



INNOVAX HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock code: 2680

Interim Report
2024/2025

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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 (resigned on 1 November 2024)
Mr. Kwong Hon Nan Eric (appointed on 1 November 2024)

AUDIT COMMITTEE

Ms. Chan Ka Lai, Vanessa (*Chairlady*)
Dr. Wu Kwun Hing
Mr. Yip Siu Hong (resigned on 1 November 2024)
Mr. Kwong Hon Nan Eric (appointed on 1 November 2024)

REMUNERATION COMMITTEE

Mr. Yip Siu Hong (*Chairman*)
(resigned on 1 November 2024)
Mr. Kwong Hon Nan Eric (*Chairman*)
(appointed on 1 November 2024)
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 (resigned on 1 November 2024)
Mr. Kwong Hon Nan Eric (appointed on 1 November 2024)

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

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

Management Discussion and Analysis

The board (the “Board”) of directors (the “Directors”) of Innovax Holdings Limited (the “Company”) submits herewith the unaudited condensed consolidated results of the Company and its subsidiaries (together, the “Group”) for the six months ended 31 August 2024 (the “Period”) together with the comparative figures for the six months ended 31 August 2023 (the “Corresponding Period”).

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 Period, the Group’s total revenue was approximately HK\$93.7 million, representing an increase of approximately 680.5%, as compared to the Corresponding Period. Such increase was mainly attributable to successfully (i) securing more clients requiring different corporate finance advisory services; (ii) expanding the product and service coverage of its placing and underwriting business to include debt capital markets; and (iii) increasing secured personal loan services under its money lending business, resulting in the increase in the revenue derived from the Group’s corporate finance business, placing and underwriting business and money lending business of approximately 132.7%, approximately 3,051.9% and approximately 52.9% respectively, as compared to the Corresponding Period, notwithstanding that the revenue derived from the Group’s securities dealing and brokerage business, securities financing business and asset management business decreased by approximately 43.7%, approximately 68.2% and approximately 6.8% respectively, as compared to the Corresponding Period.

During the Period, the Group recorded a loss and total comprehensive expense of approximately HK\$22.9 million, as compared with the gain and total comprehensive income of approximately HK\$9.3 million for the Corresponding Period. The change from profit to loss was mainly attributable to the net unrealised loss on financial assets at fair value through profit or loss by approximately HK\$15.4 million for the Period, as compared with the net unrealised gain on financial assets at fair value through profit or loss of approximately HK\$19.5 million for the Corresponding Period.

MARKET REVIEW

During the Period, the global economic landscape remained turbulent due to ongoing geopolitical tensions and persistent inflationary pressures. The Russia-Ukraine conflict continued to cast a shadow over European economies, while the Sino-US trade disputes showed limited signs of resolution, further exacerbating supply chain disruptions. Israeli-Palestinian conflict is still a main concern of the world, particularly in the oil market and the shipping market. The inflationary pressures persisted in both developed and developing markets, leading to heightened uncertainties and challenging business environment.

In response to inflation, the US Federal Reserve maintained a hawkish stance throughout the Period. This policy stance exerted upward pressure on interest rates globally, impacting the cost of capital and borrowing for businesses. Meanwhile, central banks in other major economies adopted similar tightening measures, reflecting a unified effort to rein in inflation.

Management Discussion and Analysis (Continued)

In China, the economic recovery was sluggish, marred by structural issues such as the liquidity crisis among property developers and the subdued export growth. Although the Chinese government introduced several stimulus packages aiming at revitalising the economy, the overall market sentiment remained cautious. GDP growth for the second quarter of 2024 stood at approximately 5.8%, falling short of market expectations. The slowdown was particularly evident in the industrial sector and the retail sales, which faced headwinds from declining consumer confidence and constrained household spending.

Hong Kong's economy, which had shown signs of resilience post-pandemic, struggled to maintain growth momentum during the Period. High interest rates and a lack of robust economic drivers resulted in tepid performance across the property, capital and retail markets. Despite the resumption of cross-border activities with Mainland China, economic recovery remained uneven, further weighed down by external factors such as the tightening global monetary policy and the uncertain trade relations.

During the Period, 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 6.6%, approximately 10.8% and approximately 10.0% respectively, closing at 41,563, 5,648, 17,714 respectively. During the Period, the Shanghai Stock Exchange Composite Index, the Shenzhen Stock Exchange Composite Index and the ChiNext Index decreased by approximately 5.7%, approximately 10.7% and approximately 12.6% respectively, closing at 2,842, 8,348 and 1,580 respectively, while the Hang Seng Index increased by approximately 9.8%, closing at 17,989 and the average daily trading turnover of the Hong Kong stock market increased to approximately HK\$111.2 billion by approximately 4.0% as compared to the Corresponding Period. During the Period, the total amount of funds raised from newly listed companies on the main board (the "Main Board") and GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") increased by approximately 4.3% to approximately HK\$17.6 billion, and the number of newly listed companies on the Main Board and GEM increased by approximately 31.0% to 38 as compared to the Corresponding Period.

BUSINESS REVIEW

Corporate Finance Advisory Services

During the Period, the Group was engaged in a total of 33 corporate finance advisory projects (the Corresponding Period: 24 projects) including 4 IPO sponsorship projects (the Corresponding Period: 10 projects), 22 financial and independent financial advisory projects (the Corresponding Period: 10 projects) and 7 compliance advisory projects (the Corresponding Period: 4 projects). Income generated from the corporate finance advisory business amounted to approximately HK\$4.3 million, representing an increase of approximately 132.7% from approximately HK\$1.9 million during the Corresponding Period.

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 Period, the Group was engaged in 4 IPO sponsorship projects (the Corresponding Period: 10 projects) and income generated from provision of IPO sponsorship services was approximately HK\$0.3 million (the Corresponding Period: approximately HK\$0.7 million).

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 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 Period, the Group was engaged in 18 financial advisory projects (the Corresponding Period: 6 projects) and 4 independent financial advisory projects (the Corresponding Period: 4 projects) and income generated from provision of financial and independent financial advisory services was approximately HK\$3.0 million (the Corresponding Period: approximately HK\$0.6 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 Period, the Group was engaged in 7 compliance advisory projects (the Corresponding Period: 4 projects) and income generated from provision of compliance advisory services was approximately HK\$1.0 million (the Corresponding Period: approximately HK\$0.6 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; (ii) overall coordinator or bookrunner or lead manager or underwriter or sub-underwriter or distributor for IPOs of listing applicants; and (iii) bookrunner or underwriter or sub-underwriter for issue of bonds by listed or unlisted corporations, in return for placing and/or underwriting commission income.

During the Period, the Group completed 18 placing and underwriting projects (the Corresponding Period: 6 projects), including 2 transactions as placing agent for issue of new shares by listed companies, 1 transaction as distributor for issue of new shares by a listed company, and 15 transactions as bookrunner and underwriter for issue of bonds by unlisted corporations, and income generated from the placing and underwriting business was approximately HK\$85.7 million (the Corresponding Period: approximately HK\$2.7 million).

The Group will leverage its expertise and extensive industry network to secure more equity and bond placing and underwriting projects and will continue to further expand its product and service coverage.

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 31 August 2024, the Group had 1,061 securities accounts maintained in Innovax Securities Limited (as at 29 February 2024: 1,015) and the commission income generated from the securities dealing and brokerage business was approximately HK\$1.3 million during the Period (the Corresponding Period: approximately HK\$2.3 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 31 August 2024, the total outstanding balance of margin loans amounted to approximately HK\$21.0 million (as at 29 February 2024: approximately HK\$18.6 million) and the interest income generated from the securities financing business was approximately HK\$1.4 million during the Period (the Corresponding Period: approximately HK\$4.4 million). The 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 uncertain condition and the sluggish market sentiment of the Hong Kong stock market during the Period.

Asset Management Services

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

As at 31 August 2024, the asset under management of Innovax Alpha SPC — Innovax Balanced Fund SP was approximately US\$2.8 million (equivalent to approximately HK\$22.1 million) (as at 29 February 2024: approximately US\$2.9 million (equivalent to approximately HK\$22.8 million)). During the Period, the income generated from the asset management business was approximately HK\$205,000 (the Corresponding Period: approximately HK\$220,000).

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 Islands fund structure, or limited partnership 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 Period, 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 Group's internal resources.

Details of the Group's money lending business for the Period and the year ended 29 February 2024 are as follows:

	For the six months ended 31 August 2024 HK\$'000 (unaudited)	For the year ended 29 February 2024 HK\$'000 (audited)
Personal loans		
Number of personal loans (per person)	9	9
Outstanding principal of personal loans (HK\$'000)	24,563	19,478
Range of interest rates (per annum)	3%–15%	3%–15%

Management Discussion and Analysis (Continued)

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

During the Period, the interest income from the money lending business was approximately HK\$772,000 (the Corresponding Period: approximately HK\$505,000) and accounted for approximately 0.8% (the Corresponding Period: approximately 4.2%) of the Group's revenue. The loan receivables as at 31 August 2024 was approximately HK\$24.6 million (as at 29 February 2024: approximately HK\$19.5 million). During the Period, the Group's money lending business did not record any doubtful or bad debt.

As at 31 August 2024, the amount of loan receivables due from the largest borrower and the five largest borrowers were approximately HK\$8.8 million (approximately 35.8% of the total loan receivables) (as at 29 February 2024: approximately HK\$6.7 million (approximately 34.6% of the total loan receivables)) and approximately HK\$22.0 million (approximately 89.5% of the total loan receivables) (as at 29 February 2024: approximately HK\$18.1 million (approximately 92.9% 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 Interim 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 Period, 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 Period, the Group's total revenue was approximately HK\$93.7 million, representing an increase of approximately 680.5%, as compared to the Corresponding Period. Such increase was mainly attributable to successfully (i) securing more clients requiring different corporate finance advisory services; (ii) expanding the product and service coverage of its placing and underwriting business to include debt capital markets; and (iii) increasing secured personal loan services under its money lending business, resulting in the increase in the revenue derived from the Group's corporate finance business, placing and underwriting business and money lending business of approximately 132.7%, approximately 3,051.9% and approximately 52.9% respectively, as compared to the Corresponding Period, notwithstanding that the revenue derived from the Group's securities dealing and brokerage business, securities financing business and asset management business decreased by approximately 43.7%, approximately 68.2% and approximately 6.8% respectively, as compared to the Corresponding Period.

Management Discussion and Analysis (Continued)

Other Operating Expenses

During the Period, the Group's other operating expenses increased by approximately 1,460.2% to approximately HK\$89.0 million (the Corresponding Period: approximately HK\$5.7 million). Such increase was mainly attributable to the sub-underwriting expenses in relation to the participation in the underwriting for issue of bonds during the Period of approximately HK\$84.3 million while there was no such participation and relevant expense recognised in the Corresponding Period.

Staff Costs

During the Period, staff costs decreased by approximately 27.6% to approximately HK\$10.8 million (the Corresponding Period: approximately HK\$15.0 million). Such decrease was mainly due to the Group's continuous effort in cost control by optimising the effectiveness of staff remuneration plan.

Loss attributable to the owners of the Company

During the Period, the Group recorded a loss and total comprehensive expense of approximately HK\$22.9 million, as compared with the gain and total comprehensive income of approximately HK\$9.3 million for the Corresponding Period. The change from profit to loss was mainly attributable to the net unrealised loss on financial assets at fair value through profit or loss by approximately HK\$15.4 million for the Period, as compared with the net unrealised gain on financial assets at fair value through profit or loss of approximately HK\$19.5 million for the Corresponding Period.

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 31 August 2024, the Group's net current assets amounted to approximately HK\$180.0 million (as at 29 February 2024: approximately HK\$209.0 million), and its liquidity as represented by current ratio (current assets/current liabilities) was approximately 2.66 times (as at 29 February 2024: approximately 3.86 times). As at 31 August 2024, bank balances amounted to approximately HK\$83.5 million (as at 29 February 2024: approximately HK\$112.0 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 reporting period. As at 31 August 2024 and 29 February 2024, the Group's debt including payables incurred not in the ordinary course of business were nil, representing a gearing ratio of nil.

As at 31 August 2024 and as at the date of this Interim 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 31 August 2024, the Group did not have any pledged assets (as at 29 February 2024: Nil).

FOREIGN CURRENCY EXPOSURE

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

CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

As at 31 August 2024, the Group did not have any significant capital commitment and contingent liability (as at 29 February 2024: Nil).

LOAN COMMITMENT

As at 31 August 2024, the Group did not have any loan commitment (as at 29 February 2024: Nil).

EMPLOYEES AND REMUNERATION POLICIES

As at 31 August 2024, the Group employed 36 staff (including executive Directors) (as at 29 February 2024: 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 Period, staff costs were approximately HK\$10.8 million (the Corresponding Period: approximately HK\$15.0 million), representing a decrease of approximately 27.6%. Such decrease was mainly due to the Group's continuous effort in cost control by optimising the effectiveness of staff remuneration plan.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

During the Period, 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

As at 31 August 2024, the Group maintained equity investments at fair value through profit and loss with a total carrying amount of approximately HK\$54.3 million. Details of the Group's significant investments as at 31 August 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 31 August 2024	Percentage of the fair value of the investment in listed securities to total assets of the Group as at 31 August 2024	Fair value of the investment in listed securities as at 31 August 2024 <i>HK\$'000</i>	Cost of the investment in listed securities as at 31 August 2024 <i>HK\$'000</i>	Unrealized gain for the period ended 31 August 2024 <i>HK\$'000</i>
Equity investments at fair value through profit and loss						
1542	Taizhou Water Group Co., Ltd.	5.85%	10.7%	31,590	48,159	234
Total				31,590	48,159	234

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 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 services 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), with a designed raw water supply capacity of approximately 1,220,000 tonnes per day, and a designed municipal water supply capacity of 984,000 tonnes per day in southern Taizhou.

As stated in the interim report of Taizhou Water for the six months ended 30 June 2024, Taizhou Water Group recorded a revenue of approximately RMB300.3 million for the six months ended 30 June 2024, representing an increase of approximately 7.1% as compared to the six months ended 30 June 2023. For the six months ended 30 June 2024, Taizhou Water Group reported a loss after tax of approximately RMB46.9 million, representing a basic loss per share of approximately RMB0.18. Further, Taizhou Water Group's loss margin after tax for the six months ended 30 June 2024 was approximately 15.6% as compared with a loss margin after tax of approximately 22.3% for the six months ended 30 June 2023. The decrease in the loss of results was mainly due to the increase in the volume of water sold to Wenling Water Supply in the first half of 2024 and the increase in the installation revenue from Zeguo Water Supply. As at 30 June 2024, the condensed consolidated net asset value of Taizhou Water Group was approximately RMB1,029 million. No interim dividend for the six months ended 30 June 2024 was declared.

Management Discussion and Analysis (Continued)

According to the interim report of Taizhou Water for the six months ended 30 June 2024, during the “14th Five-Year Plan” period, Taizhou Water Group will focus on the overall goal of building a modern and comprehensive water group, closely follow the policy direction of the water industry, thoroughly implement the spirit of General Secretary Xi Jinping’s important expositions on water management, water conservation and water use, optimise the industrial layout, and develop new productivity. Taizhou Water Group’s main future planning will be deployed around three major business segments: water services, environmental protection and modern agriculture. It will continue to deepen the reform of state-owned enterprises, and promote the optimisation of the state-owned economic layout and structural adjustment with high quality. It will further strengthen and optimise its main business, steadily promote the expansion and extension of the industrial chain, focus on building a high-standard water supply security system, enhance its core functions and improve its core competitiveness. Taizhou Water Group will vigorously expand the scope of environmental protection business, accelerate the cultivation of rural revitalisation industry, and strive to demonstrate the responsibility of water supply enterprises in promoting the practice of “three highs and three new” modernisation in Taizhou.

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 31 August 2024, the Group held 11,700,000 H shares of Taizhou Water. Taizhou Water closed at HK\$2.7 as at 31 August 2024.

Save as disclosed above, the Group did not hold any other significant investment with a value greater than 5% of the Company’s gross assets as at 31 August 2024.

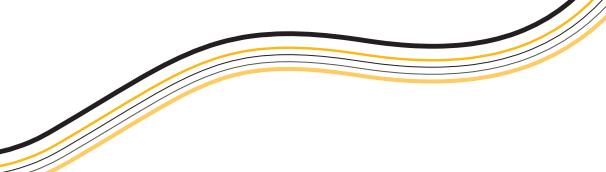
RISK MANAGEMENT

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.

INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend for the Period (the Corresponding Period: Nil).



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 as at 31 August 2024.

OUTLOOK AND PROSPECT

Looking forward, the global economic environment is expected to remain highly volatile amidst ongoing geopolitical uncertainties, inflationary pressures, and the risk of a global economic downturn. As central banks continue to navigate the delicate balance between controlling inflation and supporting growth, financial markets may experience heightened volatility. In particular, the US Federal Reserve lowered interest rate by 0.5% in September 2024. Its future interest rate decisions will be closely watched, as they have far-reaching implications for global capital flows and investor sentiment.

In China, the government launched a basket of robust policies to stimulate property market and boost the economy in September 2024. The market reacted positively but the outlook remains clouded by domestic challenges, including weak consumer demand, liquidity concerns within the property sector, and the need for structural reforms to enhance productivity and growth. The effectiveness of the Chinese government's policy measures in stabilising the economy will be crucial in shaping the region's recovery trajectory.

For Hong Kong, the financial market outlook is intertwined with the recovery prospects of the Chinese economy. The local market's performance will depend on the implementation of the favourable policies by the Chinese government aiming at supporting key sectors such as technology, finance, and real estate. Additionally, the IPO market in Hong Kong is likely to face headwinds due to subdued market sentiment, lower valuations, and lengthy listing processes.

In light of the above, the Group anticipates a challenging operational environment for the remainder of the financial year. While uncertainties abound, the Group remains committed to strategic resilience and will continue to monitor market conditions closely, adapting its strategies to navigate the evolving landscape.

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.

With the support from the Hong Kong and Chinese governments to the financial industry of Hong Kong, new regulations encouraging more enterprises to get listed in Hong Kong including the new listing regime for specialist technology companies and the GEM listing reform proposal including a new streamlined transfer mechanism for eligible GEM companies to transfer to the Main Board and a new alternative eligibility test for companies in the high-growth segment, expansion of offshore RMB business and HKD-RMB Dual Counter Model being launched in June 2023 to facilitate the use of RMB in Hong Kong securities market, 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.

Corporate Governance and Other Information

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Board is of the view that the Company has complied with the code provisions set out in the Corporate Governance Code (“CG Code”) contained in Appendix C1 to the Listing Rules for the Period and up to the date of this Interim Report.

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

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

AUDIT COMMITTEE

The Company established an 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. As at the date of this Interim Report, it comprises three members, namely, Ms. Chan Ka Lai, Vanessa (Committee Chairlady), Dr. Wu Kwun Hing and Mr. Kwong Hon Nan Eric, all being independent non-executive Directors. The Audit Committee is chaired by Ms. Chan Ka Lai, Vanessa, who possesses the appropriate professional qualifications.

The Audit Committee has reviewed and discussed with the management of the Group the unaudited condensed consolidated financial statements of the Group for the Period, as well as the accounting principles and practices adopted by the Group.

REVIEW OF UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The condensed consolidated financial statements of the Group as set out in this Interim Report had not been audited nor reviewed by the Group’s auditor, BDO Limited, but had been reviewed by the Audit Committee.

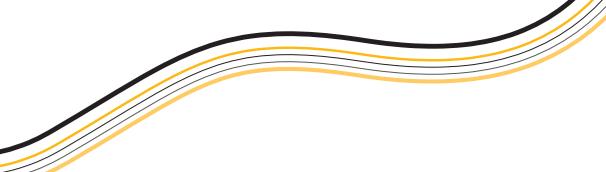
MODEL CODE FOR DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) contained in Appendix C3 to the Listing Rules 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 Period.

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 Period and up to the date of this Interim Report.



Corporate Governance and Other Information (Continued)

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 engaged 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.

The Controlling Shareholders have confirmed to the Company that during the Period and up to the date of this Interim 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 Period and up to the date of this Interim 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 and any other conflicts of interest with the Group.

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

As at 31 August 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 Division 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:

Interest in shares of the Company

Name of Director	Capacity/Nature of interest	Number and class of securities <i>(Note 1)</i>	Approximate percentage of interest in the Company <i>(Note 3)</i>
Executive Director			
Mr. Chung Chi Man	Interest in controlled corporation <i>(Note 2)</i>	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%
Independent Non-executive Director			
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 31 August 2024.

Corporate Governance and Other Information (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)	Approximate percentage of shareholding in associated corporation
Mr. Chung Chi Man	BSI	Beneficial owner	110 shares (L)	100%

Note: The letter "L" denotes a person's long position in the shares.

Save as disclosed above, as at 31 August 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 31 August 2024 and the date of this Interim 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 or 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)	300,400,000 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 31 August 2024.

Corporate Governance and Other Information (Continued)

Save as disclosed above, as at 31 August 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.

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 Interim 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 Interim 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.

Corporate Governance and Other Information (Continued)

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

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

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

No options have been granted, cancelled, exercised or lapsed under the Share Option Scheme from 18 August 2023, being the date of adoption of the Share Option Scheme. As at the beginning and the end of the Period, 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 31 August 2024.

Corporate Governance and Other Information (Continued)

Details of movements in the options granted under the 2018 Share Option Scheme during the six months ended 31 August 2024 are as follows:

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 Period				Balance as at 31 August 2024
							Balance as at 1 March 2024	Exercised (Note 5)	Lapsed	Cancelled	
Directors and Chief Executives											
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
Former Director											
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
Employees											
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
Total						40,000,000	40,000,000	—	—	—	40,000,000

Notes:

- (1) All grantees, except for the independent non-executive Directors, shown in this table for the Period 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 31 August 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.

Corporate Governance and Other Information (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.

	Granted on 9 March 2022
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.

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 Period was 10%.

As approved by the Board and with the consent of the relevant grantees, the 40,000,000 outstanding share options (the "Cancelled Share Options") granted according to the 2018 Share Option Scheme were cancelled with effect from 26 September 2024 in accordance with the terms of the 2018 Share Option Scheme. In view of the recent performance of the share price of the shares of the Company and the exercise prices of all the Cancelled Share Options being much higher than the recent market prices of the shares of the Company, the Board considered that the Cancelled Share Options no longer serves the purpose of providing incentives or rewards to the grantee for contribution to the Group. Details of the Cancelled Share Options are set out in the announcement of the Company dated 26 September 2024.

Apart from the Share Option Scheme, at no time during the Period and up to the date of this Interim 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 31 August 2024.

CHANGES IN INFORMATION OF DIRECTORS

Mr. Yip Siu Hong has resigned as an independent non-executive Director with effect from 1 November 2024 in order to devote more time on his other personal endeavours. Mr. Kwong Hon Nan Eric has been appointed as an independent non-executive Director with effect from 1 November 2024. For details, please refer to the announcement of the Company dated 1 November 2024.

Save as disclosed above, as at 31 August 2024 and up to 15 November 2024 (which is the latest practicable date prior to the printing of this Interim Report for the purpose of ascertaining certain information for inclusion in this Interim Report), there is no other information required to be disclosed under Rule 13.51B(1) of the Listing Rules.

EVENT AFTER THE REPORTING PERIOD

The share consolidation

On 26 September 2024, the Board proposed to implement the share consolidation on the basis that every 10 existing shares in the share capital of the Company be consolidated into 1 consolidated share (the "Share Consolidation"). The Share Consolidation was approved by the shareholders by way of poll at the extraordinary general meeting of the Company held on 23 October 2024 and has become effective as at the date of this Interim report. The existing board lot of 2,000 shares remains unchanged upon the Share Consolidation becoming effective. Details of the Share Consolidation are set out in the announcement of the Company dated 26 September 2024.

The proposed rights issue

On 26 September 2024, the Company proposed to raise gross proceeds of up to approximately HK\$12.0 million before expenses, by way of rights issue, by issuing up to 20,000,000 rights shares at the subscription price of HK\$0.60 per rights share on the basis of 1 rights share for every 2 consolidated shares (the "Rights Issue"). In addition, the Company and Innovax Securities Limited as the placing agent entered into the placing agreement on 26 September 2024, in relation to the placing of unsubscribed rights shares to independent placees on a best effort basis during the placing period.

Details of the Rights Issue are set out in the announcement of the Company dated 26 September 2024 and the prospectus of the Company date 6 November 2024. As at the date of this Interim Report, the Rights Issue was in progress and has not been completed. Further announcements will be made by the Company in the future if applicable.

Cancellation of Share Options

With effect from 26 September, the 40,000,000 outstanding share options granted according to the 2018 Share Option Scheme were cancelled in accordance with the terms of the 2018 Share Option Scheme. In view of the recent performance of the share price of the shares of the Company and the exercise prices of all the Cancelled Share Options being higher than the recent market prices of the shares of the Company, the Board considered that the Cancelled Share Options no longer serves the purpose of providing incentives or rewards to the grantee for contribution to the Group. Details of the Cancelled Share Options are set out in the announcement of the Company dated 26 September 2024.

Save as disclosed above, as at the date of this Interim Report, there was no significant event after the reporting period.

By order of the Board
Innovax Holdings Limited
Chung Chi Man
Chairman

Hong Kong, 28 October 2024

Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income

For the six months ended 31 August 2024

	Notes	Six months ended	
		31 August 2024 (unaudited) HK\$'000	31 August 2023 (unaudited) HK\$'000
Revenue			
Corporate finance advisory services	5	4,347	1,868
Placing and underwriting services	5	85,701	2,719
Securities dealing and brokerage services	5	1,270	2,256
Asset management services	5	205	220
Interest income from securities financing services	5	1,409	4,437
Interest income from money lending services	5	772	505
Total revenue		93,704	12,005
Other income	7	2,445	2,363
Other losses and gains	8	(18,301)	16,509
		77,848	30,877
Other operating expenses		(89,025)	(5,706)
Depreciation of property and equipment	16	(45)	(81)
Depreciation of right-of-use assets	17	(632)	(695)
Impairment allowance on financial instruments and contract assets, net of reversal	9	(161)	(41)
Staff costs	10	(10,837)	(14,976)
Finance costs	11	(37)	(28)
Share of loss of joint ventures		—	(3)
(Loss)/profit before tax	12	(22,889)	9,347
Income tax expenses	13	—	—
(Loss)/profit and total comprehensive (expense)/income for the period		(22,889)	9,347
(Loss)/earnings per share			
Basic and diluted (HK cents)	15	(5.72)	2.34

Condensed Consolidated Statements of Financial Position

For the six months ended 31 August 2024

	Notes	As at	
		31 August 2024 (unaudited) HK\$'000	29 February 2024 (audited) HK\$'000
Non-current assets			
Property and equipment	16	35	80
Right-of-use assets	17	1,741	297
Intangible asset	18	500	500
Deferred tax assets	30	357	357
Loan receivables	20	5,178	—
Other receivables, deposits and prepayments	21	482	275
Interest in associate		50	—
Total non-current assets		8,343	1,509
Current assets			
Accounts receivable	19	46,114	29,851
Loan receivables	20	19,385	19,478
Other receivables, deposits and prepayments	21	2,601	2,285
Financial assets at fair value through profit or loss	22	54,346	69,518
Amount due from a joint venture		130	10
Cash and bank balances	23	83,476	112,020
Cash and bank balances — held on behalf of customers	24	82,054	48,929
Total current assets		288,106	282,091
Total assets		296,449	283,600
Current liabilities			
Accounts payable	25	105,570	59,452
Other payables and accruals	26	1,070	13,027
Contract liabilities	27	353	302
Lease liabilities	28	1,121	330
Total current liabilities		108,114	73,111
Net current assets		179,992	208,980
Total assets less current liabilities		188,335	210,489
Non-current liabilities			
Lease liabilities	28	735	—
Net assets		187,600	210,489
Equity			
Share capital	29	4,000	4,000
Reserves		183,600	206,489
Total equity		187,600	210,489

Condensed Consolidated Statements of Changes in Equity

For the six months ended 31 August 2024

	Share capital <i>HK\$'000</i> <i>(note 29)</i>	Share premium <i>HK\$'000</i>	Share option reserve <i>HK\$'000</i>	Retained profits <i>HK\$'000</i>	Total equity <i>HK\$'000</i>
At 1 March 2024	4,000	169,663	6,707	30,119	210,489
Loss and total comprehensive expense for the period	—	—	—	(22,889)	(22,889)
At 31 August 2024	4,000	169,663	6,707	7,230	187,600
At 1 March 2023	4,000	169,663	6,707	28,344	208,714
Profit and total comprehensive income for the period	—	—	—	9,347	9,347
At 31 August 2023	4,000	169,663	6,707	37,691	218,061

Note: Ordinary shares issued for 1 share at par value of HK\$0.01.

Condensed Consolidated Statements of Cash Flows

For the six months ended 31 August 2024

	Notes	Six months ended	
		31 August 2024 HK\$'000 (unaudited)	31 August 2023 HK\$'000 (unaudited)
CASH USED IN/GENERATED FROM OPERATIONS		(29,957)	25,902
NET CASH USED IN/GENERATED FROM OPERATING ACTIVITIES		(29,957)	25,902
INVESTING ACTIVITIES			
Investment in an associate		(50)	—
Interest received		2,050	1,111
NET CASH GENERATED FROM INVESTING ACTIVITIES		2,000	1,111
FINANCING ACTIVITIES			
Repayment of principal of lease liabilities		(550)	(742)
Repayment of interest portion of lease liabilities		(37)	(28)
NET CASH USED IN FINANCING ACTIVITIES		(587)	(770)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(28,544)	26,243
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD		112,020	87,390
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD		83,476	113,633
Analysis of the balances of cash and bank balances			
Cash and bank balances with an original maturity of three months or less:			
Cash at banks		48,322	32,040
Short-term deposits in banks		35,154	81,593
		83,476	113,633

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 August 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, the chairman of the Board and an executive Director. The shares of the Company have been listed on the Main Board of Stock Exchange since 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 unaudited condensed 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. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Listing Rules and with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

Except as described in note 3, the accounting policies applied are consistent with the annual report of the Company for the year ended 29 February 2024, as described in those annual financial statements.

3. SUMMARY OF ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at revalued amounts or fair values, as appropriate.

Other than changes in accounting policies resulting from application of new and amendments to Hong Kong Financial Reporting Standards (“HKFRSs”), the accounting policies and methods of computation used in the unaudited condensed consolidated financial statements of the Group for the Period are the same as those presented in the audited consolidated financial statements of the Group for the year ended 29 February 2024.

3. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

Application of new and amendments to HKFRSs

During the Period, the Group has first applied the following new and amendments to HKFRSs issued by the HKICPA which are mandatory effective for the annual period beginning on or after 1 March 2024 for the preparation of the Group's unaudited condensed consolidated financial statements:

- The Effects of Changes in Foreign Exchange Rates — Amendments to HKAS 21
- The Classification and Measurement of Financial Instruments — Amendments to HKFRS 9 and HKFRS 7
- Presentation and Disclosure in Financial Statements — HKFRS 18
- Subsidiaries without Public Accountability: Disclosure — HKFRS 19
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture — Amendments to HKFRS 10 and HKAS 28 (2011)

The application of the new and amendments to HKFRSs during the Period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these unaudited condensed consolidated financial statements.

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.

Expected credit loss ("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 35.

Income taxes

No deferred tax asset was recognised during the Period. The realisability of the deferred tax asset mainly depends on whether sufficient future 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.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 August 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; (ii) overall coordinator or bookrunner or lead manager or underwriter or sub-underwriter or distributor for IPOs of listing applicants; and (iii) bookrunner or underwriter or sub-underwriter for issue of bonds by listed or unlisted corporations. 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 Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 August 2024

5. REVENUE (CONTINUED)

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

	Six months ended	
	31 August 2024 HK\$'000 (unaudited)	31 August 2023 HK\$'000 (unaudited)
Corporate finance advisory services		
Sponsor fee income	314	683
Advisory fee income — financial and independent financial advisory	3,022	600
Advisory fee income — compliance advisory	1,011	585
	4,347	1,868
Placing and underwriting services		
Placing and underwriting fee income	85,701	2,719
Securities dealing and brokerage services		
Commission income	1,270	2,256
Asset management services		
Management fee income	205	220
Sub-total — Revenue from contracts with customers	91,523	7,063
Interest income from securities financing services		
Interest income — Margin clients	1,408	4,424
Interest income — Cash clients	1	13
	1,409	4,437
Interest income from money lending services		
Interest income — personal loans	772	505
Sub-total — Interest income from securities financing services and money lending services	2,181	4,492
Total	93,704	12,005

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 August 2024

5. REVENUE (CONTINUED)

	Six months ended	
	31 August 2024 HK\$'000 (unaudited)	31 August 2023 HK\$'000 (unaudited)
Timing of revenue recognition		
— At a point in time	86,971	4,975
— Over time	4,552	2,088
	91,523	7,063
Interest revenue	2,181	4,942
Total	93,704	12,005

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 obligation is part of a contract that has an original expected duration of less than one year.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 August 2024

6. SEGMENT INFORMATION

Information reported to the executive Directors, being the chief operating decision maker (the “CODM”), for the purposes 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 customers

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

	Six months ended	
	31 August 2024 HK\$'000 (unaudited)	31 August 2023 HK\$'000 (unaudited)
Customer A	23,212	N/A*
Customer B	16,049	N/A*
Customer C	9,602	N/A*
Customer D	N/A*	2,007

* The corresponding customer did not contribute more than 10% of the total revenue of the Group during the Period and the Corresponding Period.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 August 2024

7. OTHER INCOME

	Six months ended	
	31 August 2024 HK\$'000 (unaudited)	31 August 2023 HK\$'000 (unaudited)
Interest income from bank balances	2,050	1,426
Dividend income	62	858
Handling fee income	200	77
Others	133	2
	2,445	2,363

8. OTHER LOSSES AND GAINS

	Six months ended	
	31 August 2024 HK\$'000 (unaudited)	31 August 2023 HK\$'000 (unaudited)
Realised loss on financial assets at fair value through profit or loss	(2,935)	(3,012)
Unrealised (loss)/gain on financial assets at fair value through profit or loss	(15,366)	19,521
	(18,301)	16,509

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 August 2024

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

	Six months ended	
	31 August 2024 HK\$'000 (unaudited)	31 August 2023 HK\$'000 (unaudited)
(Provision)/reversal of impairment losses on accounts receivable	(39)	23
Provision of impairment losses on loan and interest receivables	(120)	(64)
Provision of impairment losses on other receivables	(2)	—
	(161)	(41)

10. STAFF COSTS

	Six months ended	
	31 August 2024 HK\$'000 (unaudited)	31 August 2023 HK\$'000 (unaudited)
Directors' emoluments	1,518	2,448
Other staffs		
Salaries and allowance	9,064	12,071
Bonuses	—	200
Contributions to Mandatory Provident Fund Scheme	255	257
	10,837	14,976

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 August 2024

11. FINANCE COSTS

	Six months ended	
	31 August 2024 HK\$'000 (unaudited)	31 August 2023 HK\$'000 (unaudited)
Interest expenses — lease liabilities	37	28
	37	28

12. (LOSS)/PROFIT BEFORE TAX

	Six months ended	
	31 August 2024 HK\$'000 (unaudited)	31 August 2023 HK\$'000 (unaudited)
(Loss)/profit for the period has been arrived at after charging:		
Depreciation of property and equipment	45	81
Depreciation of right-of-use assets	632	695

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 August 2024

13. INCOME TAX EXPENSE

	Six months ended	
	31 August 2024 HK\$'000 (unaudited)	31 August 2023 HK\$'000 (unaudited)
Hong Kong Profits Tax:		
— Current tax	—	—
Deferred tax expenses	—	—
	—	—

Hong Kong Profits Tax was not provided for during the Period as the Group has no estimated assessable profits arising in Hong Kong during the Period.

14. DIVIDEND

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

15. (LOSS)/EARNINGS PER SHARE

	Six months ended	
	31 August 2024 (unaudited)	31 August 2023 (unaudited)
(Loss)/earnings for the purpose of basic and diluted (loss)/earnings per share: (Loss)/earnings for the period attributable to owners of the Company (HK\$'000)	(22,889)	9,347
Number of shares: Weighted average number of ordinary shares for the purpose of basic and diluted (loss)/earnings per share	400,000,000	400,000,000
(Loss)/earnings per share Basic and diluted (HK cents)	(5.72)	2.34

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 August 2024

16. PROPERTY AND EQUIPMENT

	Computer equipment <i>HK\$'000</i>	Furniture and fixtures <i>HK\$'000</i>	Leasehold improvement <i>HK\$'000</i>	Office equipment <i>HK\$'000</i>	Total <i>HK\$'000</i>
Cost					
As at 1 March 2023	861	491	3,487	100	4,939
Additions	—	—	—	—	—
As at 29 February 2024	861	491	3,487	100	4,939
Additions	—	—	—	—	—
As at 31 August 2024	861	491	3,487	100	4,939
Depreciation					
As at 1 March 2023	800	489	3,324	87	4,700
Charge for the year	25	1	128	5	159
As at 29 February 2024	825	490	3,452	92	4,859
Charge for the period	8	1	35	1	45
As at 31 August 2024	833	491	3,487	93	4,904
Carrying amount					
As at 31 August 2024	28	—	—	7	35
As at 29 February 2024	36	1	35	8	80

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 the lease terms and 25%
Office equipment	25%

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 August 2024

17. 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:

	As at	
	31 August 2024 HK\$'000 (unaudited)	29 February 2024 HK\$'000 (audited)
Properties leased for own use, carried at depreciated cost	1,741	297

- (ii) Amounts recognized in profit or loss:

	Six months ended	
	31 August 2024 HK\$'000 (unaudited)	31 August 2023 HK\$'000 (unaudited)
Depreciation of right of use assets	632	695

As at 31 August 2024 and 29 February 2024, the Group leased various offices for its operations. During the Period, the existing lease contracts were entered into for a fixed term of 1 year and 2 years. 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.

18. INTANGIBLE ASSET

	Stock Exchange trading rights HK\$'000
COST AND CARRYING AMOUNTS	
At 1 March 2023, 29 February 2024 and 31 August 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 Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 August 2024

19. ACCOUNTS RECEIVABLE

	As at	
	31 August 2024 HK\$'000 (unaudited)	29 February 2024 HK\$'000 (audited)
Accounts receivable arising from:		
— Corporate finance advisory services	1,010	822
— Securities dealing and brokerage services	24,224	10,416
— Securities financing services		
— Secured margin loan	20,955	18,617
— Asset management services	33	65
Less: allowance for credit loss	(108)	(69)
	46,114	29,851

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

Accounts receivable arising from securities dealing and brokerage services are 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 Period, 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.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 August 2024

19. ACCOUNTS RECEIVABLE (CONTINUED)

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 31 August 2024 are as follows:

	As at	
	31 August 2024 HK\$'000 (unaudited)	29 February 2024 HK\$'000 (audited)
0–30 days	24,719	10,986
31–60 days	68	137
61–90 days	30	30
Over 90 days	450	150
Less: impairment allowance	(80)	(44)
	25,187	11,259

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 31 August 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 33, was approximately HK\$32,000 (as at 29 February 2024: approximately HK\$63,000).

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 August 2024

20. LOAN RECEIVABLES

	As at	
	31 August 2024 HK\$'000 (unaudited)	29 February 2024 HK\$'000 (audited)
Secured loan receivables	10,300	5,000
Unsecured loan receivables	14,842	14,937
Less: impairment allowance	(579)	(459)
	24,563	19,478
Analysed as		
Non-current	5,178	—
Current	19,385	19,478
	24,563	19,478

The Group has provided money lending services in Hong Kong during the Period. The customers are mainly individuals. During the Period, the Group recorded an interest income from the money lending services of approximately HK\$772,000 (the Corresponding Period: approximately HK\$505,000), representing an increase of approximately 52.9% as compared with the Corresponding Period.

As at 31 August 2024, the secured loan receivables were secured by property units and carried interest at a fixed rate at from 8.5% to 9% (as at 29 February 2024: 8.5%) per annum, while the unsecured loan receivables carried interest at fixed and floating rate ranging from 3% to 15% (as at 29 February 2024: 3%–15%) per annum.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 August 2024

21. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	As at	
	31 August 2024 HK\$'000 (unaudited)	29 February 2024 HK\$'000 (audited)
Deposits with the Stock Exchange and a clearing house	855	275
Interest receivable	299	307
Prepayment	344	432
Utility deposit	457	492
Other receivables	1,130	1,054
Less: impairment allowance	(2)	—
	3,083	2,560
Analysed as		
Non-current	482	275
Current	2,601	2,285
	3,083	2,560

22. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at	
	31 August 2024 HK\$'000 (unaudited)	29 February 2024 HK\$'000 (audited)
Financial assets measured at FVTPL		
— Equity securities listed in Hong Kong (<i>note (i)</i>)	47,577	64,163
— Equity securities listed in United States (<i>note (i)</i>)	1,414	—
— Unlisted equity investment in Hong Kong (<i>note (ii)</i>)	5,355	5,355
	54,346	69,518

Notes:

- (i) The fair value of the listed securities is determined based on closing market price available on the Stock Exchange.
- (ii) The Group acquired 5,000,000 ordinary shares of an unlisted company incorporated in Hong Kong in the year ended 29 February 2024, at a consideration of RMB5,000,000, equivalent to HK\$5,355,000. As at 31 August 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 Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 August 2024

23. CASH AND BANK BALANCES

As at 31 August 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\$35,154,000 (as at 29 February 2024: approximately HK\$75,121,000).

24. 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 unaudited condensed consolidated statements of financial position and recognised the corresponding accounts payable (note 25) 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 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.

25. ACCOUNTS PAYABLE

	As at	
	31 August 2024 HK\$'000 (unaudited)	29 February 2024 HK\$'000 (audited)
Accounts payable arising from:		
— Securities dealing and brokerage services	105,190	59,072
— Placing and underwriting services	380	380
	105,570	59,452

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 31 August 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\$228,000 (as at 29 February 2024: approximately HK\$186,000).

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 31 August 2024, accounts payable arising from the securities dealing and brokerage services also included those payables placed in segregated accounts with authorised financial institutions of approximately HK\$82,054,000 (as at 29 February 2024: approximately HK\$48,929,000).

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 August 2024

26. OTHER PAYABLES AND ACCRUALS

	As at	
	31 August 2024 HK\$'000 (unaudited)	29 February 2024 HK\$'000 (audited)
Accrued expenses	904	13,013
Other payables	166	14
	1,070	13,027

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

27. CONTRACT LIABILITIES

	As at	
	31 August 2024 HK\$'000 (unaudited)	29 February 2024 HK\$'000 (audited)
Advisory fee	353	302

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 Period, advisory fee of approximately HK\$302,000 (the Corresponding Period: approximately HK\$93,000) that was included in the contract liabilities balance at the beginning of the Period was recognised as revenue.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 August 2024

28. LEASE LIABILITIES

	<i>HK\$'000</i>
As at 1 March 2023	1,826
Interest expenses	42
Lease payments	(1,538)
As at 29 February 2024	330
Addition	2,075
Interest expenses	37
Lease payment	(586)
Balance as at 31 August 2024	1,856

Future lease payments are due as follows:

	As at	
	31 August 2024 <i>HK\$'000</i> (unaudited)	29 February 2024 <i>HK\$'000</i> (audited)
Current liabilities	1,121	330
Non-current liabilities	735	—
	1,856	330

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 August 2024

29. SHARE CAPITAL

	Par value	Number of shares	Nominal amount HK\$'000
Ordinary shares			
Authorised:			
At 29 February 2024 and 31 August 2024	HK\$0.01	1,000,000,000	10,000
Issued and fully paid:			
At 29 February 2024 and 31 August 2024	HK\$0.01	400,000,000	4,000

30. DEFERRED TAXATION

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

	Tax losses HK\$'000	Temporary difference on accumulated tax depreciation HK\$'000	Total HK\$'000
At 1 March 2023	—	(357)	(357)
Credited to profit or loss for the year	—	—	—
At 29 February 2024 and 31 August 2024	—	(357)	(357)

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 August 2024

31. 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.

31. SHARE OPTION SCHEME (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:
- 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;
 - 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
 - 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.

32. CONTINGENT LIABILITIES

As at 31 August 2024, the Group did not have any significant contingent liabilities.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 August 2024

33. RELATED PARTY TRANSACTIONS AND BALANCES

During the Period and the Corresponding Period, the Group entered into the following transactions with related parties:

	For the six months ended	
	31 August 2024 HK\$'000 (unaudited)	31 August 2023 HK\$'000 (unaudited)
Commission income		
Mr. Chung Chi Man	—	0.1
Management fee income		
Innovax Alpha SPC — Innovax Balanced Fund SP (<i>Note</i>)	198	213
Interest income		
Mr. Poon Siu Kuen, Calvin	11	11

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:

	As at	
	31 August 2024 HK\$'000 (unaudited)	29 February 2024 HK\$'000 (audited)
Loan receivable		
— Mr. Poon Siu Kuen, Calvin	700	700

34. 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 throughout the Period.

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 each 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 Securities and Futures Commission (the "SFC") for the businesses in which they operate in. The Regulated Subsidiaries are subject to liquid capital requirements under the 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 higher. The required information is filed with the SFC on a regular basis.

35. FINANCIAL INSTRUMENTS

Fair value measurements

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

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's 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.

As at 31 August 2024 and 29 February 2024, the interest rate risk is considered to be limited because the Group's exposure to interest rate risk arising from the variable interest bearing assets is low. Accordingly, no sensitivity analysis on interest rate risk was presented.

Price risk

The Group is exposed to equity price risk through its investment in equity securities measured at FVTPL (note 22).

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, loan and other receivables and cash and bank balances. As at 31 August 2024, 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 risks associated with accounts receivable arising from securities financing services and the secured loan receivables, is mitigated because they are secured by securities or property units.

As at 31 August 2024 and 31 August 2023, the Group recognised a loss allowance of approximately HK\$29,000 and approximately HK\$27,000 respectively on the accounts receivable arising from the securities financing services which are 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 abilities of the customers having regard to their financial position, employment status, past due record and collaterals pledged to the Group.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 August 2024

35. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management (Continued)

Credit risk and impairment assessment (Continued)

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 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, the 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.

As at 31 August 2024 and 29 February 2024, the Group has concentration of credit risk on accounts receivable due from 3 secured margin clients from the securities financing business as to approximately 23.3% and approximately 43% 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 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 loan 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 their performance and creditability. 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 the loan receivables, the impairment allowance determined for other financial assets carried at amortised cost was insignificant during the Period.

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.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 August 2024

35. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management (Continued)

Credit risk and impairment assessment (Continued)

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, 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 during the last reporting period.

Liquidity risk

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

Fair value measurement

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 31 August 2024 HK\$'000 (unaudited)	Fair value as at 29 February 2024 HK\$'000 (audited)	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	48,991	64,163	Level 1	Quoted bid price in an active market	N/A	N/A
— Unlisted equity investment	5,355	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.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 August 2024

35. 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

	As at 31 August 2024			
	Level 1 HK\$'000 (unaudited)	Level 2 HK\$'000 (unaudited)	Level 3 HK\$'000 (unaudited)	Total HK\$'000 (unaudited)
Financial assets				
Financial assets measured at fair value through profit or loss				
— Listed equity securities	48,991	—	—	48,991
— Unlisted equity investment	—	—	5,355	5,355
Total	48,991	—	—	54,346

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

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

35. FINANCIAL INSTRUMENTS (CONTINUED)

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

	Financial assets at fair value through profit or loss <i>HK\$'000</i> (unaudited)
At 29 February 2024 and 1 March 2024	5,355
Addition	—
Disposal/redemption	—
Total gain in profit or loss	—
At 31 August 2024	5,355

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.

36. EVENT AFTER THE REPORTING PERIOD

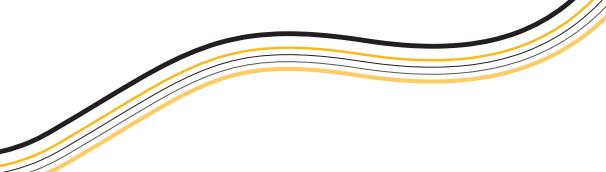
The proposed share consolidation

On 26 September 2024, the Board proposed to implement the share consolidation on the basis that every 10 existing shares in the share capital of the Company be consolidated into 1 consolidated share (the "Share Consolidation"). The Share Consolidation was approved by the shareholders by way of poll at the extraordinary general meeting of the Company held on 23 October 2024 and has become effective as at the date of this Interim report. The existing board lot of 2,000 shares remains unchanged upon the Share Consolidation becoming effective. Details of the Share Consolidation are set out in the announcement of the Company dated 26 September 2024.

The proposed rights issue

On 26 September 2024, the Company proposed to raise gross proceeds of up to approximately HK\$12.0 million before expenses, by way of rights issue, by issuing up to 20,000,000 rights shares at the subscription price of HK\$0.60 per rights share on the basis of 1 rights share for every 2 consolidated shares (the "Rights Issue"). In addition, the Company and Innovax Securities Limited as the placing agent entered into the placing agreement on 26 September 2024, in relation to the placing of unsubscribed rights shares to independent placees on a best effort basis during the placing period.

Details of the Rights Issue are set out in the announcement of the Company dated 26 September 2024. As at the date of this Interim Report, the Rights Issue was in progress and has not been completed. Further announcements will be made by the Company in the future if applicable.



Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 August 2024

36. EVENT AFTER THE REPORTING PERIOD (CONTINUED)

Cancellation of Share Options

With effect from 26 September, the 40,000,000 outstanding share options (the "Cancelled Share Options") granted according to the share option scheme adopted by the Company on 24 August 2018 ("2018 Share Option Scheme") were cancelled in accordance with the terms of the 2018 Share Option Scheme. In view of the recent performance of the share price of the shares of the Company and the exercise prices of all the Cancelled Share Options being higher than the recent market prices of the shares of the Company, the Board considered that the Cancelled Share Options no longer serves the purpose of providing incentives or rewards to the grantee for contribution to the Group. Details of the Cancelled Share Options are set out in the announcement of the Company dated 26 September 2024.

Save as disclosed above, as at the date of this Interim Report, there was no significant event after the reporting period.

37. APPROVAL OF THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD

The unaudited condensed consolidated financial statements for the Period were approved and authorised for issue by the Board on 28 October 2024.