HK\$69 million in interim 2022 to HK\$70 million in interim 2023 mainly due to the increase in interest income from trust bank deposits from HK\$1 million in interim 2022 to HK\$11 million in interim 2023; offset by the decrease in margin loan interest income from HK\$65 million in interim 2022 to HK\$55 million in interim 2023. The decrease in margin loan interest income mainly due to the drop in average outstanding margin loan to clients.

### **Expenses**

Direct cost has dropped by 9% from HK\$54 million in interim 2022 to HK\$49 million in interim 2023. The decrease was mainly due to the decrease in commission expense of our brokerage business as a result of reduction in gross commission. Staff cost has decreased by 9% from HK\$90 million in interim 2022 to HK\$82 million in interim 2023 as a result of streamlining of resources.

Expected Credit Loss (“ECL”), being net charges mainly made on amortised credit loans and bonds, decreased by about 79% from HK\$81 million in interim 2022 to HK\$17 million in interim 2023 due to most bad and doubtful debt has been sufficiently provided in 2022.

Finance cost has increased by approximately 8% from HK\$25 million in interim 2022 to HK\$27 million in interim 2023 as a result of increase in finance costs which followed the USD interest rate hike.

## **IMPAIRMENT LOSS**

In interim 2023, the Company recognised net charges of ECL provisions of HK\$17 million (interim 2022: HK\$81 million) and were mainly arisen from reversal of ECL charges of HK\$130 million (interim 2022: ECL charges of HK\$67 million) to loans to former connected parties; and ECL charges of HK\$152 million (interim 2022: HK\$11 million) to loans to third parties.

### **(a) Details of loans to former connected parties with material ECL charges in interim 2023**

The borrowers below are the subsidiaries of Tohigh Holdings Co., Ltd\* (通海控股有限公司), Oceanwide Holdings Co Ltd.\* (泛海控股股份有限公司) and China Oceanwide Holdings Limited which are former connected parties of the Company.

“\*” denotes an English translation of a Chinese name and is for identification purpose only. In the event of any inconsistency, the Chinese names shall prevail.

Identities of borrowers	Principal amount		Carrying amount as at 30 June 2023 <i>HK\$ million</i>	(Reversal of impairment)/ impairment loss for the interim 2023 <i>HK\$ million</i>	Interest/coupon rate	Loans granted date/date of subscription	Tenure	Ultimate beneficial owners	Latest status of repayment as at 30 June 2023	
	<i>US\$ million</i>	<i>HK\$ million</i>								
<b>Credit loans</b>										
a1	China Oceanwide International Investment Company Limited and Minyun Limited	-	1,166	753	(284)	7.88%-12%	5 Dec 2019-1 Jan 2022	Within 2 years	Mr. LU Zhiqiang	Overdue but settlement arrangement has been entered with Tohigh Group
a2	Oceanwide Holdings International Development III Co., Ltd	-	691	99	56	11%-12%	1 Jan 2021-6 Aug 2021	Within 1 year	Mr. LU Zhiqiang	Overdue
a3	China Oceanwide Holdings Limited	-	480	52	31	12%	22 Dec 2020-1 Apr 2021	Within 1 year	Mr. LU Zhiqiang	Overdue
<b>Unlisted debt securities</b>										
a4	Oceanwide Holdings International Development III Co., Ltd.	103	803	121	67	11.80%	2 Jun 2021-26 Apr 2022	Within 1 year	Mr. LU Zhiqiang	Overdue
			<u>3,140</u>	<u>1,025</u>	<u>(130)</u>					

No additional loan was granted to the above former connected parties and no repayment made during interim 2023. Net reversal of ECL charges of HK\$284 million to China Oceanwide International Investment Company Limited and Minyun Limited during interim 2023 comprised of reversal of ECL charges of HK\$290 million to credit loans to China Oceanwide International Investment Company Limited due to settlement arrangement has been entered with subsidiaries of Tohigh Holdings Co., Ltd (“Tohigh Group”); offset by ECL charges of HK\$6 million to credit loans to Minyun Limited. Details of the settlement arrangement were set out in the Company’s circulars dated 28 June 2023. This arrangement has been approved in the special general meeting held on 20 July 2023.

**(b) Details of the loans to independent third parties with material ECL charges in interim 2023**

Identities of borrowers	Principal amount	Carrying amount as at 30 June 2023	Impairment loss for the interim 2023	Interest rate	Loans granted date	Tenure	Details of personal guarantee	Their ultimate beneficial owners	Latest status of repayment as at 30 June 2023
	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>						
b1 Corporate Client 1	164	—	46	9.75%	28 Jun 2020	Within 1 year	by Mr. SHI Yuzhu #	Note 1	Overdue

*Note 1* Corporate Client 1 was indirectly wholly-owned by an irrevocable discretionary trust which Mr. SHI Yuzhu and his family members are the beneficiaries and no individual beneficiary holds more than 10% vested interest in the trust and the trustee was Wickhams Cay Trust Company Limited.

# The details of personal guarantee and ultimate beneficial owners of Corporate Client 1 were set out in the page 17 of the Company's respective circular dated 25 January 2021.

**(c) Reasons for the impairment**

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

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

- (i) the probability of default and the likelihood that the borrowers may fail to pay back the loans. The Group will perform due diligence on the financial statements and consider the macro-environment and the latest announcements of the borrowers. The repayment history of the borrowers will also be taken into account;

- (ii) the loss given default and the expected cash shortfall between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive. The Group will consider the value of the collaterals pledged for the loans, if any; and
- (iii) forward-looking market data such as gross domestic product will also has impact to the recoverability of the loans.

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

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

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

Details of accumulative provision rate for the above are summarized below:

	Identities of borrowers	Type	Gross amount <i>HK\$ million</i>	Accumulated provision as at 30 June 2023 <i>HK\$ million</i>	Carrying amount as at 30 June 2023 <i>HK\$ million</i>	Accumulative ECL%	Stage
a1	China Oceanwide International Investment Company Limited and Minyun Limited	Credit loan	1,441	(688)	753	48%	3
a2	Oceanwide Holdings International Development III Co., Ltd	Credit loan	774	(675)	99	87%	3
a3	China Oceanwide Holdings Limited	Credit loan	539	(487)	52	90%	3
a4	Oceanwide Holdings International Development III Co., Ltd.	Unlisted debt securities	943	(822)	121	87%	3
b1	Corporate Client 1	Credit loan	174	(174)	-	100%	3
			<u>3,871</u>	<u>(2,846)</u>	<u>1,025</u>		

All the above credit loans and unlisted debt securities are classified as stage 3 in ECL model. All loans were overdue and all the due interests were not timely and fully settled in interim 2023. The loans were considered as default.

## **MONEY LENDING**

### **(i) Company's money lending business and credit risk assessment policy**

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

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

The scope of money lending services provided by the money lending business generally includes personal loans, business loans and mezzanine loans. The Company try to diversify the loan portfolio by providing to different borrowers to lower the concentration risk. We do not have a pre-defined risk appetite and set of criteria for loan acceptance. The credit risk assessment was made in case-by-case basis by reviewing the financials of borrowers, considering the borrower's repayment history and evaluating whether the borrowers are in bankruptcy, receivership or liquidation. Within a loan category, the interest rates, the duration of the loan and repayment terms of the loan vary. The determination of the loan terms reflects the risk level of the provision of loan and ensure the risk is at a controllable level.

Provision of loans is one of the principal businesses of the Group. Management's discussion on the movements in material loans for renewal of existing loan or newly granting of the loans have been disclosed in the announcement or circular. For loans to former connected parties, they have to fall within the Framework Agreements and the relevant annual caps of the continuing connected transactions were approved by the then independent Shareholders at the special general meetings of the Company held on 20 November 2017, 11 October 2019 and 26 February 2021. For loans to independent third parties, the summary of relevant Company's announcement and circular made during the six months ended 30 June 2023 were set out below:

<b>Identities of borrower</b>	<b>Loan amounts disclosed in announcement or circular</b> <i>HK\$ million</i>	<b>Respective announcement or circular</b>
Filled Converge Limited	187	Pages 2-7 of announcement dated 6 June 2023

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

To diversify the clients and lower the concentration of loans portfolio, our borrowers included individuals, listed companies and companies from different industries such as securities investment, real estate and consultation service. As at 30 June 2023, the Group has 22 borrowers, of which 16 unlisted corporate borrowers, 2 listed corporate borrowers and 4 individual borrowers.

As at 30 June 2023, the Group has 45 credit loans with principal amounts ranged from HK\$2 million to HK\$678 million with interest rate ranged from 2.5% to 12%. The credit loans portfolio fell with the following bands:

<i>Loan size of Principal</i>	<b>Number of credit loans fall into the band</b>
Above HK\$500 million–HK\$1,000 million	1
Above HK\$100 million–HK\$500 million	14
Above HK\$50 million–HK\$100 million	6
Above HK\$10 million–HK\$50 million	14
Above HK\$5 million–HK\$10 million	4
HK\$0–HK\$5 million	6
	<hr/>
	45
	<hr/> <hr/>

Out of the 45 credit loans, 1 loan was secured by shares of listed and private companies and assets of private companies with personal guarantee (3% of the total principal amount of the Group's credit loan portfolio), 2 loans were secured by shares and assets of private companies with personal guarantee (5% of the total principal amount of the Group's credit loan portfolio), 3 loans were secured by assets of private companies and unguaranteed (1% of the total principal amount of the Group's credit loan portfolio), 10 unsecured loans with personal guarantee (45% of the total principal amount of the Group's credit loan portfolio) and the remaining 29 loans were unsecured and unguaranteed (46% of the total principal amount of the Group's credit loan portfolio).

As at 30 June 2023, the top five borrowers constituted 71% of the total principal amount of the Group's credit loan portfolio.

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

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

At interim 2023, the gross amounts of credit loans have increased by HK\$136 million from HK\$4,476 million as at 31 December 2022 to HK\$4,612 million. The net amounts after ECL provision of credit loans have increased from HK\$1,159 million as at 31 December 2022 to HK\$1,328 million at interim 2023.

## **PROSPECTS**

As discussed in Business Review, we are in a much healthier position to develop and expand our business. We are quietly optimistic with our prospect given the added talent, expanded products and increasing pipeline. However, the sentiment of the Hong Kong securities market is still low, and the global macro environment is still unstable. We will continue to put our financial stability as top priority and adopt a cautious approach to business.

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

The Group generally finances its operations with internally generated cash flow as well as through the utilisation of banking facilities and short-term loans and notes from non-bank entities. The Group's cash level as at 30 June 2023 stood at around HK\$160 million (31 December 2022: HK\$195 million).

As at 30 June 2023, the Group's total borrowings was HK\$722 million, showing a drop of 20% from HK\$906 million as at 31 December 2022. Borrowings mainly consisted of two components.

- The first component was utilised bank facilities of around HK\$478 million (31 December 2022: HK\$543 million), of which the Group had available aggregate banking facilities of around HK\$820 million (31 December 2022: HK\$837 million).
- The second component was private notes issued by our listed company and loans from other parties (mainly non-bank financial institutions), which amounted to HK\$244 million (31 December 2022: HK\$363 million).

As at 30 June 2023, the Group's gearing ratio (leverage) was 34% (31 December 2022: 45%), being calculated as total borrowings over net assets. The management has applied prudent risk and credit management on our borrowings. In addition, the Group is required to strictly follow regulatory re-pledging ratios and prudent bank borrowing benchmarks that govern the extent of bank borrowings in the securities margin lending business.

## **MATERIAL ACQUISITIONS, DISPOSALS AND SIGNIFICANT INVESTMENTS**

For the current interim period, the Group had not made any material acquisitions and disposals of subsidiaries and associated companies other than that has been announced. As at the end of the current interim period, the Group did not hold any significant investments.

## **CHARGES ON THE GROUP'S ASSETS**

As at 30 June 2023, assets of HK\$411 million (31 December 2022: HK\$441 million) were charged to banks and other lenders for facilities.

## **EMPLOYEES AND REMUNERATION POLICIES**

On 30 June 2023, the Group had 184 full time employees (31 December 2022: 190) in Hong Kong and 23 full time employees (31 December 2022: 23) in Mainland China. In addition, the Group has 79 self-employed sales representatives (31 December 2022: 82). Competitive total remuneration packages are offered to employees by reference to industry remuneration research reports, prevailing market practices and standards and individual merit. Salaries are reviewed annually, and discretionary bonuses are paid with reference to individual performance appraisals, prevailing market conditions and the Group's financial performance. Other benefits offered by the Group include a mandatory provident fund scheme and medical and health insurance.

## **RISK MANAGEMENT**

The Group's business is closely related to the economy and market fluctuations of Hong Kong and China, and indirectly affected by financial markets across the globe. To cope with unpredictable market fluctuations and minimize risks, the Group takes preventive measures and established a three-tier risk management system. At the front line, there are the relevant business departments who conduct the initial risk assessments. The Risk Management Department and Legal & Compliance Department then reviews and provide comments on identified risks, if any. The Risk Management Department of the Group is responsible for risk identification and analysis, the setting and monitoring of risk limits and parameters, and produce timely risk reports to the senior management. The Legal & Compliance Department also comment and monitor the legal risks involved as required. The Internal Audit Department conduct thorough checks periodically to ensure that any procedural and potential risks can be eradicated, concluding the final stem of our Group's comprehensive risk control.

## **Credit Risk**

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

## **Market Risk**

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

## **Liquidity Risk**

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

## **Operational Risk**

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

## **Regulatory Compliance Risk**

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

## **DIVIDENDS**

The Board has declared a special dividend of HK1.1 cents per share of the Company (the “Share(s)”). The special dividend will be paid on Friday, 6 October 2023 to shareholders of the Company whose names appear on the register of members of the Company on Tuesday, 19 September 2023.

The Board has resolved not to declare an interim dividend in respect of the six months ended 30 June 2023 (2022: Nil).

## **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed for the period from Monday, 18 September 2023 to Tuesday, 19 September 2023, both days inclusive, during which period no transfer of Shares will be registered. In order to qualify for the special dividend, all transfers of Shares accompanied by the relevant share certificates must be lodged with the office of the branch share registrar of the Company in Hong Kong, Tricor Tengis Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Friday, 15 September 2023.

## **PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES**

During the six months ended 30 June 2023, neither the Company nor any of its subsidiaries had purchased, redeemed or sold any listed securities of the Company.

## **MODEL CODE FOR SECURITIES TRANSACTIONS**

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) under Appendix 10 of the Listing Rules. The code of conduct is also updated from time to time in order to keep abreast with the latest changes in the Listing Rules. It has also been extended to specific employees of the Company who are likely to be in possession of unpublished price sensitive information in respect of their dealings in the securities of the Company.

In response to special enquiry, all of the Directors confirmed that they have complied with the required standard set out in the Model Code and the code of conduct regarding securities transactions by Directors adopted by the Company throughout the six months ended 30 June 2023.

## **CORPORATE GOVERNANCE PRACTICES**

The Board considers that the Company has applied the principles and complied with the code provisions set out in Corporate Governance Code of Appendix 14 of the Listing Rules throughout the six months ended 30 June 2023 and subsequent period up to the date of this announcement, save for the deviations from code provision C.2.1 which is explained as follow:

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

## **AUDIT COMMITTEE REVIEW**

The audit committee of the Company comprises three independent non-executive Directors. The audit committee has reviewed the unaudited condensed consolidated financial results of the Company for the six months ended 30 June 2023 and discussed with the management of the Company the accounting principles and practices adopted by the Group, internal control and financial reporting matters.

## **PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT**

The announcement of unaudited interim results for the six months ended 30 June 2023 of the Group is published on the websites of Hong Kong Exchanges and Clearing Limited at [www.hkexnews.hk](http://www.hkexnews.hk) and the website of the Company at [www.quamplus.com](http://www.quamplus.com) respectively. The 2023 Interim Report of the Company will be despatched to the shareholders of the Company and made available on the above websites in due course.

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

Hong Kong, 24 August 2023

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

***Executive Directors:***

Mr. HAN Xiaosheng (*Co-Chairman*)

Mr. Kenneth LAM Kin Hing (*Co-Chairman*)

Mr. LIU Hongwei

Mr. LAM Wai Hon

***Independent Non-executive Directors:***

Mr. Roy LO Wa Kei

Mr. LIU Jipeng

Ms. Cindy KONG Siu Ching

***Non-executive Director:***

Mr. FANG Zhou