盛源 SHENG YUAN

盛源控股有限公司

SHENG YUAN HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

Stock Code : 851

2024 ANNUAL REPORT

SHENG YUAN HOLDINGS LIMITED
ANNUAL REPORT 2024

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Zhou Quan *(Chairman)*
Mr. Zhao Yun

Non-Executive Director

Mr. Huang Shuanggang

Independent Non-Executive Directors

Mr. Zhang Jinfan
Ms. Huang Qin
Mr. Guo Yaoli

AUDIT COMMITTEE

Ms. Huang Qin *(Chairman)*
Mr. Zhang Jinfan
Mr. Huang Shuanggang

REMUNERATION COMMITTEE

Mr. Zhang Jinfan *(Chairman)*
Ms. Huang Qin
Mr. Guo Yaoli

NOMINATION COMMITTEE

Mr. Zhou Quan *(Chairman)*
Mr. Zhang Jinfan
Mr. Guo Yaoli

COMPANY SECRETARY

Mr. Chiu Ming King *(FCG HKFCG (PE))*

STOCK CODE

851

WEBSITE

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SHARE REGISTRAR

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REGISTERED OFFICE

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Bermuda

PRINCIPAL OFFICE IN HONG KONG

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COSCO Tower, No. 183 Queen's Road Central
Hong Kong

AUDITOR

Beijing Xinghua Caplegend CPA Limited
Certified Public Accountants and Registered Public Interest Entity Auditors
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46 Tsun Yip Street
Kwun Tong
Hong Kong

PRINCIPAL BANKERS

The Hong Kong and Shanghai Banking Corporation
Bank of China (Hong Kong) Limited

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS AND FINANCIAL REVIEW

Financial Summary

For the year ended 31 December 2024, the revenue of the Group increased to approximately HK$26.3 million, representing an increase of 246% as compared with a revenue of approximately HK$7.6 million for the year ended 31 December 2023. Profit for the year ended 31 December 2024 was approximately HK$31.9 million, as compared with a loss of approximately HK$27.8 million for the year ended 31 December 2023. The increase in net profit is primarily attributable to (1) the successful execution of Financial Advisory Services Agreement and General Escrow Services Agreement as disclosed in the continuing connected transactions announcement of the Company dated 11 November 2023 and (2) a new investment advisory management agreement signed during year 2024, which has driven substantial revenue growth; both of which have significantly contributed to revenue growth and overall financial performance.

Operation and Financial Results of Business Segments

Securities Brokerage and Financial Services

The Group provides securities brokerage and financial services via two of its subsidiaries, Sheng Yuan Securities Limited ("SYS") and Sheng Yuan Capital (Hong Kong) Limited ("SYC").

SYS is licensed to conduct Type 1 (dealing in securities), Type 2 (dealing in the future contract), and Type 4 (advising on securities) regulated activities under the Securities and Futures Ordinance ("SFO"). Through SYS, the Group provides underwriting and placing services in equity and debt capital transactions, securities and futures brokerage services for securities, futures, and options contracts, margin financing services, and custodian and handling services for client accounts on securities, futures, and options contracts. The fee and commission are based on a certain percentage of the total transaction amounts. As at 31 December 2024, SYS had a total number of 4 employees. 1 employee is licensed as responsible officer to conduct Type 1 regulated activities and 1 employee is licensed as responsible officer to conduct Type 1, Type 2 and Type 4 regulated activities. 1 employee is licensed as a representative to conduct Type 1 regulated activities, and 1 employee is licensed as a representative to conduct Type 1, 2, 4 regulated activities. As at 31 December 2024, SYS maintained 775 client accounts, an increase from 765 client accounts as at 31 December 2023 due to the business development. There was approximately HK$22.3 million in client trust bank accounts, representing a 50.9% decrease from HK$45.4 million as at 31 December 2023. Such decrease was mainly due to withdrawal from clients.

SYC is licensed to conduct Type 6 (advising on corporate finance) regulated activity under the SFO. SYC provides corporate advisory services, for a fee, to corporate clients for their corporate actions to ensure the client's compliance with the Listing Rules and the Takeovers Code. Such corporate actions include IPO, placing of shares and other securities, mergers, and acquisitions, business restructuring, etc. As at 31 December 2024, SYC had 4 employees, 2 are licensed as responsible officers and 2 as representatives to conduct Type 6 (advising on corporate finance) regulated activity under the SFO.

During the year ended 31 December 2024, the total revenue of Sheng Yuan Financial Services Group Limited (a subsidiary of the Company) and its subsidiaries (collectively, the "SYFS Group") increased by approximately 258% to approximately HK$26.1 million (2023: HK$7.3 million). For securities brokerage and financial services business, revenue from securities brokerage and financial services during the year ended 31 December 2024 increased by 209% to approximately HK$13.6 million (2023: approximately HK$4.4 million); segment result recorded a profit of approximately HK$12.8 million (2023: loss approximately HK$3.0 million). Such increase in both revenue and profit was mainly because some clients resumed their Debt Capital Market ("DCM") and Equity Capital Market ("ECM") projects during the year.

MANAGEMENT DISCUSSION AND ANALYSIS

Asset Management

The Group provides asset management services via one of the Group's subsidiaries, Sheng Yuan Asset Management Limited ("SYAM"). SYAM is licensed to conduct Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO. Via SYAM, the Group provides investment recommendations to clients on securities trading or portfolio management as an investment advisor, as well as investment management services for funds or discretionary accounts. The Group would charge a fixed rate management fee calculated based on the value of the net assets within the funds or discretionary accounts, as well as a performance fee calculated based on the increase in value of the net assets within the funds or discretionary accounts.

As at 31 December 2024, the asset management segment had 4 employees. 2 employees are licensed as responsible officers to conduct Type 4 and Type 9 regulated activities, and 1 employee is licensed as responsible officer to conduct Type 9 regulated activities. 1 employee is licensed as representative to conduct Type 4 and Type 9 regulated activities.

For asset management business, as of 31 December 2024, SYAM acted as the fund manager or investment adviser for two discretionary accounts. The total assets under management (the "AUM") of SYAM decreased by approximately 100% to approximately HK$0.17 million for the year ended 31 December 2024 (2023: approximately HK$662 million). During the year ended 31 December 2024, the Group recorded segment revenue of approximately HK$12.5 million (2023: approximately HK$3.0 million) generated from asset management business, representing an increase of approximately 317%; it recorded segment profit of approximately HK$13.0 million (2023: HK$4.6 million), representing an increase of approximately 182.6%. The increase in the segment revenue was mainly due to an investment advisory agreement signed.

Proprietary Trading

For proprietary trading business, the Company mainly invests, through its subsidiaries, in the listed shares and real estate bonds in the Hong Kong market. During the year ended 31 December 2024, the Group resumed its proprietary trading business. The segment profit from the proprietary trading business was approximately HK$23.7 million (2023: segment loss of approximately HK$11.2 million).

Trade Financing

The Group continued its trade financing business during the year to expand and diversify its source of revenue. During the year ended 31 December 2024, the segment achieved a profit of approximately HK$0.2 million (2023: a profit of approximately HK$0.1 million). The Group adopted HKFRS 9 to account for its trade financing process in 2024.

PROSPECTS AND FUTURE PLANS

As we progress through 2025, Hong Kong's economic landscape presents both challenges and opportunities. The government forecasts a GDP growth rate between 2% and 3% for the year, following a 2.5% growth in 2024. Additionally, the International Monetary Fund (IMF) has adjusted its 2025 growth projection for Hong Kong to 2.7%, down from an earlier estimate of 3%. These forecasts reflect global economic uncertainties.

In response to these conditions, the Group remains committed to reinforcing its market position and delivering value to shareholders. The Group aim to leverage expertise to navigate the evolving economic environment effectively.

MANAGEMENT DISCUSSION AND ANALYSIS

To strengthen securities brokerage business, the Group will intensify efforts to secure DCM and ECM deals, aiming to bolster underwriting income. Simultaneously, asset management division plans to establish additional funds across various asset classes and develop innovative financial products. By broadening customer base, particularly focusing on high-net-worth individuals and professional investor groups aiming to align with current market trends and client needs.

The Group has also been exploring the reactivation of proprietary trading operations to diversify income sources and enhance overall profitability. Additionally, continuous efforts will be made to manage operating costs and improve efficiency, ensuring sustainable growth and maximize shareholders' returns.

The Directors are confident that, through these strategic initiatives, the Group is well-positioned to maintain sustainable growth in 2025 and beyond, thereby enhancing value to shareholders.

ACQUISITION AND DISPOSAL

There were no material acquisitions or disposals during the year ended 31 December 2024.

LIQUIDITY AND FINANCIAL RESOURCES

As of 31 December 2024, cash and bank balances in general accounts maintained by the Group were approximately HK$44.0 million, representing a decrease of approximately 6.8% from approximately HK$47.2 million as of 31 December 2023. Balances in deposit with maturities over 3 months when acquired were approximately HK$57.0 million (2023: Nil). Balances in trust and segregated accounts were approximately HK$22.3 million, representing a decrease of approximately 50.9% from approximately HK$45.4 million as of 31 December 2023. Accounts and other receivables, deposits and prepayments were approximately HK$6.5 million as at 31 December 2024, representing a decrease of approximately 77.4% from approximately HK$28.8 million in 2023. Such decrease is mainly due to repayment of receivable from customers. Accounts and other payables and accruals were approximately HK$24.8 million as at 31 December 2024 (2023: HK$53.6 million). The Group's current assets and current liabilities as of 31 December 2024 were approximately HK$143.3 million (2023: HK$138.0 million) and approximately HK$29.2 million (2023: HK$55.7 million), respectively. The long-term liability as of 31 December 2024 was HK$1.0 million (2023: HK$2.6 million). The gearing ratio of the Group, measured by total debts to total assets, was not applicable as at 31 December 2024 and 2023 because the Group has no debts such as borrowings. As at 31 December 2024, the Group recorded net assets of approximately of approximately HK$116.6 million (2023: net asset of approximately HK$84.7 million). During the year ended 31 December 2024, the Group financed its operations with internally generated cash flows.

FOREIGN EXCHANGE RISK MANAGEMENT

The Group's transactions are mainly denominated in Hong Kong dollars, United States dollars ("USD"), and Renminbi ("RMB"). The Group has not implemented any foreign currency hedging policies. However, the Group's management will closely monitor exchange rate movement and will take appropriate actions to reduce the risks.

MANAGEMENT DISCUSSION AND ANALYSIS

CAPITAL STRUCTURE

The Directors monitor the Group's capital structure by reviewing cash flow requirements and considering its future financial obligations and commitments. The capital structure of the Group comprises of issued share capital and reserves attributable to shareholders. A prudent financial management approach is adopted for our treasury policy to ensure that our liquidity structure comprising assets, liabilities, and other commitments are able to meet our capital requirements. The Directors review the Group's capital structure regularly. There are no changes in capital structure during the year.

CONTINGENT LIABILITIES

As at 31 December 2024, the Group did not have any material contingent liabilities.

DIVIDEND POLICY

The Company has a dividend policy, the objective of which is to allow shareholders of the Company to participate in the Company's profits whilst retaining adequate reserves to sustain the Group's future growth. The declaration, form, frequency, and amount of dividend paid by the Company must be in accordance with relevant laws and regulations and subject to the bye-laws of the Company. In deciding whether to declare any dividend, the Board will take into account of a number of factors, including the financial results, the distributable reserves, the operations, and liquidity requirements, and the current and future development plans of the Company. The Board will review the dividend policy of the Company as appropriate from time to time.

PLEDGE OF ASSETS

As at 31 December 2024, the Group did not have any pledged assets.

HUMAN RESOURCES

As at 31 December 2024, the Group employed 17 employees. The remuneration policy and package of the Group's employees are maintained at the market level and are reviewed annually by management. In addition to the basic salary, discretionary bonuses, mandatory pension fund, and medical insurance scheme, share options may also be granted to eligible employees at the discretion of the Board and are subject to the performance of the individual employees as well as the Group.

The Group regards our staff as the most important asset and resource, and provides regular training courses and a variety of development programs to our staff. The Group has developed relevant training policies and procedures to enhance the effectiveness of such training programs.

During the Reporting Period, the Group has organized both internal and external training courses for employees. Such training courses covered topics including but not limited to industrial updates, compliance matters, occupational health, safety, etc.

BIOGRAPHICAL DETAILS OF DIRECTORS

EXECUTIVE DIRECTORS

Mr. Zhou Quan, aged 41, was appointed as an executive Director in May 2019. Mr. Zhou obtained his master's degree in accountancy from The George Washington University. Mr. Zhou has extensive experience in the finance and accounting field. Currently, Mr. Zhou is the director of Yuanyin Holdings Limited.

Mr. Zhao Yun, aged 40, was appointed as a non-executive Director in May 2019 and re-designated as an executive Director in March 2020. Mr. Zhao was appointed as chief executive officer in May 2022. Mr. Zhao obtained his master's degree in economics from Southwest Jiaotong University. Mr. Zhao had worked as senior management with various large corporations in mainland China and gained extensive experience in corporate restructuring, IPO listing, business operations management, assets, and capital management. Currently, Mr. Zhao is a director of Yuanyin Holdings Limited, a substantial shareholder of the Company.

NON-EXECUTIVE DIRECTOR

Mr. Huang Shuanggang, aged 61, was appointed as a non-executive Director in March 2020. He had served as the chief financial officer of Henan Zhaoteng Investment Co., Ltd. from 2010 to 2018 and a deputy director of Huajian Certified Public Accountants from 2000 to 2010. He worked at Henan Guanghua Financial Accounting Co., Ltd. from 1993 to 2000 and at the finance department of Zhongyuan Aluminum Plant from 1983 to 1993. Mr. Huang is currently a director of Yuanyin Holdings Limited, a substantial shareholder of the Company. Mr. Huang is a qualified accountant in the PRC. Mr. Huang has extensive experience in financial accounting, corporate management, and investment management.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Zhang Jinfan, aged 44, was appointed as an independent non-executive Director since May 2020. He received his Doctor of Philosophy ("PhD") in Finance from Yale University and PhD and Bachelor's degree in Electrical Engineering from Tsinghua University. Mr. Zhang has been an associate professor of finance in the School of Management and Economics and a co-director of the Center for Macro-Financial Stability and Innovation under the Shenzhen Finance Institute of the Chinese University of Hong Kong (Shenzhen) since 2017. Before that, Mr. Zhang worked as an economist in global macroeconomics in the Monetary Policy and Financial Markets Department of the International Monetary Fund and as an assistant professor in the Cheung Kong Graduate School of Business. Mr. Zhang has extensive experience in research of finance and economics. His main research fields include financial institutions and markets, financial technology, and Chinese economy.

Ms. Huang Qin, aged 39, was appointed as an independent non-executive Director since June 2020. She has served as the finance director of Eyebuydirect Group, a subsidiary of Essilor Luxottica SA, a leading French optometry company, since 2019. Prior to this, Ms. Huang worked as a senior analyst in Shanghai Roche Pharmaceuticals Co., Ltd., as a senior auditor in Deloitte Touche Tohmatsu, and engaged in other financial and audit-related work. Ms. Huang received her master's degree in accounting from California State University, Los Angeles in 2009 and her bachelor's degree from Shanghai University of International Business and Economics in 2007. Ms. Huang has extensive experience in financial accounting and corporate management.

BIOGRAPHICAL DETAILS OF DIRECTORS

Mr. Guo Yaoli, aged 56, was appointed as an independent non-executive Director since November 2022. He has 24 years of experience in the PRC legal profession. He serves as a certified lawyer and a senior partner of Beijing Dentons Law Firm now. Mr. Guo worked for the PRC government from 1993 to 1997. Since 1999, Mr. Guo has been working as a lawyer in various law firms in Beijing, China. From 2013 to 2019, he served as an independent director of Tianjin Port Co., Ltd.(天津港股份有限公司), the shares of which are listed on the Shanghai Stock Exchange (Stock Code: 600717). Since September 2022, he served as an independent non-executive director of Future World Holdings Limited, the shares of which are listed on The Stock Exchange of Hong Kong Limited (Stock Code: 0572). Mr. Guo received both his Bachelor of Laws degree and Master of Laws degree from the China University of Political Science and Law in 1993 and in 2001, respectively.

Save as disclosed above, there is no relationship (including financial, business, family or other material relationship) among the members of the Board.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining a high standard of corporate governance standards and procedures to safeguard the interests of all shareholders and to enhance accountability and transparency. The Company has established corporate governance practices which are based on the principles and code provisions set out in the Corporate Governance Code (the "Code") in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), and has complied with the code provisions set out in Part 2 of the Code during the year ended 31 December 2024.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") of the Listing Rules as a code of conduct of the Company for directors' securities transactions. Having made specific enquiry of all Directors, the Directors have complied with the required standard set out in the Model Code and the Company's code of conduct regarding directors' securities transactions throughout the year ended 31 December 2024.

BOARD OF DIRECTORS

As at 31 December 2024, the Board comprised two Executive Directors, one Non-Executive Director and three Independent Non-Executive Directors.

The composition of the Board's members during the year ended 31 December 2024 and up to the date of this report is as follows:

Executive Directors

Mr. Zhou Quan *(Chairman)*
Mr. Zhao Yun *(Chief Executive Officer)*

Non-Executive Director

Mr. Huang Shuanggang

Independent Non-Executive Directors

Mr. Zhang Jinfan
Ms. Huang Qin
Mr. Guo Yaoli

During the year under review, the Board has three independent non-executive Directors, comprising Mr. Zhang Jinfan, Ms. Huang Qin and Mr. Guo Yaoli, representing more than one-third of the Board, and at least one of the independent non-executive Directors has the appropriate professional qualification and/or accounting and audit experience expertise as required by Rules 3.10(1) and (2) and 3.10A of the Listing Rules. A balanced composition of executive and non-executive Directors also generates a strong independent element on the Board, which allows for an independent and objective decision making process for the best interests of the Company and its Shareholders. All Directors are aware of the required levels of fiduciary duties, care, skill and diligence under Rule 3.08 of the Listing Rules.

CORPORATE GOVERNANCE REPORT

During the year ended 31 December 2024, six Board meetings were held. Details of the Directors' attendance records were as follows:

Name	Meetings attended/ Eligible to attend
Executive Directors	
Mr. Zhou Quan *(Chairman)*	5/6
Mr. Zhao Yun	6/6
Non-executive Director	
Mr. Huang Shuanggang	4/6
Independent Non-executive Directors	
Mr. Zhang Jinfan	5/6
Ms. Huang Qin	6/6
Mr. Guo Yaoli	6/6

During the year ended 31 December 2024, one general meeting was held. Details of the Directors' attendance records were as follows:

Name	Meetings attended/ Eligible to attend
Executive Directors	
Mr. Zhou Quan *(Chairman)*	1/1
Mr. Zhao Yun	1/1
Non-executive Director	
Mr. Huang Shuanggang	1/1
Independent Non-executive Directors	
Mr. Zhang Jinfan	1/1
Ms. Huang Qin	1/1
Mr. Guo Yaoli	1/1

The Board is responsible for the formulation of the Group's strategies and policies, approval of the annual budget and business plan, and supervising the management of the day-to-day operation of the Group to ensure the business objectives are met. All Directors must act with integrity, lead by example, and promote the desired culture. Such culture should instill and continually reinforce across the organization values of acting lawfully, ethically, and responsibly. In addition, the Board has also delegated various responsibilities to the remuneration committee (the "Remuneration Committee"), the nomination committee (the "Nomination Committee"), and the audit committee (the "Audit Committee") of the Company. Further details of these committees are set out in this report.

The Board is collectively responsible for performing corporate governance duties including:

(a) to develop, review, and implement the Company's policy and practices on corporate governance;

(b) to review and monitor the training and continuous professional development of Directors and senior management;

(c) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

(d) to develop, review, and monitor the code of conduct and compliance manual applicable to employees and directors; and

(e) to review the Company's compliance with the Code which is amended from time to time, and its disclosure in the corporate governance report.

Further details of the roles and functions of the Remuneration Committee, Nomination Committee and Audit Committee are set out below.

During the year ended 31 December 2024, the Board has reserved for its decisions all major matters of the Group including:

1. discussion on the Group's strategies and future development;

2. review of the term of appointment of Directors;

3. discussion on and approval of the financial results of the Group and the recommendation of any dividend;

4. approval of the appointment and resignation of Directors;

5. approval of the change of senior management;

6. approval of the change of company secretary and authorized representative;

7. review of the interim results of the Group for the six months ended 30 June 2024;

8. review of internal control system and risk management of the Group;

9. approval of the borrowing of term loans and renewal of the borrowings;

10. matters as required by laws and ordinances.

CONTINUOUS PROFESSIONAL DEVELOPMENT OF DIRECTORS

Directors are continually updated on developments in the statutory and regulatory regime and the business environment to facilitate the discharge of their responsibilities. Continuing briefing and professional development for Directors will be arranged at the expense of the Company whenever necessary. All newly appointed Directors have received an induction program on director's duties and obligations on corporate governance and regulating requirements immediately prior to or on their appointment.

The Directors are committed to complying with the Code provision C.1.4 on Directors' training. All Directors have participated in continuous professional development to develop and refresh their knowledge and skills and provided their training records for the financial year ended 31 December 2024 to the Company.

The table below summarises the participation of each of the Directors in continuous professional development during the year ended 31 December 2024:

Name	Participated in continuous professional development[1]
Executive Directors	
Mr. Zhou Quan (Chairman)	√
Mr. Zhao Yun	√
Non-executive Director	
Mr. Huang Shuanggang	√
Independent Non-executive Directors	
Mr. Zhang Jinfan	√
Ms. Huang Qin	√
Mr. Guo Yaoli	√

1 Attended training/seminar/conference arranged by the Company or other external parties or read relevant materials.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The chairman is primarily responsible for ensuring good corporate governance practices and procedures are adopted. The chairman holds a meeting with all independent non-executive Directors, without presence of other Directors annually. During the year ended 31 December 2024, Mr. Zhou Quan is the chairman of the Company and Mr. Zhao Yun is the chief executive officer of the Company.

The Non-Executive Directors (including independent Non-Executive Directors) are appointed for one year subject to retirement by rotation and re-election as required by the bye-law of the Company (the "Bye-Law").

REMUNERATION COMMITTEE

The Company has established the Remuneration Committee with specific written terms of reference which deals clearly with its authority and duties. The principal duties of the Remuneration Committee include:

1. to make recommendations to the Board on the Company's policy and structure for all remuneration of Directors and senior management;

2. to determine the specific remuneration packages of all Executive Directors and senior management and make recommendations to the Board of the remuneration of Non-Executive Directors;

3. to review and approve performance-based remuneration from time to time;

4. to review and approve the compensation payable to Executive Directors and senior management and compensation arrangements relating to dismissal or removal of Directors for misconduct; and

5. to ensure that no Director or any of his associates is involved in deciding his own remuneration.

Currently, the members of the Remuneration Committee comprise three independent non-executive Directors, namely Mr. Zhang Jinfan (Chairman), Ms. Huang Qin, and Mr. Guo Yaoli. During the year ended 31 December 2024, the Remuneration Committee held one meeting. The attendance of individual members was set out in the following table.

Name	Meeting attended/ Eligible to attend
Mr. Zhang Jinfan	1/1
Ms. Huang Qin	1/1
Mr. Guo Yaoli	1/1

Directors' remuneration policy

The remuneration of Directors comprises an annual directors' fee and may also be entitled to share option under the rules of the share option scheme adopted by the Company from time to time. Such remuneration is determined and recommended by the Remuneration Committee with reference to the respective Directors' qualifications, industry experience, position and performance, and the prevailing market conditions.

CORPORATE GOVERNANCE REPORT

NOMINATION COMMITTEE

The Nomination Committee was established with specific written terms of reference which deals clearly with its authority and duties. The principal duties of the Nomination Committee include:

1. to review the structure, size and composition of the Board and make recommendations for changes as necessary, to identify individuals suitably qualified to become board members and select or make recommendations to the Board on the selection of, individuals nominated for directorships, to assess the independence of independent non-executive Directors, and to make recommendations to the Board on relevant matters relating to the appointment or re-appointment of Directors and succession planning for Directors in particular the Chairman and the CEO. The Nomination Committee should meet at least once a year and when the need arises.

2. to identify, recruit and evaluate new nominees to the Board and assess the qualifications of the directors. The criteria adopted to select and recommend candidates for directorship includes the candidate's experience, professional knowledge, integrity, time commitment and other statutory or regulatory requirements.

Board Diversity Policy

The Board currently comprises of 6 directors, of which 2 are executive directors, 1 is non-executive director and 3 are independent non-executive directors. 1 director is female and 5 directors are male. 2 are in the age group of 30-40; 2 in the age group of 41-50; 1 in the age group of 51-60; and 1 in age group of 61-70. The Board has an appropriate mix of skills, experience and diversity that are relevant to the Company's strategy, governance and business, 2 directors are in executive leadership & strategy; 3 directors are accounting professionals/financial management expertise and 1 director is in legal professionals/regulatory & compliance/risk management. The Board targets to maintain at least the current level of female representation.

The Board has adopted a Board Diversity Policy (the "Policy") to comply with the Code Provision on board diversity. The Policy aims to set out the approach to achieve diversity in the Board to ensure that the Board has the balance of skills, experience and diversity of perspectives, including but not limited to gender, age, cultural and educational background, professional experience, knowledge and skills. In identifying suitable candidates, the Nomination Committee will consider candidates on merit and against the objective criteria with due regard for the benefits of diversity on the Board.

The Nomination Committee currently comprises one executive Director and two independent non-executive Directors, namely Mr. Zhou Quan (Chairman), Mr. Zhang Jinfan and Mr. Guo Yaoli. During the year ended 31 December 2024, the Nomination Committee held one meetings. The attendance of individual members was set out in the following table.

Name	Meeting attended/ Eligible to attend
Mr. Zhou Quan	1/1
Mr. Zhang Jinfan	1/1
Mr. Guo Yaoli	1/1

During the meetings, the Nomination Committee reviewed the composition of the Board members.

Nomination Policy

The Company has adopted the nomination policy which sets out the objectives, selection criteria and nomination procedures for identifying and recommending candidates for appointment or reappointment of Directors.

The Nomination Committee shall first review the structure, size and composition of the Board, assess the independence of independent non-executive Directors and then make recommendations to the Board on matters relating to the appointment of Directors.

When evaluating and determining the candidates of Directors, the Nomination Committee and the Board shall consider the following factors: personal characters; professional qualifications, skills, knowledge, and experience related to the Group's business and strategy; willing to devote sufficient time to fulfill the duties of the Directors and members of the Board committees; whether their appointment is in compliance with the requirements of the Listing Rules (including the independence requirements of independent non-executive Directors); whether their appointment is in compliance with the Company's Board diversity policy and any measurable targets adopted by the Nomination Committee to diversify the members of the Board.

Workforce Diversity

Among all the employees (including senior management) of the Company, male employees accounted for 71% and female employees accounted for 29% as of 31 December 2024. The Company believes that the gender ratio (male: female) in the workforce is within the reasonable range. The total gender diversity of the Group is balanced and the Group will continue to maintain the gender diversity in workforce.

For further details of gender ratio and initiatives taken to improve gender diversity together with the relevant data, please refer to the disclosure in the ESG report.

Board Independence

The Company recognises that Board independence is key to good corporate governance. The Company has in place effective mechanisms that underpin an independent Board to ensure independent views and input are available to the Board and such mechanisms will be reviewed by the Board as appropriate from time to time. The Board believes that the following mechanisms are feasible and effective:

- The current composition of the Board comprising half of the independent non-executive Directors and the members of the Audit Committee are all independent non-executive Directors, exceeds the independence requirements under the Listing Rules. The Remuneration Committee and Audit Committee are chaired by independent non-executive Directors.

- The independence of each independent non-executive Director is assessed upon his appointment and annually. All independent non-executive Directors submitted a written confirmation to the Company annually to confirm the independence of each of them and their immediate family members, and their compliance with the requirements as set out in the Rule 3.13 of the Listing Rules.

- The remuneration of independent non-executive Directors is subject to a regular review to maintain competitiveness and commensurate with their responsibilities and workload.

- Directors are requested to declare their direct or indirect interests, if any, in proposals or transactions to be considered by the Board at the Board meetings and abstain from voting, where appropriate. External independent professional advice is available to all Directors, including independent non-executive Directors, whenever deemed necessary. The independent non-executive Directors have consistently demonstrated strong commitment and the ability to devote sufficient time to discharge their responsibilities at the Board.

- The Company has also established channels through formal and informal means whereby independent non-executive Directors can express their views in an open manner, and in a confidential manner, should circumstances requires.

AUDIT COMMITTEE

The Company has established the Audit Committee with specific written terms of reference which deals clearly with its authority and duties. The principal duties of the Audit Committee include:

1. to make recommendations to the Board on the appointment, reappointment and removal of the external auditors, and review and monitor their independence and objectivity as well as the effectiveness of the audit process;

2. to approve the remuneration and terms of engagement of external auditors, maintain appropriate relationship between the Group and the external auditors and develop policy on the engagement of the external auditors to supply non-audit services;

3. to ensure the integrity of the interim and annual consolidated financial statements and any significant financial reporting judgments contained in them; and review the external auditors' work, including management letter and management's response; and

4. to review the Company's internal control and risk management systems. The primary duties performed by the Audit Committee during the Reporting Period were reviewing the interim and annual results of the Company, providing oversight of the risk management and internal control systems, and monitoring the effectiveness of the audit process of the Company.

Currently, the Audit Committee comprises one non-executive Director and two independent non-executive Directors, namely Ms. Huang Qin (Chairman), Mr. Huang Shuanggang and Mr. Zhang Jinfan. During the year ended 31 December 2024, the Audit Committee held three meetings and the attendance of individual members was set out in the following table.

Name	Meeting attended/ Eligible to attend
Mr. Huang Shuanggang	3/3
Mr. Zhang Jinfan	3/3
Ms. Huang Qin	3/3

During the year ended 31 December 2024, the Board had no disagreement with the Audit Committee's view on the selection, appointment, resignation or dismissal of the external auditors.

Anti-Corruption Policy

The Company does not tolerate any form of bribery, whether direct or indirect, by, or of, its Directors, officers, employees, agents or consultants or any persons or companies acting for them or on their behalf. The Company adopts the anti-corruption policy in assisting the employees in recognising circumstances which may lead to or give the appearance of being involved in corruption or unethical business conduct, so as to avoid such conduct which is clearly prohibited, and to promptly seek guidance if necessary.

The anti-corruption policy will be reviewed on a regular basis, any convicted cases will be reported to the legal and compliance department of the Company.

Whistleblowing Policy

The Company expects and encourages employees of the Group and those who deal with the Group (e.g. suppliers, customers, creditors and debtors) to report to the Company, in confidence, any suspected impropriety, misconduct or malpractice concerning the Group. The Company adopts the whistleblowing policy to provide reporting channels and guidance on reporting possible improprieties and reassurance to whistleblowers of the protection that the Group will extend to them in the formal system.

The whistleblowing policy will be reviewed on a regular basis, any suspected cases will be reported to the legal and compliance department of the Company.

COMPANY'S CULTURE

The Board believes that corporate culture underpins the long-term business, economic success and sustainable growth of the Group. A strong culture enables the Company to deliver long-term sustainable performance and fulfill its role as a responsible corporate citizen. The Company is committed to developing a positive and progressive culture that is built on its Purpose, Vision and Mission.

During 2024, the Company continued to strengthen its cultural framework by focusing on the following:

Vision: Value beyond numbers.

Mission: To create significant value for our stakeholders by applying and adhering to global standards of ethics and excellence in banking and finance, and fostering relationships built on sustainable trust.

Values:

- Trust: Ethical practices, integrity in our work and a commitment towards our team and our customers.
- Quality: Visible throughout the lifespan of every transaction through efficient, best of class services and products.
- Transparency: Honesty and straightforwardness in customer service at all times.
- Innovation: Commitment to embrace change translated via our spirit of adaptability, flexibility and creativity.
- Diversity: Inclusive and multi-faceted culture.

CORPORATE GOVERNANCE REPORT

The Board sets and promotes corporate culture and expects and requires all employees to reinforce. All of our new employees are required to attend orientation and training programs so that they may better understand our corporate culture, structure and policies, learn relevant laws and regulations, and raise their quality awareness. In addition, from time to time, the Company will invite external experts to provide training to our management personnel to improve their relevant knowledge and management skills.

The Board considers that the corporate culture and the purpose, values and strategy of the Group are aligned.

COMPANY SECRETARY

Mr. Chiu Ming King ("Mr. Chiu") has been appointed as the Company Secretary and an Authorized Representative on 8 May 2020. Mr. Chiu currently serves as a Managing Director of Corporate Services of Vistra Corporate Services (HK) Limited. He has over 18 years of experience in the company secretarial field. He is currently the joint company secretary/secretary of various listed companies in Hong Kong. Mr. Chiu has been an associate member of The Chartered Governance Institute in the United Kingdom and The Hong Kong Chartered Governance Institute ("HKCGI") since 2003 and became a fellow member of the HKCGI since September 2015. He is also a holder of the Practitioner's Endorsement Certificate issued by HKCGI. Mr. Chiu obtained a Bachelor of Arts from University of Toronto in Canada in June 1999 and received a Master of Arts in professional accounting and information systems from City University of Hong Kong in November 2003.

Mr. Zhao Yun has been designated as the primary contact person at the Company, and is responsible for working and communicating with Mr. Chiu on the Company's corporate governance and secretarial and administrative matters.

In compliance with Rule 3.29 of the Listing Rules, Mr. Chiu has undertaken not less than 15 hours of relevant professional training to update his skills and knowledge during the Reporting Period.

AUDITOR'S REMUNERATION

During the year ended 31 December 2024, the remunerations payable to the auditor of the Company, Beijing Xinghua Caplegend CPA Limited, are set out as follows:

Name	Services rendered Fee payable HK$'000
Audit services	1,150

INTERNAL CONTROL AND RISK MANAGEMENT

The Board is directly responsible for internal control of the Group and for reviewing its effectiveness. The Board conducts a review on the internal control system of the Group on an annual basis and has the responsibility to maintain an effective internal control system. The Board also reviews and monitors the effectiveness of the internal control and risk management systems on a regular basis to ensure that the systems in place are adequate.

The Group's internal control system is comprised of a system of controlled management wherein various authoritative limits are placed to ensure that the Group is able to supervise, control and assess various functions within Group. The system further permits the Group to safeguard its accounting records to minimize material errors in order to provide as accurate as possible financial information.

During the year under review, the Company engaged an external independent consultant to conduct a review on the internal control system of the Group in order to maintain high standards of corporate governance. The Board has also reviewed the adequacy of resources, staff qualifications and experience, training programs and budget of the Company's accounting and financial reporting function. Based on the above, the Board is of the view that the Company has established a proper internal control system which is effective and adequate.

The Company has formulated an inside information policy providing guideline on handling inside information. The Company regularly reminds the Directors and employees about compliance with all policies adopted by the Company regarding inside information including the Model Code set out in Appendix C3 of the Listing Rules in relation to dealings in securities of the Company.

Internal Audit

The Group has established an internal audit function, which reports to the Audit Committee. The primary duties of the internal audit function include reviewing the financial conditions and internal control of the Group, and conducting comprehensive audits of the Group on a regular basis.

RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Directors acknowledge their responsibilities for preparing the consolidated financial statements of the Group in accordance with statutory requirements and applicable accounting standards. The statement of the auditor of the Company, Beijing Xinghua Caplegend CPA Limited, about their reporting responsibilities on the consolidated financial statements of the Group is set out in the independent auditor's report on pages 57 to 61 of this annual report. The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Group's ability to continue as a going concern as at 31 December 2024.

INVESTOR RELATIONS AND SHAREHOLDERS' RIGHTS

The Board is committed to providing clear and full performance information of the Group to Shareholders through the publication of interim and annual reports. In additional to dispatching circulars, notices, financial reports to Shareholders, addition information is also available to Shareholders from the Group's website. Shareholders are encouraged to attend the annual general meeting for which at least 20 clear business days' notice is given. The chairman and Directors are available to answer question on the Group's business at the meeting.

Pursuant to the Bye-laws, Shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the secretary of the Company, to require a special general meeting to be called by the Board for the transaction of any business specified in such requisition and such meeting shall be held within two months after the deposit of such requisition.

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of Shareholders at a general meeting must be taken by poll. Accordingly, all the resolutions put to vote at the annual general meeting will be taken by way of poll. The chairman of the annual general meeting will explain the detailed procedure for conducting a poll at the commencement of the annual general meeting.

Shareholders who have enquiries to put to the Board may write to the company secretary of the Company at the principal place of business in Hong Kong at Units 3208-9, 32/F, Grand Millennium Plaza, COSCO Tower, No. 183 Queen's Road Central, Hong Kong. The Company will not normally deal with verbal or anonymous enquiries. For the avoidance of doubt, the Shareholder(s) must provide their full name, contact details and identification in order that the Company can give them a reply. The Group values feedback from Shareholders on its effort to promote transparency and foster investor relationships. Comments and suggestions are always welcomed.

COMMUNICATION WITH SHAREHOLDERS

The Company considers that effective communication with Shareholders is essential for enhancing investor relations and understanding of the Group's business performance and strategies. The Company recognises the importance of timely and non-selective disclosure of information, which will enable Shareholders and investors to make the informed investment decisions.

The Company has adopted the shareholders communication policy, which set out the framework the Company has put in place to promote effective communication with shareholders so as to enable them to engage actively with the Company and exercise their rights as shareholders in an informed manner. The shareholders communication policy will be reviewed on a regular basis by the Board.

The Company has established a range of communication channels between itself and its Shareholders, investors and other stakeholders. These include (i) the publication of interim and annual reports and/or dispatching circulars, notices, and other announcements; (ii) the annual general meeting or extraordinary general meeting providing a forum for Shareholders to raise comments and exchanging views with the Board; (iii) updated and key information of the Group available on the Company's website and the Stock Exchange's website; (iv) the Company's website offering communication channel between the Company and its stakeholders; and (v) the Company's share registrar in Hong Kong serving the Shareholders in respect of all share registration matters.

The Company held its annual general meeting on 31 May 2024 (the "AGM"). All resolutions proposed at the AGM were passed. For details, please refer to poll results announcement of the Company dated 31 May 2024.

Having considered the multiple channels of communication and shareholders engagement in the general meeting held during the year, the Board is satisfied that the shareholders communication policy has been properly implemented during 2024 and is effective.

CONSTITUTIONAL DOCUMENTS OF THE COMPANY

During the year ended 31 December 2024, the Company has not made any changes to the Bye-laws. An updated version of the Bye-laws is available on the websites of the Company and the Stock Exchange.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

INTRODUCTION, ENVIRONMENTAL, SOCIAL AND GOVERNANCE POLICIES

This Environmental, Social and Governance Report (the "ESG Report") summarises the environmental, social and governance ("ESG") initiatives, plans and performances of Sheng Yuan Holdings Limited (the "Company", together with its subsidiaries, the "Group" or "we"), and demonstrates our commitment to sustainable development.

The Group believes sustainability is the key to achieving continuous success, therefore we have integrated this concept into our business strategy. In order to pursue a successful and sustainable business model, the Group recognises the importance of integrating ESG aspects into our risk management system. We adhere to the ESG management direction in accordance with the concept of sustainable development, and are committed to progressing effectively and responsibly against ESG affairs.

The ESG Governance Structure

The Group has established the ESG taskforce (the "Taskforce"). The Taskforce comprises core members from different departments of the Group and is responsible for collecting relevant information on ESG aspects for the preparation of the ESG Report. The Taskforce reports to the Board of Directors (the "Board") at least annually, assists in identifying and assessing the Group's ESG risks, and assesses the effectiveness of the Group's internal control mechanism. The Taskforce also examines and evaluates the performance in different aspects such as environment, labour standards, product responsibility and progress of implementation of targets in the ESG perspectives at least annually. The Board has the overall responsibility for the Group's ESG issues, including setting the general direction of the Group's ESG strategy and ensuring the effectiveness of ESG risk management and internal control mechanism. The Board is diverse in its composition and the members are equipped with the appropriate technical capabilities, experience, knowledge and perspectives required to supervise the ESG matters of the Group. In order to better manage the Group's ESG performance, related issues and potential risks, the Board discusses ESG issues collectively, evaluates and determines ESG-related risks and opportunities of the Group, reviews the materiality of ESG issues, as well as reviews its performance against ESG-related targets at least once a year.

REPORTING SCOPE

The reporting scope is determined based on the materiality and revenue contribution of the business segments under the Group's direct operational control. Unless otherwise stated, the ESG key performance indicators ("KPIs") data is reported on the basis of the same policies as the financial statements. Thus, the ESG Report covers the Group's business and operational activities in Hong Kong, including the securities brokerage and financial services segment, the asset management services segment, the proprietary trading segment, and the trading business segment.

The Group will continue to expand the scope of disclosure in the future when the data collection system of the Group is more refined and the sustainable development work is enhanced.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

REPORTING FRAMEWORK

The ESG Report has been prepared in accordance with the Environmental, Social and Governance Reporting Guide (the "ESG Reporting Guide") as set out in Appendix C2 of the Rules Governing the Listing of Securities on the Main Board of The Stock Exchange of Hong Kong Limited ("HKEX").

Information relating to the Group's corporate governance practices has been set out in the Corporate Governance Report of this annual report.

During the preparation for this ESG Report, the Group has applied the Reporting Principles in the ESG Reporting Guide as follows:

Materiality: Materiality assessment has been conducted to identify material issues, thereby adopting the confirmed material issues as the focus for the preparation of the ESG Report. The materiality of issues was reviewed and confirmed by the Board and Taskforce. For further details, please refer to the sections headed "Stakeholder Engagement" and "Materiality Assessment".

Quantitative: The standards, methodologies and applicable assumptions used in the calculation of KPIs data were supplemented by explanatory notes.

Consistency: Unless otherwise stated, the preparation approach of this ESG Report is consistent with the year ended 31 December 2023 ("2023") for comparison. If there are any other changes in the scope of disclosure and calculation methodologies that may affect comparison with previous reports, explanations will be provided to the corresponding data.

REPORTING PERIOD

The ESG Report describes the ESG activities, challenges and measures taken by the Group during the year ended 31 December 2024 (the "Reporting Period" or "2024").

STAKEHOLDER ENGAGEMENT

We value our stakeholders and their feedback in regards to our businesses and ESG aspects. With the goal to strengthen the sustainability approach and performance of the Group, we put effort in maintaining close communication with our key stakeholders, including but not limited to shareholders and investors, customers, employees, suppliers, government and regulatory bodies, the community, non-governmental organisations ("NGOs") and media. We take stakeholders' expectations into consideration in formulating our businesses and ESG strategies by utilising diversified engagement methods and communication channels, which are shown as below:

Stakeholders	Expectations	Communication Channels
Shareholders and investors	• Complying with relevant laws and regulations • Disclosing latest information of the corporate in due course • Financial results • Corporate sustainability	• Annual general meeting and other shareholder meetings • Financial reports • Investor meetings • Press releases
Customers	• Product and service responsibility • Customer information and privacy protection	• Emails and customer service hotline • Meetings • Company website • Financial reports
Employees	• Health and safety • Equal opportunities • Remuneration and Benefits • Career development	• Training courses, seminars, and briefing sessions • Conferences • Emails
Suppliers	• Fair competition • Business ethics and reputation • Cooperation with mutual benefits	• Supplier assessment exercise • Business cooperation
Government and regulatory bodies	• Business ethics • Complying with relevant laws and regulations	• Consultations • Meetings • Emails and website
Community, NGOs and media	• Giving back to society • Environmental protection • Compliant operations	• Public or community events • Community Investment Program • ESG reports

We aim to collaborate with our stakeholders to improve our ESG performance and create greater value for the wider community on a continuous basis.

MATERIALITY ASSESSMENT

The Group's management and staff in major functions are involved in the preparation of the ESG Report to assist the Group in reviewing its operations, identifying relevant ESG issues, and assessing the importance of those relevant matters to our business and stakeholders. We have compiled a survey in accordance with the identified material ESG issues to collect information from relevant departments, business units and stakeholders of the Group. Since there was no significant changes in the Group's business during the Reporting Period, the results of the previous materiality assessment are continued to be applied in this Report. The following matrix is a summary of the Group's material ESG issues:

During the Reporting Period, the Group confirmed that it has established appropriate and effective management policies and internal control systems for ESG issues, and confirmed that the disclosed contents in the ESG Report comply with the requirements of the ESG Reporting Guide.

CONTACT US

We welcome stakeholders to provide their opinions and suggestions. You are welcome to provide valuable feedback on the ESG Report or our sustainability performance by email at enquiries@shengyuan.hk.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

A. ENVIRONMENTAL

A1. Emissions

The Group strives to protect the environment through the implementation of control activities and monitoring measures in our business activities and workplace. We are committed to promoting a green environment by introducing environmentally friendly business practices, educating our employees to raise their awareness of environmental protection and complying with the relevant environmental laws and regulations.

In order to enhance our environmental governance practice and mitigate the environmental impacts brought by the Group's operations, we have adopted and implemented relevant environmental policies and have communicated such policies to our employees. These policies apply the waste management principles of "Reduce, Reuse, Recycle and Replace" as well as the emission mitigation principle, with an objective of minimising adverse environmental impacts. These policies also ensure the waste disposed or emission generated is managed in an environmentally responsible manner. Within our policy framework, we continually look for different opportunities to pursue environmentally friendly initiatives and enhance our environmental performance by reducing energy and use of other resources.

During the Reporting Period, the Group was not aware of any material non-compliance with environmental related laws and regulations in relation to exhaust gas and greenhouse gas ("GHG") emissions, water and land discharge, and the generation of hazardous and non-hazardous waste that would have a significant impact on the Group. Such laws and regulations include but are not limited to the Waste Disposal Ordinance, the Air Pollution Control Ordinance, and the Water Pollution Control Ordinance of Hong Kong.

Emission Control

Exhaust Gas Emissions

Due to our business nature, the Group considers the relevant air emissions generated as not significant, therefore, no related targets have been set.

GHG Emissions

The major source of the Group's GHG emissions is generated from purchased electricity (Scope 2) and the Group does not have direct GHG (Scope 1) emissions. In 2023, the Group aimed to host related environmental campaigns, such as training and seminars, to raise employee awareness of GHG emissions reduction in 2024. During the Reporting Period, the Group has participated in the World Wildlife Fund ("WWF")'s Earth Hour. In the year ended 31 December 2024 ("2024"), the Group continues targeting to participate in at least one environment relevant campaigns. We have also adopted the following measures to reduce GHG emissions during operation:

- Encourage our staff to utilise teleconferences and video conferences in order to reduce air and carbon emissions related to transportation needed for meetings;

- Conduct equipment maintenance on a regular basis to prevent inefficient fuel consumption or abnormal operations;

- Actively adopt environmental protection, energy conservation, and water conservation measures. Corresponding measures will be described in the sections "Energy Management" and "Water Management" under Aspect A2; and

- Actively adopt paper saving measures in office. Corresponding measures will be described in the section "Waste Management" under this Aspect.

Through the implementation of the above measures, the Group's total GHG emissions intensity in 2024 shows a significant decrease compared to 2023. Another significant contributing factor to this reduction has been the company's work-life balance initiatives, which strategically discourage non-essential overtime. This policy not only allows employees to better fulfill family responsibilities but also reduces energy consumption in office facilities during extended hours, further supporting our emissions reduction targets. The Group's GHG emissions performance was as follows:

		Emissions	
Indicator[1]	Unit	2024	2023
Energy indirect GHG emissions (Scope 2)	tCO_2e	**16.96**	48.56
Total GHG emissions (Scope 2)	**tCO_2e**	**16.96**	48.45
Total GHG emissions intensity[2]	**tCO_2e/employee**	**1.00**	2.56

Note(s):

1. GHG emission data is presented in terms of carbon dioxide equivalent and are based on, but not limited to, "The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standards" issued by the World Resources Institute and the World Business Council for Sustainable Development, "How to prepare an ESG Report – Appendix 2: Reporting Guidance on Environmental KPIs" issued by the HKEX, "Global Warming Potential Values" from the IPCC Sixth Assessment Report, 2021 (AR6), and Sustainability Report 2023 published by Hong Kong Electric Investments Limited.

2. As at 31 December 2024, the Group had a total of 17 (2023: 19) employees. The data is also used for calculating other intensity data.

Sewage Discharge

The Group does not consume significant volume of water in our daily operation, therefore our business activities did not generate a material portion of discharge into water. The majority of the water supply and discharge facilities are provided and managed by the property management company. The data on water consumption will be described in the section "Water Management" under Aspect A2.

Waste Management

Hazardous Wastes

Due to the business nature, we did not generate a significant amount of hazardous wastes during the Reporting Period, therefore, no related targets have been set. Despite that, the Group has established guidelines governing the management and disposal of hazardous wastes. In case there are any hazardous wastes produced, the Group is required to engage a qualified chemical waste collector to handle such wastes, and comply with relevant environmental regulations and rules.

Non-hazardous Wastes

The non-hazardous wastes generated by the Group are mainly paper. With the aim of minimising the environmental impacts from non-hazardous wastes generated from our business operations, the Group upholds the principles of "Reduce, Reuse, Recycle and Replace", and has developed relevant waste reduction policies and guidelines. Since 2022, the Group has aimed to host waste reduction-related campaigns to raise employee awareness of waste reduction. However, due to the frequent business activities, the amount of paper used in 2024 has increased. Nevertheless, the Group will continue to attach great importance to waste reduction and recycling, as well as implement the relevant measures mentioned below. Our staff and the assigned administrative staff collectively take the responsibilities for waste management in our offices, and have conducted measures such as:

- Organise, maintain and clean the garbage and waste recycling areas;
- Sort recycled wastes into appropriate containers;
- Place appropriate signage on walls and bins, indicating the types of wastes to be recycled; and
- Ensure that no garbage is to be placed on building colonnade areas.

The procurement and disposal of office stationery serve as another focus of our efforts in operating sustainably. The office stationery has a great hidden environmental and social impact across its product lifespan, and the impact arise from its production to eventual disposal. To minimise such impact, we have launched the following measures:

- Maximise every stationary lifespan (such as plastic binding ring, paper clip, etc.) by searching for opportunities to reuse and refurbish them internally whenever feasible;
- Purchase reusable stationary whenever it is possible, such as refillable rollerball pens and correction type paper;
- Avoid disposable items; and
- Use rechargeable batteries where applicable.

At the same time, the Group has adopted the following practices to reduce paper waste at source in order to reduce paper consumption:

- Minimise the paper usage at our workplace by recycling used papers regularly and using double-sided printing;
- Encourage our staff to utilize electronic communications for directories, forms, reports and storage when possible;

- Recycle and reuse papers, carton boxes, envelopes and folders which have been used, including all non-confidential documents from the Group; and

- Explore the opportunity of using Forest Stewardship Council certified paper.

Dedicating to minimising the environmental impact resulting from the generation of non-hazardous wastes from our business operation, the Group's total non-hazardous wastes intensity in 2024 showed a slight increase compared to that in 2023. The Group has wastes disposal performance was as follows:

Non-hazardous waste category	Unit	Consumption 2024	2023
Paper[1]	tonnes	**0.33**	0.26
Total non-hazardous wastes	tonnes	**0.33**	0.26
Total non-hazardous wastes intensity	tonnes/employee	**0.02**	0.01

Note(s):

1. Recycled paper has been deducted.

A2. Use of Resources

The Group is committed to optimising the use of resources in our business operations. Therefore, we have taken initiatives to introduce resource efficiency and eco-friendly measures to the Group's operations on a continuous basis.

The Group has established relevant policies and procedures in governing the efficient use of resources, including petrol, electricity and office consumables, in accordance with the objectives of achieving higher energy efficiency and reducing the unnecessary use of resources.

Energy Management

The Group aims to minimise the environmental impact resulting from our operations by identifying and adopting appropriate measures. Energy policies, measures, and practices have been developed to show our commitment on energy efficiency. All employees are required to adopt such measures and practices, including the purchase of energy-efficient products, and assume responsibility for the Group's overall energy efficiency.

The energy consumption of the Group was mainly contributed by the electricity consumed in operation. In 2023, the Group aimed to participate in energy-saving related campaigns to raise employee awareness of energy-saving in 2024. During the Reporting Period, the Group has achieved the set target by participating in WWF's Earth Hour. In 2024, the Group continues targeting to participate in at least one energy-saving related campaigns. The Group has introduced various measures and initiatives to achieve the goal of energy saving and efficient consumption. Such measures and initiatives include but not limited to:

- Adopt lighting control based on actual needs;
- Replace energy-inefficient lightbulbs with energy efficient LED lightings by phases;
- Utilise higher energy-efficiency office equipment in workplace;
- Place reminders and posters next to power switches and power buttons to encourage our staff to take initiatives in energy saving;
- Encourage employees to turn off idling equipment, computers and lightings when not in use or after working hours;
- Monitor the energy usage on a monthly basis, along with investigating significant variance noted;
- Utilise natural lightings where possible;
- Adopt power-saving features for office equipment and computers; and
- Promote environmental protection messages and green tips to our staff through message board, staff newsletters and emails regularly.

Through the implementation of the above initiatives and participation in energy saving programs, the Group's total energy consumption intensity in 2024 showed a significant decrease compared to 2023, primarily due to its work-life balance initiatives that discourage unnecessary overtime. By encouraging employees to maintain healthy boundaries between work and personal life, the Group has significantly reduced office occupancy hours, leading to lower energy consumption across its facilities. The Group's energy consumption performance was as follows:

Indirect energy consumption	Unit	Consumption 2024	Consumption 2023
Purchased electricity	MWh	**25.70**	71.41
Total energy consumption	MWh	**25.70**	71.41
Total energy consumption intensity	MWh/employee	**1.51**	3.76

Water Management

The Group's water use was mainly domestic water in office areas. We have educated and encouraged all employees to develop the habit of water conservation. We have been strengthening our water-saving promotion, posting water saving reminders, and guiding employees to use water reasonably. In 2023, the Group aimed to host water conservation related campaigns to raise employee awareness of water conservation in 2024. The Group will continue to attach great importance on water conservation as well as to implement water-saving related measures mentioned below. In 2025, the Group will strive to achieve the target to host at least one water conservation related campaigns. The following are some measures we have implemented to improve the utilisation efficiency of water resources:

- Fix dripping taps promptly to avoid water leakage and wastage; and
- Strengthen the inspection and maintenance of water tap, water pipelines and water storage.

In addition to the above measures, the Group has posted water-saving posters to remind employees to save water. The Group's total water consumption was 2.18 m^3 during the Reporting Period (2023: 19 m^3), and the intensity of water consumption was approximately 0.13 m^3 per employee (2023: 1.13 m^3 per employee). The significant decrease was mainly because the Group was unable to collect building-wide water usage data from property management this year, resulting in only drinking water consumption being included in the current statistics.

In view of our operating locations, the Group does not encounter any significant issue in sourcing water that is fit for purpose.

Use of Packaging Material

Due to the Group's business nature, we do not consume significant amount of packaging materials for product packaging as we have no industrial production or any factory facilities.

A3. The Environment and Natural Resources

Although the core business of the Group has remote impact on the environment and natural resources, we recognise the responsibility for minimising the negative environmental impacts of our business operations in order to achieve sustainable development for generating long-term values to our stakeholders and the community as a whole. We have established relevant policies and regularly assess the environmental risks of our businesses, and adopt preventive measures as necessary to reduce the risks and ensure the compliance with relevant laws and regulations.

Indoor Air Quality

Indoor air quality in our workplace is regularly monitored and measured. We maintain indoor air quality by installing air purifying equipment in workplace and cleaning air-conditioning systems regularly to filter pollutants and dust. Green plants are also placed in offices to improve the overall air quality.

Repair and Maintenance

From time to time, our offices may undergo repair and maintenance work. To lessen the disturbance of these activities to our staff and customers, we request our suppliers to use materials or equipment with less emissions and noises when conducting such repair and maintenance work.

A4. Climate Change

Climate Change Mitigation and Adaption

Climate change poses escalating risks and challenges to the global economy, and such risks may negatively impact the Group's business. As a result, the Group is aware of the importance of identifying and mitigating any major impacts caused by climate change and established relevant polling to govern such matters.

In terms of physical risks, the increasing frequency and severity of extreme weather events such as extreme cold or extreme heat, storms, rainstorms and typhoons, could lead to an increased risk of power shortages, interrupt the supply chain and damage the Group's assets, disrupting the operation of the Group's businesses and resulting in reduced revenue, as well as increasing the cost of repairing or restoring damaged sites. These events could also disrupt the work of employees and even cause casualties. As a countermeasure, the Group maintains a comprehensive insurance coverage on assets that are prone to damage by extreme weather conditions. In addition, the Group has developed the practice of communicating the arrangements under bad weather conditions to employees in advance.

In terms of transition risks, the HKEX has required listed companies to enhance climate-related disclosures in their ESG reports, which may result in increased compliance costs. Failure to meet the climate change compliance requirements may expose the Group to risks of claims and lawsuits, which may also cause a negative impact on its reputation. The Group will regularly monitor existing and emerging climate-related trends, policies and regulations to avoid reputational risks due to delayed response. In addition, in order to reduce the Group's environmental impact and to comply with the requirements of the HKEX, the Group has set targets to reduce energy consumption and GHG emissions.

B. SOCIAL

B1. Employment

Human resources are the foundation in supporting the development of the Group. The Group treasures employee's talent, and recognises it as the most valuable asset of the Group. We have formulated the Human Resources Management Policy to fulfil our vision of people-oriented management. The captioned policy is formally documented in the Staff Handbook, covering resource planning, recruitment, transfer and promotion, remuneration and benefits, performance evaluations, trainings, etc. We review and update the relevant policies regularly in accordance with the latest laws and regulations.

During the Reporting Period, the Group was not aware of any material non-compliance with employment related laws and regulations that would have a significant impact on the Group. Such laws and regulations include but are not limited to the Employment Ordinance of Hong Kong.

Employment Practices

Recruitment, Promotion and Dismissal

The Group hires employees through a robust and transparent recruitment process, and we recruit employees based on merit selection in accordance with the standard of "having both ability and integrity", regardless of their race, gender, religion, physical disability, marital status, sexual orientation, etc.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group offers promotion and development opportunities for outperforming employees through an open and fair assessment system. Employees are subjected to review regularly, and the Group has established objective performance indicators for annual performance evaluation. To facilitate an effective two-way communication, every supervisor has to discuss the work performance with their subordinates regularly. Based on employees' assessment result, we offer career development opportunities in encouraging their continuous improvement.

Besides, the Group does not tolerate the dismissal of employees under any unreasonable basis. Any termination of employment contract would be based on reasonable, lawful grounds and internal policies. The Group strictly prohibits any kind of unfair or unreasonable dismissals.

Remuneration and Benefits

The Group has established a fair, reasonable and competitive remuneration system to employees. Employees of the Group are remunerated according to their performance and experience. Remuneration packages include holidays, annual leave, medical scheme, dental scheme, group insurance, mandatory provident fund, year-end double pay and discretionary bonus. The Group reviews the remuneration packages annually to ensure it is up-to-date and competitive enough to attract and retain talents.

Communication Channels

To understand the work satisfaction of our employees, we have established various channels to communicate with them, including briefing sessions for new joiners, mailbox for recommendation, and employee satisfaction survey. Survey forms are distributed on a semi-annual basis to collect employees' opinions on work responsibility, working environment, organisation and employee relationship, compensation and benefits, etc. The management reviews the result of the survey and implements corresponding improvement actions.

Diversity, Equal Opportunity and Anti-discrimination

We are committed to creating and maintaining an inclusive and collaborative workplace culture in which all can thrive. The Group has Staff Handbook outlining the terms and conditions of employment, expectation for employees' conducts and behaviours as well as employees' rights and benefits. The Group has also established and implemented policies in promoting a harmonious and respectful workplace. We are dedicated to providing equal opportunities in all aspects of employment and maintaining workplace that are free from any forms of discrimination and harassment against any individual on the basis of race, religion, colour, gender, physical or mental disability, age, place of origin, marital status, and sexual orientation.

The Group also has zero tolerance in any forms of sexual harassment or abuse at workplace. Any employees who are intimidated, humiliated, bullied or harassed (including sexual harassment) may report to the employee's representative, or file complaints directly to the management representative or the general manager, and we will take serious approaches to resolve these issues upon receiving the said complaints.

As at 31 December 2024, the Group had 17 full-time employees with 0 part-time employee (as at 31 December 2023: 19 full-time employees, 0 part-time employee) and the composition was shown below:

	Number of employees	
	2024	2023
By gender		
Male	**12**	13
Female	**5**	6
By age group		
<30	**1**	–
30-50	**11**	5
>50	**5**	14
By geographical location		
Hong Kong (China)	**11**	13
Mainland China	**6**	6
By employee category		
Group Management (including directors)	**14**	14
General staff	**3**	5

During 2024, the employee turnover rate[1] of the Group is 33% (2023: 33%) and the composition was shown as follows:

	Employee turnover rate[2]	
	2024	2023
By gender		
Male	**32%**	29%
Female	**36%**	43%
By age group		
<30	**–**	–
30-50	**63%**	46%
>50	**11%**	20%
By geographical location		
Hong Kong (China)	**33%**	37%
Mainland China	**33%**	27%

Note(s):

1. The overall employee turnover rate is calculated by dividing the total number of employees leaving employment during the financial year by the average number of employees at the beginning and the end of the financial year.

2. The employee turnover rate for each category is calculated by dividing the number of employees leaving employment in the specified category during the financial year by the average number of employees in the specified category at the beginning and the end of the financial year.

Work-life Balance

We value the importance of maintaining a healthy lifestyle and work-life balance of our employees. The Group actively engages employees through social and employee bonding, outing, volunteer works and charity activities. During the Reporting Period, we had organised work-life balancing activities, for example, birthday celebrations and festival celebrations for employees.

B2. Health and Safety

The Group believes that employees are the valuable assets of an enterprise and regards human resources as its corporate wealth. To maintain a safe working environment, the Group has established safety policies on the prevention and remediation of safety accidents, and detection of potential safety hazards in workplace. The Group follows the occupational health and safety guidelines recommended by the Labour Department and Occupational Safety and Health Council, and the Human Resources and Administration Department also takes responsibilities for offices' occupational health and safety and relevant promotions and monitoring.

During the Reporting Period, the Group was not aware of any material non-compliance with health and safety related laws and regulations that would have a significant impact on the Group. Such laws and regulations include but are not limited to the Occupational Safety and Health Ordinance of Hong Kong. During the Reporting Period, there were 0 lost days due to work injury. Also, in the past three years, including the Reporting Period, there were no work related fatalities.

Safety Training

The Group offers a diversity of training courses to employees, and employees are required to attend the training organised by the Group in relation to occupational safety. We have also established emergency and evacuation procedures to respond to any major safety accidents in a timely and orderly manner. Employees are also free to provide feedback on improving workplace safety.

Employee Health Management

The Group offers comprehensive health care coverage for our employees, including medical benefits and dental benefits. The Group has also continued to organise work-life balancing activities for employees and carry out other activities to promote healthy living practices. We also convey information relating to health and safety to employees in order to raise their awareness of occupational health and safety.

The Group will review the abovementioned policy regularly to ensure its effectiveness.

B3. Development and Training

The Group regards our staff as the most important asset and resource. We recognise the valuable contribution our talents made to the continuing success of the Group. We are committed to inspiring our human capital towards delivering excellence and strive to create an intellectually-stimulating environment within which employees do not only develop basic skills and knowledge but also specific talent and ability.

Training and Development Management

The Group provides regular training courses and a variety of development programs, and has developed relevant training policies and procedures to enhance the effectiveness of such training programs. Respective management is responsible to develop training plans based on the requirements of different departments and employees. They are also responsible to examine the effectiveness of training programs and provide improvement plans.

The Group regularly organises workshops, seminars, and training programs for employees, and aims to improve their level of skills and knowledge while maximising their potentials. In addition, employees are encouraged to enroll in external training opportunities and job-related courses to enrich themselves through acquiring higher professional skills and qualifications. Employees are also granted training for acquiring related licenses such as license of the Securities and Futures Commission ("SFC").

During the Reporting Period, we have organised training courses for employees. Such training courses cover topics including but not limited to industrial updates, compliance matters, occupational health and safety, etc.

During 2024, the percentage of total employees trained[1] by the Group was approximately 47% (2023: 53%) and the average training hours completed per employee[2] was approximately 5.91 (2023: 8.34 hours) hours. The breakdown of the percentage of employees trained and the average training hours completed per employee by gender and employee category was as follows:

	Percentage of employee trained[3]		Average training hours[4]	
	2024	2023	2024	2023
By gender				
Male	**86%**	80%	**13.70**	16.25
Female	**14%**	20%	**16.00**	14.25
By employee category				
Group Management (including directors)	**100%**	100%	**14.36**	15.85
General staff	**–**	–	**–**	–

Note(s):

1. The percentage of total employee trained is calculated by dividing the total number of employees who took part in training during the financial year by the total number of employees as at the end of the financial year.

2. The average training hours completed per employee is calculated by dividing the total number of training hours during the financial year by the total number of employees as at the end of the financial year.

3. The percentage of employees trained by category is calculated by dividing the number of employees in the specified category who took part in training during the financial year by the total number of employees who took part in training during the financial year.

4. The average training hours completed per employee by category is calculated by dividing the number of training hours for employees in the specified category during the financial year by the number of employees in the specified category who took part in training during the financial year.

B4. Labour Standards

Prevention of Child and Forced Labour

Child and forced labour are strictly prohibited during the recruitment process as defined by laws and regulations. The Group strictly complies with local laws and prohibits any child and forced labour employment. The Group's Human Resource and Administration Department is responsible to monitor and ensure compliance with the latest and relevant laws and regulations that prohibit child labour and forced labour.

To combat against illegal employment of child labour and underage workers, personal data are collected during the recruitment of process to assist the selection of suitable candidates. According to the Staff Handbook, the Human Resource and Administration Department also ensures identity documents are carefully checked. If any violation is found, it will be dealt with in the light of circumstances. The employment contract specifies the agreement between the Group and its employees on the working conditions including among others, their normal working hours and overtime work arrangement. Overtime working of employees is on a voluntary basis, which effectively protects their rights and interests. If there is any suspected infringement regarding forced labour, the Group might conduct investigation and take disciplinary actions against any staff members who are responsible for the cause of the incident. Such policy and practices will be reviewed regularly to comply with the relevant laws and regulations.

During the Reporting Period, the Group was not aware of any material non-compliance with child and forced labour-related laws and regulations that would have a significant impact on the Group. Such laws and regulations include but are not limited to the Employment Ordinance of Hong Kong.

B5. Supply Chain Management

The Group recognises the importance of green supply chain management in mitigating the indirect environmental and social risks. In view of green supply chain management, we are aware of the environmental and social practices of the suppliers, and strive to engage suppliers with responsible acts to society.

Suppliers' Environmental and Social Responsibility

We actively share green practices with our suppliers, and propagate the importance of sustainable operations to them. During the supplier selection process, suppliers' environmental and social performances are considered as a selection criterion for establishing a long-term relationship. We select suppliers with good track record and the requirements of the specific business and customers as well as the environmental and social risks. The Group also gives priority to suppliers that use environmentally preferable products and services in the selection process. The Group will continue to review its supply chain periodically with regard to the suppliers' performance and environmental and social standards. Any material violation of laws and regulations may lead to the termination of supplier contracts. The Group is committed to continuously improving its supply chain management and the related measures are reviewed regularly. In 2024, the Group has implemented the practices relating to engaging suppliers to all of our major suppliers.

We have also formulated rules to ensure our suppliers are able to compete in an open and fair mechanism. We do not discriminate against any suppliers, and we do not allow any forms of corruption or bribery. Employees and other individuals with an interest with the suppliers will not be allowed to participate in relevant procurement activities.

During the Reporting Period, the Group has engaged a total of 44 major suppliers (2023: 44 major suppliers). The number of major suppliers by geographic region was as follows.

	Number of suppliers	
	2024	2023
By geographical location		
Hong Kong (China)	**44**	44
Mainland China	**–**	–

B6. Product Responsibility

The Group is committed to providing reliable products and services by offering sustainable and responsible platforms and services, as well as protecting the interests of clients.

During the Reporting Period, the Group was not aware of any material non-compliance with any laws and regulations concerning advertising, labelling and privacy matters relating to products and services provided that would have a significant impact on the Group. Such laws and regulations include but are not limited to the Personal Data (Privacy) Ordinance and the Securities and Future (Client Securities) Rules of Hong Kong. Due to the Group's business nature, the disclosure of the information relating to total products sold or shipped subject to recalls is not applicable.

Customer Service

The Group strives to provide excellent services in supporting our customers. Our customer service personnel are required to assist customers upon the application of services with their professional knowledge. Customers are also free to provide feedback on our service delivery. If customers are dissatisfied with the service quality, they can file complaints to the Group, and we will settle complaints in accordance with the established complaint resolution procedures and logs. Complaints are summarised regularly for management review in designing remedial actions for major deficiencies. To understand customer opinions, the Group performs a customer satisfaction survey annually. During the Reporting Period, the Group did not have any significant written complaints related to services.

Protection of Customer Information

Certain subsidiaries of the Company are licensed and regulated under SFC. As a custodian of customers' assets, we strictly comply with relevant laws and regulations in handling and safeguarding customers' assets. We implement necessary controls to ensure customers' assets are managed properly in a prompt manner.

We maintain segregated accounts in keeping customers' assets. Transactions should only be executed when customers' consent is received, or when customers' obligation is fulfilled as stated on agreed contracts. We have adequate records of audit work for investigations in case of suspected violations. Regular compliance reviews and audits are conducted to find out any non-compliance with regulatory requirements. Any irregularities should be immediately reported to management.

The Group strictly adheres to regulatory requirements on data privacy through fulfilling high security and confidentiality of personal data privacy protection. We are committed to maintaining and protecting personal data, and have established an internal policy to govern the collection and handling of personal data.

In accordance with our data protection principles, we abide by the Privacy Policy Statement, and ensure our clients understand our general policies and practices in relation to the collection, holding and usage of individual personal data. Furthermore, we are required to follow the Personal Information Collection Statement when collecting personal identification information from individuals. Unless written consent is obtained, the Group will not use or provide any personal data to any person for direct marketing. Meanwhile, the Group maintains security measures to prevent unauthorised use of personal data.

Investor Protection and Education

The Group has established procedures relating to the services and products provided. We conduct the "Know Your Clients" ("KYC") procedures and assessment processes to understand and evaluate clients' financial background, trading experience and risk tolerance level prior to providing clients with the type of financial services or products that suit their needs.

The Group is committed to providing clear and balanced information to clients. We have established a classification system that classifies the capability and intentions of investors. The Group categorises clients into professional investors and retail investors based on the standard of their financial knowledge. We will in particular protect retail investors by conducting risk evaluations, and classifying and grading the investors based on the risk tolerance evaluation results.

The Group adopts appropriateness tests for different financial products. We conduct risk assessments for different financial products to evaluate their risk level based on the product information. We have established a matching principle between product and clients' risk tolerance ability to fully reveal the product risks, and ensure appropriate products are recommended to appropriate clients.

Moreover, the Group has set standards for advertising and sales material. Information disclosed in all advertising and sales material must be factual; we also prohibit the use of false, misleading or inaccurate statements in any form of communication. The Group also obtained registration of the Group's trademarks in Hong Kong; the domain name was also registered. The Group respects and regularly monitors to ensure that intellectual property rights are not being infringed upon.

B7. Anti-corruption

The Group believes that a corporate culture of high integrity is the key to its continuing success, therefore we value the importance of anti-corruption work and are committed to building an incorruptness and transparent corporate culture.

During the Reporting Period, the Group has strictly complied with all applicable laws and regulations, as well as guidance from various regulatory bodies, including SFC. The Group was not aware of any material non– compliance with related laws and regulations of bribery, extortion, fraud and money laundering that would have a significant impact on the Group. Such laws and regulations include but are not limited to the Prevention of Bribery Ordinance of Hong Kong. There were also no concluded legal cases regarding corrupt practices during the Reporting Period.

Anti-corruption

The Group strives to achieve a high standard of ethics in our business operations and Fraudulent acts such as corruption, bribery, and collusion are strictly prohibited. Employees should comply with the Code of Conduct in performing business activities, and they should consult the management if they suspect any professional misconduct. Our Staff Handbook has a dedicated section on anti-corruption, which defines and restricts the code of conduct of our employees in this regard. Employees should also declare any conflict of interest under their job responsibility which may impair the integrity of work.

The Group has established a whistle-blowing mechanism for reporting any potential fraudulent cases. Whistle– blower can report to the Group through phone, email or written form. The Group will investigate and follow on the reported cases in a timely manner and is committed to protecting the whistle-blower against any potential unfair treatment and ensure the confidentiality of their identity. To further mitigate business frauds, an internal audit function is established to continuously evaluate the Group's internal control effectiveness, detecting potential deficiencies, and identifying areas of improvement. The internal audit report is distributed to the responsible department for timely remediation.

We strictly comply with the Prevention of Bribery Ordinance enforced by the Hong Kong Independent Commission Against Corruption ("ICAC"), and prohibit all employees from receiving any benefits for personal gains. This prevents any negative impact or disruption to our business operations. Any report of suspected behaviours would lead to disciplinary action, dismissal or report to ICAC or relevant agencies.

To further extend employees' and directors' awareness of anti-corruption, the Group launches and arranges various programs and seminars to educate them on anti-corruption annually. Contents of programs and seminars include law and discipline observation education, compliance and duty competence education, and professional ethics education, etc. These programs and seminars allow employees to understand related laws and disciplines as well as morality and business ethics. The Group also provided anti-corruption compliance training to directors to familiarise them with their corresponding roles and responsibilities in anti-corruption and business ethics and to ensure compliance with applicable laws and regulations. During the Reporting Period, the Group provided anti-corruption training materials to directors and employees for their self-study.

Anti-money Laundering

The Group has formulated policies and procedures governing KYC and Anti-Money Laundering ("AML"). A robust review program on KYC and AML and compliance department have been put in place to ensure the Group has complied with all the regulatory rules.

A designated staff as the Money Laundering Reporting Officer is appointed to hold responsibility for investigating AML issues and reporting if necessary. Induction training, as well as annual training, are provided to ensure all employees within the Group are well-acquainted with the regulatory updates in respect to KYC and AML. We have also developed an Anti-Money Laundering Guidance Note ("AML Manual") to assist employees in identifying the types of risks and their relevant major characteristics.

The Group has implemented the AML management rules when building a business relationship with clients or providing services. Such rules require employees to conduct client identification, file clients' identity materials and transactional records, check clients' identity certification documents, register clients' basic information, understand clients and their transaction nature through KYC policy, strengthen clients' adequacy management, identify and evaluate the money laundering risks, as well as improve the prevention, management and control of clients' money laundering risks.

The Group has strengthened the monitoring and reporting of large-amount and suspicious transactions. We began with the characteristics of the securities industry and the actual situation of the Group and had designed a monitoring model for suspicious transactions. We made efforts to improve the identification capability of suspicious transactions and positively helped clients to prevent money laundering risks.

The Group will review the preventive measures and whistle-blowing procedures regularly to ensure their effectiveness.

B8. Community Investment

Contribution to Society

The Group is committed to emboldening and supporting the public by means of social participation and contribution as part of our strategic development. We have established relevant policies to cultivate corporate culture of being a corporate citizen through the daily work life. To fulfill our corporate social responsibility, we focus on inspiring our employees towards social welfare concerns. We encourage our staff to donate to recognised charitable institutions in order to help the underprivileged and those in need. Employees are also encouraged to suggest areas of contribution based on their experiences in the community. The Group did not participate in community investment work in 2024 as it concentrated resources on strengthening its core business operations and ensuring full compliance with regulatory requirements. These strategic priorities temporarily limited the Group's capacity to initiate and support community-focused programmes during this period. However, the Group will engage in the community to understand their needs and ensure the Group's activities will take into consideration the communities' interest.

THE ESG REPORTING GUIDE CONTENT INDEX OF THE STOCK EXCHANGE OF HONG KONG LIMITED

Mandatory Disclosure Requirements	Sections
Governance Structure	The ESG Governance Structure
Reporting Principles	Reporting Framework
Reporting Boundary	Reporting Scope

"Comply or explain" Provision		
Subject Areas, Aspects, General Disclosures and KPIs	**Description**	**Sections/Remarks**
Aspect A1: Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste. Note: Air emissions include NOx, SOx, and other pollutants regulated under national laws and regulations. Greenhouse gases include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride. Hazardous wastes are those defined by national regulations.	A1. Emissions

"Comply or explain" Provision		
Subject Areas, Aspects, General Disclosures and KPIs	**Description**	**Sections/Remarks**
KPI A1.1	The types of emissions and respective emissions data.	A1. Emissions – Exhaust Gas Emissions (not applicable and explained)
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	A1. Emissions – GHG Emissions
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	A1. Emissions – Waste Management
KPI A1.4	Total non-hazardous waste produced (in tonnes) and intensity.	A1. Emissions – Waste Management
KPI A1.5	Description of emission target(s) set and steps taken to achieve them.	A1. Emissions – GHG Emissions
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	A1. Emissions – Waste Management
Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials. Note: Resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc.	A2. Use of Resources
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	A2. Use of Resources – Energy Management
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	A2. Use of Resources – Water Management
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	A2. Use of Resources – Energy Management
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	A2. Use of Resources – Water Management
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	A2. Use of Resources – Use of Packaging Material (not applicable and explained)

"Comply or explain" Provision		
Subject Areas, Aspects, General Disclosures and KPIs	**Description**	**Sections/Remarks**
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	A3. The Environment and Natural Resources
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	A3. The Environment and Natural Resources
Aspect A4: Climate Change		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	A4. Climate Change
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	A4. Climate Change
Aspect B1: Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	B1. Employment
KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	B1. Employment
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	B1. Employment
Aspect B2: Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	B2. Health and Safety
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	B2. Health and Safety
KPI B2.2	Lost days due to work injury.	B2. Health and Safety
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	B2. Health and Safety

"Comply or explain" Provision		
Subject Areas, Aspects, General Disclosures and KPIs	**Description**	**Sections/Remarks**
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities. Note: Training refers to vocational training. It may include internal and external courses paid by the employer.	B3. Development and Training
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	B3. Development and Training
KPI B3.2	The average training hours completed per employee by gender and employee category.	B3. Development and Training
Aspect B4: Labour Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	B4. Labour Standards
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	B4. Labour Standards
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	B4. Labour Standards
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	B5. Supply Chain Management
KPI B5.1	Number of suppliers by geographical region.	B5. Supply Chain Management
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	B5. Supply Chain Management
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	B5. Supply Chain Management
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	B5. Supply Chain Management
Aspect B6: Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	B6. Product Responsibility

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

"Comply or explain" Provision		
Subject Areas, Aspects, General Disclosures and KPIs	**Description**	**Sections/Remarks**
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	B6. Product Responsibility (not applicable and explained)
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	B6. Product Responsibility
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	B6. Product Responsibility
KPI B6.4	Description of quality assurance process and recall procedures.	B6. Product Responsibility
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	B6. Product Responsibility
Aspect B7: Anti-corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	B7. Anti-corruption
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	B7. Anti-corruption
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	B7. Anti-corruption
KPI B7.3	Description of anti-corruption training provided to directors and staff.	B7. Anti-corruption
Aspect B8: Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	B8. Community Investment
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	B8. Community Investment
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	B8. Community Investment

DIRECTORS' REPORT

The Directors present their report and audited financial statements of the Group for the year ended 31 December 2024.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. Details of the principal activities of the principal subsidiaries are set out in note 38 to the audited financial statements. Further discussion and analysis of these activities as required by Schedule 5 to the Companies Ordinance, including a discussion of the principal risks and uncertainties facing the group and an indication of likely future developments in the group's business, can be found in the Management Discussion and Analysis set out on pages 3 to 6.

RESULTS AND DIVIDENDS

The Group's profit for the year ended 31 December 2024 and the state of affairs of the Group at that date are set out in the audited financial statements on pages 62 to 125.

The Directors did not recommend the payment of any dividend for the year ended 31 December 2024.

SUMMARY FINANCIAL INFORMATION

A summary of the published results and assets and liabilities of the Group for the last four financial years and the year ended 31 December 2024, as extracted from the audited financial statements and restated as appropriate, is set out on page 126. This summary does not form part of the audited financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

The five largest customers of the Group accounted for approximately 96.0% of the Group's total turnover and the largest customer accounted for approximately 37.3% of the Group's total turnover. The Group is a provider of financial services. In the opinion of the Directors, it is therefore of no value to disclose details of the Group's suppliers.

So far as is known to the Directors, none of the Directors, their associates or substantial shareholders (which to the best knowledge of the Directors owns more than 5% of the Company's issued share capital) had any interest in the share capital of the Group's five largest suppliers or customers.

SHARE CAPITAL

Details of the share capital of the Company are set out in note 28 to the consolidated financial statements.

Share Option Scheme

The Company adopted a share option scheme on 24 September 2004 (the "2004 Scheme"). Pursuant to an ordinary resolution passed at the special general meeting of the Company held on 15 October 2014, the Company adopted a new share option scheme (the "2014 Scheme"), the purpose of which is to enable the Group to grant share options to the eligible participants as incentives or rewards for their contribution to the Group. No further option shall be granted under the 2004 Scheme, but the options granted under the 2004 Scheme prior to its expiry shall remain valid and exercisable in accordance with the terms of the respective grants. During the year ended 31 December 2024 and the year ended 31 December 2023, no share option has been granted under 2014 Scheme. As at 31 December 2024 and 2023, there were no shares in respect of which options has been granted and remained outstanding under the 2014 Scheme. The 2014 Scheme has expired in October 2024 and no further share options shall be granted thereunder. For further details of the 2014 Scheme (including the principal terms of the 2014 Scheme), please refer to the circular dated 26 September 2014 and note 30 to the consolidated financial statements.

DIRECTORS' REPORT

PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

Details of movements in the property, plant and equipment of the Group during the year are set out in note 14 to the audited financial statements.

RESERVES

Details of movements in the reserves of the Group during the year are set out in the consolidated statement of changes in equity.

DISTRIBUTABLE RESERVES OF THE COMPANY

At 31 December 2024, no reserves are available for distribution to shareholders.

DIRECTORS AND DIRECTOR'S SERVICE CONTRACTS

The Directors of the Company during the year and up to the date of this report were:

Executive Directors

Mr. Zhou Quan
Mr. Zhao Yun

Non-Executive Director

Mr. Huang Shuanggang

Independent Non-Executive Directors

Mr. Zhang Jinfan
Ms. Huang Qin
Mr. Guo Yaoli

In accordance with Article 87(1) of the Company's Bye-laws, Mr. Zhou Quan and Ms. Huang Qin will retire at the forthcoming annual general meeting and being eligible, offer themselves for re-election.

The Directors being proposed for re-election at the forthcoming annual general meeting do not have a service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of a compensation (other than statutory compensation).

The non-executive Directors (including the independent non-executive Directors) have been appointed for a specific term subject to retirement by rotation as required by the Bye-laws.

DIRECTORS' INTERESTS IN TRANSACTION, ARRANGEMENT OR CONTRACT OF SIGNIFICANCE

No transaction, arrangement or contract of significance in which any Director or any entity connected with the Director is or was materially interested, either directly or indirectly, subsisted during the year ended 31 December 2024 or at the end of the financial year.

CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACT OF SIGNIFICANCE

No contract of significance between any members of the Group and any of the controlling shareholders of the Company, or any of their subsidiaries, subsisted during the year ended 31 December 2024.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As at 31 December 2024, none of the Directors or chief executive had any interests in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) that was required to be recorded in the register required to be kept pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the year was the Company or any of its subsidiaries a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate and none of their spouses or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such right during the year.

SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 31 December 2024, so far as the Directors are aware and as shown in the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO, other than interest disclosed above in respect of certain Directors and chief executive, the following shareholders had notified the Company of their relevant interests in the shares, underlying shares and convertible notes of the Company.

LONG POSITION – ORDINARY SHARES OF HK$0.1 EACH OF THE COMPANY

Name of shareholder	Capacity	Number of shares held	Percentage of the issued share capital of the Company
Yuanyin Holdings Limited	Beneficial Owner	601,100,000	68.15%
	Interest of corporation controlled *(Note (1))*	1,917,000	0.22%

Note:

(1) Yuanyin Holdings Limited is deemed to be interested in 1,917,000 shares of the Company beneficially owned by Yuanyin International Limited, a wholly owned subsidiary of Yuanyin Holdings Limited.

Other than the interests disclosed above, the register of substantial shareholders maintained by the Company pursuant to section 336 of the SFO discloses no other person (other than the Directors or chief executive of the Company) as having a notifiable interest or short position in the shares, underlying shares or convertible bonds of the Company as at 31 December 2024.

THE COMPANY'S ISSUANCE OF CONVERTIBLE BONDS

On 21 May 2021, the Company has issued the convertible bonds (the "SYHL Bonds") in the aggregate principal amount of HK$150.0 million to Yuanyin Holdings Limited. For details of the SYHL Bonds, please refer to the circular of the Company dated 29 April 2021 and the announcements of the Company dated 1 April 2021 and 21 May 2021.

The net proceeds from the issuance of the SYHL Bonds, after deduction of expenses, are approximately HK$149.8 million; and the net cash proceeds are approximately HK$50.1 million after the application of HK$99.8 million to set off against the principal amount of the shareholder's loan owed by the Group to Yuanyin Finance Limited ("Yuanyin Finance") (a wholly-owned subsidiary of Yuanyin Holdings Limited, the subscriber of the SYHL Bonds).

On 13 February 2023, the Company received a notice from Yuanyin Holdings of its intention to exercise the conversion rights in respect of the SYHL Bonds in full in the outstanding aggregate principal amount of HK$150 million. Upon fulfilling the conversion conditions of the SYHL Bonds, conversion of SYHL Bonds took place on 18 May 2023 and 500,000,000 ordinary shares at conversion price of HK$0.3 per share were allotted and issued to Yuanyin Holdings Limited.

For details, please refer to note 25 to the consolidated financial statements.

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

Saved as disclosed in note 31 to the consolidated financial statements and the related disclosure as below, the Group has not entered into any other connected transaction or continuing connected transactions for the year ended 31 December 2024 which should be disclosed pursuant to the requirement of Chapter 14A to the Listing Rules.

For the year ended 31 December 2024, the Company and its subsidiaries have the following continuing connected transactions that are subject to the annual review requirements under Chapter 14A of the Listing Rules:

FINANCIAL ADVISORY SERVICES AGREEMENT

On 1 November 2023, Sheng Yuan Capital (Hong Kong) Limited ("**Sheng Yuan Capital**") (a wholly-owned subsidiary of the Company) entered into the Financial Advisory Services Agreement with Yuanyin Finance Limited ("**Yuanyin Finance**"), pursuant to which Sheng Yuan Capital will provide financial advisory services to Yuanyin Finance and its associated companies ("**Yuanyin Finance Group**").

1. Principal Terms

The principal terms of the Financial Advisory Services Agreement are as follows:

Date	:	1 November 2023
Parties	:	(1) Yuanyin Finance (2) Sheng Yuan Capital
Scope of services	:	Sheng Yuan Capital will provide financial advisory services in respect of: (i) realization of assets of Yuanyin Finance Group and negotiation with prospective purchasers regarding the disposal of such assets (where applicable) (the "Asset Advisory Services"); (ii) optimization of the capital structure of Yuanyin Finance Group through injection of equity investment and debt financing (the "Capital Structure Advisory Services"); and (iii) Yuanyin Finance Group's compliance with the Listing Rules and relevant regulations in its course of business (the "Compliance Advisory Services", together with the Asset Advisory Services and the Capital Structure Advisory Services, the "Financial Advisory Services").
Term	:	For a term of three years commencing from the date of the Financial Advisory Services Agreement.
Service fees	:	An aggregate maximum annual service fee of HKD8,000,000 for the Financial Advisory Services with reference to the progress of the respective project and the following standards: (i) in respect of the Asset Advisory Services, a maximum service fee of 2% of the cost of disposal of the relevant assets or 5% of the price of disposal of the relevant assets; (ii) in respect of the Capital Structure Advisory Services, a service fee of 2% to 5% of the value of the relevant equity investment or debt financing; and

(iii) in respect of the Compliance Advisory Services, a service fee of HKD500,000 per project with a time span of approximately two weeks, subject to further adjustment with reference to the complexity of and workload involved in the project.

Time of payment : The service fee for the relevant Financial Advisory Services shall be payable within five business days upon Yuanyin Finance's receipt and confirmation of the payment notice issued by Sheng Yuan Capital, and in any event no later than the expiry of the Financial Advisory Services Agreement.

2. Annual Caps

The table below sets out the respective annual caps for the Financial Advisory Services Agreement:

For the period from			
1 November 2023 to 31 December 2023 (HKD)	1 January 2024 to 31 December 2024 (HKD)	1 January 2025 to 31 December 2025 (HKD)	1 January 2026 to 31 October 2026 (the end of the three-year period) (HKD)
1,333,333	8,000,000	8,000,000	6,666,667

Revenue recognised under the Financial Advisory Services Agreement by Sheng Yuan Capital was nil for the year ended 31 December 2023.

Yuanyin Holdings and its associates hold a total of 603,017,000 Shares, representing approximately 68.37% of the issued share capital of the Company and is a controlling Shareholder. Yuanyin Finance is a wholly-owned subsidiary of Yuanyin Holdings, and is therefore a connected person of the Company. Accordingly, the transactions contemplated under the Financial Advisory Services Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

GENERAL ESCROW SERVICES AGREEMENT

On 1 November 2023, Yuanyin Finance and Sheng Yuan Securities Limited ("**Sheng Yuan Securities**") (a wholly-owned subsidiary of the Company) entered into the General Escrow Services Agreement, pursuant to which Yuanyin Finance will engage Sheng Yuan Securities as its escrow agent to hold the shares to be charged by the respective borrower ("**Borrower**") of Yuanyin Finance under the respective loan agreement to be entered into between Yuanyin Finance and the Borrower ("**Loan Agreement**") in favor of Yuanyin Finance in order to secure the performance of obligations by such Borrower under the respective Loan Agreement ("**Charged Shares**") in escrow on behalf of Yuanyin Finance and the Borrowers of Yuanyin Finance.

1. Principal Terms

The principal terms of the General Escrow Services Agreement are as follows:

Date	:	1 November 2023
Parties	:	(1) Yuanyin Finance (2) Sheng Yuan Securities
Scope of services	:	In respect of each share charge entered into between Yuanyin Finance and the respective Borrower under the corresponding Loan Agreement, Yuanyin Finance and the Borrower will enter into a separate escrow and custodian agreement (the "Escrow and Custodian Agreement") with Sheng Yuan Securities, pursuant to which Yuanyin Finance and the Borrower will jointly engage Sheng Yuan Securities as their escrow agent to hold the Charged Shares in escrow in accordance with the terms and conditions of such Escrow and Custodian Agreement. Yuanyin Finance may enter into a maximum of 20 Escrow and Custodian Agreements with Sheng Yuan Securities for each twelve-month period during the term of the General Escrow Services Agreement.
Term	:	For a term of three years commencing from the date of the General Escrow Services Agreement.
Service fees	:	A monthly service fee of HKD150,000.
Time of payment	:	(1) The service fee for the period from 1 November 2023 to 31 December 2023 (being a total fee of HKD300,000) shall be payable upon the execution of the General Escrow Services Agreement; and (2) the service fee for the year ending 31 December 2024 (being a total fee of HKD1,800,000), the year ending 31 December 2025 (being a total fee of HKD1,800,000) and the period from 1 January 2026 to 31 October 2026 (being a total fee of HKD1,500,000) shall be payable upon each subsequent anniversary of the date of the General Escrow Services Agreement respectively.

2. Annual Caps

The table below sets out the respective annual caps for the General Escrow Services Agreement:

For the period from			
1 November 2023 to 31 December 2023 (HKD)	1 January 2024 to 31 December 2024 (HKD)	1 January 2025 to 31 December 2025 (HKD)	1 January 2026 to 31 October 2026 (the end of the three-year period) (HKD)
300,000	1,800,000	1,800,000	1,500,000

Revenue recognised under the General Escrow Services Agreement by Sheng Yuan Securities was HK$300,000 for the year ended 31 December 2023.

Yuanyin Holdings and its associates hold a total of 603,017,000 Shares, representing approximately 68.37% of the issued share capital of the Company and is a controlling Shareholder. Yuanyin Finance is a wholly-owned subsidiary of Yuanyin Holdings, and is therefore a connected person of the Company. Accordingly, the transactions contemplated under the General Escrow Services Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

The independent non-executive Directors have examined the specific implementation of the continuing connected transactions and confirmed that:

(a) the transactions were entered into in the ordinary and usual course of business of the Company;

(b) the transactions were carried out on normal commercial terms or more favorable terms; and

(c) the transactions were carried out in accordance with the agreements in respect thereof, the terms of which were fair and reasonable and in the interest of the shareholders of the Company as a whole.

The Company has also engaged an external auditor to review the continuing connected transactions arising from Financial Advisory Agreements and General Escrow Services Agreement to ensure that the transactions comply with the requirements under the Listing Rules. The Board has confirmed that the auditor has issued an unqualified letter in respect of the aforesaid continuing connected transactions in accordance with Rule 14A.56 of the Listing Rules and reported the results in the letter to the Board. The letter stated that:

(a) the relevant continuing connected transactions have been approved by the Board;

(b) the relevant continuing connected transactions are, in all material respects, in accordance with the pricing policy of the Company for transactions involving the provision of goods or services by the Company;

(c) the relevant continuing connected transactions were entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and

(d) the relevant continuing connected transactions did not exceed the respective annual caps applicable to such transaction.

The non-exempt continuing connected transactions are subject to reporting, annual review and announcement requirements but exempt from circular and independent Shareholders' approval requirements pursuant to Rule 14A.76(2) of the Listing Rules. The Company has complied with the disclosure requirements under Chapter 14A of the Listing Rules.

A summary of the related party transactions entered into by the Group during the Reporting Period is contained in note 31 to the consolidated financial statements in this annual report.

Save as disclosed above, no related party transactions disclosed in the consolidated financial statements constitutes a connected transaction or a continuing connected transaction as defined under Chapter 14A of the Listing Rules during the Reporting Period.

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

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

CORPORATE GOVERNANCE

The Company's corporate governance report is set out in pages 9 to 20 of this report.

KEY RELATIONSHIPS

Employees

Employees are one of the valuable assets of the Group and the Group regards the personal development of its employees as highly important. The Group aims to continue to be an attractive employer for committed employees and strives to motivate its employees with a clear career path and opportunities for advancement and improvement of their skills. The Group provides on-the-job training and development opportunities to its employees and considers all valuable feedback from its employees for enhancing workplace productivity and harmony.

The Group offers competitive remuneration packages to its employees.

The emoluments of the Directors are decided by the Remuneration Committee, having regard to the Company's operating results, individual performance and comparable market statistics. The emolument policy of the employees of the Group is set up by the Remuneration Committee on the basis of their merit, qualifications and competence. The Company has adopted a share option scheme as an incentive to Directors and eligible employees. Details of the scheme are set out in note 30 to the consolidated financial statements.

Customers and suppliers

The customers and suppliers of the Group are independent third parties to the Group. The Group is committed to maintain good relationships with its customers and suppliers in the long run by adopting various means to strengthen communication channels with them. During the year ended 31 December 2023, there were no material and significant disputes between the Group and its customers and suppliers.

EQUITY-LINKED AGREEMENTS

Other than the share option scheme as disclosed above, no equity-linked agreements were entered into by the Company during the year ended 31 December 2024 or subsisted at the end of the year.

PERMITTED INDEMNITY PROVISION

Pursuant to the bye-laws of the Company, every Director shall be entitled to be indemnified by the Company out of the assets of the Company against all costs, charges, losses, damages and expenses which he/she may sustain or incur or about the execution and discharge of his duties or in relation thereto. The Company has arranged appropriate Directors' and Officers' liability insurance coverage for the Directors and officers of the Company during the year.

ENVIRONMENTAL POLICIES

The Group is committed to building an environmentally-friendly corporation that pays close attention to conserving natural resources. The Group strives to minimise its environmental impact by saving electricity and encouraging recycle of office supplies and other materials.

For further details as to our environmental policies and performance, please refer to pages 21 to 44 of this annual report, which sets out the environmental, social and governance report of the Group.

COMPLIANCE WITH LAWS AND REGULATIONS

The Group's operations are mainly carried out by the subsidiaries of the Company in Hong Kong and the PRC while the shares of Company (the "Shares") are listed on the Stock Exchange. The Group's establishment and operations shall comply with relevant laws and regulations in Hong Kong, the PRC and the respective places of incorporation of the Company and its subsidiaries. In addition, the Company is required to comply with the Listing Rules and SFO.

During the year ended 31 December 2024 and up to the date of this report, as far as the Company is aware, there was no material breach of or non-compliance with applicable laws and regulations by the Group that has a significant impact on the business and operations of the Group.

INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received, from each of the independent non-executive Directors, an annual confirmation of his or her independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the independent non-executive Directors are independent.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's bye-laws or the laws of Bermuda, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

TAX RELIEF

The Company is not aware of any relief from taxation available to the Shareholders by reason of their holdings in the shares of the Company.

SUFFICIENCY OF PUBLIC FLOAT

The Company has maintained a sufficient public float throughout the year ended 31 December 2024 and as of the date of this annual report.

CHARITABLE CONTRIBUTIONS

During the year, the Group did not make any charitable contributions.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the Reporting Period.

AUDIT COMMITTEE

The Company has an Audit Committee which was established in accordance with Rule 3.21 of the Listing Rules for the purposes of reviewing and providing supervision over the Group's financial reporting process and internal controls. The audited results for the year ended 31 December 2024 have been reviewed by the Audit Committee. The Audit Committee currently comprises Ms. Huang Qin (Chairman), Mr. Zhang Jinfan (both being independent non-executive Directors), and Mr. Huang Shuanggang (a non-executive Director).

DIRECTORS' REPORT

REMUNERATION COMMITTEE

The Remuneration Committee has been set up with written term of reference in accordance with the requirements of the Listing Rules. The Remuneration Committee comprises three independent non-executive Directors, being Mr. Zhang Jinfan (Chairman), Ms. Huang Qin, and Mr. Guo Yaoli.

NOMINATION COMMITTEE

The Nomination Committee has been set up with written term of reference in accordance with the requirements of the Listing Rules. The Nomination Committee comprises one executive director and two independent non-executive Directors, being Mr. Zhou Quan (Chairman), Mr. Zhang Jinfan and Mr. Guo Yaoli.

AUDITOR

During the year, Messer, BDO Limited resigned as the auditor of the Company and Beijing Xinghua Caplegend CPA Limited was appointed as the auditor of the Company on 31 October 2024 to fill the casual vacancy.

The consolidated financial statements for the year ended 31 December 2024 were audited by Beijing Xinghua Caplegend CPA Limited. A resolution will be submitted to the annual general meeting to re-appoint Beijing Xinghua Caplegend CPA Limited as the auditor of the Company.

On behalf of the Board
Mr. Zhou Quan
Chairman

21 March 2025

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF SHENG YUAN HOLDINGS LIMITED
(incorporated in the Bermuda with limited liability)

OPINION

We have audited the consolidated financial statements of Sheng Yuan Holdings Limited (the" Company") and its subsidiaries (together "the Group") set out on pages 62 to 125, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss and other comprehensive income for the year then ended, the consolidated statement of changes in equity for the year then ended; the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS OF OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code") and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment assessment of accounts receivable

Refer to note 2(i)(i) for accounting policies, note 3(i) for critical accounting estimates and notes 19 and 33(b)(i) of the accompanying consolidated financial statements.

The gross amount of the Group's accounts receivable as at 31 December 2024 amounted to approximately HK$18,161,000 as set out in note 19 to the consolidated financial statements. The measurement of the expected credit losses ("ECLs") allowance for financial assets measured at amortised cost is an area that requires the use of significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses). A number of significant judgments, including determining the criteria for significant increase in credit risk or credit-impaired, are also required in applying the accounting requirements for measuring ECLs according to the accounting policy as set out in note 2(i)(i). Based on management's assessment, loss allowance of approximately HK$13,492,000 has been recognised in respect of the accounts receivable.

We identified impairment assessment of accounts receivable as a key audit matter because the management's impairment assessment of accounts receivable requires the use of significant judgments and estimates and because the receivables are a significant item in the consolidated financial statements.

Our procedures to the management's impairment assessment of accounts receivable included the following:

- obtaining an understanding of the Group's internal control and assessment process of impairment of accounts receivable including credit control and data collection for analysis, etc. We assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors, such as complexity and subjectivity involved in significant management judgement;

- hiring external valuation expert in assessing the significant assumptions used in estimating the expected credit loss, such as historical default data and forward-looking information;

- evaluating the competence, capabilities and objectivity of the independent qualified professional valuer;

- assessing the appropriateness of valuation methodology and assumptions adopted by the independent qualified professional valuer;

- evaluating the disclosures regarding ECLs assessment of accounts receivable in note 33(b)(i) to the consolidated financial statements.

Based on the procedures above, we found that the judgement and estimates applied by management were supported by the evidence that we obtained.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee are responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with Section 90 of the Companies Act 1981 of Bermuda, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Beijing Xinghua Caplegend CPA Limited
Certified Public Accountants
Lee Sze Hei
Practising Certificate Number P07720

Hong Kong, 21 March 2025

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	2024 HK$'000	2023 HK$'000
Revenue	5	**26,292**	7,594
Other gains and losses	6	**20,725**	(12,860)
Other income	7	**4,011**	4,933
Staff costs	13	**(7,792)**	(10,929)
Depreciation	14, 15	**(1,659)**	(2,785)
Finance costs	8	**(204)**	(3,831)
Other expenses	9	**(10,689)**	(9,100)
Net write-back of/(provision for) impairment loss on financial assets	19	**5,044**	(483)
PROFIT/(LOSS) BEFORE INCOME TAX		**35,728**	(27,461)
Income tax expense	10	**(3,842)**	(307)
PROFIT/(LOSS) FOR THE YEAR		**31,886**	(27,768)
Other comprehensive income:			
Item that is or may be reclassified subsequently to profit or loss			
– Exchange differences on translation of financial statements of overseas subsidiaries		**2**	3
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		**2**	3
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		**31,888**	(27,765)
Profit/(loss) for the year attributable to owners of the Company		**31,886**	(27,768)
Total comprehensive income/(loss) for the year attributable to owners of the Company		**31,888**	(27,765)

	Notes	HK cents	HK cents
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY	12		
– Basic		**3.62**	(4.00)
– Diluted		**3.62**	(4.00)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction to the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2024

	Notes	2024 HK$'000	2023 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	*14*	**228**	404
Right-of-use assets	*15*	**2,471**	3,954
Trading rights	*16*	**–**	–
Goodwill	*17*	**–**	–
Other assets	*18*	**205**	205
Long-term deposit	*19*	**510**	510
		3,414	5,073
CURRENT ASSETS			
Accounts and other receivables, deposits and prepayments	*19*	**5,995**	28,267
Debt instruments held at fair value through profit or loss ("FVTPL")	*20*	**–**	4,499
Held for trading investments	*21*	**14,000**	10,747
Current tax assets		**–**	1,866
Deposit with maturities over 3 months when acquired	*23*	**56,958**	–
Trust bank balances held on behalf of clients	*22*	**22,336**	45,428
Cash and cash equivalents	*23*	**44,043**	47,166
		143,332	137,973
CURRENT LIABILITIES			
Accounts and other payables and accruals	*24*	**24,827**	53,558
Current tax liabilities		**2,252**	–
Lease liabilities	*15*	**1,633**	1,540
Contract liabilities	*26*	**450**	619
		29,162	55,717
NET CURRENT ASSETS		**114,170**	82,256
TOTAL ASSETS LESS CURRENT LIABILITIES		**117,584**	87,329
NON-CURRENT LIABILITIES			
Lease liabilities	*15*	**998**	2,631
		998	2,631
NET ASSETS		**116,586**	84,698

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2024

	Notes	2024 HK$'000	2023 HK$'000
EQUITY			
Share capital	28	88,197	88,197
Reserves	29	28,389	(3,499)
Total equity		116,586	84,698

The above consolidated statement of financial position should be read in conjunction to the accompanying notes.

The consolidated financial statements were approved and authorised for issue by the board of directors on 21 March 2025 and are signed on its behalf by:

Approved by:

Zhao Yun
Director

Zhou Quan
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2024

	Attributable to owners of the Company								
	Share capital	Share premium*	Shareholder's contribution*	Capital redemption reserves*	Convertible bond equity reserve*	Contributed surplus*	Currency translation reserve*	Accumulated losses*	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(note 28)	*(note 29)*	*(note 29)*	*(note 29)*	*(note 29)*	*(note 29)*	*(note 29)*		
At 1 January 2023	38,197	320,370	7,834	477	14,808	152,788	(1,359)	(570,271)	(37,156)
Loss for the year	–	–	–	–	–	–	–	(27,768)	(27,768)
Other comprehensive income									
– Exchange differences on translation of financial statements of foreign operations	–	–	–	–	–	–	3	–	3
Total comprehensive income/(loss) for the year	–	–	–	–	–	–	3	(27,768)	(27,765)
Conversion of convertible bonds, net of directly attributable transaction cost of HK$381,000 *(note 25)*	50,000	114,427	–	–	(14,808)	–	–	–	149,619
At 31 December 2023	88,197	434,797	7,834	477	–	152,788	(1,356)	(598,039)	84,698
At 1 January 2024	**88,197**	**434,797**	**7,834**	**477**	**–**	**152,788**	**(1,356)**	**(598,039)**	**84,698**
Profit for the year	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**31,886**	**31,886**
Other comprehensive income for the year:									
– Exchange differences on translation of financial statements of foreign operations	**–**	**–**	**–**	**–**	**–**	**–**	**2**	**–**	**2**
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**–**	**–**	**2**	**31,886**	**31,888**
At 31 December 2024	**88,197**	**434,797**	**7,834**	**477**	**–**	**152,788**	**(1,354)**	**(566,153)**	**116,586**

* These reserves account comprise the consolidated reserves of approximately HK$28,389,000 in the consolidated statement of financial position as at 31 December 2024 (2023: negative reserves of approximately HK$3,499,000).

The above consolidated statement of changes in equity should be read in conjunction to the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	2024 HK$'000	2023 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) before income tax		35,728	(27,461)
Adjustments for:			
Depreciation of property, plant and equipment	14	176	585
Depreciation of right-of-use assets	15	1,483	2,200
Finance costs	8	204	3,831
Net (write-back of)/provision for impairment loss on accounts receivable and other receivables, net	19	(5,044)	483
Interest income	7	(3,257)	(2,547)
Interest spread arising from debt instruments arrangement	7	–	(1,637)
Net gain on disposal of debt instruments held at FVTPL	6	(17,468)	–
Change in fair value of held for trading investments	6	(3,253)	4,941
Change in fair value of debt instruments measured at FVTPL	6	–	7,490
Operating profit/(loss) before working capital changes		8,569	(12,115)
Decrease in other assets		–	1,500
Decrease/(increase) in accounts and other receivables, deposits and prepayments		30,606	(9,602)
Decrease in held for trading investments		–	248
Decrease in trust bank balances held on behalf of clients		23,092	36,953
Decrease in accounts and other payables and accruals		(28,376)	(49,115)
(Decrease)/increase in contract liabilities		(169)	106
Cash generated from/(used in) operations		33,722	(32,025)
Interest received from banks		2,628	1,334
Income tax refunded		276	269
Net cash generated from/(used in) operating activities		36,626	(30,422)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property, plant and equipment		–	(410)
Interest received		–	1,213
Consideration received in related to the debt instrument arrangement		18,951	–
Increase in deposits with maturities over 3 months		(56,958)	–
Cash flows (used in)/generated from investing activities		(38,007)	803
CASH FLOWS FROM FINANCING ACTIVITIES			
Expenses directly attributable in allotment of shares arising from conversion of convertible bonds		–	(381)
Interest paid	23	(204)	(219)
Repayment of lease liabilities	23	(1,540)	(2,547)
Net cash used in financing activities		(1,744)	(3,147)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(3,125)	(32,766)
Cash and cash equivalents at beginning of the year		47,166	79,929
Effect of foreign exchange rate changes, on cash held		2	3
Cash and cash equivalents at end of the year		44,043	47,166

The above consolidated statement of cash flows should be read in conjunction to the accompanying notes.

1. GENERAL INFORMATION

Sheng Yuan Holdings Limited (the "Company") is an exempted company with limited liability incorporated and domiciled in Bermuda. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and its principal place of business is Units 3208–9, 32/F, Grand Millennium Plaza, Cosco Tower, No.183 Queen's Road Central, Sheung Wan, Hong Kong. The Company's shares are listed on The Stock Exchange of Hong Kong Limited ("Stock Exchange"). Its parent and ultimate holding company, and the ultimate controlling party is Yuanyin Holdings Limited, a company incorporated in the British Virgin Islands with limited liabilities. The presentation currency of the Group is Hong Kong dollars ("HK$").

The Company is an investment holding company, and its subsidiaries (together with the Company collectively referred to as the "Group") are principally engaged in provision of securities brokerage and financial services, asset management services, proprietary trading and trading business.

The consolidated financial statements for the year ended 31 December 2024 were approved for issue by the board of directors on 21 March 2025.

2. MATERIAL ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements of the Hong Kong Companies Ordinance Cap. 622. 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 HKICPA has issued certain amendments to HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 2(c)(i) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current accounting period reflected in these financial statements.

(b) Basis of preparation of the consolidated financial statements

The measurement basis used in the preparation of the consolidated financial statements is the historical cost basis except for certain financial assets which are measured at fair value.

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of HKFRSs that have significant effect on the consolidated financial statements and major sources of estimation uncertainty are discussed in note 3.

2. MATERIAL ACCOUNTING POLICIES *(Continued)*

(c) Adoption of new or amended Hong Kong Financial Reporting Standards ("HKFRSs") and changes in other accounting policies

(i) Changes in accounting policies

The Group has applied the following amendments to HKFRSs issued by the HKICPA to these consolidated financial statements for the current accounting period:

- Amendments to HKAS 1, Presentation of financial statements – Classification of liabilities as current or non-current and amendments to HKAS 1, Presentation of financial statements – Non-current liabilities with covenants
- Amendments to HKFRS 16, Leases – Lease liability in a sale and leaseback
- Amendments to HKAS 7, Statement of cash flows and HKFRS 7, Financial instruments: Disclosures – Supplier finance arrangements
- Hong Kong Interpretation 5 (Revised), Presentation of financial statements – classification by the borrower of a term loan that contains a repayment on demand clause

The adoption of new or amended HKFRSs has no material impact on the Group's results, financial position and accounting policies.

(ii) Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31 December 2024

Up to the date of issue of these consolidated financial statements, the HKICPA has issued a number of new or amended standards, which are not yet effective for the year ended 31 December 2024 and which have not been adopted in these consolidated financial statements. These developments include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to HKAS 21, The effects of changes in foreign exchange rates – Lack of exchangeability	1 January 2025
Amendments to HKFRS 9, Financial instruments and HKFRS 7, Financial instruments: disclosures – Amendments to the classification and measurement of financial instruments	1 January 2026
Annual improvements to HKFRSs – Volume 11	1 January 2026
HKFRS 18, Presentation and disclosure in financial statements	1 January 2027
HKFRS 19, Subsidiaries without public accountability: disclosures	1 January 2027
Amendments to HK-Int 5, Presentation of financial statements – Classification by the borrower of a term loan that contains a repayment on demand clause	1 January 2027
Amendments to HKFRS 10 and HKAS 28, Sale or contribution of assets between an investor and its associate or joint venture	To be determined

2. MATERIAL ACCOUNTING POLICIES *(Continued)*

(c) Adoption of new or amended Hong Kong Financial Reporting Standards ("HKFRSs") and changes in other accounting policies *(Continued)*

(ii) Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31 December 2024 (Continued)

The directors of 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.

(d) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Intra-group balances and transactions, and any unrealised income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 2(i)(ii)), unless it is classified as held for sale.

(e) Other investments in debt and securities

The Group's policies for investments in securities, other than investments in subsidiaries, are set out below.

Investments in securities are recognised/derecognised on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at FVTPL for which transaction costs are recognised directly in profit or loss. For an explanation of how the Group determines fair value of financial instruments, see note 34. These investments are subsequently accounted for as follows, depending on their classification.

2. MATERIAL ACCOUNTING POLICIES *(Continued)*

(e) Other investments in debt and securities *(Continued)*

(i) Non-equity investments

Non-equity investments are classified into one of the following measurement categories:

– amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Expected credit losses, interest income calculated using the effective interest method (see note 2(s)(ii)(b)), foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

– FVTPL if the investment does not meet the criteria for being measured at amortised cost or fair value through other comprehensive income ("FVTOCI") (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

(ii) Equity investments

An investment in equity securities is classified as FVTPL, unless the investment is not held for trading purposes and on initial recognition the Group makes an irrevocable election to designate the investment at FVTOCI (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. If such election is made for a particular investment, at the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings and not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVTPL or FVTOCI, are recognised in profit or loss as other income (see note 2(s)(ii)).

(f) Trading rights

Trading rights represent the eligibility rights to trade on or through Hong Kong Futures Exchange Limited and the Stock Exchange. Trading rights acquired separately are measured initially at cost. The cost of trading rights acquired in a business combination is its fair value at the acquisition date. After initial recognition, trading rights with indefinite useful lives are carried at cost less any accumulated impairment losses. The useful life of trading rights that is indefinite is reviewed annually to determine whether events and circumstances continue to support an indefinite useful life assessment.

(g) Property, plant and equipment

Property, plant and equipment are started in the consolidated statement of financial position at cost less accumulated depreciation and impairment losses (see note 2(i)(ii)).

2. MATERIAL ACCOUNTING POLICIES *(Continued)*

(g) Property, plant and equipment *(Continued)*

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values, if any, using the straight line method over their estimated useful lives, and is generally recognised in profit or loss.

The principal annual rate used for depreciation is as follows:

Leasehold improvements	Over the lease terms
Furniture, fixtures and equipment	15% – 20%

Depreciation methods, useful lives and residual values are reviewed annually and adjusted if appropriate.

(h) Leased assets

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. This is the case if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

As a lessee

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for leases that have a short lease term of 12 months or less, and leases of low-value items. When the Group enters into a lease in respect of a low-value item, the Group decides whether to capitalise the lease on a lease-by– lease basis. If not capitalised, the associated lease payments are recognised in profit or loss on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is recognised using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability, and are charged to profit or loss as incurred.

2. MATERIAL ACCOUNTING POLICIES *(Continued)*

(h) Leased assets *(Continued)*

As a lessee *(Continued)*

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see notes 2(g) and 2(i)(ii)).

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

In the consolidated statement of financial position, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

(i) Credit losses and impairment of assets

(i) Credit losses from financial instruments

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost (including cash and cash equivalents, accounts and other receivables, deposits and prepayments, trust bank balances held on behalf of clients, and deposit with maturities over 3 months when acquired). Expected credit losses ("ECLs") are a probability-weighted estimate of credit losses, which are measured as the present value of the difference between the cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive (i.e. expected cash shortfalls). The expected cash shortfalls are discounted at the effective interest rate of the financial assets. The amount of ECLs is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECLs for accounts receivable that result from transactions that are within the scope of HKFRS 15. Lifetime ECLs represent the ECLs that will result from all possible default events over the expected life of a financial instrument. The ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

2. MATERIAL ACCOUNTING POLICIES *(Continued)*

(i) Credit losses and impairment of assets *(Continued)*

(i) Credit losses from financial instruments *(Continued)*

For all other financial assets measured at amortised cost, when the credit risk on a financial instrument has not increased significantly since initial recognition (i.e. stage 1), the Group is required to measure the loss allowance for a financial instrument at an amount equal to 12-month ECLs, which represents the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date. When the credit risk on that financial instrument has increased significantly since initial recognition (i.e. stage 2) or when the financial instrument is a credit-impaired financial asset (i.e. stage 3), the Group recognised lifetime ECLs.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

- an actual or expected significant deterioration in the operating results of the debtor; or

- significant increases in credit risk on other financial instruments of the same debtor.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

2. MATERIAL ACCOUNTING POLICIES *(Continued)*

(i) Credit losses and impairment of assets *(Continued)*

(i) Credit losses from financial instruments *(Continued)*

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if (i) the financial instrument has a low risk of default, (ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group also considers a financial asset to have low credit risk when it has an internal or external credit rating of "investment grade".

On the other hand, a financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- a breach of contract, such as a default or past due event.

In addition, the Group considers that an event of default occurs when there is a breach of financial covenants by the counterparty; or information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group). Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account. The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

2. MATERIAL ACCOUNTING POLICIES *(Continued)*

(i) Credit losses and impairment of assets *(Continued)*

(ii) Impairment of other non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill and trading rights are tested annually for impairment. Property, plant and equipment and right-of-use assets are tested for impairment whenever there are indications that the asset's carrying amount may not be recoverable.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units ("CGU"s). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the resulting carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(j) Contract liabilities

A contract liability is recognised when the customer pays non-refundable consideration before the Group recognises the related revenue (see note 2(s)(i)). A contract liability is also recognised if the Group has an unconditional right to receive non-refundable consideration before the Group recognises the related revenue. In such latter cases, a corresponding receivable is also recognised (see note 2(k)).

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method (see note 2(s)(ii)).

2. MATERIAL ACCOUNTING POLICIES *(Continued)*

(k) Accounts and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration and only the passage of time is required before payment of that consideration is due.

Accounts receivable that do not contain a significant financing component are initially measured at their transaction price. Accounts receivable that contain a significant financing component and other receivables are initially measured at fair value plus transaction costs. All receivables are subsequently stated at amortised cost (see note 2(i)(i)).

(l) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, property pre-sale proceeds held by solicitors that are held for meeting short-term cash commitments, and other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Cash and cash equivalents are assessed for ECL (see note 2(i)(i)).

(m) Accounts and other payables

Accounts and other payables are initially recognised at fair value. Subsequent to initial recognition, accounts and other payables are stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at invoice amounts.

(n) Convertible bonds

Convertible bonds issued by the Company and subsidiaries that contain both the host liability component, conversion option component and other embedded derivatives components (such as early redemption option) which are not closely related to the host liability component are classified separately into their respective items on initial recognition.

Conversion option that will be settled by the issuer exchanging a fixed amount of cash or another financial asset for a fixed number of its own equity instruments is classified as an equity instrument. Conversion option that will be settled by the issuer other than exchanging a fixed amount of cash or another financial asset for a fixed number of its own equity instruments is a conversion option derivative. Derivatives embedded in host contracts are accounted for as separate derivatives if their economic characteristics and risks are not closely related to those of the host contracts and the host contract are not held for trading or designated as at FVTPL.

2. MATERIAL ACCOUNTING POLICIES *(Continued)*

(n) Convertible bonds *(Continued)*

Transaction costs that relate to the issue of the convertible bonds are allocated to the liability, derivative and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortised over the period of the convertible bonds using the effective interest method. Transaction costs relating to the derivative component are recognised in profit or loss immediately. Transaction costs relating to the equity component are recognised directly in equity.

At the date of initial recognition, the liability component is recognised at fair value. The equity component is determined by deducting the amount of the liability component from the fair value of the convertible bonds and is included in convertible bond equity reserve within equity.

In subsequent periods, the liability component of the convertible bonds is carried at amortised cost using the effective interest method. The equity component will remain in convertible bond equity reserve until the conversion option is exercised (in which case the amount included in convertible bond equity reserve and the carrying value of the liability component at the time of conversion are transferred to share capital and share premium as consideration for the shares of the Company issued). Where the conversion option remains unexercised at the expiry dates, the balance stated in convertible bond equity reserve will be released to the retained profits/accumulated losses.

(o) Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount are presented in the consolidated statement of financial position when, and only when, the Group currently has a legally enforceable right to offset the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

(p) Employee benefits

(i) Short term employee benefits and contributions to defined contribution retirement plans

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Obligations for contributions to defined contribution retirement plans are expensed as the related service is provided.

The Group participates in staff retirement benefit schemes for employees in Hong Kong and the People's Republic of China ("PRC"), comprising a Mandatory Provident Fund Scheme ("MPF Scheme") and a state-managed retirement benefit scheme. The assets of these schemes are held separately from those of the Group in independently administered funds. The retirement benefit schemes are generally funded by payments from employees and the relevant Group companies. The retirement benefit scheme costs charged to profit or loss represent contributions payable by the Group to the schemes.

2. MATERIAL ACCOUNTING POLICIES *(Continued)*

(p) Employee benefits *(Continued)*

(i) Short term employee benefits and contributions to defined contribution retirement plans *(Continued)*

The Group contributes to the MPF Scheme under the Mandatory Provident Fund Schemes Ordinance for all qualifying employees in Hong Kong. Contributions are made based on a percentage of the employees' basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The Group's employer contributions vested fully with the employees when contributed into the MPF Scheme except for the Group's employer voluntary contributions, which are refunded to the Group when the employee leaves employment prior to the contributions vesting fully in accordance with the rules of the MPF Scheme.

The subsidiaries operating in the PRC are required to participate in the state-managed retirement benefit scheme for their employees, organised by the relevant local government authorities. They are required to make contributions to the retirement benefit scheme at a specified percentage of the employees' relevant income and there are no other further obligations to the Group.

The Group provides paid annual leave to its employees under their employment contracts on a calendar year basis. Under certain circumstances, such leave which remains untaken as at the reporting date is permitted to be carried forward and utilised by the respective employees in the following year. An accrual is made at the reporting date for the expected future cost of such paid leave earned during the year by the employees and carried forward.

Non-accumulating compensated absences such as sick leave and maternity leave are not recognised until the time of leave.

(ii) Defined benefit plan obligations

For long service payment ("LSP") obligations, the estimated amount of future benefit is determined after deducting the negative service cost arising from the accrued benefits derived from the Group's MPF contributions that have been vested with employees, which are deemed to be contributions from the relevant employees.

The calculation of defined benefit obligation is performed by using the projected unit credit method.

Net interest expense for the period is determined by applying the discount rate used to measure the defined benefit obligation at the beginning of the reporting period to the then net defined benefit liability, taking into account any changes in the net defined benefit liability during the period. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

2. MATERIAL ACCOUNTING POLICIES *(Continued)*

(q) Income tax

Income tax expense comprises current tax and deferred tax. It is recognised in profit or loss.

Current tax comprises the estimated tax payable or receivable on the taxable income or loss for the year and any adjustments to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects any uncertainty related to income taxes. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

– temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences;

– temporary differences related to investment in subsidiaries, associates and joint venture to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future;

– taxable temporary differences arising on the initial recognition of goodwill; and

– those related to the income taxes arising from tax laws enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Deferred tax assets and liabilities are offset only if certain criteria are met.

2. MATERIAL ACCOUNTING POLICIES *(Continued)*

(r) Provisions and contingent liabilities

Provisions are recognised for other liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(s) Revenue and other income

Income is classified by the Group as revenue when it arises from the sale of goods, the provision of services or the use by others of the Group's assets under leases in the ordinary course of the Group's business.

Further details of the Group's revenue and other income recognition policies are as follows:

(i) Revenue from contracts with customers

The Group is the agent for its revenue transactions and recognises revenue on a net basis. In determining whether the Group acts as a principal or as an agent, it considers whether it obtains control of the products before they are transferred to the customers. Control refers to the Group's ability to direct the use of and obtain substantially all of the remaining benefits from the products.

Revenue is recognised when control over a product or service is transferred to the customer at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties.

(a) Fund and portfolio management and investment advisory services

The Group earns management and investment advisory fees from investment funds and portfolio from managing clients' assets, at a fixed percentage of monthly net asset value or invested capital. The fees are recognised over the period when the related services are performed as customers simultaneously consume and receive benefits when services are rendered. Fees are billed on a regular basis (typically monthly, quarterly and semi-annually of a calendar year) and are earned to the extent that a significant reversal in future is not highly probable in accordance with specific terms of individual contracts. Generally, fees are not subject to clawback when they are billed. The Group also earns performance and incentive fees based on fund performance during the measurement period (generally over twelve-months), subject to the achievement of high-water marks or hurdle rates, in accordance with the respective terms set out in the investment management agreement. The fees are recognised as revenue when it is highly probable that a significant reversal of such fees will not occur.

2. MATERIAL ACCOUNTING POLICIES *(Continued)*

(s) Revenue and other income *(Continued)*

(i) Revenue from contracts with customers *(Continued)*

(b) Securities and futures brokerage services

The Group earns commissions from execution of client transactions in the trading securities and listed derivatives. The execution of client transactions also included settlement and clearing services, which are provided together and represent a single performance obligation as the services are not separately identifiable from other promises within the context of the contract. Commissions are recognised at a point in time on trade date when the performance obligation is satisfied, that is when the customer obtained the rights to the underlying financial instruments.

(c) Underwriting and placement services

The Group earns underwriting and placing commissions by providing capital raising services for corporate clients. Underwriting and placing fees are recognised at a point in time when the performance obligation is completed.

(d) Custodian services

Custodian fee is recognised over time when services are provided in accordance with the relevant service agreements.

(e) Consultancy fee services

The Group earns consultancy fee income from assignments in connection with mergers, acquisitions and restructuring transactions. The Group's performance obligation is generally satisfied at a point in time upon closing of a transaction, at which point of time the Group has transferred and the customer obtains control of the promised service. Non-refundable deposits and milestone payments are initially recorded as contract liability in the consolidated statement of financial position and subsequently recognised in revenue upon completion of the underlying transaction or when the contract is terminated. However, for certain contracts, revenue is recognised over time for consultancy arrangements in which the performance obligations are simultaneously provided by the Group and consumed by the customers and the fee from these advisory services are recognised rateably over the service period.

2. MATERIAL ACCOUNTING POLICIES *(Continued)*

(s) Revenue and other income *(Continued)*

(ii) Revenue from other sources and other income

(a) Corporate finance services

Corporate finance services' performance obligations are satisfied with reference to the detailed terms of transactions as stipulated in the contracts entered into with its customers and counterparties.

(b) Interest income

Interest income is recognised using the effective interest method. The "effective interest rate" is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset. In calculating interest income, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired). However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

(c) Dividend income

Dividend income is recognised in profit or loss on the date on which the Group's right to receive payment is established.

(t) Translation of foreign currencies

The consolidated financial statements are presented in Hong Kong dollars ("HK$"), which is also the functional currency of the Company. All value are rounded to the nearest thousand except when otherwise indicated.

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of reporting period. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates.

2. MATERIAL ACCOUNTING POLICIES *(Continued)*

(t) Translation of foreign currencies *(Continued)*

The results of foreign operations are translated into Hong Kong dollars at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Statement of financial position items are translated into Hong Kong dollars at the closing foreign exchange rates at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve.

On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognised.

(u) Related parties

(a) A person, or a close member of that person's family, is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same Group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a Group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a Group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

2. MATERIAL ACCOUNTING POLICIES *(Continued)*

(v) Segment reporting

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS AND OTHER KEY SOURCES OF ESTIMATION UNCERTAINTY

The Group makes judgements, estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. In addition to the critical accounting judgements and other key sources of estimation uncertainty disclosed elsewhere in these consolidated financial statements, other key sources of estimation uncertainty at the end of the reporting period and assumptions that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(i) ECL of financial assets measured at amortised cost

The measurement of the ECL allowance for financial assets measured at amortised cost is an area that requires the use of significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses). A number of significant judgments, including determining the criteria for significant increase in credit risk, are also required in applying the accounting requirements for measuring ECLs. Details about the judgements and assumptions used in measuring ECLs is set out in note 2(i)(i) and 33(b) to these consolidated financial statements. Changes to these estimates and assumptions can result in significant changes to the timing and amount of ECLs to be recognised.

(ii) Current tax and deferred tax

The Group is mainly subjected to income tax in Hong Kong. Significant judgement is required in determining the amount of the provision and the timing of payment. There are many transactions and calculations for which the ultimate tax expense is uncertain during the ordinary course of business. The Group recognises taxes based on estimates of the likely outcome with reference to current tax laws and practices. Where the final outcome of these matters is different from the amounts that were originally estimated, such differences will impact the provision for income tax and deferred tax in the period in which such determination is made.

Deferred tax assets relating to certain deductible temporary differences and tax losses will be recognised when management considers it is probable that future taxable profit will be available against which the deductible temporary differences or tax losses can be utilised. Where the expectation is different from the original estimate, such differences will impact the recognition of deferred tax assets and income tax expense in the period in which such estimate is changed.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS AND OTHER KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

(iii) Estimated impairment of property, plant and equipment and right-of-use asset

Property, plant and equipment and right-of-use assets are stated at costs less accumulated depreciation and impairment, if any. In determining whether an asset is impaired, the Group has to exercise judgement and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the assets belongs.

The future cash flow is estimated based on past performance and expectation for market development. As the current environment is uncertain, the estimated cash flows and discount rate are subject to higher degree of estimation uncertainty. Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could materially affect the recoverable amounts.

As at 31 December 2024, the carrying amount of property, plant and equipment and right-of-use assets is approximately HK$228,000 and HK$2,471,000 respectively (2023: HK$404,000 and HK$3,954,000 respectively). No impairment has been recognised for both property, plant and equipment and right-of-use assets during the year ended 31 December 2024 (2023: Nil).

4. SEGMENT INFORMATION

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the executive directors for their decisions about resources allocation to the Group's business components and for their review of the performance of those components. The business components in the internal financial information reported to the executive directors are determined following the Group's major service lines as follows:

(a) Securities brokerage and financial services – provision of discretionary and non-discretionary dealing services for securities and futures contracts, securities placing and underwriting services, margin financing and money lending services, corporate finance advisory, general advisory services and custodian services;

(b) Asset management services – provision of fund management and discretionary portfolio management and investment advisory services;

(c) Proprietary trading – investment holding and securities trading; and

(d) Trading business – financing services.

No operating segments identified have been aggregated in arriving at the reportable segments of the Group. Each of these operating segments is managed separately as each of the service lines requires different resources as well as marketing approaches.

4. SEGMENT INFORMATION *(Continued)*

2024	Securities brokerage and financial services *HK$'000*	Asset management services *HK$'000*	Proprietary trading *HK$'000*	Trading business *HK$'000*	Total *HK$'000*
Reportable segment revenue					
Total segment revenue	14,412	17,993	–	172	32,577
Inter-segment revenue *(note a)*	(763)	(5,522)	–	–	(6,285)
	13,649	12,471	–	172	26,292
Revenue from external customers					
– Fee and commission income	13,649	12,471	–	–	26,120
– Financing services income	–	–	–	172	172
	13,649	12,471	–	172	26,292
Revenue from external customers					
– Timing of revenue recognition					
Point in time	1,357	–	–	–	1,357
Over time	12,292	12,471	–	–	24,763
Revenue from other sources	–	–	–	172	172
	13,649	12,471	–	172	26,292
– Geographical region: Hong Kong	13,649	12,471	–	172	26,292
Reportable segment result	12,841	13,045	23,711	222	49,819
Net write-back of/(provision for) impairment loss on financial assets	(156)	2,490	2,578	132	5,044
Changes in fair value of held for trading investments	–	–	3,253	–	3,253
Net gain on disposal of debt instruments held at FVTPL	–	–	17,468	–	17,468
Interest income from banks	3,187	25	45	–	3,257
Reportable segment assets	23,215	4,736	13,999	–	41,950
Reportable segment liabilities	23,004	62	–	–	23,066

4. SEGMENT INFORMATION *(Continued)*

2023	Securities brokerage and financial services *HK$'000*	Asset management services *HK$'000*	Proprietary trading *HK$'000*	Trading business *HK$'000*	Total *HK$'000*
Reportable segment revenue					
Total segment revenue	4,361	2,959	–	278	7,598
Inter-segment revenue *(note a)*	(4)	–	–	–	(4)
	4,357	2,959	–	278	7,594
Revenue from external customers					
– Fee and commission income	4,131	2,959	–	–	7,090
– Financing services income	–	–	–	278	278
– Margin financing income	226	–	–	–	226
	4,357	2,959	–	278	7,594
Revenue from external customers					
– Timing of revenue recognition					
Point in time	1,790	–	–	–	1,790
Over time	2,341	2,959	–	–	5,300
Revenue from other sources	226	–	–	278	504
	4,357	2,959	–	278	7,594
– Geographical region: Hong Kong	4,357	2,959	–	278	7,594
Reportable segment result	(3,009)	4,614	(11,188)	113	(9,470)
Net write-back of/(provision for) impairment loss on financial assets	(3,259)	5,486	(2,578)	(132)	(483)
Changes in fair value of held for trading investments	–	–	(4,941)	–	(4,941)
Changes in fair value of debt instruments held at FVTPL	–	–	(7,490)	–	(7,490)
Interest income from banks	1,245	27	62	–	1,334
Reportable segment assets	47,317	1,320	16,276	23,084	87,997
Reportable segment liabilities	47,392	601	366	52	48,411

Note:

a) Inter-segment transactions were entered into the normal course of business.

4. SEGMENT INFORMATION *(Continued)*

The measurement policies the Group uses for reporting segment results under HKFRS 8 are the same as those used in its consolidated financial statements prepared under HKFRSs, except that certain other income; directors' emoluments; interest expenses on lease liabilities and liability component of the convertible bonds; income tax expense; and corporate income and expenses which are not directly attributable to the business activities of any operating segment are not included in arriving at the operating results of the operating segments. Common expenditures are allocated between operating segments based on proportion of segment revenue where necessary. Inter-segment revenue are charged on the expenses incurred by the relevant subsidiary plus certain percentage.

Segment assets include all assets but do not include current tax assets, property, plant and equipment, right–of-use assets, cash and cash equivalents and deposit with maturities over 3 months of the Group. In addition, corporate assets which are not directly attributable to the business activities of any operating segment are not allocated to a segment, which primarily applies to the Group's headquarters, including prepayment, deposits and other receivables. Segment liabilities include all liabilities but do not include current tax liabilities, and lease liabilities. In addition, corporate liabilities which are not directly attributable to the business activities of any operating segment are not allocated to a segment.

The amounts presented for the Group's operating segments are reconciled to the Group's key financial figures as presented in the consolidated financial statements as follows:

	2024 ***HK$'000***	2023 *HK$'000*
Profit or loss		
Reportable segment revenue	**26,292**	7,594
Group's revenue	**26,292**	7,594
Reportable segment result	**49,819**	(9,470)
Other income	**–**	9
Finance costs	**(204)**	(3,831)
Depreciation	**(1,659)**	(2,785)
Corporate expenses*	**(12,228)**	(11,384)
Consolidated profit/(loss) before income tax	**35,728**	(27,461)

* Mainly staff costs, including directors' emoluments, and other professional fees.

4. SEGMENT INFORMATION *(Continued)*

	2024 **HK$'000**	2023 HK$'000
Asset and liabilities		
Reportable segment assets	**41,950**	87,997
Current tax assets	**–**	1,866
Cash and cash equivalents	**44,043**	47,166
Property, plant & equipment	**228**	404
Right-of-use assets	**2,471**	3,954
Deposit with maturities over 3 months when acquired	**56,958**	–
Corporate assets	**1,096**	1,659
Consolidated total assets	**146,746**	143,046
Reportable segment liabilities	**23,066**	48,411
Current tax liabilities	**2,252**	–
Lease liabilities	**2,631**	4,171
Corporate liabilities	**2,211**	5,766
Consolidated total liabilities	**30,160**	58,348

The following table sets out information about the geographical location of the Group's revenue from external customers and the Group's non-current assets**. The geographical location of customers is based on the location at which the subsidiary operates. The geographical location of non-current assets** is based on the physical location of the asset, in the case of property, plant and equipment and right-of-use assets.

	Revenue from external customers		**Non-current assets****	
	2024 **HK$'000**	2023 HK$'000	**2024** **HK$'000**	2023 HK$'000
Hong Kong (domicile)#	**26,292**	7,594	**2,699**	4,358

** Non-current assets exclude other assets.

The Company is an investment holding company incorporated in Bermuda where the Group does not have any activities. The Group has the majority of its operations in Hong Kong, and therefore, Hong Kong is considered as the Group's place of domicile for the purpose of disclosures as required by HKFRS 8, Operating Segments.

4. SEGMENT INFORMATION *(Continued)*

The Group's customers include the following with whom transactions have exceeded 10% of the Group's revenue:

	2024	2023
	HK$'000	*HK$'000*
Customer A *(note i)*	**9,800**	–
Customer B *(note ii)*	**9,312**	–
Customer C *(note ii)*	**3,079**	2,243

Notes:

i. Revenue from this customer is attributable to securities brokerage and financial services segment.

ii. Revenue from these customers is attributable to asset management services segment.

5. REVENUE

	2024	2023
	HK$'000	*HK$'000*
Revenue from contracts with customers		
Fee and commission income		
Securities brokerage and financial services segment:		
– Securities and futures brokerage	**1,357**	1,066
– Corporate finance service income	**8,000**	600
– Consultancy fee income	**127**	643
– Underwriting and placing	**–**	724
– Custodian fee	**4,165**	1,098
Asset management services segment:		
– Fund and portfolio management and investment advisory	**12,471**	2,959
	26,120	7,090
Revenue from other sources		
Interest income calculated using the effective interest method		
– Financing services	**172**	278
– Margin financing	**–**	226
	172	504
Total	**26,292**	7,594

5. REVENUE *(Continued)*

The following table provides information about contract liabilities from contracts with customers:

	2024 **HK$'000**	2023 HK$'000
Contract liabilities *(note 26)*	**450**	619

The Group has applied the practical expedient in HKFRS 15 to its customer contracts relating to financial advisory, custodian services, and consultancy services such that the Group does not disclose information about revenue that the Group will be entitled to when it satisfies the remaining performance obligations under the contracts that had an original expected duration of one year or less and any estimated amounts of variable consideration that are constrained.

6. OTHER GAINS AND LOSSES

	2024 **HK$'000**	2023 HK$'000
Changes in fair value of debt instruments held at FVTPL	**–**	(7,490)
Changes in fair value of held for trading investments	**3,253**	(4,941)
Net foreign exchange gain/(loss)	**4**	(429)
Net gain on disposal of debt instruments held at FVTPL *(note a)*	**17,468**	–
	20,725	(12,860)

Note:

(a) On 8 September 2021, 15 September 2021 and 16 September 2021, the Group has subscribed for certain listed bonds and a note ("Atta Notes") issued by Atta Asset 4 Limited ("Atta Asset") in an aggregate principal amount of US$29,580,000 (approximately HK$230,724,000), comprising the Group's proprietary investment with a subscription amount of US$2,500,000 (approximately HK$19,500,000) and the Flourishing Fund's Subscriptions (as further explained below). In the opinion of the Directors, the Group's proprietary investment was financed by the Group's internal resources while the Flourishing Fund's Subscriptions was financed by a note of US$27,080,000 (approximately HK$211,224,000) carrying interest at 12.5% per annum ("Kingwell Notes") issued by the Group to Flourishing Fountain Investment Limited ("Flourishing"), an independent third party. The Flourishing Fund's Subscriptions comprised (i) subscription of certain listed bonds in the principal amount of US$10,580,000 (approximately HK$82,524,000) with coupon rate of 12.5% per annum; (ii) the subscription of certain listed bonds in the principal amount of US$6,500,000 (approximately HK$50,700,000) with coupon rate of 12.5% per annum and (iii) the entering into of the Atta Notes purchase agreement and the purchase of Atta Notes in the principal amount of US$10,000,000 (approximately HK$78,000,000) which shall pay interest of US$740,000 semiannually since 1 May 2022 and up to 7 May 2024 (equivalent to 14.8% per annum). Flourishing would bear the loss incurred (if any) by the Flourishing Fund's Subscriptions pursuant to the terms of the transaction documents with respect to the Kingwell Notes.

The effect of the purchase of the Atta Notes, which is a leveraged note, by the Group with the corresponding part of the proceeds from Kingwell Notes is that the Group has facilitated an additional leverage subscription of the listed bonds as Atta Assets has also subscribed for the listed bonds for economic hedge purpose. In this respect, pursuant to the terms of the Atta Notes and the Kingwell Notes, the Group is able to earn an interest spread of approximately 2% per annum of its principal subscription amount of the Atta Notes, being the difference between its interest receivables from the Atta Notes and its interest payables under the Kingwell Notes. During the year ended 31 December 2023, the Group recognised a net note interest spread of US$211,000 (approximately HK$1,637,000) under other income.

6. OTHER GAINS AND LOSSES *(Continued)*

Note: (Continued)

(a) *(Continued)*

On 21 March 2024, the Group, Flourishing, and Atta Asset entered into a termination agreement in which Atta Asset shall pay the Group the principal and agreed interest of US$10,000,000 (approximately HK$78,000,000) and US$3,330,000 (approximately HK$25,841,000) (collectively referred to as the "Repayment Amount"). Specifically, (i) a total of US$12,916,667 (approximately HK$100,633,000) out of the Repayment Amount shall be settled separately between Atta Asset and Flourishing, which includes an aggregate principal amount of US$10,000,000 (approximately HK$78,000,000) together with interest of US$2,916,667 (approximately HK$22,633,000) on the Kingwell Notes obligation to Flourishing; and (ii) the remaining sum of US$413,333 of the Repayment Amount shall be paid by Atta Asset to the Group.

On 26 April 2024, the Group and Flourishing entered into a settlement agreement in which Flourishing shall make payments to the Group in an aggregate amount of US$2,442,200 (approximately HK$18,951,000) and transfer its right to the proceeds received by the Group of US$370,300 (approximately HK$2,874,000) from the Flourishing Fund's subscriptions to the Group (the "Payoff"). Upon completion of the Payoff, the Group shall transfer the Flourishing Fund's subscriptions and the Group's proprietary investment to Flourishing, which shall be deemed to have redeemed all of the Kingwell Notes subscribed by Flourishing. The aggregate amount of the Payoff, US$2,812,500 (approximately HK$21,825,000), represents the proceeds from the disposal of the Group's debt instruments held at FVTPL.

Further details on the above transactions are detailed in the Company's announcements dated 12 August 2022, and 21 March 2024 and 26 April 2024 and the Company's circular dated 30 November 2022.

7. OTHER INCOME

	2024 ***HK$'000***	2023 *HK$'000*
Interest income from banks	**3,257**	1,334
Interest income from debt instruments *(note a)*	**–**	1,213
Interest spread arising from debt instruments arrangement *(note 6(a))*	**–**	1,637
Dividend income from held for trading investments	**730**	742
Sundry income	**24**	7
	4,011	4,933

Notes:

(a) It represented the interest income of listed bond carrying interest at 12.5% per annum (note 20).

8. FINANCE COSTS

	2024 ***HK$'000***	2023 *HK$'000*
Effective interest on liability component of convertible bonds *(note 25)*	**–**	3,612
Interest on lease liabilities *(note 15)*	**204**	219
	204	3,831

9. OTHER EXPENSES

	2024 **HK$'000**	2023 *HK$'000*
Auditor's remuneration		
– Audit services	**1,150**	1,470
– Non-audit services	**–**	350
Expense relating to short-term leases *(note 15)*	**142**	299
Legal and professional fee	**5,171**	3,036
Others	**4,226**	3,945
	10,689	9,100

10. INCOME TAX EXPENSES

(a) Taxation in the consolidated statement of profit or loss represents:

	2024 **HK$'000**	2023 *HK$'000*
Current tax – Hong Kong Profits Tax		
– Provision for current year	**2,352**	58
– Under-provision in respect of prior years	**1,490**	249
Total income tax expense	**3,842**	307

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

For this subsidiary, the first HK$2 million of assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5% in 2024. The provision for Hong Kong Profits Tax for this subsidiary was calculated at the same basis in 2023.

The provision for Hong Kong Profits Tax for 2024 takes into account a reduction granted by the Hong Kong SAR Government of 100% of the tax payable for the year of assessment 2023/24 subject to a maximum reduction of $3,000 for each business (2023: a maximum reduction of $6,000 was granted for the year of assessment 2022/23 and was taken into account in calculating the provision for 2023).

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiary is 25%.

10. INCOME TAX EXPENSES *(Continued)*

(b) Reconciliation between tax expenses and accounting profit/(loss) at applicable tax rates:

	2024 **HK$'000**	2023 HK$'000
Profit/(loss) before taxation	**35,728**	(27,461)
Notional tax at Hong Kong profits tax rate of 16.5% (2023: 16.5%)	**5,895**	(4,531)
Effect of different tax rates of subsidiaries operating in other jurisdictions	**(31)**	(75)
Tax effect of concessionary tax rate	**(165)**	(9)
Tax effect of non-taxable income	**(3,697)**	(344)
Tax effect of non-deductible expenses	**1,597**	2,860
Tax effect of unused tax losses not recognised	**314**	1,132
Tax effect of prior years' unrecognised tax losses utilised this year	**(746)**	(328)
Tax effect of temporary differences not recognised	**(815)**	1,353
Under provision in respect of prior years	**1,490**	249
Income tax expense	**3,842**	307

11. DIVIDENDS

No dividend was proposed or paid during the years ended 31 December 2024 and 2023, nor has any dividend been proposed since the end of the reporting period.

12. EARNINGS/(LOSS) PER SHARE

Basic earnings/(loss) per share

The calculation of basic earnings per share is based on the profits attributable to owners of the Company of approximately HK$31,886,000 (2023: loss of approximately HK$27,768,000) and the weighted average number of 881,970,541 (2023: 694,299,308) ordinary shares in issue during the year.

Diluted earnings/(loss) per share

The computation of diluted loss per share did not assume the exercise or conversion of convertible bonds as it would result in an decrease in loss per share during the year ended 31 December 2023.

No diluted earnings per share are presented as the Company did not have any potentially diluted ordinary share outstanding during the year ended 31 December 2024.

13. STAFF COSTS

(a) Staff costs, including directors' emoluments	**2024** **HK$'000**	2023 HK$'000
– Fees, salaries, allowances and bonuses	**7,586**	10,026
– Retirement benefit scheme contributions	**268**	334
– Changes of provision for LSP	**(62)**	569
	7,792	10,929

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FOR THE YEAR ENDED 31 DECEMBER 2024

13. STAFF COSTS *(Continued)*

(b) Directors' emoluments

The aggregate amounts of emoluments paid and payable to the directors of the Company are as follows:

	Directors' fees" HK$'000	Salaries and allowances HK$'000	Retirement benefit scheme contributions HK$'000	Total HK$'000
2024				
Executive director:				
Mr. Zhou Quan	200	400	18	618
Mr. Zhao Yun	–	600	18	618
Non-executive director:				
Mr. Huang Shuanggang	120	–	–	120
Independent non-executive directors:				
Mr. Zhang Jinfan	120	–	–	120
Ms. Huang Qin	120	–	–	120
Mr. Guo Yaoli	120	–	–	120
Total	680	1,000	36	1,716

	Directors' fees" HK$'000	Salaries and allowances HK$'000	Retirement benefit scheme contributions HK$'000	Total HK$'000
2023				
Executive director:				
Mr. Zhou Quan	200	400	18	618
Mr. Zhao Yun	–	600	18	618
Non-executive director:				
Mr. Huang Shuanggang	120	–	–	120
Mr. Ma Baojun *(note (a))*	46	–	–	46
Independent non-executive directors:				
Mr. Zhang Jinfan	120	–	–	120
Ms. Huang Qin	120	–	–	120
Mr. Guo Yaoli	120	–	–	120
Total	726	1,000	36	1,762

13. STAFF COSTS *(Continued)*

(b) Directors' emoluments *(Continued)*

There was no arrangement under which a director waived or agreed to waive any emoluments in respect of the years ended 31 December 2024 and 2023. No emolument was paid by the Group to the directors as an inducement to join or upon joining the Group, nor as compensation for loss of office.

Notes:

(a) Resigned as non-executive director with effect on 19 May 2023.

(c) Emoluments of five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year included two directors (2023: two) whose emoluments are reflected in the analysis presented above. The emoluments payable to the three (2023: three) individuals during the year are as follows:

	2024 ***HK$'000***	2023 *HK$'000*
Salaries and allowances	**2,325**	2,651
Retirement benefit scheme contributions	**48**	54
	2,373	2,705

During the years ended 31 December 2024 and 2023, no emolument was paid by the Group to the above three individuals as compensation for loss of office.

The emoluments of these three highest paid individuals fell within the following bands:

	Number of individuals	
	2024	2023
HK$Nil to HK$1,000,000	**3**	2
HK$1,000,001 to HK$1,500,000	**–**	1
	3	3

14. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements *HK$'000*	Furniture, fixtures and office equipment *HK$'000*	Total *HK$'000*
At 1 January 2023			
Cost	2,374	379	2,753
Accumulated depreciation	(1,899)	(275)	(2,174)
Net carrying amount	475	104	579
Year ended 31 December 2023			
Opening net carrying amount	475	104	579
Additions	410	–	410
Depreciation	(521)	(64)	(585)
Closing net carrying amount	364	40	404
At 31 December 2023 and 1 January 2024			
Cost	410	379	789
Accumulated depreciation	(46)	(339)	(385)
Net carrying amount	364	40	404
Year ended 31 December 2024			
Opening net carrying amount	**364**	**40**	**404**
Depreciation	**(136)**	**(40)**	**(176)**
Closing net carrying amount	**228**	**–**	**228**
At 31 December 2024			
Cost	**410**	**379**	**789**
Accumulated depreciation	**(182)**	**(379)**	**(561)**
Net carrying amount	**228**	**–**	**228**

15. LEASES

The Group leased an office properties from which it operated and does not contain any extension option. There was no potential future cash outflows for the years ended 31 December 2024 and 2023 as the lease agreement does not contain extension option.

None of the leases contain variable lease payments.

Set out below are the carrying amounts of right-of-use assets and lease liabilities recognised and the movements during the year:

Right-of-use assets

	Office premises	
	2024	2023
	HK$'000	*HK$'000*
At the beginning of the year	**3,954**	1,706
Additions	**–**	4,448
Depreciation	**(1,483)**	(2,200)
At the end of the year	**2,471**	3,954

Lease liabilities

	Office premises	
	2024	2023
	HK$'000	*HK$'000*
At the beginning of the year	**4,171**	2,270
Additions	**–**	4,448
Interest expense *(note 8)*	**204**	219
Lease payments	**(1,744)**	(2,766)
At the end of the year	**2,631**	4,171
Analysed into:		
Current liabilities	**1,633**	1,540
Non-current liabilities	**998**	2,631

The maturity analysis of lease liabilities is disclosed in note 33(c) to the consolidated financial statements.

15. LEASES *(Continued)*

Lease liabilities *(Continued)*

As at 31 December 2024 and 2023, the Group had total future lease payments for leases committed but not yet commenced falling due as follows:

	Minimum lease payment HK$'000	Interest HK$'000	Present Value HK$'000
Not later than one year	1,744	(204)	1,540
Later than one year and not later than two years	2,762	(131)	2,631
At 31 December 2023	4,506	(335)	4,171
Not later than one year	**1,744**	**(111)**	**1,633**
Later than one year and not later than two years	**1,017**	**(19)**	**998**
At 31 December 2024	**2,761**	**(130)**	**2,631**

The analysis of expense items in relation to leases recognised in profit or loss is as follows:

	2024 ***HK$'000***	2023 *HK$'000*
Depreciation expense of right-of-use assets	**1,483**	2,200
Interest on lease liabilities *(note 8)*	**204**	219
Expense relating to short-term leases *(note 9)*	**142**	299

The Group has no expense relating to leases of low-value assets, excluding rental under short-term leases.

The total cash outflow for lease in the year ended 31 December 2024 was approximately HK$1,886,000 (2023: HK$3,065,000).

16. TRADING RIGHTS

	2024 ***HK$'000***	2023 *HK$'000*
Gross carrying amount		
At the beginning and end of the year	**3,322**	3,322
Accumulated impairment		
At the beginning and end of the year	**3,322**	3,322
Net carrying amount		
At the beginning and end of the year	**–**	–

16. TRADING RIGHTS *(Continued)*

Trading rights represent the eligibility rights to trade on or through Hong Kong Futures Exchange Limited and the Stock Exchange. The trading rights have no foreseeable limit to the period over which the Group can use to generate net cash flows. As a result, the trading rights are considered by the management as having an indefinite useful life. Trading rights will not be amortised until its useful life is determined to be finite. Instead it will be tested for impairment annually and whenever there is an indication that it may be impaired. The trading rights had been fully impaired in the prior years.

17 GOODWILL

	2024 HK$'000	2023 HK$'000
Gross carrying amount		
At the beginning and end of the year	**7,000**	7,000
Accumulated impairment		
At the beginning and end of the year	**7,000**	7,000
Net carrying amount		
At the beginning and end of the year	**–**	–

Taking into account of the deteriorated financial performance of the acquisition of asset management business – Sheng Yuan Sino Asset Management in 2016, the unfavourable change in the capital market and the expectations for the market development, an impairment loss of HK$7,000,000 was recognised in respect of the goodwill in the prior years.

18. OTHER ASSETS

	2024 HK$'000	2023 HK$'000
Admission fee paid to Hong Kong Securities Clearing Company Limited ("HKSCC")	**50**	50
Cash contribution to the Guarantee Fund of HKSCC	**50**	50
Deposits with the Stock Exchange		
– Compensation Fund	**50**	50
– Fidelity Fund	**50**	50
– Stamp duty	**5**	5
	205	205

19. ACCOUNTS AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2024 HK$'000	2023 HK$'000
Accounts receivable	**18,161**	41,208
Less: provision for impairment loss recognised	**(13,492)**	(15,958)
	4,669	25,250
Prepayments	**615**	270
Other receivables and deposits	**711**	1,097
Debt instrument arrangement	**–**	3,422
Rental deposit	**510**	1,316
Less: provision for impairment loss recognised	**–**	(2,578)
	1,836	3,527
	6,505	28,777

	2024 HK$'000	2023 HK$'000
Analysis for reporting purposes:		
Current	**5,995**	28,267
Non-current	**510**	510
	6,505	28,777

The movement in the net write-back of/provision for impairment loss recognised on accounts and other receivables is set out below:

	2024 HK$'000	2023 HK$'000
At the beginning of the year	**18,536**	18,053
(Net write-back of)/provision for impairment loss recognised	**(5,044)**	483
At the end of the year	**13,492**	18,536

19. ACCOUNTS AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

(Continued)

The analysis of accounts receivables is as follows:

	2024 **HK$'000**	2023 HK$'000
Arising from the business of dealing in securities and futures contracts		
– HKSCC and HKCC	**–**	1,014
– Securities broker	**–**	2
	–	1,016
Arising from asset management services	**5,305**	8,373
Arising from underwriting and placing services	**8,000**	8,000
Arising from custodian services	**–**	377
Arising from financial services	**–**	23,162
Arising from advisory services	**4,656**	–
Arising from corporate finance services	**200**	280
	18,161	41,208
Less: provision for impairment loss recognised	**(13,492)**	(15,958)
	4,669	25,250

The normal settlement terms of accounts receivable arising from the business of dealing in securities are one to two business days after the respective trade dates. The normal settlement terms of accounts receivable arising from the business of dealing in futures contracts are one business day after the respective trade dates. The amount due from margin clients are repayable on demand subsequent to the settlement date and bear interest at Hong Kong Dollar Prime Rate plus a spread of 8% (2023: Hong Kong Dollar Prime Rate plus a spread of 6%) per annum. The amounts due from HKSCC and HKCC are repayable on demand except for the required margin deposits for the trading of futures contracts.

Settlement of amounts arising from asset management service, underwriting and placing services, corporate finance services, advisory services and custodian services is in accordance with the terms set out in respective agreements, usually within one year after the service obligation has been fulfilled. And the settlement of amounts arising from financial service are normally due immediately from date of billing with a credit period of 60 days on average to its client.

Further quantitative data in respect of the Group's aging analysis of accounts receivable and exposure to credit risk arising from accounts receivable are disclosed in note 33(b) to these consolidated financial statements.

20. DEBT INSTRUMENTS HELD AT FAIR VALUE THROUGH PROFIT OR LOSS ("FVTPL")

	2024 HK$'000	2023 HK$'000
Listed debt securities issued by corporate entities *(note 6(a))*	–	4,499

21. HELD FOR TRADING INVESTMENTS

	2024 HK$'000	2023 HK$'000
Equity securities listed in Hong Kong	14,000	10,747

22. TRUST BANK BALANCES HELD ON BEHALF OF CLIENTS

From the Group's ordinary business of dealing in securities and futures contracts, it receives and holds money deposited by clients in the course of conducting its regulated activities. These clients' monies are maintained in one or more segregated bank accounts and earn interest at floating rates based on daily bank deposit rates of 0.63% (2023: 0.875%) per annum. The Group has recognised the corresponding accounts payable to respective clients.

23. CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION

(a) Cash and cash equivalents comprise:

	2024 HK$'000	2023 HK$'000
Cash and bank balances	101,001	47,166
Less: Time deposit with original maturity of over three months when acquired	(56,958)	–
Demand deposits and cash on hand	44,043	47,166

Demand deposits earn interest at floating rates based on daily bank deposit rates. The prevailing market interest rates for demand deposits in Hong Kong and in the PRC are 0.63% (2023: 0.875%) per annum and 0.18% (2023: 0.200%) per annum, respectively.

23. CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION

(Continued)

(a) Cash and cash equivalents comprise: *(Continued)*

As at 31 December 2024, cash and cash equivalents situated in Chinese Mainland amounted to approximately HK$210,000 (2023: approximately HK$60,000). Remittance of funds out of Chinese Mainland is subject to relevant rules and regulations of foreign exchange control.

From the Group's ordinary business of asset management, it receives and holds money deposited by clients in the course of conducting its regulated activities. These clients money are maintained in a segregated bank account. At 31 December 2024, client money maintained in segregated account not otherwise dealt with in the financial statements amounted to HK$9,738,000 (2023: HK$9,738,000).

(b) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group's consolidated cash flow statement as cash flows from financing activities.

	Lease liabilities *HK$'000* *(note 15)*	Total *HK$'000*
At 1 January 2024	**4,171**	**4,171**
Changes from financing cash flows:		
– Repayment of lease liabilities	**(1,540)**	**(1,540)**
– Interest paid	**(204)**	**(204)**
Total changes from financing cash flows	**(1,744)**	**(1,744)**
Other changes:		
– Interest on lease liabilities *(note 8)*	**204**	**204**
Total other changes	**204**	**204**
At 31 December 2024	**2,631**	**2,631**

23. CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION *(Continued)*

(b) Reconciliation of liabilities arising from financing activities *(Continued)*

	Lease liabilities *HK$'000* *(note 15)*	Convertible bonds *HK$'000* *(note 25)*	Total *HK$'000*
At 1 January 2023	2,270	149,388	151,658
Changes from financing cash flows:			
– Repayment of lease liabilities	(2,547)	–	(2,547)
– Interest paid	(219)	–	(219)
Total changes from financing cash flows	(2,766)	–	(2,766)
Other changes:			
– Conversion of convertible bond	–	(150,000)	(150,000)
– Reclassified to other payable	–	(3,000)	(3,000)
– Effective interest recognised	–	3,612	3,612
– Addition of new lease	4,448	–	4,448
– Interest on lease liabilities *(note 8)*	219	–	219
Total other changes	4,667	(149,388)	(144,721)
At 31 December 2023	4,171	–	4,171

24. ACCOUNTS AND OTHER PAYABLES AND ACCRUALS

	2024 ***HK$'000***	2023 *HK$'000*
Accounts payables arising from the business of dealing in securities and futures contracts		
– Cash clients	**20,029**	46,346
– Margin clients	**2,307**	94
	22,336	46,440
Other payables	**793**	4,000
Accruals	**1,698**	3,118
	24,827	53,558

The normal settlement terms of accounts payables arising from the business of dealing in securities are one to two business days after the respective trade dates. The normal settlement terms of accounts payables arising from the business of dealing in futures contracts are one business day after the respective trade dates. The amounts payable to cash and margin clients are repayable on demand except for the required margin deposits for the trading of futures contracts. No ageing analysis in respect of accounts payables is disclosed as, in the opinion of the directors, the ageing analysis does not give additional value in view of the business nature.

25. CONVERTIBLE BONDS

Pursuant to subscription agreements entered into by the Company on 1 April 2021, the Company issued convertible bonds with principal amount of HK$150,000,000 ("SYHL Bonds"), to Yuanyin Holdings Limited, a shareholder of the Company, on 21 May 2021. The SYHL Bonds entitled the holder to convert them into ordinary shares of the Company at an initial conversion price of HK$0.0038 after the capital reorganisation and share consolidation as set out in note 28 of the Company at any time before the secondary anniversary date of the date of the issuance of SYHL Bonds ("SYHL Bonds Maturity Date") and bear interests at 1% per annum. Unless previously redeemed, converted or cancelled, the Company has to redeem each SYHL Bonds on the SYHL Bonds Maturity Date at 100% of the outstanding principal amount, together with accrued interest, if any.

Based on the terms of the subscription agreement, the SYHL Bonds contain two components, (i) the liability and (ii) the equity conversion components. The fair value of the liability component of SYHL Bonds upon the issuance was calculated at the present value of the estimated coupon interest payments and principal amount. The discount rate used in the calculation is 6%, representing the cost of debt applicable to SYHL for a similar bond without conversion option at the issue date.

During year ended 31 December 2023, the Company received a conversion notice from Yuanyin Holdings Limited, the convertible bonds holder, for the exercise of the conversion rights in respect of the SYHL Bonds with a principal amount of HK$150,000,000. Upon fulfilling the conversion conditions of the SYHL Bonds, conversion of SYHL Bonds took place on 18 May 2023 and 500,000,000 conversion shares at conversion price of HK$0.3 per share were allotted and issued to Yuanyin Holdings Limited. Further details on the conversion is disclosed in the Company's announcement dated 18 May 2023.

The movements of the components of SYHL Bonds during the year ended 31 December 2023 are set out below:

	Liability component *HK$'000*	Equity conversion component *HK$'000*
At 1 January 2023	**149,388**	**14,808**
Effective interest recognised (note 8)	**3,612**	**–**
Conversion of convertible bond	**(150,000)**	**(14,808)**
Reclassified to other payable#	**(3,000)**	**–**
At 31 December 2023	–	–

\# Represented the outstanding coupon interest of SYHL Bonds being reclassified from liability component of convertible bonds to other payables.

26. CONTRACT LIABILITIES

	2024 HK$'000	2023 HK$'000
Contract liabilities arising from:		
– Financial advisory	450	450
– Custodian services	–	42
– Consultancy services	–	127
	450	619

Typical payment terms which impact on the amount of contract liabilities recognised are as follows:

Financial advisory

The Group may receive partial payment when entering into service agreement, with the remaining of the consideration receivable paid at the time of service rendered.

Custodian Services

The Group may receive partial or full payment when entering into service agreement, with the payment received in advance are recognised as revenue over the period when the related services are rendered.

Consultancy services

The Group may receive partial payment when entering into service agreement, with the remaining of the consideration receivable paid at the time of service rendered.

Movements in contract liabilities:

	2024 HK$'000	2023 HK$'000
Balance as at 1 January	619	513
Increase in contract liabilities as a result of billing in advance	–	169
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year	(169)	(63)
Balance as at 1 December	450	619

The amount of contract liabilities expected to be recognised as income after more than one year is approximately HK$450,000 (2023: approximately HK$450,000). No other contract liabilities are expected to be recognised as income within one year (2023: all of the other contract liabilities are expected to be recognised as income within one year).

27. DEFERRED TAX

The Group had estimated tax losses of HK$100,502,000 (2023: HK$103,303,000) to carry forward against future taxable profits which is subject to agreement by the Inland Revenue Department. Tax losses of HK$99,036,000 (2023: HK$102,196,000) were related to certain subsidiaries operating in Hong Kong and could be carried forward indefinitely under the current tax legislation. In addition, certain subsidiaries operating in the PRC had tax losses of HK$1,466,000 (2023: HK$1,107,000) which were subject to expiry period of five years from the year in which the tax loss arose. No deferred tax asset had been recognised in respect of the estimated tax losses due to the unpredictability of future profit streams against which these unused tax losses could be utilised.

28. SHARE CAPITAL

	Number of ordinary shares of HK$0.1 each	Nominal value *HK$'000*
Authorised:		
At 1 January 2023, 31 December 2023, 1 January 2024 and 31 December 2024	6,000,000,000	600,000
Issued and fully paid:		
At 1 January 2023	381,970,541	38,197
Conversion of convertible bonds (note 25)	500,000,000	50,000
At 31 December 2023, 1 January 2024 and 31 December 2024	881,970,541	88,197

All issued shares rank pari passu in all respects including all rights as to dividends, voting and return of capital.

29. RESERVES

Share premium

Under the Bermuda Companies Act 1981, the funds in the share premium account of the Company may be credited to a contributed surplus account of the Company. Such contributed surplus may be distributed when the Company is able to settle its liabilities when they fall due after such payment.

Shareholder's contribution

Shareholder's contribution represents the amount of borrowing due by the Company which was waived by a former shareholder during the year ended 30 April 2008.

Contributed surplus

Pursuant to a special resolution passed by the shareholders of the Company at the special general meeting held on 22 September 2022, with effective from 26 September 2022, the par value of each of the Existing Shares be reduced from HK$0.05 to HK$0.01 by a cancellation of the paid-up capital to the extent of HK$0.04 on each issued Existing Share so that following the aforesaid steps, each issued Existing Share will be treated as one Adjusted Shares (the "Capital Reduction"), and the credit arising from the Capital Reduction be transferred to the contributed surplus account of the Company.

29. RESERVES *(Continued)*

Capital redemption reserve

Capital redemption reserve was arising the repurchase and cancelled of 47,720,000 ordinary shares of HK$0.01 each during the year ended 30 April 2001.

Convertible bond equity reserve

Convertible bond equity reserve represents the equity component of SYHL Bonds issued in 2021 which had not been converted into ordinary shares of the Company. Items included in convertible bond equity reserve will not be reclassified subsequently to profit or loss.

Currency translation reserve

Currency translation reserve represents all the foreign exchange differences arising from the translation of the financial statements and goodwill through acquisition of foreign operations from their functional currencies to the Group's presentation currency.

30. EQUITY SETTLED SHARE-BASED TRANSACTIONS

Pursuant to a special general meeting held on 15 October 2014, a new share option scheme ("2014 Scheme") was approved by the shareholders of the Company in place of the share option scheme adopted by the Company pursuant to the general meeting held on 24 September 2004 ("2004 Scheme").

The 2014 Scheme is also valid and effective for 10 years, after which no further share options may be issued under the 2014 Scheme but any share options granted thereto shall remain exercisable in accordance with the 2014 Scheme. The purpose of the 2014 Scheme is to enable the Group to grant share options to the Qualified Persons as incentives or rewards for their contribution to the Group.

The maximum number of shares which can be granted under the 2014 Scheme may not exceed 10% of the issued share capital of the Company from time to time. Pursuant to a resolution passed on the annual general meeting of the Company, dated 15 October 2014, the Company can grant 16,120,129 share options after share consolidation to the Qualified Persons, until the next time of refreshment. The maximum number of shares which can be granted under the 2004 Scheme and the 2014 Scheme may not in aggregate exceed 30% of the issued share capital of the Company from time to time. The total number of shares issuable under the 2004 Scheme and the 2014 Scheme to each Qualified Persons within any 12-month's period shall not exceed 1% of the issued share capital of the Company for the time being. Any further grant of share options in excess of this limit is subject to shareholders' approval.

Any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the closing price of the Company's shares at the date of the grant) in excess of HK$5,000,000, within any 12-month period, are subject to prior shareholders' approval in a general meeting.

30. EQUITY SETTLED SHARE-BASED TRANSACTIONS *(Continued)*

The exercise price in relation to each share option pursuant to the 2014 Scheme shall be not less than the highest of (i) the closing price of the shares as stated in the Stock Exchange's daily quotation sheets on the date on which the share option is offered to a Qualified Person; or (ii) the average of the closing prices of the shares as stated in the Stock Exchange's daily quotation sheets for the 5 business days immediately preceding the date of offer; or (iii) the nominal value of a share of the Company. There shall be no minimum holding period for the vesting or exercise of the share options under the 2014 Scheme but the share options are exercisable within the option period as determined by the board of directors of the Company.

At 31 December 2024 and 2023, there were no shares in respect of which options has been granted and remained outstanding under the 2014 Scheme. There are no new share option scheme approved and agreed by the shareholders of the Company during the year ended 31 December 2024. The share option scheme is clear and expired.

31. MATERIAL RELATED PARTY TRANSACTIONS

In addition to the transactions and balances detailed elsewhere in these consolidated financial statements, the Group had the following material transactions with related parties during the year:

	2024	2023
	HK$'000	*HK$'000*
Yuanyin Finance Limited		
– Custodian fee income *(note (a))*	**1,800**	300
– Corporate finance service income *(note (b))*	**8,000**	–
Yuanyin Holdings Limited		
– Commission and brokerage income from securities trading *(note (c))*	**–**	18
– Handling fee income from securities brokerage *(note (d))*	**–**	225
Yuanyin International Limited		
– Investment advisory income *(note (e))*	**–**	462
– Commission and brokerage income from securities trading *(note (c))*	**–**	91

Notes:

(a) Custodian fee income of HK$1,800,000 (2023: HK$300,000) for the year ended 31 December 2024 was in connection with the custodian service agreement with Yuanyin Finance Limited, which is a wholly-owned subsidiary of Yuanyin Holdings Limited, the ultimate holding company of the Company.

(b) Corporate finance service income of HK$8,000,000 (2023: HK$ Nil) for the year ended 31 December 2024 was in connection with the Financial Advisory Services Agreement with Yuanyin Finance Limited, which is a wholly-owned subsidiary of Yuanyin Holdings Limited, the ultimate holding company of the Company.

(c) Brokerage commission of HK$18,000 and HK$91,000 for the year ended 31 December 2023 was in connection with the securities trading service with Yuanyin Holdings Limited and Yuanyin International Limited respectively.

(d) Handling fee of HK$225,000 for the year ended 31 December 2023 was in connection with the securities brokerage service with Yuanyin Holdings Limited.

(e) Investment advisory income of HK$462,000 during 31 December 2023 was in connection with the investment advisory agreement entered with Yuanyin International Limited, which is a wholly-owned subsidiary of Yuanyin Holdings Limited, the ultimate holding company of the Company.

31. MATERIAL RELATED PARTY TRANSACTIONS *(Continued)*

In addition to the balances detailed elsewhere in these consolidated financial statements, the Group had the following balances outstanding with related parties who are not members of the Group as below:

	2024 HK$'000	2023 HK$'000
Amount owed by the Group included in other payables and accruals *(note 24)*		
– Yuanyin International Limited *(note (i))*	–	3,000

Notes:

(i) The amount owed by the Group is unsecured, non-interest bearing and repayable on demand.

Applicability of the Listing Rules relating to connected transactions

The related party transactions in respect of financial advisory services agreement and general escrow services agreement above continuing connected transactions as defined in Chapter 14A of the Listing Rules. The disclosures required by Chapter 14A of the Listing Rules are provided in p.48 of the Directors' Report.

Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors as disclosed in note 13, is as follows:

	2024 HK$'000	2023 HK$'000
Short-term employee benefits	1,680	1,726
Post-employment benefits	36	36
	1,716	1,762

Total remuneration is included in "staff cost" (see note 13).

32. SUMMARY OF FINANCIAL ASSETS AND LIABILITIES BY CATEGORY

The carrying amounts of the Group's financial assets and liabilities as recognised at the reporting dates are categorised as follows:

Financial assets	2024 HK$'000	2023 HK$'000
FVTPL		
Debt instruments	–	4,499
Held for trading investments	14,000	10,747
	14,000	15,246
Amortised cost		
Other assets	205	205
Rental deposit	510	1,316
Accounts receivable	4,669	25,250
Other receivables and deposits	1,221	1,941
Deposit with maturities over 3 months when acquired	56,958	–
Trust bank balances held on behalf of clients	22,336	45,428
Cash and cash equivalents	44,043	47,166
	129,942	121,306
	143,942	136,552

Financial liabilities	2024 HK$'000	2023 HK$'000
Amortised cost		
Accounts payable	22,336	46,440
Other payables	793	4,000
Accruals	1,698	3,118
	24,827	53,558
Lease liabilities	2,631	4,171
	27,458	57,729

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Exposure to currency, interest rate, credit and liquidity risks arises in the normal course of the Group's business. The Group's also exposed to equity price risk arising from its equity investments in other entities and movements in its own equity share price.

(a) Market risk

(i) Currency risk

The Group is exposed to currency risk primarily through receivables from and payables to clients from the provision of services and cash balances that are denominated in a currency other than the functional currency of the operations to which the transactions relate. The currencies giving rise to this risk are RMB and US$.

To manage the currency risk, the Group ensures that the net exposure is kept to an acceptable level, by buying or selling foreign currencies at spot rates where necessary to address short-term imbalances. The Group may also use foreign exchange forward contracts to minimise its currency risk exposure, except for those transactions denominated in US$ which are, or are expected to be, entered into by operations with a functional currency of HK$. No foreign exchange forward contracts are entered for these transactions as the Group considers the risk of changes in exchange rates between HK$ and US$ to be insignificant.

The following table details the Group's financial assets and liabilities denominated in currencies, other than the functional currency of the entities to which they relate, at the end of the reporting period:

	Expressed in HK$			
	2024		2023	
	US$	**RMB**	US$	RMB
	$'000	***$'000***	*$'000*	*$'000*
Accounts and other receivables	**4,747**	**–**	24,703	–
Trust bank balances held on behalf of clients	**17,005**	**–**	41,818	–
Deposit with maturities over 3 months when acquired	**56,958**	**–**	–	–
Cash and cash equivalents	**21,549**	**210**	24,530	6
Accounts and other payables and accruals	**(17,005)**	**–**	(42,144)	–
Net exposure	**83,254**	**210**	48,907	6

The Group does not expect any significant changes in US$/HK$ exchange rates as US$ is pegged to HK$. No sensitivity analysis in respect of RMB/HK$ exchange rates is disclosed as in the opinion of the directors, such sensitivity analysis does not give additional value in view of insignificant balances that are denominated in RMB at the reporting date.

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

(a) Market risk *(Continued)*

(ii) Interest rate risk

The Group is exposed to fair value interest rate risk in relation to amounts arising from lease liabilities (note 15) and deposit with maturities over 3 months when acquired issued at fixed rates. The Group is also exposed to cash flow interest rate risk in relation to variable-rate financial assets of bank balances (notes 22 and 23).

To manage the interest rate risk, the Group may use interest rate swaps to achieve an appropriate mix of fixed and floating rate exposure consistent with the Group's policy. At 31 December 2024 and 2023, the Group did not have any outstanding interest rate swaps.

Sensitivity analysis

At 31 December 2024, it is estimated that a general increase/decrease of 2 basis points in interest rates, with all other variables held constant, would have increased/decreased the Group's profit after tax and retained profits by approximately $794,000 (2023: decreased/increased the Group's loss after tax by approximately $1,852,000). Other components of consolidated equity would remain unchanged (2023: remain unchanged) in response to the general increase/decrease in interest rates.

The sensitivity analysis above indicates the instantaneous change in the Group's profit after tax (and retained profits) and other components of consolidated equity that would arise assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to re-measure those financial instruments held by the Group which expose the Group to fair value interest rate risk at the end of the reporting period. In respect of the exposure to cash flow interest rate risk arising from floating rate non– derivative instruments held by the Group at the end of the reporting period, the impact on the Group's profit after tax (and retained profits) and other components of consolidated equity is estimated as an annualised impact on interest expense or income of such a change in interest rates. The analysis is performed on the same basis as 2023.

(iii) Price risk

The Group is exposed to price risk through its investments in equity securities and investment funds classified as held for trading investments (note 21). The Group's equity securities are listed on the Stock Exchange while investment funds invest primarily in companies listed in Hong Kong. Decisions to buy and sell are based on daily monitoring of the performance of individual equity and debt securities as well as the liquidity needs.

At 31 December 2024, if relevant prices had increased by 10% (2023: 10%) while all other variables were held constant, the profit for the year would increase by approximately HK$1,400,000 (2023: loss for the year would decrease by approximately HK$1,525,000) and there would be a corresponding change in accumulated losses. If relevant prices had decreased by 10% (2023: 10%) while all other variables were held constant, the profit for the year would decrease by approximately HK$1,400,000 (2023: the loss for the year would increase by approximately HK$1,525,000) and there would be a corresponding change in accumulated losses. Other components of the consolidated equity would remain unchanged.

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

(a) Market risk *(Continued)*

(iii) Price risk *(Continued)*

The sensitivity analysis has been determined by assuming that the changes in price had occurred at the end of the reporting period and has been applied to those instruments which expose the Group to price risk at that date. In the management's opinion, the sensitivity analysis is unrepresentative of the inherent price risk as the exposure at the end of the reporting period does not reflect the exposure during the year.

(b) Credit risk

The Group's maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated statement of financial position.

(i) Accounts receivable

In order to minimise the credit risk on accounts receivables, management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. The management closely monitors the subsequent settlement of the debts and does not grant long credit period to new customers. In this regard, the directors of the Company consider that the Group's credit risk on accounts receivable is significantly reduced.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each counterparty rather than the geographical area or industry and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual counterparties. At 31 December 2024, the Group had concentration of credit risk on accounts receivable as 99.5% (2023: 97.7%) of the balance was due from five largest debtors.

At 31 December 2023, amount due from HKSCC and HKCC represents unsettled trade transacted on the last two business days prior to the end of the reporting period. The following table provides information about the exposure to credit risk for amounts arising from asset management, underwriting and placing services, corporate finance services and custodian services:

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

(b) Credit risk *(Continued)*

(i) Accounts receivable *(Continued)*

At 31 December 2024, there are no unsettled trade transacted on the last two business days prior to the end of the reporting period.

As at 31 December 2024	**Expected loss rate**	**Gross carrying amount**	**Loss allowance**
	%	*HK$'000*	*HK$'000*
Not past due	**0.17**	**4,662**	**(8)**
0 to 30 days past due	**26.36**	**3**	**(1)**
31 to 60 days past due	**40.06**	**3**	**(1)**
61 to 90 days past due	**40.06**	**3**	**(1)**
91 to 180 days past due	**40.06**	**9**	**(4)**
181 to 270 days past due	**42.66**	**9**	**(4)**
271–365 days past due	**94.55**	**5**	**(6)**
Over 365 days past due	**100.00**	**13,467**	**(13,467)**
		18,161	**(13,492)**

As at 31 December 2023	Expected loss rate	Gross carrying amount	Loss allowance
	%	*HK$'000*	*HK$'000*
Not past due	0.54	24,610	(134)
0 to 30 days past due	6.76	636	(43)
31 to 60 days past due	0.00	20	–
61 to 90 days past due	5.00	20	(1)
91 to 180 days past due	6.45	62	(4)
181 to 270 days past due	21.54	65	(14)
271–365 days past due	80.81	172	(139)
Over 365 days past due	100.00	15,623	(15,623)
		41,208	(15,958)

The Group measures loss allowance for amounts arising from asset management services, underwriting and placing services, advisory services and corporate finance services at an amount equal to lifetime ECL. In measuring the ECLs, these receivables have been assessed on a collective basis when they possess shared credit risk characteristics. They have been grouped based on the days past due and also according to the geographical location of customers. Based on the corresponding historical credit losses and current and forwarding looking macroeconomic factors affecting the customer's ability to settle the amount outstanding, loss allowance of approximately HK$2,335,000 has been reversed during the current year (2023: loss allowance of approximately HK$2,227,000 has been recognised).

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

(b) Credit risk *(Continued)*

(i) Accounts receivable (Continued)

As at 31 December 2024, the Group measures loss allowance for amounts arising from accounts receivable of financing services at an amount equal to 12-month ECLs, reversal of loss allowance of approximately HK$132,000 has been recognised during the year (2023: loss allowance of approximately HK$132,000).

As at 31 December 2023, for amounts due from HKSCC and HKCC, these receivables were considered to have low credit risk based their historical trading records.

The credit period for securities brokers with the settlement terms of is usually two days after the trade date. No ageing analysis is disclosed, as in opinion of the directors of the Company, the ageing analysis does not give additional value in view of the nature of business of the business of dealing in securities.

The Group did not have any amounts due from margin clients as at 31 December 2024 and 2023.

(ii) Other assets and receivables

The balances are considered to have low credit risk as the counterparties have a low risk of default and does not have any past due amounts except for an amount of approximately HK$3,422,000 arising from a debt instrument arrangement at 31 December 2023 which indicated a significant increase in credit risk. Loss allowance for these balances is measured at an amount equal to 12-month ECL except for the receivables arising from a debt instrument arrangement that measured at lifetime ECL. Loss allowance of approximately HK$2,578,000 during the year ended 31 December 2023 for these balances.

(iii) Deposit with maturities over 3 months when acquired, trust bank balances held on behalf of clients and cash and cash equivalents

The balances are mainly held with banks which are rated at BBB to A, based on international credit ratings agencies. Loss allowance for these balances is measured at an amount equal to 12-month ECL. No loss allowance was recognised as the amount of ECL for these balances is insignificant.

(c) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash or another financial assets. The Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

(c) Liquidity risk *(Continued)*

The following table details the remaining contractual maturities for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The undiscounted cash flows include both interest and principal payments:

At 31 December 2024	**Carrying amount**	**Total contractual undiscounted cash flow**	**On demand or less than 6 months**	**Within 6-12 months**	**Within 1-2 years**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Account payables	**22,336**	**22,336**	**22,336**	**–**	**–**
Other payables	**793**	**793**	**793**	**–**	**–**
Accruals	**1,698**	**1,698**	**1,698**	**–**	**–**
Lease liability	**2,631**	**2,762**	**872**	**872**	**1,018**
	27,458	**27,589**	**25,699**	**872**	**1,018**

At 31 December 2023	Carrying amount	Total contractual undiscounted cash flow	On demand or less than 6 months	Within 6-12 months	Within 1-2 years
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Account payables	46,440	46,440	46,440	–	–
Other payables	3,355	3,355	3,355	–	–
Accruals	3,118	3,118	3,118	–	–
Lease liability	4,171	4,506	872	872	2,762
	57,084	57,419	53,785	872	2,762

34. FAIR VALUE MEASUREMENT

Financial assets and liabilities measured at fair value

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date;

Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available; and

Level 3 valuations: Fair value measured using significant unobservable inputs.

	Level 1 *HK$'000* *(note (a))*	Level 2 *HK$'000* *(note (b))*	Level 3 *HK$'000*	Total *HK$'000*
At 31 December 2024				
Financial assets at FVTPL				
– Listed equity securities	**14,000**	**–**	**–**	**14,000**
	14,000	**–**	**–**	**14,000**
At 31 December 2023				
Financial assets at FVTPL				
– Listed debt securities	–	4,499	–	4,499
– Listed equity securities	10,747	–	–	10,747
	10,747	4,499	–	15,246

During the years ended 31 December 2023 and 2024, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

(a) Financial instruments in Level 1

The fair value of the listed equity securities is based on the quoted market prices at the reporting date. The quoted market price used for the listed equity securities held by the Group is the current bid price.

(b) Financial instruments in Level 2

The fair value of the listed debt securities is derived from the latest available quoted transaction price prior to the reporting date plus accrued but unpaid interest as at year-end date.

Financial instruments measured amortised cost

The fair value of the financial assets and financial liabilities at amortised cost under current assets and current liabilities, respectively, is not materially different from their carrying amount as they are all short term in nature.

35. OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The Group currently has a legally enforceable right to set off the Continuous Net Settlement money obligations receivables and payables with HKSCC and it intends to settle on a net basis as accounts receivable from or accounts payables to HKSCC. For the net amounts of money obligations receivables or payables (i.e. after set–off) and other receivables and payables (such as deposits included under other assets), they do not meet the criteria for offsetting in the consolidated financial statements since the right to set-off of the recognised amount is only enforceable following an event of default and the Group does not intended to settle the balance on a net basis.

In addition, under the agreements signed between the Group and the clients for its dealing in securities and futures contracts, money obligations receivables and payables with the same client are settled on the net basis. The Group therefore has a legally enforceable right to set off the accounts receivable and payables and the Group intend to settle these balances on a net basis.

The tables below set out the financial assets and liabilities subject to offsetting, enforceable master netting arrangement and similar arrangements:

	Amounts due from HKSCC, cash and margin clients	
	2024	2023
	HK$'000	*HK$'000*
Financial assets		
Gross amount of recognised financial assets	–	1,140
Gross amount of recognised financial liabilities offset in the consolidated statement of financial position	–	(124)
	–	1,016
Net amounts of financial liabilities included in the consolidated statement of financial position		
Related amount not set off in the consolidated statement of financial position		
– financial instruments	–	–
– financial collaterals	–	–
Net amounts	–	–

35. OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES *(Continued)*

	Amounts due from HKSCC, cash and margin clients	
	2024	2023
	HK$'000	*HK$'000*
Financial liabilities		
Gross amount of recognised financial liabilities	**22,336**	46,564
Gross amount of recognised financial assets offset in the consolidated statement of financial position	**–**	(124)
	22,336	46,440
Net amounts of financial liabilities included in the consolidated statement of financial position		
Related amount not set off in the consolidated statement of financial position		
– financial instruments	**–**	–
– financial collaterals	**–**	–
Net amounts	**22,336**	46,440

The table below reconciles the "Net amounts of financial assets and financial liabilities included in the consolidated statement of financial position" as set out above to line items in the consolidated statement of financial position:

	Amounts due from HKSCC, cash and margin clients	
	2024	2023
	HK$'000	*HK$'000*
Accounts and other receivables and prepayments		
Net amounts of financial assets included in the consolidated statement of financial position	**–**	1,016
Amount not within the scope of offsetting disclosure	**6,505**	27,761
Accounts and other receivables and prepayments presented in the consolidated statement of financial position	**6,505**	28,777
Accounts and other payables and prepayments		
Net amounts of financial liabilities included in the consolidated statement of financial position	**22,336**	46,440
Amount not within the scope of offsetting disclosure	**2,491**	7,118
Accounts and other receivables and prepayments presented in the consolidated statement of financial position	**24,827**	53,558

36. CAPITAL MANAGEMENT

The Group manages its capital to ensure that the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group comprises of issued share capital and reserves attributable to shareholders.

The directors of the Company review the capital structure on a continuous basis. As part of this review, the directors consider the cost of capital and the risks associated with capital. Based on recommendations of the directors, the Group will balance its overall capital structure through the issuance of new shares and the addition of new borrowings.

Certain Group entities are regulated by the Hong Kong Securities and Futures Commission and are required to comply with the financial resources requirements according to the Hong Kong Securities and Futures (Financial Resources) Rules (the "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 closely monitors, on a regularly 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.

The Group monitors its capital using a gearing ratio, which is total debts divided (excluded from lease liabilities) by total assets. The Group aims to maintain the gearing ratio at a reasonable level. The gearing ratio at the reporting dates is as follows:

	2024 *HK$'000*	2023 *HK$'000*
Total debts	–	–
Total non-current assets	**3,414**	5,073
Total current assets	**143,332**	137,973
Total assets	**146,746**	143,046
Gearing ratio	**N/A**	N/A

37. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2024 **HK$'000**	2023 HK$'000
ASSETS AND LIABILITIES		
Non-current asset		
Property, plant and equipment	**228**	364
Right-of-use assets	**2,471**	3,954
Interests in subsidiaries	**3,225**	3,225
Long-term deposit	**510**	510
	6,434	8,053
Current assets		
Prepayments and other receivables	**586**	1,096
Amounts due from subsidiaries	**19,498**	23,161
Cash and cash equivalents	**1,188**	194
	21,272	24,451
Current liabilities		
Accruals and other payables	**1,998**	5,752
Amounts due to subsidiaries	**37,538**	25,881
Lease liabilities	**1,633**	1,540
	41,169	33,173
Net current liabilities	**(19,897)**	(8,722)
Non-current liabilities		
Lease liability	**998**	2,631
	998	2,631
Net liabilities	**(14,461)**	(3,300)
EQUITY		
Share capital	**88,197**	88,197
Reserves *(note)*	**(102,658)**	(91,497)
Capital deficiency	**(14,461)**	(3,300)

The statement of financial position of the Company was approved by the board of directors on 21 March 2025 and was signed on its behalf by:

Zhao Yun
Director

Zhou Quan
Director

37. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(Continued)*

Note:

	Share premium HK$'000	Shareholder's contribution HK$'000	Capital redemption reserve HK$'000	Convertible bond equity reserve HK$'000	Contributed surplus HK$'000	Accumulated losses HK$'000	Total HK$'000
At 31 December 2023	320,370	7,834	477	14,808	152,788	(670,029)	(173,752)
Loss for the year	–	–	–	–	–	(17,364)	(17,364)
Conversion of convertible bonds, net of directly attributable transaction cost of HK$381,000 *(note 25)*	114,427	–	–	(14,808)	–	–	99,619
At 31 December 2023	434,797	7,834	477	–	152,788	(687,393)	(91,497)

	Share premium ***HK$'000***	**Shareholder's contribution** ***HK$'000***	**Capital redemption reserve** ***HK$'000***	**Convertible bond equity reserve** ***HK$'000***	**Contributed surplus** ***HK$'000***	**Accumulated losses** ***HK$'000***	**Total** ***HK$'000***
At 31 December 2024	**434,797**	**7,834**	**477**	**–**	**152,788**	**(687,393)**	**(91,497)**
Loss for the year	**–**	**–**	**–**	**–**	**–**	**(11,161)**	**(11,161)**
At 31 December 2024	**434,797**	**7,834**	**477**	**–**	**152,788**	**(698,554)**	**(102,658)**

38. PARTICULARS OF SUBSIDIARIES OF THE COMPANY

The following table lists the particulars of the subsidiaries of the Company as at 31 December 2024 and 2023 which, in the opinion of the directors, principally affected the results or the assets or liabilities of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

Company name	Country/Place of incorporation or registration	Particulars of issued/paid-up capital	Proportion of nominal value of issued/paid-up capital/interests Held by the Company	Held by the subsidiaries	Principal activities and place of operations
Kingwell Management Limited^	Hong Kong	Ordinary shares of HK$1,000,000	100%	–	Provision of administrative services to group entities in Hong Kong
Sheng Yuan Asset Management Limited^	Hong Kong	Ordinary shares of HK$20,000,000	–	100%	Provision of investment management and advisory services in Hong Kong
Sheng Yuan Financial Holdings (HK) Limited^	Hong Kong	Ordinary shares of HK$1	–	100%	Proprietary trading in Hong Kong
Sheng Yuan Financial Services Group Limited	British Virgin Islands	Ordinary shares of US$5,500	100%	–	Proprietary trading in Hong Kong
Sheng Yuan Securities Limited^	Hong Kong	Ordinary shares of HK$65,000,000	–	100%	Securities and futures dealing, margin financing, securities placing and underwriting and investment advisory services in Hong Kong
Sheng Yuan Services Limited^	Hong Kong	Ordinary shares of HK$1	100%	–	Provision of administrative services to group entities in Hong Kong

^ audited by Beijing Xinghua Caplegend CPA Limited

39. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to current year's presentation. The new classification was considered to provide a more appropriate presentation of the state of affairs of the Group.

FINANCIAL SUMMARY

	Year ended 31 December				
	2020	2021	2022	2023	**2024**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	***HK$'000***
				(Restated)	
RESULTS					
Revenue	44,549	43,306	48,657	7,594	**26,292**
(Loss)/Profit before taxation	14,473	10,358	(3,681)	(27,461)	**35,728**
Taxation	(2,467)	(5,708)	(2,121)	(307)	**(3,842)**
(Loss)/Profit for the year	12,006	4,650	(5,802)	(27,768)	**31,886**

	As at 31 December				
	2020	2021	2022	2023	**2024**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	***HK$'000***
ASSETS AND LIABILITIES					
Total assets	79,912	158,907	214,688	143,046	**146,746**
Total liabilities	(130,674)	(190,215)	(251,844)	(58,348)	**(30,160)**
	(50,762)	(31,308)	(37,156)	84,698	**116,586**