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CELESTIAL ASIA SECURITIES HOLDINGS LIMITED

時富投資集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 1049)

ANNOUNCEMENT

OF

FINAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2024

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

The audited consolidated results of Celestial Asia Securities Holdings Limited ("Company" or "CASH") and its subsidiaries ("Group") for the year ended 31 December 2024 together with the comparative figures for the last corresponding year are as follows:

	Notes	**2024** **HK$'000**	2023 HK$'000
Revenue	(3)	**883,657**	1,016,423
Cost of inventories		**(468,124)**	(553,580)
Other income		**7,773**	16,590
Other gains and losses, net		**19,399**	2,159
Salaries, allowances and related benefits		**(179,236)**	(194,992)
Other operating, administrative and selling expenses	(5)	**(207,903)**	(217,342)
Impairment losses under expected credit loss model, net of reversal		**(381)**	(42,906)
Depreciation of property and equipment		**(10,703)**	(15,466)
Depreciation of right-of-use assets		**(88,818)**	(124,485)
Finance costs		**(21,260)**	(25,070)
Loss before taxation		**(65,596)**	(138,669)
Income tax credit (expense)	(6)	**1,814**	(4,256)
Loss for the year		**(63,782)**	(142,925)

	Note	2024 HK$'000	2023 HK$'000
Other comprehensive (expense) income for the year, net of income tax			
Items that will not be reclassified to profit or loss:			
Fair value (loss) gain on financial assets at fair value through other comprehensive income ("FVTOCI")		**(4,072)**	1,493
Items that may be reclassified subsequently to profit or loss:			
Exchange difference on translation of foreign operations		**(591)**	(1,757)
		(4,663)	(264)
Total comprehensive expense for the year		**(68,445)**	(143,189)
Loss for the year attributable to:			
Owners of the Company		**(58,266)**	(108,009)
Non-controlling interests		**(5,516)**	(34,916)
		(63,782)	(142,925)
Total comprehensive expense for the year attributable to:			
Owners of the Company		**(62,929)**	(108,273)
Non-controlling interests		**(5,516)**	(34,916)
		(68,445)	(143,189)
Loss per share	(7)		
– Basic (HK cents)		**(72.18)**	(133.81)
– Diluted (HK cents)		**(72.18)**	(133.81)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**2024** **HK$'000**	2023 HK$'000
Non-current assets			
Property and equipment		**18,772**	29,083
Right-of-use assets		**68,494**	113,384
Goodwill		**39,443**	39,443
Intangible assets		**47,501**	47,501
Rental and utilities deposits		**8,326**	15,514
Financial assets at FVTOCI		**4,806**	25,821
Financial assets at fair value through profit or loss ("FVTPL")		**4,592**	4,691
Other assets		**4,940**	5,452
Deferred tax assets		**7,264**	5,450
		204,138	286,339
Current assets			
Inventories – finished goods held for sale		**22,830**	30,209
Accounts receivable	(8)	**118,179**	130,805
Prepayments, deposits and other receivables		**155,718**	186,765
Contract assets		**911**	2,838
Loans receivables		**10,886**	5,188
Tax recoverable		**–**	4,526
Financial assets at FVTPL		**41,490**	37,349
Fixed deposit with original maturity over three months		**423**	–
Pledged bank deposits		**32,818**	54,061
Bank balances – trust and segregated accounts		**308,246**	346,215
Bank balances (general accounts) and cash		**136,038**	233,362
		827,539	1,031,318
Current liabilities			
Accounts payable	(9)	**454,357**	499,437
Financial liabilities arising from consolidated investment funds		**1,515**	122
Accrued liabilities and other payables		**78,988**	103,720
Contract liabilities		**51,292**	62,504
Taxation payable		**6,652**	7,628
Lease liabilities		**45,855**	64,786
Borrowings		**175,127**	339,612
		813,786	1,077,809
Net current assets (liabilities)		**13,753**	(46,491)
Total assets less current liabilities		**217,891**	239,848

	2024	2023
	HK$'000	HK$'000
Capital and reserves		
Share capital	**16,144**	16,144
Reserves	**36,892**	99,821
Equity attributable to owners of the Company	**53,036**	115,965
Non-controlling interests	**43,094**	53,015
Total equity	**96,130**	168,980
Non-current liabilities		
Borrowings	**84,103**	–
Deferred tax liabilities	**11,111**	11,111
Lease liabilities	**26,547**	59,757
	121,761	70,868
	217,891	239,848

Notes:

(1) Basis of preparation

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules") and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

The consolidated financial statements are presented in Hong Kong dollars, which is the same as the functional currency of the Company.

(2) Application of Amendments to HKFRS Accounting Standards

Amendments to HKFRS Accounting Standards that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2024 for the preparation of the financial statements:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
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 HKAS 7 and HKFRS 7	Supplier Finance Arrangement

The application of the amendments to HKFRS Accounting Standards in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New and amendments to HKFRS Accounting Standards in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRS Accounting Standards that have been issued but are not yet effective:

Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments[3]
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[1]
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards – Volume 11[3]
Amendments to HKAS 21	Lack of Exchangeability[2]
HKFRS 18	Presentation and Disclosure in Financial Statements[4]

[1] Effective for annual periods beginning on or after a date to be determined.
[2] Effective for annual periods beginning on or after 1 January 2025.
[3] Effective for annual periods beginning on or after 1 January 2026.
[4] Effective for annual periods beginning on or after 1 January 2027.

The directors of the Company anticipate that the application of the other amendments to HKFRS Accounting Standards will have no material impact on the consolidated financial statements in the foreseeable future.

(3) Revenue

Disaggregation of revenue from contracts with customers

	2024	2023
	HK$'000	HK$'000
Types of goods or service		
Sales of furniture and household goods	**726,159**	807,866
Sales of electrical appliances	**61,191**	103,965
Sales of tailor-made furniture	**43,672**	46,672
Revenue from retailing segment	**831,022**	958,503
Investment management services	**6,926**	4,733
Broking services, wealth management services, handling and other services	**22,898**	23,921
Interest income arising from financial assets at amortised cost	**22,811**	29,266
	883,657	1,016,423
Timing of revenue recognition		
A point in time	**833,059**	965,018
Over time	**50,598**	51,405
	883,657	1,016,423
Geographical market		
Hong Kong	**878,623**	1,011,690
The People's Republic of China (the "PRC")	**5,034**	4,733
	883,657	1,016,423

(4) Segment information

Segment information

Information reported to the executive directors of the Company, being the chief operating decision makers ("CODM"), for the purposes of resources allocation and assessment of segment performance focuses on types of goods delivered or services provided.

Specifically, the Group's operating and reportable segments are as follows:

Retailing	Sales of furniture and household goods and electrical appliances
Investment Management	Provision of investment management services to the fund investors
Other Financial Services	Provision of broking and wealth management services under the business operations of CASH Financial Services Group Limited ("CFSG")

Segment revenue and results

The following is an analysis of the Group's revenue and results by operating and reportable segments:

For the year ended 31 December 2024

	Retailing HK$'000	Investment management HK$'000	Other financial services HK$'000	Consolidated HK$'000
Revenue	**831,022**	**6,926**	**45,709**	**883,657**
Segment (loss) profit	**(10,200)**	**10,366**	**(37,049)**	**(36,883)**
Unallocated other income				**258**
Corporate expenses				**(24,215)**
Unallocated finance costs				**(4,756)**
Loss before taxation				**(65,596)**

For the year ended 31 December 2023

	Retailing HK$'000	Investment management HK$'000	Other financial services HK$'000	Consolidated HK$'000
Revenue	958,503	4,733	53,187	1,016,423
Segment (loss) profit	(19,291)	3,751	(95,888)	(111,428)
Unallocated other income				246
Unallocated other gains and losses				2,396
Corporate expenses				(24,957)
Unallocated finance costs				(4,926)
Loss before taxation				(138,669)

All the segment revenue is derived from external customers.

Segment result represents the profit earned/loss incurred by each segment without allocation of certain other income, certain other gains and losses, corporate expenses and certain finance costs. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by operating and reportable segment:

As at 31 December 2024

	Retailing HK$'000	**Investment management HK$'000**	**Other financial services HK$'000**	**Consolidated HK$'000**
ASSETS				
Segment assets	**291,665**	**132,409**	**585,131**	**1,009,205**
Unallocated right-of-use assets				**4,373**
Loans receivables				**3,200**
Unallocated financial assets at FVTPL				**966**
Unallocated prepayments, deposits and other receivables				**3,603**
Unallocated bank balances and cash				**10,330**
Total assets				**1,031,677**
LIABILITIES				
Segment liabilities	**384,466**	**22,055**	**413,680**	**820,201**
Unallocated accrued liabilities and other payables				**10,099**
Tax payable				**15,269**
Unallocated lease liabilities				**5,875**
Unallocated borrowings				**84,103**
Total liabilities				**935,547**

As at 31 December 2023

	Retailing HK$'000	Investment management HK$'000	Other financial services HK$'000	Consolidated HK$'000
ASSETS				
Segment assets	416,644	135,602	733,497	1,285,743
Unallocated property and equipment				348
Unallocated right-of-use assets				9,735
Tax recoverable				4,526
Loans receivables				900
Unallocated financial assets at FVTPL				966
Unallocated prepayments, deposits and other receivables				7,409
Unallocated bank balances and cash				8,030
Total assets				1,317,657
LIABILITIES				
Segment liabilities	494,879	23,767	486,559	1,005,205
Unallocated accrued liabilities andother payables				19,835
Tax payable				15,260
Unallocated lease liabilities				12,317
Unallocated borrowings				96,060
Total liabilities				1,148,677

For the purposes of monitoring segment performances and allocating resources between segments:

- all assets are allocated to the reportable and operating segment other than certain property and equipment, certain right-of-use assets, tax recoverable, deferred tax assets, loans receivables, certain financial assets at FVTPL, certain prepayments, deposits and other receivables and certain bank balances and cash; and

- all liabilities are allocated to reportable and operating segment other than certain accrued liabilities and other payables, taxation payable, certain deferred tax liabilities, certain lease liabilities and certain borrowings.

Other segment information

For the year ended 31 December 2024

	Retailing HK$'000	**Investment management HK$'000**	**Other financial services HK$'000**	**Unallocated HK$'000**	**Total HK$'000**
Amounts included in the measure of segment profit or loss or segment assets:					
Additions of property and equipment	2,835	–	24	–	2,859
Additions of right-of-use assets	43,633	–	1,150	–	44,783
Interest income	2,417	–	–	82	2,499
Depreciation of property and equipment	8,835	10	1,858	–	10,703
Depreciation of right-of-use assets	74,753	1,604	7,099	5,362	88,818
Finance costs	12,349	123	4,032	4,756	21,260
Net gain on financial assets/liabilities at FVTPL	–	(21,335)	(1,723)	–	(23,058)
Write-down on inventories	1,977	–	–	–	1,977
Loss on disposal of property and equipment	1,739	–	728	–	2,467
Loss on early termination at a lease	–	–	855	–	855

For the year ended 31 December 2023

	Retailing HK$'000	Investment management HK$'000	Other financial services HK$'000	Unallocated HK$'000	Total HK$'000
Amounts included in the measure of segment profit or loss or segment assets:					
Additions of property and equipment	3,919	61	190	–	4,170
Additions of right-of-use assets	37,441	1,498	–	5,367	44,306
Interest income	1,205	500	–	88	1,793
Depreciation of property and equipment	14,538	8	918	2	15,466
Depreciation of right-of-use assets and related rent concessions	107,626	1,768	11,067	4,024	124,485
Finance costs	14,642	218	5,284	4,926	25,070
Net (gain) loss on financial assets/liabilities at FVTPL	–	(10,526)	11,527	(2,397)	(1,396)
Write-down on inventories	2,501	–	–	–	2,501
Loss on disposal of property and equipment	95	–	21	–	116
Write-off of intangible assets	–	–	5,051	–	5,051

Revenue from major products and services

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

	2024	2023
	HK$'000	HK$'000
Sales of furniture and household goods	**769,831**	854,538
Sales of electrical appliances	**61,191**	103,965
Broking and wealth management services	**45,709**	53,187
Management fee from investment management services		
– Fixed	**1,851**	1,234
– Variable	**5,075**	3,499
	883,657	1,016,423

Geographical information

The Group's operations are located in Hong Kong and the PRC.

The Group's segment revenue from external customers determined based on location of the group entities' operations and information about its non-current assets (excluding financial instruments and deferred tax assets) by geographical location of the assets are detailed below:

	Revenue		**Non-current assets**	
	2024	2023	**2024**	2023
	HK$'000	HK$'000	**HK$'000**	HK$'000
Hong Kong	**878,623**	1,011,690	**179,137**	230,535
PRC	**5,034**	4,733	**13**	4,328
	883,657	1,016,423	**179,150**	234,863

No customers individually contributed over 10% of the Group's revenue during both years.

(5) Other operating, administrative and selling expenses

	2024 HK$'000	2023 HK$'000
Auditor's remuneration	**5,047**	4,670
Handling expenses for securities dealing	**1,666**	1,758
Advertising and promotion expenses	**12,446**	30,154
Utilities expenses	**14,783**	17,227
Telecommunication expenses	**13,927**	13,048
Repair and maintenance expenses	**4,471**	6,224
Printing and stationery expenses	**2,276**	2,892
Licence and registration fee	**9,130**	10,478
Legal and professional fees	**12,612**	9,956
Travelling and entertainment expenses	**6,761**	8,567
Other selling and distribution expenses	**59,408**	51,183
Expenses relating to short-term and low-value leases	**543**	2,663
Variable lease payments	**5,905**	10,160
Rates and building management fee	**33,066**	32,510
Insurance	**4,551**	2,266
Others	**21,311**	13,586
	207,903	217,342

(6) Income tax credit (expense)

	2024 HK$'000	2023 HK$'000
Current tax:		
– Hong Kong Profits Tax	**–**	–
– PRC Enterprise Income Tax	**–**	(22)
Overprovisions in prior years	**–**	228
	–	206
Deferred tax	**1,814**	(4,462)
	1,814	(4,256)

Under the two-tiered profits tax rates regime, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%.

Under the Law of the People's Republic of China on Enterprise Income Tax ("EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years.

(7) Loss per share

The calculation of the basic and diluted loss per share attributable to owners of the Company is based on the following data:

	2024 **HK$'000**	2023 HK$'000
Loss		
Loss for the purposes of basic and diluted loss per share	**(58,266)**	(108,009)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**80,720,181**	80,720,181

The incremental shares from assumed exercise of share options granted by the Company are excluded in calculating the diluted loss per share during the years ended 31 December 2024 and 2023 because they are antidilutive in calculating the diluted loss per share.

The effect of assumed exercise of share options granted by CFSG are excluded in calculating the diluted loss per share for years of 2024 and 2023 because they are antidilutive.

(8) Accounts receivable

	Notes	**2024** **HK$'000**	2023 HK$'000
Accounts receivable arising from retailing business	(a)	**1,013**	2,039
Accounts receivable arising from the business of dealing in securities	(b)	**42,434**	37,178
Accounts receivable arising from the business of margin financing	(b)	**114,506**	127,276
Accounts receivable arising from the business of dealing in futures and options	(b)	**15,469**	19,051
Less: allowance for impairment		**(55,243)**	(54,739)
		118,179	130,805

Notes:

(a) The Group allows an average credit period of 30 – 60 days to its corporate customers on retailing business. The ageing analysis based on the invoice date, which is approximately the revenue recognition date, is as follows:

	2024 HK$'000	2023 HK$'000
0 – 30 days	**782**	843
31 – 60 days	**33**	117
61 – 90 days	**43**	11
Over 90 days	**155**	1,068
	1,013	2,039

As at 31 December 2024, included in the Group's accounts receivable balance are debtors with aggregate carrying amount of HK$198,000 (2023: HK$1,079,000) which are past due as at the reporting date. Out of the past due balances, HK$155,000 (2023: HK$1,068,000) has been past due 90 days or more and is not considered as in default since the directors of the Company are of the opinion that the balances are still considered fully recoverable due to the management's historical experience on the settlement pattern or record from these debtors. The Group does not hold any collateral over these balances.

(b) The normal settlement terms of accounts receivable arising from the business of dealing in securities are usually two days after trade date or at specific terms agreed with clients, brokers, dealers and accounts receivable arising from the business of dealing in futures and options are one day after trade date. As at 1 January 2023, accounts receivable from cash clients, brokers, dealers and clearing houses arising from the business of dealing in securities amounted to HK$71,692,000 and they are repayable on demand subsequent to settlement date.

The Group provides customers with margin financing for securities transactions secured by customers' securities held as collateral. Securities are assigned with specific margin ratios for calculating margin values. Additional funds or collateral are required if the amount of accounts receivable from margin clients outstanding exceeds the eligible margin value of the securities deposited.

The customers' listed securities can be sold at the Group's discretion to settle any margin call requirements imposed by their respective securities transactions. The Group is able to use clients' securities up to the amount of 140% of the accounts receivable from margin clients as collateral of the Group's borrowings. The accounts receivable from margin clients are repayable on demand and bear interest at commercial rates. As at 31 December 2024, accounts receivable from margin clients are secured by clients' pledged securities with fair value of HK$129,444,000 (2023: HK$169,837,000), of which 28% (2023: 35%) of accounts receivable arising from the business of margin financing are fully collateralised.

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 either to settle on a net basis, or to realise the balances simultaneously.

No ageing analysis is disclosed as in the opinion of the directors of the Company, the ageing analysis does not give additional value in view of the nature of business in margin financing.

(9) Accounts payable

	Notes	2024 HK$'000	2023 HK$'000
Accounts payable arising from retailing business	(a)	**102,775**	123,271
Accounts payable arising from the business of dealing in securities	(b)	**323,499**	343,832
Accounts payable arising from the business of dealing in futures and options	(b)	**28,083**	31,815
Accounts payable arising from the business of wealth management	(b)	**–**	519
		454,357	499,437

Notes:

(a) Trade creditors arising from retailing business principally comprise amount outstanding for trade purpose and ongoing cost. The credit period taken for trade purchases ranges from 15 to 90 days (2023: 15 to 90 days).

The following is an ageing analysis (from invoice date) of trade creditors arising from retailing business at the end of the reporting period:

	2024	2023
	HK$'000	HK$'000
0 – 30 days	**50,670**	30,167
31 – 60 days	**37,270**	52,813
61 – 90 days	**11,071**	32,978
Over 90 days	**3,764**	7,313
	102,775	123,271

(b) The settlement terms of accounts payable from the business of dealing in securities are two days after trade date, and accounts payable arising from the business of dealing in futures and options contracts are one day after trade date. No ageing analysis is disclosed as in the opinion of directors of the Company, the ageing analysis does not give additional value in view of the nature of this business.

Accounts payable to clients arising from the business of dealing in futures and options are margin deposits received from clients for their trading of these contracts. The required margin deposits are repayable upon the closure of the corresponding futures and options position. The excess of the outstanding amounts over the required margin deposits stipulated are repayable to clients on demand.

Accounts payable to independent financial advisors arising from business of wealth management services are generally settled within 30 days upon receipt of payments from product issuers/clients.

Except for the accounts payable to clients arising from the business of dealing in securities which bear interest at a fixed rate, all other accounts payable are non-interest bearing.

Accounts payable amounting to HK$308,246,000 (2023: HK$346,215,000) are payable to external clients and other institutions in respect of the trust and segregated bank balances received and held for clients and other institutions in the course of the conduct of regulated activities. However, the Group does not have a currently enforceable right to offset these payables with the deposits placed.

(10) Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of debts, which include the lease liabilities and borrowings and equity attributable to owners of the Company, comprising share capital, reserves and accumulated losses. The management of the Group reviews the capital structure by considering the cost of capital and the risks associated with each class of capital. In view of this, the Group will balance its overall capital structure through the issue of new shares as well as the issue of new debt or the redemption of existing debt. The Group's overall strategy remains unchanged throughout the year.

Following the acquisition of CFSG, certain subsidiaries of the Group are regulated by the Hong Kong Securities and Futures Commission ("SFC") and are required to comply with the financial resources requirements according to the Hong Kong Securities and Futures (Financial Resources) Rules ("SF(FR)R"). The Group's regulated entities are subject to minimum paid-up share capital requirements and liquid capital requirements under the SF(FR)R. Management of the Group closely monitors, on a daily basis, the liquid capital level of these entities to ensure compliance with the minimum liquid capital requirements under the SF(FR)R. The Group's regulated entities have complied with the capital requirements imposed by the SF(FR)R throughout the year.

DIVIDEND

The Board does not recommend the payment of final dividend for the year ended 31 December 2024 (2023: Nil).

REVIEW AND OUTLOOK

Financial Review

Financial Performance

For the year ended 31 December 2024, the Group recorded revenue and net loss attributable to owners of the Company of HK$883.7 million and HK$58.3 million, respectively, as compared to revenue of HK$1,016.4 million and net loss attributable to owners of the Company of HK$108.0 million, respectively, for 2023. The decrease in loss was mainly attributable to the decrease in segment losses of the Group's retailing business and other financial services business.

Retailing Business –PRICERITE GROUP

Hong Kong retail industry has continued to face substantial challenges in 2024. Despite a robust recovery in visitor arrivals, with approximately 44.5 million visitors in 2024, representing a 31.0% increase year-on-year, the retail sector has struggled to achieve a robust recovery. This is partly due to a surge in local outbound travel, which increased by 23.0% in 2024, driven by a strong Hong Kong dollar and the recovery of airline capacity. This trend has diverted consumer spending away from local retail, contributing to a decline in sales.

Furthermore, while mainland China remains a crucial source of visitors, with around 34 million arrivals in 2024, the impact on retail sales has been limited by changing consumption patterns among these visitors. Additionally, global economic uncertainties and geopolitical tensions have dampened consumer confidence, leading to a decline in retail sales across key categories such as luxury goods and department stores.

In 2024, total retail sales in Hong Kong are projected to decline by around 7.3% in value and 9.0% in volume year-on-year, with significant drops observed in sectors like motor vehicles and parts, furniture and fixtures, and electrical goods.

Moreover, the ongoing downturn in Hong Kong's property market is significantly impacting retail sales of furniture and fixtures. Centa-City Leading Index experienced a decline of approximately 6.5% in 2024, following a cumulative decrease of 27.0% since its peak in Sep 2021. This downward trend in property prices has triggered a negative wealth effect, reducing household disposable income and leading consumers to be more cautious in their spending. Specifically, this has resulted in decreased spending on furniture and household items, as consumers are less inclined to invest in these categories when their wealth is perceived to be diminishing.

The decline in property values has also been exacerbated by high interest rates, which have increased mortgage costs and further dampened market sentiment. Although the rental market has shown resilience, with rents increasing by 1.6% in the first half of 2024, the overall property market remains challenging due to an abundance of supply and ongoing economic uncertainties.

In response to these challenges, Pricerite Group have implemented various strategic initiatives aimed at enhancing sales and gross margins while optimizing operational efficiency. These efforts include targeted marketing campaigns, strategic management of store portfolios, and cost control measures.

Pricerite Group incurred a significant one-off expense of HK$15.0 million in 2024, which was integral to its comprehensive cost control measures aimed at restructuring and optimising operations for long-term sustainability. For the year ended 31 December 2024, Pricerite Group reported a revenue of HK$831.0 million and a net loss of HK$10.2 million. This compares to a revenue of HK$958.5 million and a segment loss of HK$19.3 million for the retailing segment in 2023. These figures reflect the Group's ongoing efforts to refine its operations and position itself for future growth, despite the challenging retail environment.

Investment Management Business – CAFG

Amid persistent geopolitical uncertainties and elevated global interest rates, financial markets have experienced heightened volatility. Despite these challenging conditions, our proprietary trading portfolios have effectively navigated market fluctuations, focusing on opportunities within the energy and precious metals sectors, alongside interest rate movements. This strategic agility has enabled us to achieve double-digit returns and significantly outperform our market peers. Our investment management business delivered solid performance, reporting revenue of HK$6.9 million and a net profit of HK$10.4 million for the year ended 31 December 2024 as compared to revenue of HK$4.7 million and a net profit of HK$3.8 million in 2023.

Other Financial Services Business – CFSG (Excluding Investment Management Business through CAFG)

While the Hong Kong capital market experienced relative sluggishness, the Group strategically focused on expanding its wealth management and family office footprint within the Greater Bay Area (GBA) and other major cities in the PRC, along with key talent acquisitions to enhance its wealth management business. CFSG reported revenue of approximately HK$45.7 million, representing a slight decrease from the previous year's HK$53.2 million. Key revenue streams included broking income of HK$11.8 million (2023: HK$14.1 million), wealth management services of HK$6.6 million (2023: HK$6.6 million), investment management services of HK$5.1 million (2023: HK$4.5 million), interest income of HK$17.7 million (2023: HK$24.7 million), and handling and other services of HK$4.5 million (2023: HK$3.3 million).

Despite stable income from wealth management services, broking income saw a decrease of 16.3% due to the sluggish Hong Kong market. To enhance profitability and efficiency, CFSG actively managed its resources by reallocating idle cash to term deposits. Furthermore, impairment charges decreased significantly due to stringent credit control and improved collateral valuations. Despite these efforts and a better performance from investment management services, the Group recorded a net loss attributable to the owners of the Company of approximately HK$37.0 million, although this was a notable improvement compared to the HK$95.9 million loss in the previous year.

Impairment Allowances

Impairment allowance mainly consisted of provision for credit losses on accounts receivables arising from margin financing and loans receivables, the Group performs impairment assessment on these financial assets under the impairment framework and methodology of expected credit loss ("ECL") model established by the Group in accordance with HKFRS 9 "Financial instruments".

To minimise the credit risk on accounts receivables arising from margin financing and loans receivable, the Credit and Risk Management Committee is responsible for reviewing credit and risk management policies, approving credit limits and to determining any debt recovery actions on delinquent receivables. The assessment is based on close monitoring, evaluation of collectability and on management's judgement, including but not limited to ageing analysis of receivables, the current creditworthiness, account executives concentration analysis, collateral distribution and concentration analysis and the past collection history of each client, and consideration of forward looking factors. In this regard, the directors of the Company consider that the Group's credit risk is maintained at an acceptable level.

The accounts receivables arising from margin financing are collateralised by pledged shares of margin clients. As at 31 December 2024, the Group had concentration of credit risk on the accounts receivables from margin clients as the aggregate balances with the three largest clients represent approximately 46.3% (2023: 54.8%) of total accounts receivables. During the year, margin financing with the total gross carrying amount of approximately HK$80.3 million as at 31 December 2024 (2023: HK$82.9 million) was assessed as credit-impaired state mainly due to further decline in the market price of listed securities pledged as collateral in the year and failure of the margin borrowers to fully make up the margin shortfall by providing additional collaterals or repayment. Impairment provision net of reversal with a total amount of approximately HK$0.5 million (2023: HK$43.3 million) was made for the year.

For credit-impaired accounts receivable from margin clients, management performs individual assessment for each client by considering various factors, including the realisable value of securities or collateral from clients which are held by the Group and subsequent settlement actions.

As at 31 December 2024, the Group had concentration risk on loans receivables as 32.9% (2023: 53.8%) of the outstanding balance is from the top borrower. During the year, an impairment reversal of approximately HK$0.1 million (2023: HK$0.4 million) in personal loans with the total gross carrying amount of approximately HK$4.4 million as at 31 December 2024 (2023: HK$4.6 million) due to settlement received upon repayment.

The Group has debt recovery procedures in place. For any loans with shortfall and/or overdue payments, demand letters and/or legal letters will be issued. If the borrower does not respond, the Group may engage external legal advisors for legal actions. At the same time, the Group will contact the borrower for additional collateral and/or settlement plan. The Group may also engage debt collection agents for such loan where appropriate. If the negotiation is not successful, or additional collateral is not sufficient or default in settlement plan, external legal advisers will issue final warning to the borrower. Subsequently, writs of summon will be served to the borrower to take proceedings to court.

Liquidity and Financial Resources

The Group's equity attributable to owners of the Company amounted to HK$53.0 million as at 31 December 2024 as compared to HK$116.0 million at the end of the previous year. The decrease in equity was mainly due to net loss reported for the year. As at 31 December 2024, the Group had total outstanding borrowings of approximately HK$259.2 million as compared to HK$339.6 million as at 31 December 2023. The decrease in borrowings was mainly due to repayment of related party borrowings as at 31 December 2024. The borrowings were mostly denominated in Hong Kong dollars comprising unsecured loans of approximately HK$170.0 million and secured loans of approximately HK$89.2 million. The above bank loans of approximately HK$85.9 million were secured by the Group's pledged deposits of HK$32.8 million and corporate guarantees. As at 31 December 2024, our cash and bank balances totalled HK$477.5 million as compared to HK$633.6 million at the end of the previous year. The decrease in cash and bank balances was mainly due to the reduction in bank balances in the trust and segregated accounts and operating loss incurred during the year. The Group derives its revenue mainly in Hong Kong dollars and maintains its cash and bank balances mainly in Hong Kong dollars. The liquidity ratio as at 31 December 2024 was at 1.0 times remained the same as compare to 1.0 times as at 31 December 2023. The gearing ratio, which represents the ratio of interest bearing borrowings excluding lease liabilities of the Group divided by the total equity, was 269.7% as at 31 December 2024 as compared to 201.0% as at 31 December 2023. The increase in gearing ratio was mainly due to the loss incurred during the year. On the other hand, we have no material contingent liabilities at the end of the year. The Group's treasury policies are to secure healthy liquidity for running its operations smoothly and to maintain a sound financial position at all time throughout the year. Besides meeting its working capital requirements, cash balances and bank borrowings are maintained at healthy levels to meet its customers' investments needs while making sure all relevant financial regulations have been duly complied.

Foreign Exchange Risks

The Group did not have any material un-hedged foreign exchange exposure or interest rate mismatches at the end of the year.

Material Acquisitions and Disposals

The Group did not have any material acquisition and disposal during the year.

Fund Raising Activities

The Company did not have any fund raising activity during the year.

Capital Commitment

The Group did not have any material outstanding capital commitment at the end of the year.

Material Investments

The market value of financial assets at FVTPL increased from HK$42.0 million as at 31 December 2023 to approximately HK$46.1 million as at 31 December 2024. A net gain on financial asset at FVTPL of HK$23.1 million (2023: HK$1.4 million) was recorded for the year. We do not have any future plans for material investments, or addition of capital assets.

FINANCIAL AND OPERATIONAL HIGHLIGHTS

(HK$'m)	2024	2023	% change
Retail	831.0	958.5	(13.3%)
Investment management	6.9	4.7	46.8%
Other financial services	45.8	53.2	(13.9%)
Group Total	883.7	1,016.4	(13.1%)

Key Financial Metrics

	2024	2023	% change
The Group			
loss for the year attributable to owners of the Company (HK'$m)	(58.3)	(108.0)	(46.0%)
Loss per shares (HK cents)	(72.2)	(133.8)	(46.0%)
Total assets (HK$'m)	1,031.7	1,317.7	(21.7%)
Bank balances and cash (HK$'m)	477.5	633.6	(24.6%)
Borrowing (HK$'m)	259.2	339.6	(23.7%)
Retailing			
Revenue per sq.f.t (HK$)	3,849.0	3,793.0	1.5%
Growth for same stores (vs last year)	(1.1%)	6.4%	N/A
Inventory turnover days	20.6	30.2	(31.8%)
Investment management			
Net gain of financial assets at FVTPL (HK$'m)	21.3	10.7	99.1%
Other Financial Services			
Annualised average fee income from broking per active client (HK$'000)	1.2	1.4	(14.3%)

Business Review and Outlook

RETAIL MANAGEMENT BUSINESS – PRICERITE GROUP

Economic and Industry Review

In 2024, Hong Kong's retail sector faced a challenging operating environment shaped by a convergence of global and local economic pressures. Retail sales suffered a significant decline, with the total sales value dropping by 7.3% compared to the previous year and a drastic decrease of 22.3% against the 2018 total retail sales.

Shifting consumer behaviour, such as Mainland Chinese visitors favouring cultural and experiential consumption, and the strong Hong Kong dollar further dampened retail sales. Increased outbound travel by residents and cross-border shopping in Shenzhen weakened local consumption, while global uncertainties and geopolitical tensions compounded the strain on consumer confidence.

Furniture retail sales faced even greater challenges in 2024, with total sales plummeting by over 14.4% due to a subdued residential property market. This decline was driven by the reduced likelihood of US interest rate cuts. Since their peak in September 2021, property prices in Hong Kong have fallen by 27%, while the furniture retail sales market has contracted by 25% since its peak in 2018.

Business Review

Despite these challenges, Pricerite implemented proactive measures to strengthen resilience. These strategies included include strategic relocation of its warehouse and logistic centre to the Greater Bay Area (GBA), consolidation of non-performing stores, streamlining manpower and operating workflow and other cost controls.. At the same time, Pricerite focused on bolstering its long-term core competencies by reinforcing its foothold in the Greater Bay Area (GBA).

These efforts enabled Pricerite to narrow its segment loss from HK$19.3 million in 2023 to HK$10.2 million in 2024.

Understanding the subdued economic climate, Pricerite prioritised offering customers value-for-money products and solutions to household and space management issues. As Hong Kong's space management specialist, Pricerite and TMF have developed different customised furniture solutions and services, from the most affordable tailor-size furniture (TSF) services to fully tailor-made solutions.

In Q2 2024, Pricerite expanded its furniture alteration service named tailor-size furniture (TSF), becoming the only retailer in Hong Kong to offer such complete and comprehensive alteration service. This service allows almost all ready-made furniture in-store to be tailored to various layouts in Hong Kong's limited living spaces with the most affordable fees. The innovative ready-made room divider solution "間房易" was also introduced to cater to primarily targeting public housing customers. It offers a quick and affordable partitioning option, eliminating the relatively higher cost and longer delivery lead time associated with tailor-made solutions.

In addition, Pricerite continued its product development efforts by strengthening private label and house brand products with new features, ranges, and materials. These included both furniture and household items, providing customers with more value-for-money choices.

In response to the general consumption downgrade phenomenon, we have undertaken a comprehensive overhaul of our pricing and promotion strategies. By simplifying our promotions and consistently offering everyday low prices, we aim to communicate more effectively with price-conscious consumers through increasingly attractive price points. As a result, almost all our products now feature reduced standard prices. This achievement is a testament to our diligent efforts in lowering costs with suppliers and factories while maintaining the same high product quality, ultimately delivering the best value to our customers. To complement this pricing strategy, we launched a major marketing campaign that generated significant market buzz, increased interest in our product pricing, and boosted customer traffic and consideration.

During the year, Pricerite invested in online and offline platforms to create a seamless shopping experience. These efforts aimed at increasing conversion rates and strengthening market position.

In response to the shift in Hong Kong consumers' behaviour towards cross-border shopping, we have revamped our store layouts to optimize rental productivity, resulting a boost in sales per square foot. This improvement was achieved through a deep analysis of sales data, which revealed a continued preference among consumers for shopping at a trusted local retailer for large furniture. Consequently, we expanded our store display of furniture to better meet these preferences.

Despite the retail market downturn, with the Hong Kong online-merge-offline (OMO) market declining by 12.3% compared to last year, Pricerite's online business achieved a 6.7% growth. This resilience reflects the effectiveness of our strategies in a challenging environment. Growth was largely driven by more new online customers, content optimisation, reducing purchasing uncertainties, and improving conversion rates. Additionally, AI-powered enhanced product contents contributed to improved conversion rates with higher average transaction values (ATV). This initiative will expand to cover more product categories in 2025 to sustain the momentum.

To reach a broader customer base, Pricerite successfully launched English and Simplified Chinese versions of its eShop. This expansion allows the company to better serve expatriates and new migrants in Hong Kong. In response to Hong Kong's demographic shifts, Pricerite also extended its presence on social media platform XiaoHongShu. This platform caters to the influx of new migrants from Mainland China and has become a key influence on Gen Z shopping habits.

Amid economic uncertainty, Pricerite enhanced affordability by promoting interest-free instalment options and a P-coin rebate programme. Both initiatives boosted consumer confidence and sales.

Pricerite also continued to refine its operational efficiency. Underperforming stores were closed, and resources were reallocated to higher-performing locations to optimise the store network.

During the period, Pricerite upgraded its back-office operations in Shenzhen, transforming it into a logistics and merchandising centre. The GBA, encompassing cities like Shenzhen, Guangzhou, and Hong Kong, is one of the most dynamic economic regions globally. Shenzhen, in particular, stands out as a hub for innovation, technology, and supply chain excellence. This strategic move allows Pricerite to leverage robust infrastructure, a skilled workforce, and a well-established supplier network, thereby streamlining the supply chain, reducing lead times, and enhancing efficiency.

Facing a rapidly evolving industry landscape influenced by technological advancements and changing consumer behaviours, Pricerite increasingly leverages innovative tools like data analytics. This includes optimising product planning, sales forecasting, inventory management, and promotions to strengthen customer engagement and operating efficiency.

ESG

During the year, in alignment with Pricerite's core value of "We CARE," the Group offered exclusive discounts to residents of The STEP, a transitional housing initiative located in San Tin. This project provides short-term rental accommodation at reduced rates for families who have been on the public housing waiting list for more than three years or those facing urgent housing needs. The discounts applied to furniture, household goods, and electrical appliances, helping residents to establish a comfortable and warm home. This initiative not only addressed immediate housing challenges but also significantly improved the quality of life for the residents.

The Group continued its sponsorship and encouraged staff to participate in the "Cycle for Millions" event organised by Pok Oi Hospital. This initiative not only supported the development of the hospital but also promoted cycling, a sustainable lifestyle, and greater health awareness in Hong Kong. As a "Total Caring Organisation", the Group also mobilised a team of volunteers to take part in a flag-selling activity organised by Against Child Abuse, a charity dedicated to safeguarding child welfare. This initiative aimed to raise funds for the organisation while increasing public awareness of child protection issues in Hong Kong.

The Group also took part in the Hong Kong Community Chest's "Dress Casual Day", encouraging staff to wear comfortable casual attire to work while raising funds for those in need within the local community. Through this initiative, the Group fostered a culture of care and mutual support, contributing to meaningful social causes and enhancing the overall well-being of the community.

To demonstrate our commitment to environmental protection and social responsibility, the Group partnered with Food Angel to prepare essential food aid for those in need while minimising food waste. We also took part in the World Wide Fund's Earth Hour, turning off non-essential lights to highlight the importance of environmental conservation and fight against climate change. Furthermore, the Group participated in Greeners Action's Lai See Reuse and Recycle Programme, which promoted eco-friendly practices alongside New Year customs.

Outlook

Looking ahead to 2025, Hong Kong is expected to benefit from a general downtrend in interest rates, continued economic growth, and an influx of talent. These factors should support stable growth in the residential property market.

Government data indicates the availability of 13,700 new private residential units in the 2025-26 fiscal year, alongside 190,000 public housing units over the next five years. These developments are expected to positively impact the furniture and household sectors.

The stay-at-home economy continues to drive solid demand for furniture and household products. Consumers are prioritising improvements to their living environments over luxury purchases, as evidenced by the significant decline in retail sales of valuable goods and motor cars.

Pricerite is well-positioned to capitalise on these trends. Its cost optimisation measures and strategic investments in innovation have laid a strong foundation for growth. With unparalleled local knowledge of Hong Kong's living environment, Pricerite's multi-functional furniture solutions meet the demands of customers, offering value-for-money quality options and hassle-free after-sales services.

We will continue investing in Pricerite's online-merge-offline business model and digitalisation programmes to enhance operational efficiency, drive sustained growth, and strengthen customer engagement in an evolving digital retail landscape.

ALGO TRADING BUSINESS – CAFG

Market Overview and Business Environment

The global commodities futures market in 2024 exhibited significant volatility, particularly in the metals and energy sectors. The Chinese commodity futures market experienced notable price fluctuations driven by supply-demand dynamics and policy changes. Metals market volatility created favorable conditions for quantitative trading strategies, while Middle East tensions and supply constraints influenced energy markets.

In Hong Kong, the equity market demonstrated resilience despite regional challenges. The Hang Seng Index showed notable strength, particularly in large-cap technology, healthcare, and insurance sectors. This market environment provided opportunities for our fundamental combined with quantitative investment approaches.

Business Review

On the business front, our strategic planning and positioning of the asset management business over the past few years have delivered notable results in 2024. We now manage one commodities futures fund and advise an equity portfolio and a CTA fund; all recorded respectable gains in 2024.

The CASH Multi Strategy Fund delivered an impressive 19.50% return in 2024, maintaining its consistent performance track record. The fund's market-neutral statistical arbitrage strategy combined with trend-following and reversion strategies proved effective in diverse market conditions. The fund's performance demonstrates the advantages of quantitative investing, with its systematic approach eliminating emotional bias and capturing market inefficiencies across multiple asset classes. The fund has proven valuable for portfolio diversification, showing minimal correlation with traditional asset classes. This characteristic was evident in 2024, as the fund maintained steady returns despite market volatility.

As a quant-focused research team, CASH Ago provides investment advice to CASH Prime Value Equity Fund, a public OFC fund launched in August 2022. The fund achieved a robust 15.57% return in 2024, outperforming many Hong Kong equity space peers. The fund's quantamental approach, combining quantitative screening with fundamental analysis, successfully identified opportunities in the Hong Kong market, particularly in technology and consumer sectors.

In 2024, the CTA Fund achieved a respectable 24.95% return, outperforming its peers after two years of slow market performance. The fund's success was driven by its momentum and reversion strategies, which capitalised on the volatility in the metals market. The fund's low correlation with traditional asset classes and other CTA funds provided diversification benefits, making it an attractive option for investors seeking to complement their overall asset allocation.

The proprietary portfolio, including futures and equities, achieved its target return in 2024 as hot money chased after precious metals to combat inflations. The increased transaction volume and volatility yield more trading opportunities for the models. The proprietary portfolio will continue contributing trading income to the Group and serve as a testing ground for trading ideas for the fund management portfolios.

Business Development

Key initiatives for business development focus on enhancing operations and growth by expanding investment-related services, leveraging the company's quantitative expertise to tap into emerging markets and opportunities. Additionally, efforts are directed toward strengthening distribution channels by investing in the training and development of the internal sales force, ensuring they are equipped with the skills and knowledge necessary to drive sales performance and effectively meet client needs.

Outlook

CASH Multi Strategy Fund and the CTA fund are well-positioned to capitalise on market volatility through their diverse strategy mix. We expect the fund to maintain its steady performance profile, particularly as market uncertainty may increase demand for non-correlated investments.

The CASH Prime Value Equity Fund is expected to benefit from monetary easing and fiscal stimulus in the Chinese economy, the lower PE of Hong Kong equities, and potential recovery in the local economy. Specific sectors like financial services, technology, and consumer discretionary will likely outperform. The fund's quantamental approach should continue identifying attractive opportunities in the evolving market environment.

Strategic priorities for 2025 center on enhancing the firm's capabilities and innovation by integrating artificial intelligence to bolster quantitative expertise, strengthening risk management systems to ensure resilience and stability, and developing new quantitative strategies tailored specifically for the dynamic and evolving market.

This comprehensive approach positions the company at the forefront of technological and financial advancements, while maintaining its growth trajectory and delivering consistent returns for investors in the evolving market environment.

OTHER FINANCIAL SERVICES BUSINESS – CFSG

Market Overview

As a global financial hub serving as a bridge between mainland China and the rest of the world, Hong Kong's financial services sector in 2024 has once again been significantly shaped by the broader international political and economic landscape.

Trade restrictions, sanctions, and regulatory scrutiny imposed by major economies have introduced uncertainties to cross-border capital flows. Moreover, heightened geopolitical rivalries have increased market volatility, impacting investor sentiment and trading volumes in Hong Kong.

The global economy in 2024 has been characterised by persistent inflationary pressures, rising interest rates, and uneven regional growth, which have dampened investor appetite and reduced retail investor participation.

However, the expansion of cross-border investment programmes, such as Stock Connect and Bond Connect, has created opportunities for Hong Kong to facilitate capital flows between mainland China and international markets.

During the year, Hong Kong's locally domiciled public funds, including exchange-traded funds, recorded an impressive 88% increase in net inflows, driving total assets up by 22% year-on-year (YoY) to HK$1.64 trillion as investor sentiment improved. Meanwhile, Hong Kong's insurance industry continued to flourish in 2024, with total gross premiums rising by 12.2% YoY during the first three quarters.

Business Review

Building on Hong Kong's status as a global financial hub and its proximity to mainland China, CFSG has continued to attract a growing number of high-net-worth individuals (HNWIs) and ultra-high-net-worth individuals (UHNWIs) seeking sophisticated wealth management solutions.

The year 2024 has been a landmark for CFSG's family office business, marked by significant advancements in market expansion, client service, and product innovation. As a leading financial services provider, CFSG has strengthened its presence across key Asian markets, particularly in mainland China, while enhancing its services to meet the evolving needs of HNWIs.

One of the year's standout achievements was CFSG's strategic market expansion. In the third quarter, CFSG established a new office in Qingdao, complementing its expansion in China's three strategic development areas: the Guangdong-Hong Kong-Macao Greater Bay Area, the Yangtze River Delta, and the Bohai Rim in northern China. This initiative has not only reinforced CFSG's footprint in China but also enabled it to better serve clients in the rapidly growing East Asian market through key partnerships with leading financial institutions in the region.

CFSG's External Asset Management (EAM) division experienced remarkable growth in 2024, with substantial increases in both client numbers and assets under management. The insurance division also achieved significant milestones, including record-breaking first-year and total premiums received.

The asset management division continued to deliver strong performance. Achieving an impressive 15.57% return in 2024, CASH Prime Value Equity OFC Public Fund surpassed numerous competitors within Hong Kong's equity market. By blending quantitative models with in-depth fundamental analysis, the fund's quantamental methodology effectively uncovered promising opportunities, especially within the technology and consumer industries in Hong Kong.

Furthermore, in early 2024, we launched the CASH Multi Strategy Fund which delivered an outstanding return of 19.50%, further strengthening its reputation for consistent performance. Leveraging a blend of market-neutral statistical arbitrage alongside trend-following and mean-reversion approaches, the fund demonstrated its ability to adapt and thrive across varying market environments.

CFSG also upgraded its trading platform, integrating it with the back-office system to enhance digitalisation and automation. This innovation has streamlined human resources, allowing reinvestment in more value-added growth areas.

Client engagement remained a priority, with CFSG organising a variety of offline and online activities to foster strong relationships and effective communication. Investment seminars were held to equip clients with the knowledge and tools necessary to navigate the rapidly evolving financial landscape.

Participation in major international financial forums, such as Hong Kong FinTech Week, further enhanced CFSG's brand visibility and expanded its client portfolio, supported by an enhanced sales team.

Additionally, CFSG leveraged social media platforms, including Facebook, Instagram, and YouTube, to maintain close ties with clients. For mainland clients, particularly in the Greater Bay Area (GBA), CFSG established a presence on popular platforms such as Xiaohongshu, WeChat public accounts, Kuaishou, and Douyin, receiving positive feedback and numerous inquiries.

These efforts culminated in CFSG being honoured with the "Guangdong-Hong Kong-Macao – Best Financial Service Award in the Greater Bay Area" at the Third Guangdong-Hong Kong-Macao Greater Bay Area Development Forum, recognising the company's exceptional performance and dedication to client service.

Furthermore, with enhanced liquidity inflows, Hong Kong regained its position among the top five global IPO venues. CFSG played a key role as a joint lead manager and underwriter for Horizon Robotics, a leading Chinese smart driving technology company, which executed the second-largest IPO in Hong Kong in 2024.

ESG

During the year, the Group's comprehensive Environmental, Social, and Governance (ESG) efforts continued to underscore its unwavering commitment to sustainability, community welfare, and corporate responsibility. These initiatives also show our commitment to promoting a healthy work-life balance and supporting the well-being of our employees.

Employee satisfaction, engagement, and team spirit are of paramount importance to us. We proudly took part in the "Say Yes to Breastfeeding" campaign, launched by the United Nations Children's Fund Hong Kong (UNICEF HK), by fostering a breastfeeding-friendly workplace.

The Group also actively sponsored and encouraged volunteer participation in the "Cycle for Millions" event organised by Pok Oi Hospital. This initiative not only supported the development of the hospital but also championed cycling as a sustainable lifestyle choice and promoted health awareness across Hong Kong. As a "Total Caring" organisation, we also formed a team of volunteers to participate in a flag-selling activity organised by Against Child Abuse, a charity dedicated to child welfare. This event aimed to raise funds for the organisation while increasing public awareness of child protection issues in Hong Kong.

The Group also took part in the Hong Kong Community Chest's "Dress Casual Day," encouraging staff to wear comfortable casual attire to work while contributing to fundraising efforts for those in need in the local community. Through this initiative, the Group sought to foster a spirit of care and mutual support, making a meaningful contribution to social causes while enhancing the well-being of the wider community.

In demonstrating our commitment to environmental protection and social responsibility, the Group partnered with Food Angel to prepare essential food aid for individuals in need, while simultaneously reducing food waste. We also participated in the World Wide Fund's (WWF) Earth Hour by turning off non-essential lights, raising awareness of environmental conservation and the fight against climate change. Additionally, the Group supported Greeners Action's Lai See Reuse and Recycle Programme, which encouraged eco-friendly practices in alignment with traditional New Year customs.

Outlook

The global economy faces ongoing challenges, including slower growth, persistent inflation, and an uncertain policy environment. A global trade war initiated by the US is exacerbating worldwide economic pressures, driving up US inflation, and delaying Federal Reserve rate cuts. Concern about a stagflationary shift looms large, with 71% of fund managers expecting stagflation in the global economy within the next 12 months.

In contrast, China is implementing stimulus measures and prioritising high-end manufacturing through New Qualitative Productivity as a new growth engine amid ongoing trade tensions with the US.

In response to this evolving landscape, CFSG is further rejuvenating its brokerage business into value-added offerings while transitioning into a wealth management specialist. By leveraging opportunities presented by the expanded Wealth Management Connect (WMC) Scheme, CFSG aims to cater to the diverse investment needs of its GBA clients.

Nowadays, implementing an investment model within a trading system capable of executing trades automatically based on the model's predictions, while integrating a real-time data feed, is essential for modern trading. Ensuring the system has access to real-time market data is critical for making swift investment decisions in response to rapidly changing market news and data.

Today, artificial intelligence (AI) has the potential to greatly enhance investment decision-making by employing advanced data analysis and machine learning techniques. By systematically gathering and analysing data, training predictive models, and executing algorithmic trading strategies, investors can make more informed and timely decisions. However, it is vital to remain mindful of the inherent risks and to continuously monitor and adapt strategies to evolving market conditions.

With this in mind, a research project was initiated to pioneer the application of AI in empowering our clients to make real-time decisions in global asset allocation and tactical security selection. Leveraging our over 50 years of experience in the international financial markets, we are confident that our new platform can deliver a user-friendly, interactive, and technically advanced investment model.

With a strong foundation in place, CFSG is poised to continue its growth trajectory, delivering innovative products and services that meet the diverse needs of its clients while maintaining an unwavering commitment to excellence.

EMPLOYEE INFORMATION

At 31 December 2024, the Group had 502 employees. Our employees were remunerated according to their performance, working experience and market conditions. The total amount of remuneration cost of employees of the Group for the year under review was approximately HK$179.2 million.

Benefits

The Company and some of its subsidiaries provide employee benefits including mandatory provident fund scheme, medical insurance scheme, discretionary share options, performance bonus and sales commission for their staff. The Company also provides its employees in the PRC with medical and other subsidies, and contributes to the retirement benefit plans.

Training

The Group has implemented various training policies and organised a number of training programmes aimed specifically at improving the skills of its employees and generally to increase the competitiveness, productivity and efficiency of the Group including training in areas such as product knowledge, customer service, selling techniques, presentation, communication, quality management, graduate development and also professional regulatory training programmes as required by regulatory bodies. The Group also arranges for relevant staff, who are licensed persons under the Securities and Futures Ordinance ("SFO"), to attend the requisite training courses to fulfill/comply with the continuous professional training as prescribed in the SFO.

The Group conducts an initial staff orientation for new employees in order to familiarise them with the Group's history and strategy, corporate culture, quality management measures and rules and regulations. This orientation aims to prepare the new employees for the positions by establishing a sense of belongingness and cooperation; by supplying necessary information that resolves an employee's concerns; and by removing any potential barriers for job effectiveness and continuous learning.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 of the Listing Rules (the "Model Code") as the code governing the transactions of securities by the directors. After making specific enquiry to all directors, it is confirmed that all directors of the Company had complied with the relevant standard as provided in the Model Code throughout the year ended 31 December 2024.

CORPORATE GOVERNANCE

The Company's corporate governance practices are based on the principles as set out in the Corporate Governance Code (the "CG Code") contained in Part 2 of Appendix C1 of the Listing Rules. During the financial year ended 31 December 2024, the Company has complied with all the CG Code, except for the following deviations:

(1) Pursuant to code provision C.2.1, the roles of chairman and chief executive officer should be separate and not be performed by the same individual. Dr Kwan, the executive director and Chairman of the Board also acted as chief executive officer ("CEO") of the Company during the underlying year. Dr Kwan is responsible for formulating the strategies and policies of the business development of the Group, providing leadership and overseeing the functioning of the Board. The dual role of Dr Kwan provides a strong and consistent leadership to the Board and is critical for efficient business planning and decisions of the Group. The CEOs of respective business units of the Group assisted Dr Kwan in performing CEO's responsibilities and are responsible for formulating business plans and monitoring the business operation and development of the Group, and report regularly to the Chairman. The balance of power and authorities is also ensured by the operation of the Board and the senior management, which comprise experienced and high caliber individuals. In addition, the 3 INEDs provide independent and impartial opinion on issues to be considered by the Board. The Board is of the opinion that the current Board structure functions effectively.

(2) Pursuant to code provision B.2.4 where all the independent non-executive directors of the Company have served more than nine years on the Board, the Company should appoint a new independent non-executive director on the board. Each of Mr Leung Ka Kui Johnny, Mr Wong Chuk Yan and Dr Chan Hak Sin had served the Company as an independent non-executive Director for more than nine years and the Company did not appoint a new independent non-executive Director. Mr Leung Ka Kui Johnny has served the Board for 24 years, Mr Wong Chuk Yan has served the Board for 26 years and Dr Chan Hak Sin has served the Board for 24 years. The Board considers that each of the three independent non-executive Directors have a through understanding of the Company's operations, do not involve in the Company's daily operations and have expressed independent advices to the Company in the past. The Board is also of the view that these three independent non-executive Directors are firmly committed to their responsibilities and ongoing role, and that the long service of these three independent non-executive Directors will not affect their independent judgements. The Board considers these three independent non-executive Directors to remain independent under the Listing Rules despite the fact that they have served the Company for more than nine years. The Board believes that the continued tenure of these independent non-executive Directors will help to maintain the stability of the Board as they have, over time, gained valuable insights into the business strategy and policies of the Group. Therefore, the Company did not appoint a new independent non-executive Director, which despite deviate from code provision B.2.4, would not be detrimental to the Company.

We will periodically review and improve our corporate governance practices with reference to the latest corporate governance developments.

REVIEW OF RESULTS

The Group's audited consolidated results for the year ended 31 December 2024 have been reviewed by the Audit Committee of the Company.

SCOPE OF WORK OF MESSRS. 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 the final results announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the audited consolidated financial statements of the Group for the year as approved by the Board of Directors on 28 March 2025. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Messrs. Deloitte Touche Tohmatsu on the final results announcement.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SECURITIES

During the year ended 31 December 2024, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company listed securities.

On behalf of the Board
Bankee P. Kwan
Chairman & CEO

Hong Kong, 28 March 2025

As at the date hereof, the directors of the Company are:-

Executive Directors:

Dr Kwan Pak Hoo Bankee, *BBS, JP*
Mr Leung Siu Pong James
Mr Kwan Teng Hin Jeffrey
Mr Cheung Tsz Yui Morton
Ms Kwan Iec Teng Janet

Independent non-executive Directors:

Mr Leung Ka Kui Johnny
Mr Wong Chuk Yan
Dr Chan Hak Sin

If there is any inconsistency in this announcement between the Chinese and English versions, the English version shall prevail.

* *For identification purpose only*