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SHENWAN HONGYUAN (H.K.) LIMITED

申萬宏源(香港)有限公司

(Incorporated in Hong Kong with limited liability)

(Stock code: 218)

FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2024

RESULTS

The board of directors (the “**Board**”) of Shenwan Hongyuan (H.K.) Limited (the “**Company**”) is pleased to announce the consolidated results of the Company and its subsidiaries (the “**Group**”) for the year ended 31 December 2024 together with comparative figures for the previous financial year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		For the year ended 31 December	
		2024	2023
	Notes	HK\$'000	HK\$'000
REVENUE	4	55,897	618,215
– Interest income calculated using the effective interest method		251,585	200,307
– Revenue from contracts with customers within the scope of HKFRS 15		232,254	224,862
– Revenue from other sources		(427,942)	193,046
Other gains/(losses), net	4	250,338	(43,868)
Commission expenses		(32,780)	(31,290)
Employee benefit expenses		(233,103)	(248,925)
Depreciation		(49,584)	(54,858)
Interest expenses		(36,741)	(127,978)
Net reversal/(charges) for expected credit losses		7,191	(129,381)
– from financial assets at amortised cost		3,671	(116,306)
– from financial assets at fair value through other comprehensive income		3,520	(13,075)
Other expenses		(94,788)	(106,442)
LOSS BEFORE TAXATION	5	(133,570)	(124,527)
Income tax	6	(27,156)	(67,927)
LOSS FOR THE YEAR		(160,726)	(192,454)
Attributable to:			
Ordinary equity holders of the Company		(160,726)	(192,454)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY (BASIC)	7	HK(10.30) cents	HK(12.33) cents
DIVIDEND PER SHARE	8	HK – cents	HK – cents

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME *(Continued)*

	For the year ended	
	31 December	
	2024	2023
	HK\$'000	HK\$'000
LOSS FOR THE YEAR	<u>(160,726)</u>	<u>(192,454)</u>
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR:		
Items that may be reclassified to the consolidated statement of profit or loss in subsequent periods:		
Financial assets at fair value through other comprehensive income – net movement in revaluation recycling reserve	157	22,550
Exchange (loss)/gain on translation of financial statements of foreign operations	<u>(262)</u>	<u>199</u>
OTHER COMPREHENSIVE (LOSS)/INCOME, NET OF TAX	<u>(105)</u>	<u>22,749</u>
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	<u><u>(160,831)</u></u>	<u><u>(169,705)</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 31 December 2024 <i>HK\$'000</i>	As at 31 December 2023 <i>HK\$'000</i>
<i>Notes</i>		
<u>NON-CURRENT ASSETS</u>		
Property, plant and equipment	10,903	9,882
Right-of-use assets	34,226	76,608
Stock and Futures Exchange trading rights	4,212	4,212
Other assets	24,787	71,857
Other financial assets	–	216,096
Deferred tax assets	57	26,743
	<hr/>	<hr/>
Total non-current assets	74,185	405,398
	<hr/>	<hr/>
<u>CURRENT ASSETS</u>		
Financial assets at fair value through profit or loss	3,032,043	3,663,108
Other financial assets	144,503	70,352
Accounts receivable	9 598,086	2,697,520
Loans and advances	1,158,277	1,073,842
Prepayments, deposits and other receivables	151,288	213,224
Reverse repurchase agreement	–	172,462
Tax recoverable	458	12,734
Bank balances held on behalf of clients	3,184,320	3,255,979
Cash and bank balances	439,780	1,287,243
	<hr/>	<hr/>
Total current assets	8,708,755	12,446,464
	<hr/>	<hr/>
<u>CURRENT LIABILITIES</u>		
Financial liabilities at fair value through profit or loss	2,035,021	3,258,420
Accounts payable	10 3,438,149	5,945,953
Contract liabilities	1,488	837
Other payables and accruals	186,556	106,696
Interest-bearing bank borrowings	435,772	234,360
Notes issued	–	416,547
Lease liabilities	52,531	48,953
Tax payable	2,682	2,989
	<hr/>	<hr/>
Total current liabilities	6,152,199	10,014,755
	<hr/>	<hr/>
<i>NET CURRENT ASSETS</i>	2,556,556	2,431,709
	<hr/>	<hr/>
<i>TOTAL ASSETS LESS CURRENT LIABILITIES</i>	2,630,741	2,837,107
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CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

	As at 31 December 2024 <i>HK\$'000</i>	As at 31 December 2023 <i>HK\$'000</i>
<u>NON-CURRENT LIABILITIES</u>		
Deferred tax liabilities	827	546
Lease liabilities	567	46,383
Total non-current liabilities	1,394	46,929
NET ASSETS	2,629,347	2,790,178
<u>EQUITY</u>		
Equity attributable to ordinary equity shareholders of the Company		
Share capital	2,782,477	2,782,477
Other reserves	(153,130)	7,701
TOTAL EQUITY	2,629,347	2,790,178

Notes:

1. GENERAL INFORMATION

The Company is a limited liability company incorporated in Hong Kong. The registered office of the Company is situated at Level 6, Three Pacific Place, 1 Queen's Road East, Hong Kong.

The Group was involved in wealth management, enterprise finance, institutional services and trading, asset management and other business.

The Company is a subsidiary of Shenwan Hongyuan (International) Holdings Limited, a company incorporated in Hong Kong with limited liability. In the opinion of the directors, the ultimate holding company of the Company is Shenwan Hongyuan Group Co., Ltd., which was incorporated in the People's Republic of China (the "**PRC**") and listed on The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") (Stock Code: 6806) and Shenzhen Stock Exchange (Stock Code: 000166).

The unaudited financial information relating to the year ended 31 December 2024 and the financial information relating to the year ended 31 December 2023 included in this preliminary announcement of annual results for the year ended 31 December 2024 do not constitute the Company's statutory annual consolidated financial statements for those years, but, in respect of the year ended 31 December 2023, is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with Section 436 of the Hong Kong Companies Ordinance is as follows:

The financial statements for the year ended 31 December 2024 have yet to be reported by the Company's auditor and will be delivered to the Registrar of Companies in due course.

The Company has delivered the financial statements for the year ended 31 December 2023 to the Registrar of Companies as required by Section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance.

The Company's auditor has reported on these financial statements for the year ended 31 December 2023. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under Sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

2. CHANGES IN ACCOUNTING POLICIES

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

2. CHANGES IN ACCOUNTING POLICIES *(Continued)*

The HKICPA has issued following amendments to HKFRSs that are first effective for the current accounting period of the Group:

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

The adoption of the amended HKFRSs had no material effect on these financial statements.

HKFRSs issued but not yet effective

The Group has not applied the following new and amended HKFRSs, that have been issued but are not yet effective, in these financial statements.

HKFRS 18	Presentation and Disclosure in Financial Statements ³
HKFRS 19	Subsidiaries without Public Accountability: Disclosures ³
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments ²
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity ³
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴
Amendments to HKAS 21	Lack of Exchangeability ¹
Amendments to HKFRS	Annual Improvements to HKFRS Accounting Standards – Volume 11 ²

¹ Effective for annual periods beginning on or after 1 January 2025

² Effective for annual periods beginning on or after 1 January 2026

³ Effective for annual periods beginning on or after 1 January 2027

⁴ No mandatory effective date yet determined but available for adoption

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

3. OPERATING SEGMENT INFORMATION

An analysis of the Group's reportable segment results before taxation for the year is as follows:

For the year ended 31 December 2024	Enterprise finance Corporate finance HK\$'000	Principal investment HK\$'000	Wealth management HK\$'000	Institutional services and trading HK\$'000	Asset management HK\$'000	Others HK\$'000	Segment total HK\$'000
Segment revenue from external customers	89,921	(435,635)	266,127	124,226	11,258	–	55,897
Other gains, net	–	248,887	–	–	–	1,451	250,338
Segment revenue and other gains/ (loss) from external customers	<u>89,921</u>	<u>(186,748)</u>	<u>266,127</u>	<u>124,226</u>	<u>11,258</u>	<u>1,451</u>	<u>306,235</u>
Segment results and loss before tax	<u>(9,867)</u>	<u>(178,079)</u>	<u>67,680</u>	<u>11,894</u>	<u>(26,649)</u>	<u>1,451</u>	<u>(133,570)</u>
For the year ended 31 December 2023	Enterprise finance Corporate finance HK\$'000	Principal investment HK\$'000	Wealth management HK\$'000	Institutional services and trading HK\$'000	Asset management HK\$'000	Others HK\$'000	Segment total HK\$'000
Segment revenue from external customers	70,025	101,428	301,249	127,136	18,377	–	618,215
Other (losses)/gains, net	–	(51,273)	–	–	–	7,405	(43,868)
Segment revenue and other losses from external customers	<u>70,025</u>	<u>50,155</u>	<u>301,249</u>	<u>127,136</u>	<u>18,377</u>	<u>7,405</u>	<u>574,347</u>
Segment results and loss before tax	<u>(13,070)</u>	<u>18,136</u>	<u>90,292</u>	<u>(191,401)</u>	<u>(35,889)</u>	<u>7,405</u>	<u>(124,527)</u>

Geographical information

The Group's operations are substantially located in Hong Kong and substantially all non-current assets of the Group are located in Hong Kong. Therefore, no further analysis of geographical information is presented.

4. REVENUE AND OTHER GAINS/(LOSSES), NET

An analysis of revenue, which is also the Group's turnover, and other gains/(losses), net is as follows:

	For the year ended 31 December	
	2024	2023
	HK\$'000	HK\$'000
<i>Fee and commission income:</i>		
Revenue from contracts with customers within the scope of HKFRS 15:		
Commission on securities dealing in		
– Hong Kong securities	63,159	59,701
– Other than Hong Kong securities	29,730	26,249
Commission on futures and options contracts dealing	10,225	13,817
Initial public offering, placing, underwriting and sub-underwriting commission	72,541	58,509
Financial advisory, compliance advisory, sponsorship fee income and others	17,500	12,189
Management fee, investment advisory fee income and performance fee income	11,258	18,377
Handling fee income	6,469	7,944
Research fee income and other service fee income	21,372	28,076
	<u>232,254</u>	<u>224,862</u>
<i>Income from interest-bearing transactions:</i>		
Interest income calculated using the effective interest method:		
Interest income from banks and others	149,796	173,691
Interest income from initial public offering loans	186	170
Interest income from loans to cash clients and margin clients	88,968	–
Interest income from other sources:		
Interest income from loans to cash clients and margin clients	–	97,765
	<u>238,950</u>	<u>271,626</u>
<i>Income from investment business:</i>		
Interest income calculated using the effective interest method:		
Interest income from debt securities	12,635	26,446
Income from other sources:		
Net (losses)/gains on financial instruments:		
– Equities and futures	(435,607)	102,714
– Debt securities and derivatives	1,979	(406,149)
– Structured products	5,686	398,716
	<u>(415,307)</u>	<u>121,727</u>
	<u>55,897</u>	<u>618,215</u>
<i>Other gains/(losses), net:</i>		
Exchange gains, net	2,017	7,405
Changes in net asset value attributable to other holders of a consolidated investment fund	248,887	(51,273)
Loss on disposal of club debentures	(566)	–
	<u>250,338</u>	<u>(43,868)</u>

4. REVENUE AND OTHER GAINS/(LOSSES), NET *(Continued)*

According to HKFRS 10 Consolidated Financial Statements, the gains and losses of investment funds under control shall be consolidated in the Group's consolidated financial statements. For the year ended December 31, 2024, the impact arising from fair value changes of unlisted equity in a consolidated investment fund is presented as follows: 1) net losses of HK\$436 million (2023: net gains of HK\$101 million) from equities and futures in the investment business, and 2) other gains of HK\$249 million (2023: other losses of HK\$51 million) attributable to changes in the net assets value attributable to other holders of a consolidated investment fund. Overall, the net impact of fair value changes in unlisted equity of a consolidated investment fund on the Group amounted to a net loss of HK\$187 million (2023: net gain of HK\$50 million). For details, please refer to the "Management Discussion and Analysis" section.

5. LOSS BEFORE TAXATION

The Group's loss before taxation is arrived at after charging:

	For the year ended 31 December	
	2024	2023
	HK\$'000	HK\$'000
Interest expenses on loans	<u>12,815</u>	<u>72,293</u>

6. INCOME TAX

Hong Kong Profits Tax has been provided at the rate of 16.5% (2023: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated at the appropriate current rates of tax prevailing in the jurisdiction in which the Group operates.

	For the year ended 31 December	
	2024	2023
	HK\$'000	HK\$'000
Current tax – Hong Kong Profits Tax		
Provision for the year	874	1,139
Under provision in respect of prior years	118	6,895
Current tax – Other jurisdictions	17	70
Deferred tax	<u>26,147</u>	<u>59,823</u>
	<u>27,156</u>	<u>67,927</u>

7. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

Basic loss per share is calculated by dividing the loss for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the year. The Group had no potentially dilutive ordinary shares in issue during those years. As at 31 December 2024, the total number of the issued ordinary shares was 1,561,138,689 shares (2023: 1,561,138,689 shares).

	For the year ended 31 December	
	2024	2023
Loss for the year attributable to ordinary equity holders of the Company (HK\$'000)	<u>(160,726)</u>	<u>(192,454)</u>
Weighted average number of ordinary shares in issue (in thousands)	<u>1,561,139</u>	<u>1,561,139</u>
Basic loss per share (HK cents per share)	<u>(10.30)</u>	<u>(12.33)</u>

8. DIVIDEND

	For the year ended 31 December	
	2024	2023
	HK\$'000	HK\$'000
Proposed final – HK nil cents (2023: HK nil cents) per ordinary share	<u>–</u>	<u>–</u>

9. ACCOUNTS RECEIVABLE

	As at 31 December 2024 HK\$'000	As at 31 December 2023 HK\$'000
Accounts receivable arising from securities dealing:		
– Advances to cash clients	27,711	21,521
– Cash clients	61,082	1,384,099
– Brokers and dealers	238,611	435,694
– Clearing houses	244,469	463,959
	<u>571,873</u>	<u>2,305,273</u>
Accounts receivable arising from corporate finance, advisory and other services:		
– Corporate clients	33,702	1,009,647
	<u>605,575</u>	<u>3,314,920</u>
Less: Expected credit losses (Stage 1)	(2,557)	(3,827)
Less: Expected credit losses (Stage 3)	(4,932)	(613,573)
	<u>(7,489)</u>	<u>(617,400)</u>
Total	<u><u>598,086</u></u>	<u><u>2,697,520</u></u>

Save for the credit period allowed by the Group, the accounts receivable from cash clients shall be due on the settlement dates of the respective securities and futures contract transactions. In view of the fact that the Group's accounts receivable relate to a large number of diversified customers, there is no significant concentration of credit risk. Although the Group does not hold any collaterals or other credit enhancements over its accounts receivable from cash clients, the Group is allowed to dispose of the securities deposited by the customers with the Group to settle any overdue amounts. Advances to cash clients of HK\$27,711,000 (2023: HK\$21,521,000) bear interest at interest rates mainly with reference to Hong Kong dollar prime rate.

9. ACCOUNTS RECEIVABLE (Continued)

An ageing analysis of accounts receivable from cash clients and advances to cash clients based on the trade date is as follows:

	As at 31 December 2024 HK\$'000	As at 31 December 2023 HK\$'000
Within 1 month	75,023	1,381,521
1 to 2 months	1,875	5,512
2 to 3 months	1,912	147
Over 3 months	<u>9,983</u>	<u>18,440</u>
	<u>88,793</u>	<u>1,405,620</u>

The ageing of accounts receivable from brokers and dealers, clearing houses are within one month. They represent (1) pending trades arising from business of dealing in securities, which are normally due within a few days after the trade date, (2) deposits at clearing house arising from the business of dealing in securities, futures and options contracts and (3) cash and deposits balances at brokers and dealers. The ageing of accounts receivable from corporate clients arising from corporate finance, advisory and other services are mostly within one month.

Included in the accounts receivable balance as at 31 December 2024 were (1) a receivable due from a wholly-owned subsidiary of the ultimate holding company of HK\$14,695,000 (2023: HK\$14,297,000) arising from brokerage services relating to the PRC capital markets, (2) a receivable due from a wholly-owned subsidiary of the ultimate holding company of HK\$nil (2023: HK\$1,875,000), and (3) a consultancy fee receivable due from the ultimate holding company arising from supporting services in connection with asset management business of HK\$3,617,000 (2023: HK\$3,469,000), which balance is unsecured, interest-free and repayable on demand.

10. ACCOUNTS PAYABLE

	As at 31 December 2024 HK\$'000	As at 31 December 2023 HK\$'000
Accounts payable		
– Clients	3,391,932	5,780,823
– Brokers and dealers	45,939	119,414
– Clearing houses	<u>278</u>	<u>45,716</u>
	<u>3,438,149</u>	<u>5,945,953</u>

Included in the accounts payable balance as at 31 December 2024 was a payable to a wholly-owned subsidiary of the ultimate holding company of the Company of HK\$278,000 (2023: HK\$248,000) arising from brokerage services relating to the PRC capital markets. This balance is unsecured, interest-free and payable on the settlement date of the relevant transactions.

Included in the accounts payable balance as at 31 December 2024 was the amount of segregated client money held on behalf of an intermediate holding company of the Company of HK\$24,788,000 (2023: HK\$15,206,000). This balance is unsecured, bears interest at the bank deposit rate and is payable on demand.

All of the accounts payable are due within one month or repayable on demand.

DIVIDEND

The Board has resolved not to recommend the payment of a final dividend for the year ended 31 December 2024 (2023: HK nil cents per ordinary share).

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Friday, 16 May 2025 to Friday, 23 May 2025, both days inclusive, during which period no transfers of shares of the Company will be registered. In order to qualify for attending and voting at the 2025 Annual General Meeting, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Registrars, Tricor Tengis Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration by no later than 4:30 p.m. on Thursday, 15 May 2025.

2024 MARKET REVIEW

In 2024, global geopolitical conflicts escalated, and unilateralism and protectionism proliferated, driving accelerated restructuring of industrial and supply chains. The macro economy continued to exhibit divergent recovery trajectories, and the monetary tightening cycles of major overseas economies gradually approached their conclusion. The US economy maintained moderate growth underpinned by consumption, primarily attributable to increases in disposable personal income and relative stability in the labor market. However, the restraining effects of prolonged high interest rates on economic activities became increasingly apparent, manifesting in slowed enterprise investment and financing activities, weakened residential housing demand, and the manufacturing remaining in contraction territory. To preempt economic recession, the US Federal Reserve cut interest rates by 50 basis points in September, marking a global monetary policy shift from tightening to easing. In contrast, European economies faced sustained pressure due to weak demand and energy price volatility. The European Central Bank initiated interest rate cuts as early as June, executing four reductions during the reporting period, yet the overall growth rate remained near zero.

In terms of Chinese Mainland's economy, the gross domestic product (GDP) grew by 5.0% year-on-year in 2024. Driven by robust external demand and inventory replenishment needs, annual exports grew by 5.9% year-on-year, while manufacturing investment recorded cumulative annual growth of 9.2% year-on-year, serving as the primary drivers in achieving the economic growth target in 2024. However, the real estate sector remained challenging with insufficient momentum in household consumption recovery, necessitating intensified policy support and guidance for expanding domestic demand. To address these challenges, the government maintained a prudent monetary policy throughout 2024, sustaining appropriately ample liquidity through reserve requirement ratio cuts and structural instruments, and strengthened financial support for the real economy. Meanwhile, proactive fiscal policies were implemented through a combination of fiscal deficits, special-purpose bonds, fiscal subsidies, interest subsidies, and tax incentives, with a moderate increase in the fiscal deficit ratio. Against the backdrop of an elevated US dollar index, the RMB exchange rate generally exhibited a trend of moderate depreciation with two-way fluctuations.

In 2024, the securities market in Chinese Mainland exhibited a “V-shaped” trajectory. The Shanghai Composite Index, Shenzhen Composite Index and GEM Index rose by 12.67%, 9.34%, and 13.23% respectively. Against the backdrop of the new “National Nine Guidelines” (國九條) emphasizing stricter oversight of the admission to issuance and listing and optimized issuance system, the A-share IPO market was sluggish, with a total of 100 IPOs throughout the year, representing a year-on-year decrease of 68.05%. RMB67.353 billion was raised, representing a year-on-year decrease of 81.11%.

In Hong Kong, the real GDP recorded an increase of 2.5% year-on-year in 2024, reflecting a moderate economic growth. Given the US Federal Reserve’s interest rate cuts and a raft of incremental policies for the economy of Chinese Mainland, the Hang Seng Index rose by 17.67% in 2024; and the average daily turnover of the Main Board reached HK\$131.8 billion throughout the year, representing an increase of 26% compared to 2023. In terms of IPOs, a total of 67 IPOs were listed in 2024, one fewer compared to 68 in 2023. The scale of financing increased, totaling approximately HK\$87.7 billion, representing a year-on-year increase of approximately 102%.

In terms of offshore US dollar bonds, driven by debt restructuring among some mainland property developers and real estate support policies, the overall performance remained stable in 2024. However, there was a significant structural divergence. High-yield bonds demonstrated a notable recovery, while investment-grade bonds continued to attract capital as the primary allocation choice due to declining risk appetite and relatively stable yields. However, as the cost of overseas US dollar financing continued to be higher than that of domestic RMB, the primary market issuance and secondary market trading of offshore US dollar bonds continued to shrink.

MANAGEMENT DISCUSSION & ANALYSIS OF PERFORMANCE

REVIEW OF OPERATIONS

In 2024, the Group proactively responded to the slowdown in global economic recovery and geopolitical uncertainties, and concentrated on serving the real economy, tapping domestic demand potential, and actively expanding into emerging sectors such as green finance and technology finance. Anchored in light capital business, the Group steadily optimized business structure, consolidated the cross-border and cross-market platforms, promoted a deeper integration of cross-border businesses, and continuously enhanced core competitiveness. Meanwhile, the Group continuously refined governance mechanisms, strengthened compliance management and risk controls, comprehensively enhanced system construction, and ensured stable and efficient operations.

In 2024, the revenue of the Group decreased by 91% year-on-year to HK\$56 million from HK\$618 million in 2023. In 2024, the Group recorded loss attributable to shareholders of HK\$161 million, while loss attributable to shareholders were HK\$192 million in 2023. The loss during the reporting period was mainly due to US Federal Reserve's later than expected initiation of interest rate cuts within the year. Although there was a recovery in fee and commission income following the rate cuts, this proved insufficient to offset the adverse effects of prolonged market weakness. Meanwhile, the business valuation adjustment at the consolidated investment fund level led to adverse impact. The Company's operations were normal.

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Fee and commission income	232,254	224,862
Interest income	238,950	271,626
Income from investment business	<u>(415,307)</u>	<u>121,727</u>
	<u>55,897</u>	<u>618,215</u>

During the period under review, due to the tightening of regulatory policies on the cross-border business in recent years and prolonged market weakness, brokerage, sponsoring and underwriting businesses continued to come under pressure. Interest income decreased by 12% to HK\$239 million. Affected by the valuation adjustment on equity investment projects, income from investment business shifted from profit to a loss. The Group actively leveraged the recovery momentum in the Hong Kong stock market during the fourth quarter, reversing the downward trend in fee and commission income, which increased by 3% to HK\$232 million.

Wealth Management Business

The wealth management business mainly provides a series of comprehensive financial services including securities, futures and options brokerage, the sales of financial products such as wealth management, over-the-counter, as well as securities margin financing to individual customers and non-professional institutional investors through a combination of online and offline methods.

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>	%
Fee and commission income	70,039	65,583	7%
Interest income	196,078	235,737	(17%)
– Loan to clients	89,085	91,011	(2%)
– Others	106,993	144,726	(26%)
Income/(losses) from investment business	10	(71)	114%
	<u>266,127</u>	<u>301,249</u>	<u>(12%)</u>

In 2024, the Group accelerated the system building of wealth management business. It completed the development of The New “Wynner Voyage” trading application, and added the “Shen Yi Ying” program, so as to leverage on financial technologies to provide customers with safe, convenient and efficient products and services. These efforts have further solidified the foundation of the Group as it continues transforming into an Internet-based trading service provider and a comprehensive wealth management financial service provider.

During the period under review, the revenue of the Group’s wealth management business decreased by approximately 12% year-on-year. Driven by the market rebound in the fourth quarter, fee and commission income amounted to HK\$70.04 million, an increase of approximately 7% compared to HK\$65.58 million in 2023. As for interest income, total income was HK\$196 million, a decrease of approximately 17% compared to 2023, among which the total interest income from customer loans amounted to HK\$89.09 million, which was basically unchanged as compared with 2023, and the total interest income from others amounted to HK\$107 million, representing a decrease as compared with 2023 attributable to declines in both bank deposit rates and deposit balances.

During the reporting period, the Group successfully obtained the pilot qualification for the “Cross-boundary Wealth Management Connect” business in the Guangdong-Hong Kong-Macao Greater Bay Area (the Greater Bay Area), being one of the first batch of securities companies to receive this accreditation. The Group will enable residents of the Greater Bay Area to access more convenient and diversified cross-border investment opportunities, thereby better meeting their needs for cross-border investment and wealth management and global asset allocation.

The Group will remain unwavering in its customer-centric business philosophy, adhere to a development principle of seeking progress while maintaining stability, and continuously enhance its integrated business capabilities. The Group is committed to providing diverse wealth management products for investors, developing efficient and convenient trading systems, and delivering customized services for professional investors. Through persistent efforts, the Group is dedicated to building a competitive integrated wealth management brand “Wynner”, so as to provide one-stop quality wealth management solutions for the customers.

Enterprise Finance Business

The enterprise finance business consists of corporate finance business and investment business. The corporate finance business provides corporate clients with stock underwriting sponsorship, bond underwriting and financial advisory services, while investment business mainly includes self-financing equity investment, debt investment and other investments.

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>	%
Fee and commission income	89,921	70,025	28%
(Losses)/income from investment business	(435,635)	101,428	(488%)
	<u>(345,714)</u>	<u>171,453</u>	<u>(277%)</u>

In 2024, fee and commission income from the enterprise finance business increased by 28% to HK\$89.92 million. In addition, due to the business valuation adjustment on investment projects, the consolidated investment funds recorded loss from investment business of HK\$436 million.

—— *Sponsorship and underwriting and financial advisory*

The Group has actively implemented the commitment to serving national strategic objectives and deeply serving the development of real economy, strengthened the integrated coordination between domestic and international operations, and continuously enhanced professional capabilities. During the reporting period, the Group completed one sponsorship project, serving as the lead sponsor assisting the Hong Kong IPO of Qiniu Limited, dubbed the “first APaaS stock in the audio-video sector”, in listing on the Main Board of the Exchange. Meanwhile, the Group significantly expanded its pipeline of high-quality sponsorship projects, and achieved notable progress in key sectors such as key and core technology, new energy, healthcare, and new consumption, with a growing number of projects under regulatory review. The Group also developed financial advisory projects in mergers and acquisitions and restructuring, completing five financial advisory projects involving compliance with the Codes on Takeovers and Mergers and Share Buy-backs. Based on such caliber, the Group ranked third in terms

of project volume in the Hong Kong market. The performance of the corporate finance business of the Group garnered industry recognition, and was awarded the “Best Investment Bank in Serving Overseas Markets” at the 17th New Fortune Best Investment Banks during the reporting period. Moving forward, the Group will continue to leverage the advantages in integrated domestic and international full-chain services to provide more enterprises with quality comprehensive financial services including sponsorship and financial advisory, and make full use of international markets to support high-quality development.

—— *Equity capital market*

During the reporting period, the Group actively developed domestic project resources and deepened cross-border business coordination amid market volatility, participating in 15 Hong Kong IPO underwriting projects. According to Dealogic statistics, the Group ranked sixth among Chinese securities firms in terms of the number of Hong Kong IPO underwriting projects. Meanwhile, the Group actively expanded its presence in key sectors, and facilitated quality enterprises to be listed in Hong Kong. The Group continuously strengthened service capabilities in technology finance and digital finance, and contributed to the completion of multiple market-influential projects, including IPOs for DOBOT, Minieye Technology, Dmall Inc., Mobvoi Inc., HealthyWay and other science and technology innovation enterprises. The Group will closely monitor regulatory policy changes in equity capital market, proactively explore business opportunities, expand domestic and international sales networks, and provide customers with comprehensive and high-quality professional support.

—— *Debt capital market*

During the reporting period, the Group completed 312 offshore bond issuance projects. According to the statistics of Bloomberg Database, the Group ranked 5th among Chinese securities firms in terms of the underwriting volume of Chinese-funded offshore bonds. Aiming to serve national strategies, the Group continuously optimized its bond business structure, and focused on key areas including RMB internationalization, green finance, and regional financing. It participated in 12 offshore RMB bond issuance projects for provincial and municipal governments including Hainan, Guangdong, and Shenzhen, as well as multiple bond issuance, including RMB dim sum bond of Chongqing Fuling Industrial Development Group, the first “blue + green” overseas bond in China of Maoming Port Group, and the green bond of Chongqing Nanbu Xincheng Industrial Investment Group Co., Ltd. (重慶市南部新城產業投資集團). During the reporting period, the Group received multiple industry accolades, including the “Best Underwriter of Dim Sum Bonds” award at the Annual Selection of Outstanding Institutions and Best Transactions of Chinese-funded Offshore Bonds organized by WST Pro/SereSbond, and the “Best ESG DCM House” award at the Annual Selection of Institutions of Chinese-funded Offshore Bonds organized by the bond platform of Dealing Matrix International of CSCI Technology Co., Limited. Facing tightening regulatory policies and market volatility in offshore debt capital markets, the Group will continue to explore overseas bond issuance projects for quality enterprises, such as large-scale government-controlled enterprises and state-owned conglomerates, continue to strengthen the collaboration capabilities of its domestic and overseas teams, and strive to enhance market influence and business returns.

Institutional Services and Trading Business

The institutional services and trading business mainly provides one-stop integrated financial services for institutional and professional individual clients, such as brokerage and trading of global markets, research consulting, fixed income bonds, foreign exchange, over-the-counter derivatives and other trading investments, and investment and financing solutions.

	Fee and commission income		Interest income		Income from investment business		Total		
	2024	2023	2024	2023	2024	2023	2024	2023	%
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Fixed income, currencies and commodities	-	-	-	-	14,267	10,894	14,267	10,894	31%
Structured products	-	-	-	-	6,051	9,476	6,051	9,476	(36%)
Stock business	<u>61,036</u>	<u>70,877</u>	<u>42,872</u>	<u>35,889</u>	<u>-</u>	<u>-</u>	<u>103,908</u>	<u>106,766</u>	<u>(3%)</u>
	<u>61,036</u>	<u>70,877</u>	<u>42,872</u>	<u>35,889</u>	<u>20,318</u>	<u>20,370</u>	<u>124,226</u>	<u>127,136</u>	<u>(2%)</u>

In 2024, US dollar interest rates fluctuated at a high level throughout the year, while bond credit spreads were close to historical lows. Despite the challenging market environment, the fixed income team proactively expanded the market making and trading business in the secondary market. During the reporting period, the trading volume on behalf of clients amounted to US\$2,800 million, representing a year-on-year increase of approximately 5%. The Group capitalized on the timing window of the US Federal Reserve's rate cuts in the second half of 2024 to generate income through trading positions in high credit-rating bonds while strengthening compliance and risk management. During the reporting period, the fixed income business achieved revenue of approximately HK\$14.27 million, representing a year-on-year increase of 31%.

Adhering to the principle of serving the real economy, the financial product team has rationalized the products and services comprehensively, with a focus on optimizing products with the characteristics of serving new quality productive forces. During the reporting period, the financial product team strictly complied with regulatory requirements and conducted high-standard customer KYC reviews, effectively ensuring compliant and standardized business operations. Due to the dual impact of market regulation and business transformation, business revenue decreased by approximately 36% year-on-year.

During the period under review, the Group adhered to a prudent and steady investment strategy amidst the volatile market environment, and the investment business revenue of the institutional services and trading business realized a gain of HK\$20.32 million, which was basically unchanged as compared with 2023.

The institutional sales, institutional trading and corporate relations teams continued to expand overseas equity business services. On one hand, they strengthened communication with institutions in Japanese and South Korean, European and American markets, engaged in in-depth collaboration with local Japanese brokers on Japanese equity trading execution, maintained close interactions with institutions in the United States, United Kingdom, Brazil, and other regions to explore new cooperation opportunities. On the other hand, they further explored business opportunities in emerging markets. The teams conducted research on Saudi Arabia's capital market, with a focus on tapping the market potential in Southeast Asia, and collaborated with Malaysian brokerage partner MIDF to develop government fund investment opportunities. Leveraging multi-regional coordination, institutional business achieved diversified growth in commission income, with increased revenue from US stocks, Japanese stocks, B shares, South Korean stocks and other markets. Notably, commission income from US and Japanese stocks grew by approximately 77% and 243% year-on-year in 2024, respectively. During the reporting period, fee and commission income from the institutional services and trading business amounted to HK\$61.04 million, a year-on-year decrease of 14%, while interest income amounted to HK\$42.87 million, a year-on-year increase of 19%.

Asset Management Business

The asset management business mainly provides public fund management, private fund management, investment advisory and discretionary managed account services.

	2024	2023	
	HK\$'000	HK\$'000	%
Fee and commission income	<u>11,258</u>	<u>18,377</u>	<u>(39%)</u>

In 2024, the asset management business of the Group faced significant challenges. Despite the strong performance of US dollar-denominated assets, the overall returns of RMB-denominated assets lagged notably. Compounded by market volatility and tightening cross-border regulatory policies, customer investment demand was restrained, and business expansion encountered multiple obstacles. Confronted with these severe operational headwinds, the Group implemented refined management and strategic deployment to stabilize asset management fee level and minimize adverse market impacts. During the reporting period, fee and commission income from the asset management business amounted to HK\$11.26 million, representing a year-on-year decrease of 39%.

Looking ahead, the Group's asset management business will continue to uphold a development philosophy that balances steadiness with innovation. Leveraging Hong Kong's status as an international financial center, it will actively seize growth opportunities in countries along the Belt and Road while exploring new business opportunities. The Group will further optimize operational layout, drive transformation and upgrading of business models, and thoroughly capitalize on policy-driven opportunities. By deepening collaboration with financial institutions in key countries (regions) and selectively partnering to develop flagship strategic products, the Group strives to become the preferred cross-border asset management service provider and reliable partner of global asset allocation management for customers.

PROSPECTS

Looking ahead to 2025, the global economy is expected to experience moderate recovery overall, though significant uncertainties will persist due to divergent regional policies and geopolitical risks. Considering the strong resilience of the US labor market and its stable consumer demand, the decline in US inflation may proceed more slowly than anticipated, potentially leading the US Federal Reserve to decelerate the pace of interest rate cuts and maintain a strong US dollar. Concurrently, the potential return of the Trump administration and its continuation of trade protectionist measures such as tariffs on Chinese goods could escalate US trade frictions with China, partially undermining China's export competitiveness. In the Eurozone, constrained by prolonged economic stagnation, the recovery trajectory is projected to remain sluggish. The European Central Bank is likely to sustain accommodative monetary policies, maintaining low interest rates to stimulate economic recovery and ensure price stability.

In Chinese Mainland, as external demand slows and the international trade environment remains complex, the supportive role of exports in economic growth may weaken. While the property sector and manufacturing industry still require time to recover, corporate profitability is expected to gradually improve. Despite short-term pressures on economic growth, the overall trend demonstrates a sound momentum of steady recovery. In response to current conditions, mainland government will prioritize expanding domestic demand, boosting consumption growth, intensifying infrastructure investments, and optimizing trade layouts to drive economic stabilization and rebound. Amid intertwined domestic and external pressures, policy support and structural adjustments will serve as crucial drivers for economic transformation, with the annual growth rate of economy projected to remain around 5% in 2025.

In Hong Kong, the US Federal Reserve's pace of interest rate cuts will influence liquidity in the Hong Kong stock market, and foreign capital outflows may exert downward pressure on its performance. However, the moderately accommodative monetary policies and pro-growth measures of Chinese Mainland, and the valuation advantages of Hong Kong stock market in global equity markets are expected to jointly drive incremental capital inflows into the Hong Kong stock market. As the development of the Greater Bay Area advances, Hong Kong's status as an international financial center will be further consolidated, and cross-border capital flows and international financing activities will inject fresh vitality into the economy. Furthermore, ongoing reforms by the Exchange, including optimizing the listing rules and attracting the return of US-listed Chinese shares, will deliver long-term benefits to the Hong Kong stock market. While experiencing wide fluctuations, the Hong Kong stock market is anticipated to follow an upward trajectory in 2025.

In 2025, the Group will navigate the complex and evolving global political and economic landscape and regulatory environment by aligning closely with macro policy directives and flexibly adjusting strategies to steadily advance business development in all segments. As at the business development center and execution platform for the offshore business and cross-border business of the Shenwan Hongyuan Group, the Group will focus on high-quality development, strengthen professional advantages of the offshore platform, actively serve national strategies, and integrate into the development of the Greater Bay Area and the Belt and Road Initiative, and deepen cross-border business synergy. The Group will further optimize business structure, upgrade products and services, and enhance financial service capabilities; refine compliance and risk control systems to elevate risk management level; optimize asset and liability structure, strengthen the cost control, and improve capital and operational efficiency; and accelerate the application of financial technologies and drive digital transformation to further enhance the quality and efficiency of business and management and inject sustainable momentum into high-level development.

CAPITAL STRUCTURE

As at 31 December 2024, the total number of the issued ordinary shares was 1,561,138,689 shares and total equity attributable to ordinary equity holders was approximately HK\$2.629 billion (31 December 2023: HK\$2.790 billion).

TREASURY POLICIES

The Group generally finances its business operations with internally generated cash flow and bank borrowings. The majority of Group's banking facilities is renewable on a yearly basis and is on floating interest rates basis. In addition, it has been the policy of the Group to maintain adequate liquidity at all times to meet its liabilities as and when they fall due.

LIQUIDITY, FINANCIAL RESOURCES AND GEARING RATIO

As at 31 December 2024, the Group had a cash holding of HK\$440 million (2023: HK\$1,287 million) and financial assets at fair value through profit or loss of HK\$3,032 million (2023: HK\$3,663 million). As at 31 December 2024, the Group's total unutilised banking facilities amounted to HK\$7,406 million (2023: HK\$8,001 million), of which HK\$7,406 million (2023: HK\$8,001 million) could be drawn down without the need of notice period or satisfaction of condition precedent.

As at 31 December 2024, the Group had outstanding short-term bank borrowings and notes issued amounting to HK\$436 million (2023: HK\$234 million) and HK\$nil million (2023: HK\$417million) respectively. The liquidity ratio (current assets to current liabilities) and gearing ratio (borrowings to net asset value) as at 31 December 2024 were 142% (2023: 124%) and 17% (2023: 23%) respectively.

The Group has sufficient financial resources for its day to day operations as well as spare capacity to take advantage of any investment opportunities when they arise.

SIGNIFICANT INVESTMENT HELD, MATERIAL ACQUISITION AND DISPOSAL

During the year, the Group did not hold any significant investment and did not have any material acquisition or disposal.

CHARGES ON THE GROUP'S ASSET

No asset of the Group was subject to any charge as at 31 December 2024.

RISK MANAGEMENT

The Group has properly put in place credit management policies which cover the examination of the approval of clients' trading and credit limits, regular reviews of facilities granted, monitoring of credit exposures and the follow-up of credit risks associated with overdue debts. The policies are reviewed and updated regularly.

The management closely monitors the market condition so that precautionary measures will be taken to eliminate any risk that the Group may encounter. As at 31 December 2024, the advances to customers were overdue accounts receivable from cash clients and margin financing.

As at 31 December 2024, the balance of accounts receivable from cash clients and margin financing amounted to HK\$28 million (2023: HK\$22 million) and HK\$1,158 million (2023: HK\$1,074 million), respectively.

33% (2023: 42%) of margin financing was attributable to corporate customers with the rest attributable to individual customers.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND ANY RELATED HEDGES

The Group's principal operations are transacted and recorded in Hong Kong dollar and US dollar. The Group is not exposed to material foreign exchange risk because Hong Kong dollar is pegged with US dollar. Other foreign currency exposure is relatively minimal to its total assets and liabilities. The Group has endeavored to closely monitor its foreign currency positions and take measures when necessary.

CONTINGENT LIABILITIES

There were no material contingent liabilities as at 31 December 2024.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Except the future plans as disclosed in the paragraph headed "Future Plans & Prospects" of the "Chairman's Statement" section, the Group had no other future plans for material investments or capital assets as at 31 December 2024.

EMPLOYEES

As at 31 December 2024, the total number of full-time employees was 256 (2023: 283). The total staff costs for the year amounted to approximately HK\$233 million (2023: HK\$249 million).

The Group maintains corresponding policies for the recruitment, compensation, promotion and training of staff. Pay surveys are conducted periodically by independent consultants appointed to maintain the competitiveness in the market. With reference to market conditions, the Group will formulate proper remuneration and incentive plans to attract and retain excellent talents. The Group is committed to equal opportunities and recruits suitable talents globally.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities (including treasury shares) during the year.

ANNUAL GENERAL MEETING

The Annual General Meeting of the Company will be held on Friday, 23 May 2025. For details of the Annual General Meeting, please refer to the Notice of Annual General Meeting, which will be published and issued to the shareholders in due course.

CODE ON CORPORATE GOVERNANCE PRACTICES

To improve the Company's transparency and accountability to the shareholders, the Company is, so far as practicable, committed to maintaining high standard of corporate governance. The Company has met all applicable code provisions as set out in Part 2 of the Corporate Governance Code (the "Code") contained in Appendix C1 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") for the year ended 31 December 2024.

REVIEW BY AUDIT COMMITTEE

The final results for the year ended 31 December 2024 of the Group have been reviewed by the audit committee.

SCOPE OF WORK OF DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2024 as set out in this preliminary announcement have been agreed by the Group's auditor, Deloitte Touche Tohmatsu, Certified Public Accountants, to the amounts set out in the Group's audited consolidated financial statements for the year as approved by the Board of Directors on 28 March 2025. The work performed by Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement consequently no opinion or assurance conclusion has been expressed by Deloitte Touche Tohmatsu on this preliminary announcement.

PUBLICATION OF THE FINAL RESULTS AND ANNUAL REPORT

This results announcement is published on the website of Hong Kong Exchanges and Clearing Limited ("HKEx") at <http://www.hkexnews.hk> and the Company's website at <http://www.swhyhk.com>. The 2024 annual report will be dispatched to the shareholders and will be published on the websites of HKEx and the Company in due course.

By Order of the Board
Shenwan Hongyuan (H.K.) Limited
Wu Meng
Chairman

Hong Kong, 28 March 2025

As at the date of this announcement, the Board of the Company comprises seven Directors, of which Ms. Wu Meng, Mr. Tan Weijun, Mr. Liang Jun and Mr. Hu Jing are the executive directors, Mr. Zhang Lei is the non-executive director, Mr. Kwok Lam Kwong Larry and Mr. Liu Chijin are the independent non-executive directors.