

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



China Industrial Securities International Financial Group Limited

興證國際金融集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6058)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2024

RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of China Industrial Securities International Financial Group Limited (the “**Company**”) announces the consolidated results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 December 2024, with the comparative figures for the year ended 31 December 2023 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

		2024	2023
	<i>Notes</i>	<i>HK\$</i>	<i>HK\$</i>
Commission and fee income	4	301,859,422	166,897,751
Interest revenue	4	158,866,332	121,850,597
Net trading and investment income	4	420,357,867	254,606,269
Total revenue	4	881,083,621	543,354,617
Other income	4	192,598,937	191,738,746
Finance costs		(468,207,631)	(288,901,605)
Commission and fee expenses		(73,923,838)	(39,504,244)
Staff costs	5	(238,852,308)	(196,919,115)
Other operating expenses		(119,736,521)	(146,300,880)
Impairment losses on financial assets	5	(37,211,042)	(8,416,652)
Other gains or losses	5	(1,483,397)	18,106,895
Profit before taxation	5	134,267,821	73,157,762
Taxation	6	(26,178,931)	(18,593,479)
Profit for the year		108,088,890	54,564,283
Attributable to:			
Owners of the Company		108,088,890	54,564,283
Earnings per share attributable to ordinary equity holders of the Company			
Basic and diluted (<i>expressed in HKD</i>)	7	0.0231	0.0136

	2024	2023
<i>Notes</i>	<i>HK\$</i>	<i>HK\$</i>
Profit for the year	<u>108,088,890</u>	<u>54,564,283</u>
Other comprehensive income		
Items that will not be reclassified to profit or loss:		
– Equity instruments designated at fair value through other comprehensive income		
– Changes in fair value	35,767,979	56,980,935
– Income tax impact	(5,440,320)	(1,723,515)
Items that may be reclassified subsequently to profit or loss:		
– Debt investments at fair value through other comprehensive income		
– Changes in fair value	13,208,662	25,365,150
– Reclassification adjustment to profit or loss on disposal	(21,965,441)	(7,845,872)
– Income tax impact	<u>(1,723,515)</u>	<u>1,723,515</u>
Other comprehensive income for the year, net of tax	<u>19,847,365</u>	<u>74,500,213</u>
Total comprehensive income for the year	<u>127,936,255</u>	<u>129,064,496</u>
Attributable to:		
Owners of the Company	<u>127,936,255</u>	<u>129,064,496</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2024

	Notes	2024 HK\$	2023 HK\$
Non-current assets			
Property and equipment		37,006,105	56,906,975
Intangible assets		11,448,338	11,248,970
Financial assets at fair value through profit or loss	11	10,908,359	15,159,814
Debt investments at amortised cost	12	690,934,760	278,122,966
Reverse repurchase agreements		92,700,369	93,288,805
Statutory deposits		20,723,815	12,748,741
Deferred tax assets		93,974,695	120,804,400
Deposits, other receivables and prepayments		6,403,751	6,436,948
		<u>964,100,192</u>	<u>594,717,619</u>
Current assets			
Accounts receivable	8	1,171,860,830	1,010,886,882
Financial assets at fair value through profit or loss	11	4,373,209,742	4,919,759,113
Financial assets at fair value through other comprehensive income	13	4,941,786,306	4,385,085,302
Debt investments at amortised cost	12	84,222,555	–
Statutory deposits		9,796,173	10,404,961
Deposits, other receivables and prepayments		387,514,648	317,850,920
Tax receivable		7,967,063	1,808,472
Bank balances – trust accounts		1,831,016,133	3,419,362,123
Bank balances – general accounts and cash		1,961,292,282	1,892,147,583
		<u>14,768,665,732</u>	<u>15,957,305,356</u>
Current liabilities			
Accounts payable	9	2,246,110,797	3,510,257,387
Accruals and other payables		124,641,261	24,026,268
Amount due to a related party		4,002,026	4,723,189
Contract liabilities		1,355,175	4,308,726
Tax payable		6,826,313	6,274,228
Financial liabilities at fair value through profit or loss		26,180,966	30,659,837
Repurchase agreements		5,108,975,622	3,341,795,173
Bank borrowings		2,621,311,780	2,184,584,146
Notes		60,960,087	168,281,769
Bonds		–	2,087,232,051
Lease liabilities		19,365,469	19,349,190
Other liabilities		96,457,776	140,274,408
		<u>10,316,187,272</u>	<u>11,521,766,372</u>
Net current assets		<u>4,452,478,460</u>	<u>4,435,538,984</u>

		2024	2023
	Notes	HK\$	HK\$
Non-current liabilities			
Repurchase agreements		519,317,230	876,991,121
Bonds		649,739,968	–
Deferred tax liabilities		8,318	15,814
Lease liabilities		11,434,683	29,307,470
		<u>1,180,500,199</u>	<u>906,314,405</u>
Net assets		<u>4,236,078,453</u>	<u>4,123,942,198</u>
Equity			
Share capital	10	400,000,000	400,000,000
Share premium		3,379,895,424	3,379,895,424
Accumulated loss		(992,084,722)	(1,102,906,837)
Other reserve		11,577,844	11,577,844
Capital reserve		442,441,821	442,441,821
Fair value reserve		(5,751,914)	(7,066,054)
Equity attributable to holders of the ordinary shares		3,236,078,453	3,123,942,198
Equity attributable to holders of other equity instruments		<u>1,000,000,000</u>	<u>1,000,000,000</u>
Total equity		<u>4,236,078,453</u>	<u>4,123,942,198</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

1. GENERAL

China Industrial Securities International Financial Group Limited (“the Company”) was incorporated and registered as an exempted company with limited liability in the Cayman Islands under the Cayman Companies Law on 21 July 2015. The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information section of the annual report.

The consolidated financial statements are presented in Hong Kong dollars (“HK\$”), which is the same as the functional currency of the Company.

2. CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued the following amended HKFRSs that are first effective for the current accounting period of the Group.

- Amendments to HKAS 1, *Presentation of financial statements – Classification of liabilities as current or non-current* (“2020 amendments”) and amendments to HKAS 1, *Presentation of financial statements – Non-current liabilities with covenants* (“2022 Amendments”)
- Amendments to HKFRS 16, *Leases – Lease liability in a sale and leaseback*
- Amendments to HKAS 7, *Statement of cash flows* and HKFRS 7, *Financial instruments: Disclosures – Supplier finance arrangements*

None of these amended HKFRSs have had a material effect on how the Group’s results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3. SEGMENT REPORTING

Information reported to the Board of Directors of the Company, being the chief operating decision maker (“CODM”), for the purposes of resource allocation and assessment of segment performance focuses on types of services provided. The CODM considers the Group’s operations are located in Hong Kong.

The Group’s reportable and operating segments under HKFRS 8 are as follows:

Wealth management – provision of securities, futures, options and insurance brokerage, financial products and margin financing services to clients;

Corporate finance – provision of corporate advisory, sponsorship, placing and underwriting services of debt and equity securities and structured products arrangement services;

Asset management – provision of fund management, discretionary account management and investment advisory services;

Financial products and investments – proprietary trading and investment of funds, debt and equity securities, fixed income, derivatives and other financial products.

Others – other businesses in addition to the above, including head office operations and investment holding platforms, and management of general working capital.

The accounting policies of the operating segments are the same as the Group’s accounting policies. Inter-segment revenues are charged among segments at an agreed rate with reference to the rate normally charged to third party customers, the nature of services or the costs incurred. During the current year, the Group has consolidated the “Brokerage” and “Margin financing” segments into “Wealth management” segment. Accordingly, the comparative information has been restated to conform with the current year’s presentation.

For the year ended 31 December 2024

	Wealth management HK\$	Corporate finance HK\$	Asset management HK\$	Financial products and investments HK\$	Others HK\$	Eliminations HK\$	Consolidated HK\$
Segment revenue and result							
Commission and fee income	158,857,492	130,586,269	12,415,661	–	–	–	301,859,422
Interest revenue	36,170,425	–	–	122,695,907	–	–	158,866,332
Net trading and investment income	–	–	–	420,357,867	–	–	420,357,867
Inter-segment revenue	1,102,586	–	8,011,678	–	–	(9,114,264)	–
Segment revenue	196,130,503	130,586,269	20,427,339	543,053,774	–	(9,114,264)	881,083,621
Revenue presented in the consolidated statement of profit or loss and other comprehensive income							<u>881,083,621</u>
Segment results	123,301,836	54,898,403	(14,979,717)	17,506,530	(46,459,231)	–	<u>134,267,821</u>
Profit before taxation presented in the consolidated statement of profit or loss and other comprehensive income							<u>134,267,821</u>
Other segmental information included in the measure of segment results							
Change in impairment losses on financial assets	37,021,273	1,450,216	(1,681,387)	420,940	–	–	<u>37,211,042</u>
Depreciation	10,237	–	–	–	22,126,508	–	<u>22,136,745</u>
Amortisation	2,890,865	–	17,067	–	3,208,461	–	<u>6,116,393</u>
Interest income	266,530,313	1,142,239	1,433,666	460,034,847	240,096,845	(297,008,495)	<u>672,229,415</u>
Interest expenses	78,688,112	–	–	471,542,810	214,985,204	(297,008,495)	<u>468,207,631</u>
Dividend income	–	–	–	121,318,651	–	–	<u>121,318,651</u>

For the year ended 31 December 2023

	Wealth management HK\$	Corporate finance HK\$	Asset management HK\$	Financial products and investments HK\$	Others HK\$	Eliminations HK\$	Consolidated HK\$
Segment revenue and result							
Commission and fee income	111,040,955	40,833,714	15,023,082	–	–	–	166,897,751
Interest revenue	30,274,458	–	–	91,576,139	–	–	121,850,597
Net trading and investment income	–	–	–	254,606,269	–	–	254,606,269
Inter-segment revenue	164,997	–	8,118,969	–	–	(8,283,966)	–
Segment revenue	141,480,410	40,833,714	23,142,051	346,182,408	–	(8,283,966)	543,354,617
Revenue presented in the consolidated statement of profit or loss and other comprehensive income							<u>543,354,617</u>
Segment results	77,998,909	(6,511,416)	(19,152,773)	13,569,563	7,253,479	–	<u>73,157,762</u>
Profit before taxation presented in the consolidated statement of profit or loss and other comprehensive income							<u>73,157,762</u>
Other segmental information included in the measure of segment results							
Change in impairment losses on financial assets	6,403,060	–	1,224,745	788,847	–	–	<u>8,416,652</u>
Depreciation	4,056	–	–	–	34,959,535	–	<u>34,963,591</u>
Amortisation	2,765,203	–	17,067	–	3,706,575	–	<u>6,488,845</u>
Interest income	227,228,191	1,399,615	611,730	353,774,489	143,742,678	(161,791,378)	<u>564,965,325</u>
Interest expenses	39,728,689	–	–	285,695,620	125,268,674	(161,791,378)	<u>288,901,605</u>
Dividend income	–	–	–	122,846,696	–	–	<u>122,846,696</u>

Geographical information

For the years ended 31 December 2024 and 2023, the Group's revenue from external customers are all derived from activities in Hong Kong based on the location of services delivered and the Group's non-current assets excluding financial instruments are all located in Hong Kong by physical location of assets. As a result, no geographical segment information is presented for both years.

Information about major customers

The largest customer and largest 5 customers contribute approximately 19.83% and 30.63% respectively (2023: 16.2% and 32.8% respectively) to the Group's revenue from external customers during the year ended 31 December 2024.

4. REVENUE AND OTHER INCOME

An analysis of revenue and other income is as follows:

Revenue

	2024	2023
	HK\$	HK\$
<i>Revenue from contracts with customers within the scope of HKFRS15</i>		
Commission and fee income		
Brokerage:		
Commission and fee income from securities brokerage	141,892,525	96,438,136
Commission and fee income from futures and options brokerage	11,674,879	7,569,760
Commission income from insurance brokerage	5,290,088	7,033,059
	<u>158,857,492</u>	<u>111,040,955</u>
Corporate finance:		
Commission income on placing, underwriting and sub-underwriting		
– Debt securities	113,210,972	29,694,664
– Equity securities	44,416	6,000
Corporate advisory fee income	1,073,735	1,020,000
Sponsor fee income	4,413,231	4,397,628
Arrangement fee income	11,843,915	5,715,422
	<u>130,586,269</u>	<u>40,833,714</u>

	2024 HK\$	2023 HK\$
Asset management:		
Asset management fee income	10,127,980	12,980,082
Investment advisory fee income	2,287,681	2,043,000
	<u>12,415,661</u>	<u>15,023,082</u>
	<u>301,859,422</u>	<u>166,897,751</u>
Revenue from other sources		
Interest revenue		
Financial products and investments:		
Interest income from reverse repurchase agreements	5,900,672	6,302,705
Interest income from debt investments at fair value through other comprehensive income	102,203,555	75,534,291
Interest income from debt investments at amortised cost	14,591,680	9,739,143
	<u>122,695,907</u>	<u>91,576,139</u>
Margin financing:		
Interest income from margin financing	36,170,425	30,274,458
	<u>158,866,332</u>	<u>121,850,597</u>

	2024 HK\$	2023 HK\$
Net trading and investment income		
Financial products and investments:		
Interest income from financial assets at fair value through profit or loss	335,230,707	257,321,153
Dividend income from financial assets at fair value through profit or loss	5,573,856	10,536,049
Net loss on financial assets at fair value through profit or loss	(103,976,218)	(150,711,713)
Net gain on derivatives	44,334,416	7,300,656
Net gain on financial liabilities at fair value through profit or loss	1,484,870	10,003,605
Dividend income from equity instruments designated at fair value through other comprehensive income	115,744,795	112,310,647
Net gain on disposals of debt investments at fair value through other comprehensive income	21,965,441	7,845,872
	<u>420,357,867</u>	<u>254,606,269</u>
Total revenue	<u>881,083,621</u>	<u>543,354,617</u>

Timing of revenue recognition for commission and fee income from customers

	2024 HK\$	2023 HK\$
A point in time	276,455,168	138,735,200
Over time	<u>25,404,254</u>	<u>28,162,551</u>
Total	<u>301,859,422</u>	<u>166,897,751</u>

Performance obligations for commission and fee income from customers

(1) *Brokerage*

The Group provides broking and dealing services for securities, futures and options contracts. Commission income is recognised at a point in time on the execution date of the trades at a certain percentage of the transaction value of the trades executed. The Group also provides handling services for securities, futures and options customer accounts. Fee income is recognised when the transaction is executed.

The Group provides custodian services for securities, futures and options customer accounts. The customers simultaneously receives and consumes the benefit provided by the Group, hence the revenue is recognised as a performance obligation satisfied over time.

The Group also provides placement services for insurance and wealth products to customers. Commission income is recognised at a point in time when the placement is completed and is calculated at a certain percentage of the premium paid for certain period of the insurance and wealth products.

(2) *Corporate finance*

The Group provides placing, underwriting or sub-underwriting services to customers for their fund raising activities in equity and debt capital markets, and also structured products arrangement services. Revenue is recognised when the relevant placing, underwriting, sub-underwriting or structured products arrangement activities are completed. Accordingly, the revenue is recognised at a point in time.

The Group also provides sponsorship services to clients for their fund raising activities and corporate advisory services to corporate clients for their corporate actions. The Group considers that all the services promised in a particular contract of being a sponsor or corporate advisor are interdependent and interrelated and should be therefore accounted for as a single performance obligation. As there is enforceable right to payment for the Group for the performance of services completed up to date based on the contracts with customers regarding sponsor or corporate advisory services, the revenue is recognised over time.

(3) *Asset management*

The Group provides asset management and investment advisory services on diversified and comprehensive investment products to customers. The customers simultaneously receive and consume the benefit provided by the Group, hence the revenue is recognised as a performance obligation satisfied over time. Asset management fee income is charged at a fixed percentage per month of the net asset value of the managed accounts under management of the Group. Investment advisory fee income is charged at a fixed amount per month for managing the investment portfolio of each client.

The Group is also entitled to a performance fee when there is a positive performance for the relevant performance period and it is recognised at the end of the relevant performance period, when it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is resolved.

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

The following table shows the aggregate amount of transaction price allocated to performance obligations that are unsatisfied (or partly unsatisfied) as at 31 December 2024 and 2023 and the expected timing of recognising revenue are as follows:

	2024 HK\$	2023 HK\$
Within one year	<u>886,699</u>	<u>3,887,500</u>

This amount represents revenue expected to be recognised in the future from the contracts for sponsorship services. The Group will recognise the expected revenue in future when or as the work is completed, which is expected to occur over the next 12 months.

Other Income

	2024 HK\$	2023 HK\$
Interest income from financial institutions	178,132,376	185,793,575
Sundry income	<u>14,466,561</u>	<u>5,945,171</u>
	<u>192,598,937</u>	<u>191,738,746</u>

5. PROFIT BEFORE TAXATION

	2024 HK\$	2023 HK\$
Profit before taxation has been arrived at after charging/(crediting):		
Staff costs (including directors' emoluments and five highest paid employees' emoluments)	238,852,308	196,919,115
Salaries and bonuses (<i>note a</i>)	234,673,755	192,612,128
Contribution to the MPF Scheme	3,525,264	3,435,141
Other staff costs	653,289	871,846
Auditor's remuneration	2,360,000	1,950,000
Legal and professional fee	12,428,764	13,538,494
Amortisation of intangible assets	6,116,393	6,488,845
Depreciation of property and equipment	22,136,745	34,963,591
Telephone and postage	3,980,731	4,182,803
Maintenance fee	21,636,844	19,426,885
Transportation expenses	2,708,498	3,530,045
Entertainment expenses	1,934,434	3,222,100
Impairment losses on financial assets	37,211,042	8,416,652
Secured margin loans (<i>note c</i>)	37,688,183	6,417,671
Accounts receivable (except for secured margin loans)	(305,810)	862,763
Reverse repurchase agreements	(9,153)	(148,036)
Bank balances – trust accounts	(592,272)	347,371
Debt investments at amortised costs	266,607	(1,456)
Debt investments at FVTOCI	163,487	938,339
Other gains or losses	1,483,397	(18,106,895)
Exchange gain	(3,515,098)	(13,520,380)
Other loss/(gain) (<i>note b</i>)	4,614,107	(4,586,515)
Losses on disposals of property and equipment	384,388	–

Notes:

- (a) Staff and directors' bonuses are discretionary and determined with reference to the Group's and the individual's performance.

- (b) Included in other loss/(gain) is the net loss of consolidated investment funds' net asset value attributable to third-party unit holders/shareholders of HK\$4,614,107 (2023: net gain of HK\$4,586,515).
- (c) According to the assessment of the expected credit loss model, net impairment losses on secured margin loans of HK\$37,688,183 (2023: HK\$6,417,671) were made for the year, including (i) impairment losses recognised of HK\$41,893,062 (2023: HK\$31,870,221); net of (ii) reversal of impairment losses of HK\$4,204,879 (2023: HK\$25,452,550).

6. TAXATION

	2024 <i>HK\$</i>	2023 <i>HK\$</i>
Hong Kong Profits Tax:		
Current year	6,826,313	5,972,862
Over-provision in prior years	<u>(305,756)</u>	<u>(39,927)</u>
	6,520,557	5,932,935
Deferred Tax	<u>19,658,374</u>	<u>12,660,544</u>
	<u><u>26,178,931</u></u>	<u><u>18,593,479</u></u>

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

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

The tax expense for the years ended 31 December 2024 and 2023 can be reconciled to the profit before taxation per the consolidated statement of profit or loss and other comprehensive income as follows:

	2024 HK\$	2023 HK\$
Profit before taxation	<u>134,267,821</u>	<u>73,157,762</u>
Notional tax on profit before taxation, calculated at 16.5% (2023: 16.5%)	22,154,190	12,071,031
Tax effect of expenses not deductible for tax purpose	9,863,177	11,803,069
Tax effect of income not taxable for tax purpose	(32,681,182)	(15,196,625)
Tax at concessionary tax rate of 8.25% (2023: 8.25%)	(165,000)	(165,000)
Tax effect of deductible temporary difference not recognised	31,118,779	2,184,352
Tax effect of tax losses not recognised	8,043,547	9,702,348
Reversal of tax losses previously recognised	5,666,254	–
Utilisation of tax losses previously not recognised	(17,506,279)	(2,019,378)
Over-provision in prior years	(305,756)	(39,927)
Others	<u>(8,799)</u>	<u>253,609</u>
Tax expense for the year	<u>26,178,931</u>	<u>18,593,479</u>

In 2021, the Organisation for Economic Co-operation and Development published the Global Anti-Base Erosion Model Rules (“**Pillar Two model rules**”) for a new global minimum tax reform applicable to large multinational enterprises. The Pillar Two legislation is expected to become effective in Hong Kong from 2025 retrospectively after relevant domestic legislations are enacted. The Group has applied the temporary mandatory exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes and accounted for the tax as current tax when incurred. The Group has assessed there is immaterial impact to the financial position as at 31 December 2024 and the Group continues to assess the impact of the Pillar Two income tax legislation on its future financial performance.

7. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to ordinary equity holders of the Company is based on the following data:

	2024 <i>HK\$</i>	2023 <i>HK\$</i>
Earnings (HK\$)		
Earnings for the purpose of basic earnings per share:		
Profit for the year attributable to owners of the Company	108,088,890	54,564,283
Less: distribution to holder of other equity instruments	<u>(15,800,000)</u>	<u>–</u>
Profit for the year attributable to ordinary equity holders of the Company	<u>92,288,890</u>	<u>54,564,283</u>
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	<u>4,000,000,000</u>	<u>4,000,000,000</u>

For each of the years ended 31 December 2024 and 2023, there were no dilutive potential ordinary shares in issue, thus diluted earnings per share is equal to basic earnings per share.

8. ACCOUNTS RECEIVABLE

	2024 HK\$	2023 HK\$
Accounts receivable arising from the business of dealing in securities:		
Secured margin loans	1,151,314,120	1,385,823,142
Less: impairment allowance	(533,674,166)	(916,538,388)
	<u>617,639,954</u>	<u>469,284,754</u>
Clearing houses	154,349,728	114,184,353
Cash clients	32,692,302	61,707,836
Brokers	44,989,047	77,817,868
Less: impairment allowance	(825,319)	(899,958)
	<u>231,205,758</u>	<u>252,810,099</u>
	<u>848,845,712</u>	<u>722,094,853</u>
Accounts receivable arising from the business of dealing in futures and options contracts:		
Clearing houses	20,510,294	17,492,319
Brokers	105,701,971	53,202,829
	<u>126,212,265</u>	<u>70,695,148</u>
Accounts receivable arising from the business of corporate finance	29,617,914	11,409,121
Less: impairment allowance	(1,450,216)	–
	<u>28,167,698</u>	<u>11,409,121</u>
Accounts receivable arising from the business of asset management	3,062,938	8,164,969
Less: impairment allowance	(150,000)	(1,831,387)
	<u>2,912,938</u>	<u>6,333,582</u>
Accounts receivable arising from the business of financial products and investments:		
Brokers	165,722,217	200,354,178
	<u>1,171,860,830</u>	<u>1,010,886,882</u>

Secured margin loans

The Group provides customers with margin financing for securities transactions, which are secured by customers' securities held as collateral. The Group seeks to maintain strict control over its outstanding receivables, and rigorously monitors credit risks. To minimise exposure to credit risk, the Group evaluates customers' credit rating, financial background and repayment abilities. Management of the Group has set up credit limit for each individual customer, the application for which shall be subject to the Group's authorisation mechanism and submitted to the internal control department and senior management for approval. The maximum credit limit granted for each customer is based on the customer's creditworthiness, financial strength, the past collection statistic and the quality of related collateral. The amount of credit facilities granted to margin clients is determined by the discounted market value of the collateral securities accepted by the Group and other factors.

As at 31 December 2024 and 2023, the loans are repayable on demand subsequent to settlement date and are analysed as follows:

	2024	2023
	HK\$	HK\$
Non credit-impaired secured margin loans		
– Gross amount	475,809,860	257,515,694
– Carrying amount	474,699,118	255,827,797
Credit-impaired secured margin loans		
– Gross amount	675,504,260	1,128,307,448
– Carrying amount	142,940,836	213,456,957
Market value of securities pledged in respect of all margin loans	2,558,654,000	2,167,585,000

Securities are assigned with specific margin ratios for calculating their margin values. Additional funds or collateral are required if the amount of accounts receivable outstanding exceeds the margin value of securities deposited.

The collateral held can be repledged and can be sold at the Group's discretion to settle any outstanding amount owed by margin clients. The Group had obtained margin clients' consent to pledge their securities collateral to secure banking facilities granted to the Group to finance the margin loan. As at 31 December 2024 and 2023, no bank borrowings were secured by charges over client's pledged securities.

During the years ended 31 December 2024 and 2023, no margin loans were granted to the directors of the Company and directors of the subsidiaries.

Accounts receivable (except for secured margin loans)

Except for secured margin loans, the normal settlement terms of accounts receivable arising from the business of dealing in securities are two days after trade date. The normal settlement terms of accounts receivable arising from the business of dealing in futures and options contracts are one day after trade date.

In respect of accounts receivable arising from the business of dealing in future and options contracts, under the settlement arrangement with HKCC (the clearing house), all open positions held at HKCC are treated as if they were closed out and reopened at the relevant closing quotation as determined by HKCC. Profits or losses arising from this “mark-to-market” settlement arrangement are included in accounts receivable with HKCC. In accordance with the agreement with the brokers, mark-to-market profits or losses are treated as if they were settled and are included in accounts receivable with brokers.

Normal settlement terms of accounts receivable arising from the business of corporate finance and asset management are determined in accordance with the agreed terms, usually within one month to one year after the service was provided.

Normal settlement terms of accounts receivable arising from brokers arising from the business of financial products and investments are determined in accordance with the agreed terms which are normally two to five days after the trade date.

The following is an aging analysis of gross accounts receivable arising from the business of corporate finance and asset management based on date of invoice/accrual at the reporting date:

Corporate finance clients

	2024	2023
	HK\$	HK\$
Not past due	9,318,600	4,689,300
Less than 31 days	7,501,959	5,222,712
31 – 60 days	9,417,143	46,893
61 – 90 days	1,796,001	–
91 – 180 days	52,098	–
Over 180 days	1,532,113	1,450,216
	<u>29,617,914</u>	<u>11,409,121</u>

Asset management clients

	2024 <i>HK\$</i>	2023 <i>HK\$</i>
Less than 31 days	1,546,832	1,280,280
31 – 60 days	622,645	464,297
61 – 90 days	596,344	422,347
91 – 180 days	147,117	1,072,112
181 – 365 days	–	2,076,938
Over 365 days	150,000	2,848,995
	<u>3,062,938</u>	<u>8,164,969</u>

The Group offsets certain accounts receivable and accounts payable when the Group currently has a legally enforceable right to set off the balances; and intends to settle on a net basis or to realise the balances simultaneously.

9. ACCOUNTS PAYABLE

	2024 <i>HK\$</i>	2023 <i>HK\$</i>
Accounts payable arising from the business of dealing in securities:		
Clearing house	4,552,535	50,202,501
Brokers	1,961,657	12,489,121
Clients	1,736,296,194	3,216,060,730
	<u>1,742,810,386</u>	<u>3,278,752,352</u>
Accounts payable arising from the business of dealing in futures and options contracts:		
Clients	336,877,496	213,802,958
Accounts payable arising from the business of asset management:		
Clients	–	1,808
Accounts payable arising from the business of financial products and investments:		
Brokers	149,564,486	11,014,000
Clients	16,858,429	6,686,269
	<u>166,422,915</u>	<u>17,700,269</u>
	<u>2,246,110,797</u>	<u>3,510,257,387</u>

In respect of accounts payable arising from the business of dealing in securities, accounts payable to clearing house represent trades pending settlement arising from business of dealing in securities transactions which are normally two trading days after the trade date or at specific terms agreed with clearing house. The majority of the accounts payable to cash clients and margin clients are repayable on demand except where certain balances represent trades pending settlement or margin deposits and cash collateral received from clients for their trading activities under the normal course of business. Only the amounts in excess of the required margin deposits and cash collateral stipulated are repayable on demand.

Accounts payable to brokerage clients (except certain balances arising from trades pending settlement) mainly include money held on behalf of clients at banks and at clearing houses by the Group, and are interest-bearing at the prevailing market interest rate.

In respect of accounts payable arising from the business of dealing in futures and options contracts, settlement arrangements with clients follow the same settlement mechanism with HKCC or brokers and profits or losses arising from mark- to-market settlement arrangement are included in accounts payables with clients. Accounts payable to clients arising from the business of dealing in futures and option contract are non-interest bearing.

The normal settlement terms of accounts payable arising from the business of dealing in securities for cash clients are two days after trade date and accounts payable arising from the business of dealing in futures contracts are one day after trade date. No aging analysis is disclosed as in the opinion of the directors of the Company, the aging analysis does not give additional value in view of the nature of the business.

In respect of accounts payable arising from the business of financial products and investments, accounts payable to brokers represent trades pending settlement which are normally determined in accordance with the agreed terms and which are normally two to five days after the trade date.

The Group has accounts payable arising from the business of dealing in securities of HK\$4,050,272 due to the immediate holding company as at 31 December 2024 (2023: HK\$2,660,046).

10. SHARE CAPITAL

Details of the movement of share capital for both years are as follows:

	Number of ordinary shares of HK\$0.10 each	Share capital HK\$
Authorised:		
As at 1 January 2023, 31 December 2023, 1 January 2024 and 31 December 2024	<u>20,000,000,000</u>	<u>2,000,000,000</u>
Issued and fully paid:		
As at 1 January 2023, 31 December 2023, 1 January 2024 and 31 December 2024	<u>4,000,000,000</u>	<u>400,000,000</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2024 HK\$	2023 HK\$
Equity securities		
– Listed in Hong Kong	43,216,093	75,318,872
– Listed outside Hong Kong	40,735,485	66,429,215
Debt securities (<i>note a</i>)		
– Listed in Hong Kong	1,859,671,756	2,256,099,746
– Listed outside Hong Kong	952,304,277	863,792,864
– Unlisted	1,292,556,444	1,361,957,116
Funds		
– Unlisted	161,869,564	310,753,781
Derivatives (<i>note b</i>)	33,764,482	567,333
	4,384,118,101	4,934,918,927
Analysed as		
Current	4,373,209,742	4,919,759,113
Non-current (<i>note c</i>)	10,908,359	15,159,814
	4,384,118,101	4,934,918,927

Notes:

- (a) Included in the portfolio of held for trading debt securities, there certain debt securities have sold under a repurchase agreement during the year ended 31 December 2024 and 2023.
- (b) For the year ended 31 December 2024, the Group entered into swap contracts and currency forwards with total notional amounts of RMB498,183,306 and USD60,000,000 (2023: RMB25,997,738), of which reference to equity index, fund interest and debt securities.
- (c) For the years ended 31 December 2024 and 2023, included in the non-current portion is an unlisted investment fund that the directors of the Group do not expect to realise within twelve months after the reporting period.

12. DEBT INVESTMENTS AT AMORTISED COST

	2024 HK\$	2023 HK\$
Debt securities		
– Listed in Hong Kong	603,155,362	239,041,810
– Listed outside Hong Kong	101,424,481	–
– Unlisted	70,942,044	39,179,121
Less: impairment allowance	(364,572)	(97,965)
	<u>775,157,315</u>	<u>278,122,966</u>
Analysed as		
Current	84,222,555	–
Non-current	<u>690,934,760</u>	<u>278,122,966</u>
	<u>775,157,315</u>	<u>278,122,966</u>

The carrying amounts of the debt investments at amortised cost approximate to their fair values as at 31 December 2024 and 2023.

13. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2024 HK\$	2023 HK\$
Equity instruments designated at FVTOCI (<i>note</i>)		
– Listed in Hong Kong	1,885,666,046	1,925,150,134
– Listed outside Hong Kong	756,506,017	552,974,766
– Unlisted	115,467,226	102,603,406
Debt securities		
– Listed in Hong Kong	1,257,918,032	1,382,616,164
– Listed outside Hong Kong	621,996,318	397,477,297
– Unlisted	304,232,667	24,263,535
	<u>4,941,786,306</u>	<u>4,385,085,302</u>
Analysed as		
Current	4,941,786,306	4,385,085,302
Non-current	<u>–</u>	<u>–</u>
	<u>4,941,786,306</u>	<u>4,385,085,302</u>

Note: The Group has designated those equity instruments at fair value through other comprehensive income (“FVTOCI”) as these investments are not held for trading purpose.

During the year ended 31 December 2024, the Group disposed certain equity instruments designated at FVTOCI in response to the change in market conditions. The fair value of the equity instruments disposed at the date of derecognition was HK\$1,006,555,464 (2023: HK\$495,621,886). The cumulative gain on disposal of HK\$18,533,225 (2023: cumulative loss on disposal of HK\$13,351,587) was transferred from fair value reserve to accumulated loss.

14. DIVIDENDS

Dividends for ordinary shareholders of the Company recognised as distribution during the year:

	2024	2023
	HK\$	HK\$
2023 Final – HK\$Nil (2023: 2022 Final – HK\$Nil) per share	<u>–</u>	<u>–</u>

Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 December 2024 of HK\$0.01 per ordinary share, in an aggregate amount of HK\$40,000,000, has been proposed by the directors of the Company and is subject to approval by the shareholders in the forthcoming annual general meeting (2023: the directors of the Company did not recommend any payment of final dividend in respect of the year ended 31 December 2023). The proposed final dividend after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

15. COMMITMENTS

Investment commitments

In the normal course of business, the Group had no investment commitments contracted as at 31 December 2024 (2023: Nil).

SCOPE OF WORK OF KPMG

The financial figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2024 as set out in the preliminary announcement have been compared by the Group's auditor, KPMG, Public Interest Entity Auditor registered in accordance with the Financial Reporting Council Ordinance, to the amounts set out in the Group's draft consolidated financial statements for the year and the amounts were found to be in agreement. The work performed by KPMG in this respect did not constitute an audit, review or other assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no opinion or assurance has been expressed by the auditor on the preliminary announcement.

MANAGEMENT DISCUSSION AND ANALYSIS

I. Market Review

In 2024, Hong Kong's position as an international financial centre remained steady and the capital market demonstrated resilience and vitality, despite global inflationary pressures, tightening monetary policies and uncertainties in international capital flows. Hong Kong withstood global capital market volatility. With respect to the Hong Kong stock market, IPO raised over HK\$80 billion for the year, nearly double that of 2023, and returned to the fourth largest in the world; the Hang Seng Index bottomed out and rebounded, with a cumulative increase of approximately 17.7% throughout year, reversing the downtrend that had persisted in the past few years; the average daily turnover of Hong Kong stocks amounted to HK\$131.8 billion, a rise of 26% compared with the same period of 2023, fully reflecting the rebound in investor confidence. In respect of the bond market, as the U.S. Federal Reserve initiated interest rate cuts, Asia (excluding Japan) G3 currency (US dollar, Euro and Japanese yen) bond issuance rose by 38.41% year-on-year to US\$175.5 billion in 2024, ending the downward trend for two consecutive years.

II. Results Review

For the year ended 31 December 2024, the Group achieved an operating revenue of HK\$881.08 million (2023: HK\$543.35 million), representing a year-on-year increase of 62.16%. For the year ended 31 December 2024, the net profit after tax of the Group amounted to HK\$108.09 million (2023: HK\$54.56 million), representing a year-on-year increase of 98.11% and demonstrating a new level of profitability. The growth in profit was mainly attributable to the significant increase in revenue from the Group's core businesses of wealth management, corporate finance, and financial products and investments.

For the year ended 31 December 2024, the Group's operating revenue from wealth management services, corporate finance services, asset management services, and financial products and investments saw an increase of 38.01%, an increase of 219.84%, a decrease of 17.31% and an increase of 56.87% year-on-year, respectively.

III. Operation Review

1. One of the first batch of securities firms to be granted the pilot qualification for the “Cross-boundary Wealth Management Connect Scheme”, storing the momentum for performance growth

Proactively responding to China's development strategy on the Guangdong-Hong Kong-Macao Greater Bay Area and capturing the historical opportunity arising from the mutual market access schemes between the capital markets of Hong Kong, Macao and the Mainland, the Group successfully obtained the pilot qualification of the “Cross-boundary Wealth Management Connect Scheme” in the Guangdong-Hong Kong-Macao Greater Bay Area in November 2024, becoming one of the first batch of 14 securities firms to provide cross-border investment services to investors in the Greater Bay Area, which has brought new momentum for the development of the wealth management business. The cross-border wealth management business will become a new growth point for the Group.

2. *Promoting high-quality and synergistic cooperation and building a synergistic ecosystem*

In 2024, with its wealth management and institutional sales and tradings businesses as the core, the Group promoted the two-round linkage, enhanced market competitiveness, deepened the synergy between the domestic and overseas groups, and built up an integrated competitive advantage. We constructed an ecosystem of investment banking and merchant banking, facilitated innovation in financial services and business integration, and fostered synergies among various public and private equity firms, family offices, securities peers and other financial institutions to form a diversified cooperation network.

3. *Remarkable achievements in environmental, social and governance management, with enhancement in both brand strength and market recognition*

In 2024, with respect to environmental, social and governance (ESG), the Group actively implemented the concept of green finance, underwriting a total of 42 green bonds with a financing scale of over HK\$80 billion, significantly higher than that of previous years. With excellent corporate governance, green financial practices, social contribution and financial innovation, the Group has been awarded the BBB grade by Wind ESG Rating for three consecutive years, and the climate change rating by the Carbon Disclosure Project (CDP) has been upgraded to a “B” grade, fully demonstrating the Group’s professional strength and significant progress in ESG, as well as its extensive recognition and encouragement from professional institutions.

At the same time, the brand strength of the Group has continued to be strengthened, with an increase in market recognition on an ongoing basis. In 2024, the Group’s stock continued to be a constituent of the MSCI Hong Kong Small Cap Index, which has enhanced the Group’s offshore fund raising capabilities and its visibility and influence in the international capital markets. In addition, the Group also won 14 corporate level awards, including the Bloomberg Businessweek’s Financial Institution Award, China Securities Golden Bauhinia Awards, Bond Connect Outstanding Institution, and the Golden Central Award, etc. These honours not only demonstrated the high level of market recognition and appreciation for the Group, but also further enhanced the Group’s brand reputation in the market.

IV. Business Review

The Group's operating revenue derives from (i) wealth management; (ii) corporate finance; (iii) asset management; and (iv) financial products and investments.

Wealth management

For the year ended 31 December 2024, the Group's revenue from wealth management business amounted to HK\$195.03 million (2023: HK\$141.32 million), representing a year-on-year increase of 38.01%. Among which, commission and fee income from the brokerage services amounted to HK\$158.86 million (2023: HK\$111.04 million), representing a year-on-year increase of 43.07%. The growth in the wealth management business was mainly due to the gradual transformation from the traditional brokerage commission income model to a diversified income model involving products, transactions and services. The wealth management business focused on market hot spots, followed the policy guidance of empowering the residents to achieve wealth growth by finance, and actively expanded cooperation with institutions and enriched the product matrix, with 51 new products launched in the year, achieving product sales of nearly HK\$1.6 billion, representing a significant increase of approximately 60% year-on-year. The securities trading volume increased by 81% year-on-year, with cumulative U.S. stock trading turnover increasing by 298% year-on-year and significantly outperforming the market. The futures trading volume increased by 47% year-on-year. Focusing on developing top-tier institutional customers, the Group has continued to take investment research services as the core to enhance customer service quality and customer experience, as well as provide personalised and precise customer services. The Group achieved a year-on-year increase in interest income from margin financing by 19.48% on the premise of continuous optimisation of customer structure. The Group was honoured with the Wealth Management Platform – Outstanding Award by Bloomberg Businessweek in 2024.

Corporate finance

For the year ended 31 December 2024, the Group's revenue from corporate finance business amounted to HK\$130.59 million (2023: HK\$40.83 million), representing a year-on-year increase of 219.84%. The growth was mainly attributable to the Group's leap in bond underwriting business as it captured the opportunity arising from the recovery of the capital market.

Among which, commission income from placing, underwriting and sub-underwriting of debt securities amounted to HK\$113.21 million (2023: HK\$29.69 million), representing a year-on-year increase of 281.31%; arrangement fee income amounted to HK\$11.84 million (2023: HK\$5.72 million), representing a year-on-year increase of 106.99%. In 2024, the Group achieved an improvement in both bond underwriting income and ranking of underwriting amount, securing the 9th place in terms of underwriting amount among Chinese securities firms in Hong Kong, which was one place higher than last year. As a bond underwriter, the Group completed a total of 225 bond underwriting projects, a year-on-year increase of 125%, with bond underwriting scale reaching US\$2.133 billion equivalent, up 75% year-on-year. The number of projects for which the Group acted as global coordinator reached a record high of 54, representing a year-on-year increase of 100%. The Group won the Bloomberg Businessweek Bond Excellence Award in 2024.

For the year ended 31 December 2024, the Group recorded sponsor fee income of HK\$4.41 million (2023: HK\$4.40 million) and corporate finance advisory fee income of HK\$1.07 million (2023: HK\$1.02 million), representing a year-on-year increase of 4.90%.

Asset management

For the year ended 31 December 2024, the Group's revenue from asset management business amounted to HK\$12.42 million (2023: HK\$15.02 million), representing a year-on-year decrease of 17.31%. This was mainly due to the overall shrinking market size and continuous increased fundraising difficulties under a backdrop of complex changes in the external environment and shrinking business demand. The Group continued to build up its core competence of investment research integration and enriched its product matrix. It successfully issued two US dollar and Hong Kong dollar public money market funds to meet the investment needs of the high net-worth clientele. For the year ended 31 December 2024, the Group had a total of 29 asset management products and the scale of assets under management was approximately HK\$5.5 billion.

Financial products and investments

For the year ended 31 December 2024, the Group's revenue from financial products and investments amounted to HK\$543.05 million (2023: HK\$346.18 million), representing a year-on-year increase of 56.87%. Under the neutral and moderate risk preference, the Group strictly controlled credit risk, actively adjusted its strategy according to the market situation, seized the market opportunities under the high US dollar interest rates, gradually increased the scale of low-risk fixed-income debt securities with reasonable yields, and continued to optimise the structure of the positions, which drove the investment return to outperform the return of market index (Bloomberg Barclays China US Dollar Bond Index).

FINANCIAL POSITION

As at 31 December 2024, the total assets of the Group decreased by 4.95% to HK\$15,732.77 million (31 December 2023: HK\$16,552.02 million). As at 31 December 2024, the total liabilities of the Group decreased by 7.49% to HK\$11,496.69 million (31 December 2023: HK\$12,428.08 million).

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 December 2024, the net current assets of the Group increased by 0.38% to HK\$4,452.48 million (31 December 2023: HK\$4,435.54 million). As at 31 December 2024, the current ratio of the Group (defined as current assets divided by current liabilities as at the end of the respective financial year) remained stable at 1.4 times (31 December 2023: 1.4 times).

For the year ended 31 December 2024, the net cash inflow of the Group was HK\$69.14 million (31 December 2023: outflow of HK\$811.80 million), and the bank balance of the Group as at 31 December 2024 was HK\$1,961.29 million (31 December 2023: HK\$1,892.15 million).

As at 31 December 2024, the total bank borrowings of the Group increased by 19.99% to HK\$2,621.31 million (31 December 2023: HK\$2,184.58 million).

On 2 February 2024, the Company issued US\$300,000,000 three-year guaranteed bonds, and redeemed and cancelled US\$217,000,000 of these guaranteed bonds on 30 October 2024. As at 31 December 2024, the Group had outstanding bonds of HK\$649.74 million (31 December 2023: HK\$2,087.23 million) and outstanding notes of HK\$60.96 million (31 December 2023: HK\$168.28 million). As at 31 December 2024, the gearing ratio of the Group (defined as the sum of repurchase agreements, bank borrowings, outstanding bonds and outstanding notes divided by total equity) increased by 2% to 212% (31 December 2023: 210%).

Total equity attributable to holders of ordinary shares of the Company amounted to HK\$3,236.08 million as at 31 December 2024 (31 December 2023: HK\$3,123.94 million).

FUTURE PLAN

Looking ahead to 2025, uncertainties in the global financial markets will persist, and interest rate policy will continue to be the focus of the market. The policies on the economy, taxes and trade promulgated by the new US administration may also bring about changes in the inflation trend, which in turn may affect the room for monetary policy adjustments. In addition, trade frictions between major economies or an escalation in the geopolitical situation could not only affect real economic activities, but also create volatility in the financial markets.

The Group will continue to adhere to the principle of “stable operation and progress amidst stability”, secure new opportunities arising from the Cross-boundary Wealth Management Connect Scheme and carry out in-depth transformation and upgrade of its wealth management business; explore innovative business models for the asset management business and enrich the product matrix to provide customers with diversified products and better services; leverage on brand and professional advantages for the bond underwriting business to consolidate and enhance its leading market position, while capturing opportunities arising from the recovery of the Hong Kong stock market for the equity financing business by taking multiple measures and facilitating synergies to strengthen business competitiveness in a comprehensive manner; stick to the bottom line of compliance and risk control, and enhance the effectiveness of its day-to-day management with digital and intelligent technologies to achieve cost reduction and efficiency enhancement; strengthen the functions of its green financial services, and proactively undertake corporate social responsibilities to continue to enhance its corporate governance and create long term value for the Company. The Group will continue to build up its comprehensive strengths to provide investors with stable and long-term returns.

SIGNIFICANT INVESTMENTS AND MATERIAL ACQUISITION OR DISPOSAL OF SUBSIDIARIES AND AFFILIATED COMPANIES

For the year ended 31 December 2024, the Group had no significant investments, material acquisition or disposal of subsidiaries and affiliated companies.

PLEDGE OF ASSETS BY THE GROUP

For the year ended 31 December 2024, the Group's assets pledged were mainly debt securities pledged as collaterals for repurchase agreements.

EMPLOYEE AND REMUNERATION POLICY

As at 31 December 2024, the Group had 209 full-time employees including the Directors (31 December 2023: 230 full-time employees including the Directors). Total remuneration for the year ended 31 December 2024 amounted to HK\$238.85 million (2023: HK\$196.92 million). The remuneration policy will be reviewed by the Group from time to time in accordance with market practice, and the bonus will be distributed with reference to individual performance appraisal, prevailing market condition and the financial performance of the Group. Other employee benefits include contributions to the mandatory provident fund scheme and medical care insurance.

CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities for the year ended 31 December 2024 and up to the date of this announcement.

FINAL DIVIDEND

The Board recommended payment of a final dividend of HK\$0.01 per share for the year ended 31 December 2024 (2023: the Board did not recommend any payment of final dividend in respect of the year ended 31 December 2023), subject to the approval by the shareholders of the Company at the forthcoming annual general meeting of the Company, and will be payable on or about Tuesday, 17 June 2025 to the shareholders.

EVENTS AFTER THE REPORTING PERIOD

As of the date of this announcement, the Board was not aware of any significant events related to the business or financial performance of the Group after the reporting period.

RISK MANAGEMENT

Risk management framework and mechanism

The Group has established a comprehensive risk management organisational structure consisting of the Board, management, the risk management committee, risk management department, departments and subsidiaries. The Board shall undertake the ultimate responsibility for comprehensive risk management, be responsible for the supervision and guidance of the risk management of the Company, approve the risk preference of the Company, and control the overall risk of the Company within a reasonable range to ensure that the Company can effectively manage the risk control in business activities. The management shall lead and manage various risks in the course of business of the Company and promote the planning, construction and implementation of the comprehensive risk management system of the Company. The risk management committee under the management shall carry out the risk management work of the Company with the authorisation of the management, be responsible for guiding, supervising and coordinating the implementation of the work related to risk management of the Company, provide advice on the improvement and updating of the organisational system, and promote the comprehensive risk management construction of the Company. Under the leadership of the compliance and risk control director, the risk management department shall organise and promote the comprehensive risk management work of the Company, organise to conduct identification, evaluation, monitoring, analysis and tests on the overall risk, aggregate risk faced in the course of operation and management of the Company and its changing trend, and put forward corresponding control measures and solutions.

The Group has built three lines of defence for risk management, of which the first line of defence is effective self-control by all departments and subsidiaries, the second line of defence is professional risk management by the risk management department before and during business operations, and the third line of defence is post-supervision and evaluation by the audit department. The design of the “three lines of defence” (三道防線) of risk management governance structure has effectively provided guarantees for the efficiency and effectiveness of risk management.

The Group has implemented the risk preference, quota management and authorisation management system, kept the business philosophy of “stable operation for sustainable development” (穩健經營、長遠發展) based on the neutral and prudent risk preference determined by the Board, and adhered to the development idea of seeking progress while keeping performance stable, conducted precise identification, careful evaluation, dynamical monitoring, timely response and overall management on various risks, such as liquidity risk, market risk, credit risk, operational risk, reputation risk, and compliance and legal risk in a timely manner in the course of business of the Company to ensure that various risks undertaken by the Group were controlled within a reasonable range that is measurable, controllable, acceptable and without spillover. The Group has endeavoured to build a sound organisational structure, operational management system, quantifiable risk indicator system, reliable information system and professional talent team, so as to realise the detectability, measurability, analysis and risk-response in risk management, facilitating the sound business development of the Group in the long run and the achievement of strategic objectives.

Credit risk

The Group’s exposure to credit risk refers to the risk of losses to the Group arising from non-performance by the debtors or counterparties. The Group has established a risk management committee to review and monitor the implementation of credit risk management policies, and to update relevant risk management policies to adapt to changes. The Group has also set up an investment and financing business review committee, which is responsible for reviewing investment and financing projects and re-examining the policies relating to credit approval, transaction limits and credit limits. The Group has regularly re-examined the implementation of existing investment and financing projects and margin loans to assess the credit risk exposure, and has taken appropriate measures to mitigate risks.

The Group has closely monitored the risk limit indicators of credit business, adopted measures such as daily mark-to-market and timely warning, and established a public opinion information monitoring mechanism for debtors, collaterals and counterparties to effectively respond to sudden public events to formulate response plans in advance. We will regularly conduct stress tests, take appropriate measures to compensate for or minimise losses in the event that customers may not fulfil their obligations, properly resolve risks, and effectively carry out post-investment management. We will also regularly measure the impairment of our financial assets and make provision for expected credit losses in a timely manner, in accordance with the latest standards on financial instruments and using reasonable and evidence-based forward-looking information based on our existing business.

Liquidity risk

The Group's exposure to liquidity risk refers to the risk of failure to obtain sufficient capital at reasonable cost in time to repay debts which are falling due, fulfil other payment obligations and meet the liquidity requirement for ordinary business operation.

The Group has formulated liquidity risk management system and process to identify, address, monitor and mitigate potential liquidity risks, and maintained liquidity and financial resource requirements in accordance with applicable laws and regulations (such as the Securities and Futures (Financial Resources) Rules (Chapter 571N of the Laws of Hong Kong)).

The Group has formulated a multi-level authorisation mechanism and internal policies for managing and approving the use and allocation of capital. It has set up restrictions on authorisation in respect of any commitments or capital outflows (such as procurement, investment and loans), and evaluated the impact of such transactions on capital adequacy.

The Group has met its financing needs primarily through obtaining bank loans from certain banks and issuing bonds, and constantly explored and expanded financing channels and methods. The Group has also adopted strict liquidity management measures, including but not limited to daily monitoring reports, future cash flow forecasts and liquidity stress tests, to ensure that the planning and management of liquidity is prepared well and that the Group satisfies the capital requirements stipulated by applicable laws.

Market risk

The Group's exposure to market risk refers to the risk of potential losses incurred to the Group arising from adverse changes in exchange rates, interest rates and prices of financial assets.

The Group has formulated policies and procedures to monitor and control market risks arising from carrying out business. Prior to engaging in any new transaction or launching any new business, each business segment of the Group will arrange professionals with appropriate qualifications and industry experience to discuss and evaluate the relevant market risks, and develop management and mitigation measures for such market risk.

The Group has set up market risk limit indicators, and regularly reviewed and adjusted market strategies to adapt to changes in operating results, risk tolerance and market conditions. In terms of financial products and investment business, the Group has formulated different selection criteria for bonds and other fixed-income products, prudently selected industries and enterprises, and followed up and monitored macro-economic trends to optimise investment strategies.

Operational risk

The Group's exposure to operational risk refers to the risk of losses to the Group caused by imperfect or defective internal procedures, employees, information systems or external events. The main goal of the operational risk management of the Group is to promote a good operational risk management culture according to the regulatory requirements and the development strategy of the Company, establish and improve the operational risk management framework and system in line with the actual situation of the Company, and reduce the frequency and impact of operational risk events.

The Group has established an operational risk management structure consisting of the Board, management, the risk management committee, the risk management department and each functional department. The management of operational risk involves all departments and all employees, with penetration into various business activities, business processes and operational procedures.

The Group has established a sound management mechanism and effective internal control procedures. Through operational risk policies, risk reporting mechanisms, operational risk limit indicators, risk control matrices, operational risk systems and risk warnings, the operational risk events will be identified, evaluated, monitored and followed up before, during and after events. At the same time, through sharing the cases of operational risk and training, the overall operational risk awareness of the Group has been improved, the operational risk management has been strengthened, and the ability to respond on operational risk has been improved. The risk management department has regularly analysed and evaluated operational risk events, continuously monitored the operational risk conditions and its changing trend of the Group, and regularly reported the implementation of relevant indicators, and also followed up operational risk events to ensure that the operational risk losses of the Company are under control, and improved operational risk monitoring and management.

The Group has set up a business continuity management mechanism, in place with contingency plans and business continuity plans combined with risk scenarios, business models, system settings and other important risk factors, and retained sufficient disaster recovery office facilities, regularly carried out business continuity exercises, comprehensively improved the Group's ability to respond to emergencies and operational interruptions to ensure smooth and orderly operation.

Compliance and legal risks

The Group has proactively promoted the establishment of a stable and sound compliance and legal risk management framework, formulated relevant policies, processes and templates, kept a close eye on the prevailing laws and regulations relating to business operations, and made timely adjustments and improvements to the internal compliance and legal risk management policies and processes based on the changes of external laws and regulations to ensure that the Company's business operations comply with the laws and regulations as amended from time to time.

The Group has set up a compliance management structure and established three lines of defence for compliance management, of which the legal and compliance department takes the lead in formulating the compliance management policies and procedures of the Group, providing compliance advice for various business plans and affairs, closely monitoring the compliance operation of the licensed businesses of the Group, and supervising all business segments to strictly implement relevant regulatory requirements. Meanwhile, in order to foster a sound compliance culture atmosphere and strengthen compliance awareness, the legal and compliance department has taken the lead in organising legal and compliance trainings for employees from time to time and provided internal guidance for the latest regulatory updates.

The legal and compliance department of the Group is assisted by full-time legal personnel. Meanwhile, the Group has engaged five legal consultants who have cooperated with the Group throughout the years and maintained close relationships with other external law firms. Through close cooperation with full-time legal personnel and external legal advisers or law firms, the Group can prevent and address various legal risks in a timely manner.

Reputation risk

The Group's exposure to reputation risk refers to the risk of public negative views on the Group from shareholders, employees, customers, third-party cooperation institutions and regulatory agencies caused by the operations, management and other behaviours or external events. With a complete corporate governance structure, the Group has proactively promoted the construction of reputation risk management mechanism, effectively prevented reputation risk and addressed reputation risk events by upholding the principles of prevention first, proactivity and swift response, and conducted all-rounded and whole-process management over classification, identification, assessment, reporting, handling and evaluation of reputation risk occurred in the course of the operation and management, so as to minimise losses and negative impacts on the reputation and brand image of the Group. During the reporting period, the Group has further improved its reputation risk management system, maintained an overall stable public sentiment, and has not experienced major reputation risk events.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the AGM, the transfer books and register of members of the Company will be closed from Tuesday, 13 May 2025 to Friday, 16 May 2025, both days inclusive, during which period no share transfers can be registered. In order to qualify for attending and voting at the AGM, unregistered holders of shares of the Company should ensure that all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Monday, 12 May 2025.

For the purpose determining the entitlement to the proposed final dividend for the year ended 31 December 2024, the transfer books and register of members of the Company will be closed from Friday, 23 May 2025 to Tuesday, 27 May 2025, both days inclusive, during which period no share transfers can be registered. In order to qualify for the entitlement to the proposed final dividend, subject to passing of the ordinary resolution number 2 at the AGM, unregistered holders of shares of the Company should ensure that all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Thursday, 22 May 2025.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

On 9 February 2024, the Company has redeemed all of its outstanding 2% corporate bonds due 2024 with an aggregate principal amount of US\$265,000,000, the redemption price equals to 100% of the principal amount plus accrued and unpaid interest.

On 2 February 2024, the Company issued guaranteed corporate bonds in an aggregate principal amount of US\$300,000,000 due 2027 with floating rate (the “**2024 Corporate Bonds**”). Since a no registration event has occurred, an aggregate principal amount of US\$217,000,000 of the 2024 Corporate Bonds were redeemed by the Company on 30 October 2024 in accordance with the terms and conditions of the 2024 Corporate Bonds. An aggregate principal amount of US\$83,000,000 of the 2024 Corporate Bonds were outstanding as at 31 December 2024.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company and its subsidiaries during the Year (including sales of treasury shares (as defined in the Listing Rules)).

During the Year, the Company did not hold any treasury shares.

COMPETING INTERESTS

Save for the continuing connected transactions as disclosed in the section headed “Relationship with the controlling shareholders” and “Connected transactions” in the prospectus of the Company dated 30 September 2016 (the “**Prospectus**”), none of the Directors or the controlling shareholders of the Company nor their respective close associates as defined in the Listing Rules had any interest in business that competed or might compete with business of the Group during the Year.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the Model Code. Having made specific enquiry of all Directors, all Directors have confirmed that they have complied with the required standard set out in the Model Code and the code of conduct regarding securities transactions by Directors adopted by the Company during the Year.

CORPORATE GOVERNANCE

The Company has complied with the code provisions as set out in the Corporate Governance Code (the “**CG Code**”) as contained in Appendix C1 to the Listing Rules during the year ended 31 December 2024, except for the following deviation:

Code provision of C.1.6 of the Corporate Governance Code stipulates that independent non-executive directors and other non-executive directors should, inter alia, attend general meetings. Due to other business commitment, Mr. Qin Shuo, the independent non-executive Director did not attend the extraordinary general meeting of the Company held on 30 December 2024. The other independent non-executive Directors and non-executive Director were present at the aforesaid extraordinary general meeting to enable the Board to gain and develop a balanced understanding of the views of the Shareholders.

AUDIT COMMITTEE

The audit committee of the Company (the “**Audit Committee**”) has been established with written terms of reference in compliance with the Listing Rules and code provision under the CG Code. The Audit Committee currently comprises a non-executive Director and two independent non-executive Directors, namely Mr. Xiong Bo, Ms. Hong Ying and Mr. Tian Li. The chairlady of the Audit Committee is Ms. Hong Ying.

The Group's annual results for the year ended 31 December 2024 have been reviewed by the Audit Committee, which was of the opinion that such results have complied with the applicable accounting standards, the requirements under the Listing Rules and other applicable legal requirements and that adequate disclosures have been made.

By Order of the Board
China Industrial Securities International Financial Group Limited
Xiong Bo
Chairman

Hong Kong, 24 March 2025

As at the date of this announcement, the Board comprises one non-executive Director, namely Mr. Xiong Bo (Chairman), one executive Director, namely Ms. Zhang Chunjuan, and three independent non executive Directors, namely Ms. Hong Ying, Mr. Tian Li and Mr. Qin Shuo.