

信控國際資本有限公司

XinKong International Capital Holdings Limited

(incorporated in Bermuda with limited liability)
(Stock Code: 993)



2024

Annual Report





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CORPORATE INFORMATION

Board of Directors

Non-executive Directors

Mr. Wang Cheng (*Chairman*)
Ms. Tan Jieyu

Executive Directors

Mr. Chen Qinghua (*Chief Executive Officer*)
Mr. Lu Xinzheng

Independent Non-executive Directors

Mr. Hung Ka Hai Clement
Mr. Ma Lishan
Mr. Guan Huanfei

Audit Committee

Mr. Hung Ka Hai Clement (*Chairman*)
Mr. Ma Lishan
Mr. Guan Huanfei

Remuneration Committee

Mr. Guan Huanfei (*Chairman*)
Mr. Hung Ka Hai Clement
Mr. Ma Lishan

Nomination Committee

Mr. Hung Ka Hai Clement (*Chairman*)
Mr. Wang Cheng
Mr. Ma Lishan
Mr. Guan Huanfei

Executive Committee

Mr. Chen Qinghua (*Chairman*)
Mr. Lu Xinzheng

Risk Management Committee

Mr. Ma Lishan (*Chairman*)
Mr. Wang Cheng
Mr. Chen Qinghua
Mr. Lu Xinzheng

Sustainable Development Committee

Mr. Guan Huanfei (*Chairman*)
Mr. Chen Qinghua
Mr. Lu Xinzheng

Authorised Representatives

Mr. Lu Xinzheng
Ms. Luo Xiao Jing

Company Secretary

Ms. Luo Xiao Jing

Registered Office

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Head Office and Principal Place of Business

15/F, China Huarong Tower
60 Gloucester Road
Wanchai
Hong Kong

Resident Representative

Conyers Corporate Services (Bermuda) Limited
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Principal Bankers

Bank of Communications Co., Ltd.
Hong Kong Branch
Bank of China (Hong Kong) Limited
China CITIC Bank International Limited

Auditor

Ernst & Young
27/F, One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong
Registered Public Interest Entity Auditor

Hong Kong Legal Adviser

Chen & Lee Law Office
Unit A1, 15/F & Unit D2, 13/F
United Centre
95 Queensway
Admiralty, Hong Kong

Principal Share Registrar and Transfer Office

Conyers Corporate Services (Bermuda) Limited
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Hong Kong Branch Share Registrar and Transfer Office

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

Stock Code

993

Website

www.hrif.com.hk

CHAIRMAN'S STATEMENT

Dear Shareholders,

In 2024, the economies of Mainland China and Hong Kong maintained growth amid a challenging environment, exhibiting strong resilience and potential of the China economy. However, global economic development remained significantly imbalanced with frequent international trade conflicts and geopolitical risks intensified. All this had made the overall business environment more uncertain.

In 2024, under the strong support of CFAIH, the Group proactively responded to the complicated and ever-changing external environment, persisted in the overarching principle of “progress with prudence”. On the one hand, the Group focused on managing the legacy assets for risk aversion through liquidation and collection, while on the other hand, we strengthened operational management to reduce costs and enhance efficiency to continuously strengthen the comprehensive service capabilities of our licensed business. As a result, our stable and positive development trend was further consolidated.

Persisting in the strategy of “Disposing of legacy assets while controlling new risks” to remove burden and increase efficiency. Throughout the Year, we remained resolutely committed to extracting value from legacy assets while resolving legacy issues and containing incremental risks. On the one hand, we employed multiple measures to accelerate the resolution of risks relating to legacy assets. Leveraging the resources and expertise of major Shareholders in distressed asset restructuring and revitalization, we continuously reduced risk exposure through various means such as substantive restructuring, and litigation for recovery, achieving positive results. On the other hand, we strengthened the management of performing legacy projects and proactively and effectively adapted to complicated and volatile external conditions to prevent credit downgrades. During the Year, the Group's projects has not deteriorated or declined.

Persisting in management optimization and continuing to reduce costs and enhance efficiency. With management enhancement as the goal, we propelled the implementation of various cost reduction and efficiency enhancement measures, and achieved effective control and reduction of management costs while optimizing processes. We continued to refine internal management mechanisms and strengthened our team to become more cohesive and competitive to continuously elevate management quality and efficiency.

Persisting in safety and compliance and continuing to advance business transformation. Leveraging the advantages of the main business of the “major non-performing asset” of CFAIH, we activated our licence functions and professional capabilities. While focusing on the core track of the main business of the “major non-performing asset”, we cultivated specialized, differentiated, and distinctive operational advantages, driving the transformation of our licensed business. At the same time, we persisted in compliant business operation, integrated the concept of compliance into our corporate culture, and advanced the organic integration of business management and risk control, solidifying the foundation for business transformation.

The global economy is expected to maintain a growth trajectory in 2025, but intensifying geopolitical situations and the emergence of anti-globalization will further disrupt the development of the global economy. However, the economy of Mainland China is expected to maintain a stable growth, providing effective support for the economic development in Hong Kong, which will also serve as the driving force and opportunity for our steady progress. In 2025, with a fresh brand image, the Company will focus on client-centric service delivery, future-ready operations, lean management, and pioneering innovation. We will aggressively leverage the licensed business opportunities in Hong Kong and Macau and the cross-border “major non-performing asset” investments to advance the Group's high-quality business transformation.

Wang Cheng

Chairman

28 March 2025

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

Board of Directors

Non-executive Directors

Mr. Wang Cheng, aged 40, has been acting as Chairman of the Board and a non-executive Director of the Company from 8 November 2024. He is also a member of the Nomination Committee and the Risk Management Committee. Mr. Wang has extensive experience in areas including corporate management, opportunistic investments and operation of non-performing assets. Mr. Wang had served as the deputy general manager of Asset Preservation Department II of China CITIC Financial AMC from February 2023 to January 2025. Mr. Wang has been the deputy general manager (spearheading business operations since December 2023) of CFAIH since May 2023, and promoted to general manager in February 2025. Mr. Wang was the general manager of the audit department (office of the supervisory board), the general manager of the opportunistic investments department and the assistant to the general manager of Huarong Rongde Asset Management Co., Ltd., a wholly-owned subsidiary of China CITIC Financial AMC, from July 2016 to February 2023, and has worked in the legal affairs department and office of the supervisory board and the office of China CITIC Financial AMC from June 2010 to July 2016 successively. Mr. Wang obtained a bachelor's degree in law from China University of Political Science and Law in 2006 and a master's degree in law from Peking University in 2008, with extensive legal knowledge.

Mr. Wang is currently a non-executive director of Qianhai Ark Asset Management and a non-executive director of Beijing Energy International Holding Co., Ltd. (HKEx: 686).

Ms. Tan Jieyu, aged 40, has been acting as a non-executive Director of the Company from 16 December 2024. Ms. Tan has extensive experience in human resources management. From August 2011 to June 2024, Ms. Tan served successively as deputy senior manager, senior manager and division head of the human resources department of China CITIC Financial AMC. She has been the general manager and head of the corporate governance and human resources department of CFAIH since June 2024. Prior to joining China CITIC Financial AMC, Ms. Tan worked as the head of human resources of Huahang Property Company Limited under China Aerospace Science & Industry Corporation from August 2008 to July 2011. Ms. Tan graduated from Renmin University of China with a bachelor's degree in Management in 2008 and obtained a master's degree in Finance from Queen's University in 2021, and she has extensive knowledge in human resources management and finance.

Biographies of Directors and Senior Management

Executive Directors

Mr. Chen Qinghua, aged 46, has been acting as an executive Director and Chief Executive Officer of the Company from 17 June 2022. He is also the Chairman of the Executive Committee and a member of the Risk Management Committee and the Sustainable Development Committee. Currently, he also serves as a director of each of XinKong Securities, XinKong Asset Management and XinKong Capital, which are wholly-owned subsidiaries of the Company. Mr. Chen has extensive experience in the governance, asset management, risk management and legal affairs of listed companies in Hong Kong. He has been the deputy general manager of CFAIH since December 2020, and had concurrently served as general manager of the asset protection department and general manager of the domestic business department. He was also a director of CFAIH from June 2022 to June 2023. Mr. Chen joined HRIV as deputy general manager in December 2016, overseeing the company's asset management department, M&A financing department, direct investment department and capital markets department. From 9 December 2019 to 31 December 2020, he also served as an executive director of HRIV. Prior to that, Mr. Chen worked with China Development Bank Financial Leasing Co., Ltd. from May 2008 to December 2016 successively as general manager of the legal department, general manager of risk management department, office director and director of the board office. Mr. Chen graduated from Zhongnan University of Economics and Law in 2001 with a bachelor's degree in law and obtained an EMBA degree from Peking University's Guanghua School of Management in 2017.

Mr. Lu Xinzhen, aged 44, has been acting as an executive Director of the Company from 17 June 2022. He is also a member of the Executive Committee, the Risk Management Committee and the Sustainable Development Committee (with effect from 31 March 2024). Mr. Lu has extensive business experience in asset management, securities transaction, special opportunity investment and risk control. He joined the Group in October 2019 and is currently the deputy chief executive officer of the Company. Currently, he is also a director of each of XinKong Securities, XinKong Asset Management and XinKong Capital and Huarong International Fixed Income Fund SPC, which are wholly-owned subsidiaries of the Company. Prior to joining the Group, Mr. Lu served as a director and head of the board office of CFAIH from July to October 2019, and successively as the general manager of the business management department and administration management department and the risk director of Huarong Rongde (Hong Kong) Investment Management Company Limited (a wholly-owned subsidiary of CFAIH) from January 2017 to July 2019. He was deputy district governor of Pingchuan District, Baiyin City, Gansu Province from January 2015 to December 2016. He also served as a deputy manager, manager and senior deputy manager of the audit department of China CITIC Financial AMC from June 2009 to December 2014. Mr. Lu graduated from Shanghai University of Finance and Economics and University of International Business and Economics with a bachelor's degree in law, bachelor's degree in management and master's degree in law, and also possesses the professional legal qualification in China, all of which bring with him expertise in the financial, legal and fiscal sectors.

Biographies of Directors and Senior Management

Independent Non-executive Directors

Mr. Hung Ka Hai Clement, aged 69, has been acting as an independent non-executive Director of the Company from 13 December 2019. He is also the chairman of each of the Audit Committee and the Nomination Committee as well as a member of the Remuneration Committee. He obtained a bachelor of arts degree from the University of Huddersfield (now known as University of Lincoln), United Kingdom in 1980. Mr. Hung had served Deloitte China for 31 years where he had assumed various leadership roles before serving as chairman of Deloitte China from 2014 to 2016. He retired from Deloitte China with effect from June 2016. While working with Deloitte China, Mr. Hung assumed various leadership roles, including the managing partner of Deloitte Shenzhen office and Guangzhou office. He was also a member of the China management team of Deloitte China. Mr. Hung was head of audit of South China and deputy managing partner of South China (including Hong Kong, Macau, Shenzhen, Guangzhou, Xiamen and Changsha). He was also a board member of Deloitte Global.

Mr. Hung served as the consultant of the Guangzhou Institute of Certified Public Accountants from 2004 to 2014. During the period between 2006 to 2011, he also served as a member of the Political Consultative Committee of Luohu District, Shenzhen. After his retirement as the chairman of Deloitte China, he was appointed as an expert consultant of the MOF in the PRC. Mr. Hung is a life member of The Institute of Chartered Accountants in England and Wales.

Mr. Hung is currently an independent non-executive director of each of Starjoy Wellness and Travel Company Limited (formerly known as Aoyuan Healthy Life Group Company Limited (HKEx: 3662)), China East Education Holdings Limited (HKEx: 667), Skyworth Group Limited (HKEx: 751), USPACE Technology Group Limited (formerly known as Hong Kong Aerospace Technology Group Limited (HKEx: 1725)) and Capital Estate Limited (HKEx: 193). Mr. Hung also currently acts as an independent supervisor of the Supervisory Committee of Ping An Insurance (Group) Company of China, Ltd., the shares of which is listed on the Stock Exchange (HKEx: 2318) and the Shanghai Stock Exchange (stock code: 601318). Mr. Hung was an independent non-executive director of each of SY Holdings Group Limited (formerly known as Sheng Ye Capital Limited) (HKEx: 6069, the listing of the shares of which has been transferred to the Main Board from the GEM of the Stock Exchange (HKEx: 8469) with effect from 24 October 2019) from 19 June 2017 to 15 July 2022, Tong Tong AI Social Group Limited (formerly known as Gome Finance Technology Co., Ltd. (HKEx: 628)) from 31 October 2016 to 12 December 2023 and JX Energy Ltd. (HKEx: 3395) from 1 August 2023 to 24 December 2024, and was a non-executive director of High Fashion International Limited (HKEx: 608) from 1 December 2017 to 1 January 2025.

Mr. Ma Lishan, aged 73, has been acting as an independent non-executive Director of the Company from 19 August 2016. He is also the chairman of the Risk Management Committee and a member of each of the Audit Committee, the Remuneration Committee and the Nomination Committee. Mr. Ma has extensive experience in operation and management of modern large-scale corporations and listed companies. Mr. Ma graduated from Beijing Foreign Studies University in the PRC in 1975. He served in various positions such as chairman, executive director, general manager in certain large-scale joint ventures under China Oil & Foodstuff Corporation. From January 1996 to June 2003, Mr. Ma served as an executive director of China Foods Limited (HKEx: 506). From May 1997 to June 2003, Mr. Ma served as an executive director and the managing director of China Foods Limited. From June 2000 to June 2003, Mr. Ma served as the vice president of China Oil & Foodstuff Corporation.

Biographies of Directors and Senior Management

Mr. Ma is currently an independent non-executive director of each of Sunac China Holdings Limited (HKEx: 1918) and DIT Group Limited (formerly known as China Minsheng DIT Group Limited (HKEx: 726)). From 6 March 2008 to 30 December 2021, Mr. Ma was an independent non-executive director of Silver Base Group Holdings Limited (former HKEX stock code: 886, delisted on 4 December 2023) and was re-designated as a non-executive director of the company on 30 December 2021 and subsequently resigned on 30 June 2023. He was also an independent non-executive director of SRE Group Limited (former HKEX stock code: 1207, delisted on 20 February 2025) from 31 March 2016 to 13 February 2025.

Mr. Guan Huanfei, aged 67, has been acting as an independent non-executive Director of the Company from 23 May 2017. He is also the chairman of the Remuneration Committee and the Sustainable Development Committee (with effect from 31 March 2024), and a member of each of the Audit Committee and the Nomination Committee. Mr. Guan has extensive experiences in the finance and insurance industry in Hong Kong and the PRC. He served various senior managerial positions in the People's Insurance Company of China (Jilin Branch), Hong Kong and Macao Regional Office of China Insurance Group, Ming An Insurance Company (Hong Kong) Limited and China Pacific Insurance Co., (HK) Ltd. Mr. Guan also held offices at the Bank of Communications, including the deputy chairman of the risk asset management committee, deputy chairman of the credit asset management committee, chairman of the loan verification committee, deputy general manager of the Bank of Communications Hong Kong Branch, the director of Bank of Communications Trustee Limited, the chairman and chief executive of China BOCOM Insurance Co., Ltd. and an executive director and general manager of BoCommLife Insurance Company Limited. Mr. Guan is also an economic and technical consultant of Jilin Provincial Government.

Mr. Guan is currently an independent non-executive director of Shandong Hi-Speed Holdings Group Limited (formerly known as China Shandong Hi-Speed Financial Group Limited, HKEx: 412), China Nonferrous Mining Corporation Limited (HKEx: 1258), Sunwah Kingsway Capital Holdings Limited (HKEx: 188), DevGreat Group Limited (formerly known as Shanghai Zendai Property Limited (HKEx: 755)), Guangdong-Hong Kong Greater Bay Area Holdings Limited (HKEx: 1396). Mr. Guan has been appointed as an independent non-executive director of CMB Wing Lung Insurance Company Limited since 1 December 2017.

Mr. Guan has been a part-time researcher of the Insurance Research Centre of Fudan University since 2004 and has also been appointed as a part-time lecturer of professional degree of the university since 2013. Mr. Guan has been appointed as a visiting professor of Jilin University of Finance and Economics since September 2019. Mr. Guan has been appointed as an off-campus postgraduate tutor of the University of International Business and Economics since September 2022. Mr. Guan obtained a doctoral degree in Economics in 2000 from Wuhan University and was a postdoctoral researcher in Theoretical Economics with Fudan University from 2000 to 2002.

Biographies of Directors and Senior Management

Changes in Directors and Information of Directors

Changes in Director of the Company and information of Directors subsequent to the date of the 2024 interim report of the Company are as follows:

- (1) Mr. Zhang Xing resigned as Chairman of the Board and a non-executive Director with effect from 8 November 2024 due to change in work arrangement.
- (2) Mr. Wang Cheng has been appointed as the Chairman of the Board and a non-executive Director with effect from 8 November 2024.
- (3) Ms. Tan Jieyu has been appointed as a non-executive Director with effect from 16 December 2024.
- (4) Mr. Hung Ka Hai Clement, an independent non-executive Director, ceased to be a non-executive director of High Fashion International Limited (stock code: 608) with effect from 1 January 2025, and ceased to be an independent non-executive director of JX Energy Ltd. (HKEx: 3395) with effect from 24 December 2024.
- (5) Mr. Ma Lishan, an independent non-executive Director, ceased to be an independent non-executive director of SRE Group Limited (former HKEX stock code: 1207, delisted on 20 February 2025) with effect from 13 February 2025.

Senior Management

Mr. Chen Qinghua and Mr. Lu Xinzheng are the Chief Executive Officer and deputy chief executive officer of the Company, respectively. For their biographical details, please refer to the sub-section headed “Board of Directors” above.

Mr. Sun Yili, aged 47, was appointed as the deputy chief executive officer of the Company on 20 January 2025. Mr. Sun possesses extensive experience in management of non-performing assets, risk control and financial advisory. Mr. Sun held various positions, including senior manager at CFAIH, deputy general manager of asset operation department VII, deputy general manager of risk management department, business review department and M&A finance department at HRIV, and deputy general manager of asset operation department V at China Huarong Overseas Investment Holdings Co., Limited. He also served as senior manager and co-director of Asian Capital (Corporate Finance) Limited, and as assistant to the president at CCB International (Holdings) Limited (建銀國際控股有限公司). Mr. Sun obtained a bachelor's degree in Economics from Peking University, a master degree in Arts and a master degree in Business Administration from the University of Hong Kong.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL HIGHLIGHTS

For the Year, the Group recorded a revenue of approximately HK\$92,441,000 (Last Year: approximately HK\$202,143,000), net gain on financial assets at fair value through profit or loss of approximately HK\$105,358,000 (Last Year: net loss of approximately HK\$202,905,000), and net gain arising from disposal of financial assets at fair value through other comprehensive income of HK\$nil (Last Year: net gain of approximately HK\$2,055,000) and net loss arising from disposal of financial assets at amortised cost of HK\$10,030,000 (Last Year: net gain of HK\$102,114,000). Therefore, total revenue, investment gains or losses described above amounted to approximately HK\$187,769,000 (Last Year: net gain of approximately HK\$103,407,000). The Group recorded a loss for the Year of approximately HK\$241,044,000 as compared to a loss of approximately HK\$566,793,000 for Last Year. Loss attributable to Shareholders for the Year was approximately HK\$642,716,000 as compared to that of HK\$967,291,000 for Last Year. The decrease in net loss for the Year was mainly due to the decrease in impairment provision made by the Group in respect of its direct investment in debt instruments, trade receivables, loans and margin financing advances, finance costs and administrative and other operating expenses as well as the increase in total revenue and investment income as mentioned above.

Basic loss per share was HK7.4 cents for the Year as compared to basic loss per share of HK11.1 cents for Last Year. No diluted loss/earnings per share has been presented for the Year and Last Year as there was no dilutive ordinary shares for the Year.

BUSINESS REVIEW

In 2024, as geopolitical conflicts escalated, protectionism rose further, and the global economy recovered slowly, the external environment became increasingly challenging while the performance of different economies diverged markedly. However, major central banks further loosened their monetary policies, and a number of measures introduced by Mainland China to boost the economy gradually showed their effectiveness, providing certain support for the overall economy of Hong Kong.

Securities

Securities business segment includes the provision of online and offline securities transactions, custodian services, financing and investment advisory services. During 2024, the Group persisted in compliant business operation and has expedited business transformation with a focus on its principal licensed business against a complicated economic environment and lacklustre market sentiments. Meanwhile, it continued to achieve cost reduction, efficiency enhancement, diversification of revenue sources and conservation of resources with more robust business development and marketing effort. In connection with the development of financial technology, the mobile APP “XinKong Caifutong (信控財富通)” has been in smooth operation with constant updates. In connection with its custodian business, the Group continued to enhance business synergies and assisted in the disposal of stock assets in existing projects within the system to increase intermediary income. In connection with the management of existing projects, the Group further improved its risk control measures with enhanced efforts in cooperation and communication with customers to ensure principal and interest repayments as due for existing normal projects.

Management Discussion and Analysis

For the Year, the revenue from the securities segment was approximately HK\$4,936,000 as compared to approximately HK\$11,252,000 for Last Year. The year-on-year decrease in total revenue was attributable mainly to the decrease in interest income following effort to reduce risk exposures relating to interest-generating assets, coupled with the decrease in revenue from new share subscription, commission and financing interest as a whole in the midst of a lacklustre securities market. The result of the securities business segment for the Year recorded the profit of approximately HK\$14,736,000 as compared to the loss of approximately HK\$819,000 for Last Year, which was mainly due to the increase in the market value of collateral securities associated with Stage 3 margin loan clients that resumed trading in 2024.

Asset Management and Direct Investment

The asset management and direct investment segment is engaged in the provision of asset management and fund management services and investment of its own funds in equity, debt, funds and other financial products. In 2024, amid persistent global political and economic turmoil, the US economy demonstrated relative resilience. However, market concerns grew over the escalating unilateral protectionism under the new US administration, which could spur inflationary pressures and sustain the elevated US 10-year treasury bond yields and US dollar exchange rates. For the Hong Kong and China markets, after a sluggish first half year, signs of improvement were shown, which was boosted by the Central Government's policy package in September, but momentum weakened again thereafter. Local market sentiment remained cautious, and the asset management and direct investment business was still subject to considerable challenge. To address changes in the market this year, the Group enhanced its risk control measures in relation to market risks and credit risks and ensured the stable performance of its existing assets subject to persistent risk control. Meanwhile, we continued to focus on asset management within the sector of non-performing assets, in particular investment and financing for central and state-owned enterprises as well as relief for distressed assets enterprises, with a view to striving for countercyclical investment gains.

For the Year, the revenue from this segment was approximately HK\$87,505,000, versus the segment revenue of approximately HK\$137,058,000 for Last Year. The decrease in revenue was attributable mainly to the relative decrease in interest income in line with the reduction in asset size as a result of the ongoing cutback of risk assets. The net gain or loss on financial assets at fair value through profits or loss shifted from a net loss of approximately HK\$202,905,000 for Last Year to a net gain of approximately HK\$105,358,000 for the Year. The segment result for the Year recorded a loss of approximately HK\$184,072,000, versus the segment result for Last Year recorded a loss of approximately HK\$591,602,000, which was attributable mainly to the fair value change on financial assets at fair value through profit or loss.

Corporate Finance

In 2024, the capital market in Hong Kong exhibited an overall recovery trend. The Hang Seng Index rose by 17.67% for the entire year, with the IT sector outperforming at a 43.3% gain, while the healthcare sector lagged significantly, recording a 20.1% decline. In the IPO market, 70 companies successfully listed on the Hong Kong stock exchange during the year, raising a total of HK\$87.5 billion in proceeds, positioning Hong Kong as the fourth-largest global IPO market by fundraising volume. On one hand, the Group continued to advance the transformation of its licensed business, as it strengthened compliance awareness and enhanced risk control, whilst seeking cost reductions, cost effectiveness and operational efficiency. On the other hand, the Group has established a list of clients for marketing visits in coordinated development with CCFAMC's non-performing assets business to strive for playing an instrumental supporting role, in a gradual endeavour to forge its advantages in differentiated operations and achieve breakthrough.

For the Year, no revenue was generated from the corporate finance segment due to departmental staff optimization and departmental functions repositioning, as compared to the revenue of approximately HK\$2,601,000 for Last Year. The segment result was a loss of approximately HK\$3,681,000 as compared to a loss of approximately HK\$3,271,000 for Last Year.

Financial Services and Others

Financial services and others segment includes provision of finance lease services and other related services in Mainland China. It is focusing on providing services to the basic industries which conform to the PRC's industrial policy and economic development trend, by way of introducing financial leasing to relevant industries with a view to obtaining rental income. In line with the current business development strategies and positioning of the Group, the financial services and other businesses still mainly focus on gradually recovering the existing projects, and no new projects were added during the Year.

During the Year, the revenue from this segment was HK\$nil (Last Year: HK\$51,232,000) and net loss of approximately HK\$10,030,000 was recorded (Last Year: net income of approximately HK\$102,114,000) from the disposal of financial assets at amortised cost. The segment result was a loss of approximately HK\$84,779,000 (Last Year: segment gain of approximately HK\$90,697,000), mainly due to no segment revenue was recorded for the Year and net loss was incurred from the disposal of financial assets measured at amortised cost.

PROSPECTS

In 2025, the global economy will still demonstrate relatively strong resilience. However, numerous uncertainties such as the increasingly intense trade tensions, the rising risks of protectionism, and the potentially escalating geopolitical conflicts may all lead to a significant slowdown in the global economic growth rate. Against challenges and uncertainties in the external environment, economic growth in Mainland China and Hong Kong will inevitably be subject to pressure.

Management Discussion and Analysis

The Group will closely monitor the global situation and overcome hurdles with focused efforts. In connection with the securities business, the Group will continue to enhance its standard of compliant operation, procure cost reduction and efficiency enhancement and maintain its market competitiveness on the basis of ensuring operational compliance, to further enhance its operational efficiency and quality of customer services. An emphasis will be placed on the institutional business and the intermediary business to increase revenue contributions from the institutional business. Meanwhile, the customer marketing channel will be further broadened by bolstering business synergies and product research and development efforts. We will explore the direction of transformation and development to cultivate our distinctive competitive advantages. In connection with asset management business, as the geopolitical rivalry and the high interest rate cycle could be longer than expected, the Group will grasp special investment opportunities present in the current market, and make deeper countercyclical efforts in the “major non-performing asset” segment, fully taking advantage of CCFAMC’s business experience and synergy strengths in non-performing asset industry. The Group will focus on central and state-owned enterprises, material reorganisation and relief of distressed enterprises, among others, in vigorous development of countercyclical asset management businesses. In connection with corporate finance business, aligned with CCFAMC’ core business realignment strategy, the Group has concentrated on the non-performing asset (NPA) sector, developing a specialized investment banking model. By leveraging cross-border financial collaboration mechanisms, the Group has been actively exploring the opportunities of participating in the cross-border disposal of non-performing assets.

FINANCIAL REVIEW

Capital Structure

As at 31 December 2024, the total number of issued Shares of the Company (with par value of HK\$0.001 each) was 8,709,586,011. Total equity was approximately HK\$-2,273,381,000 (31 December 2023: approximately HK\$-1,656,654,000).

Liquidity and Financial Resources

The Group regularly reviews its liquidity position and actively manages liquidity and financial resources according to the changes in economic environment and business development needs. As at 31 December 2024, the Group had total cash and deposits with banks amounting to approximately HK\$413,122,000 as compared to approximately HK\$1,581,355,000 as at 31 December 2023, excluding client funds that were kept in separate designated bank accounts of approximately HK\$99,518,000 (31 December 2023: approximately HK\$95,828,000) and deposits in other financial institutions of approximately HK\$17,344,000 (31 December 2023: approximately HK\$13,527,000). As at 31 December 2024, 69% (31 December 2023: 67%) of the Group’s cash and deposits with banks was denominated in HKD or RMB. The Group’s gearing ratio as at 31 December 2024 was 186% as compared to 130% as at 31 December 2023, being calculated as borrowings over the Group’s total assets. The change in gearing was attributable to a decrease in the Group’s total assets in the Year.

Management Discussion and Analysis

The Group has been committed to expanding the financing channel and maintaining an appropriate allocation of repayment schedules and overall fund application to maintain robust financial position. As at 31 December 2024, the Group obtained shareholder loans and perpetual capital bonds from CFAIH in an aggregate principal amount of approximately US\$1,279,173,000 (equivalent to approximately HK\$9,929,603,000) (31 December 2023: approximately US\$1,069,233,000 (equivalent to approximately HK\$8,352,179,000)) to support the business of the Group. The proceeds had been applied in full to working capital immediately after closing. The Shareholder loans were subject to interest at fixed annual interest rates ranging from 5.797% to 6.86% (31 December 2023: annual rates of 4.3% to 7.98%) and were repayable within one to five years from the end of the Year (31 December 2023: in one to six years from the end of the year).

As at 31 December 2024, the Group had no loan denominated in USD from Right Select International Limited (direct controlling shareholder of the Company) (31 December 2023: US\$260,940,000 (equivalent to approximately HK\$2,039,415,000)). The Group had a RMB loan of RMB26,000,000 (equivalent to approximately HK\$28,077,000) from a fellow subsidiary (31 December 2023: RMB loan of RMB50,000,000 (equivalent to approximately HK\$55,174,000)). Such loan was subject to interest at a fixed annual interest rate of 5.43% (31 December 2023: annual rates of 3.87% to 5.81%) and were repayable in four years from the end of the Year (31 December 2023: in one to six years from the end of the Year).

As at 31 December 2024, the Group did not utilise bank credit facilities (31 December 2023: utilised approximately HK\$820,000,000), all subject to floating interest rates).

As at 31 December 2024, the Group had undrawn bank credit facilities of HK\$100,000,000 (31 December 2023: approximately HK\$886,626,000), providing the Group with additional liquidity as and when required.

Taking into account the financial resources and banking and other financing available to the Group, including but not limited to internally generated cashflow, cash on hand and bank balances, and external loans, the Group anticipates sufficient working capital for its present requirements for at least the next 12 months.

For the subsidiaries licensed by the Securities and Futures Commission of Hong Kong, the Group ensures each of the subsidiaries maintains a flexible liquidity level adequate to support the level of regulated activities with a sufficient buffer to accommodate increases in liquidity requirements arising from potential increases in the level of business activities. During the Year, all the licensed subsidiaries complied with the liquidity requirements under the Securities and Futures (Financial Resources) Rules.

Charges on Group Assets

As at 31 December 2024, the Group had not pledged any time deposits (31 December 2023: nil) to secure the bank loan facilities of the Group.

Management Discussion and Analysis

Foreign Exchange Exposures

The Group's principal operations in Hong Kong and overseas are transacted and recorded in Hong Kong dollars and United States dollars, while principal operations in the PRC are transacted and recorded in Renminbi. The Group is not exposed to material foreign exchange risks because the Hong Kong dollar is pegged to the United States dollar. Other foreign currency exposure is relatively insignificant when compared to our total assets and liabilities. As such, we consider our foreign exchange risk exposure manageable and the Group will closely monitor such risk exposure from time to time.

Contingent Liabilities

The Group had no material contingent liabilities as at 31 December 2024 and 31 December 2023.

Significant Securities Investment

As at 31 December 2024, the Group held the following significant investments:

- (1) 1,836,000 ordinary shares (31 December 2023: 1,836,000 ordinary shares) and a secured bond issued by ARTA TechFin Corporation Limited (formerly known as Freeman FinTech Corporation Limited) ("**Freeman**"), at a cost of HK\$7,803,000 and HK\$402,630,000, respectively. Freeman is a company incorporated in Cayman Islands and listed on the Main Board of the Stock Exchange (stock code: 279), principally engaging in financial businesses. The shares held by the Group represents 0.01% (31 December 2023: 0.01%) of the equity interests in Freeman. The respective fair values of the shares and convertible bond as at 31 December 2024 were HK\$66,000 and HK\$428,415,000 (31 December 2023: HK\$75,000 and HK\$278,133,000 respectively), which aggregated to approximately 20.7% (31 December 2023: 7.1%) of the total assets of the Group. During the Year, the Group's unrealised fair value loss on the shares of Freeman was HK\$9,000 and unrealised fair value gain on convertible bond was HK\$154,666,000.

This significant investment is not primarily held for trading. It was acquired by a subsidiary of HRIV in August 2017 as a long-term investment and subsequently has been in default since April 2019. Freeman had previously entered into the temporary liquidation procedure and a provisional liquidator was appointed. The provisional liquidator conducted an external price inquiry and bidding over the pledge of the project and the unrealised fair value gain reflected the recent quotation price. The sales of the relevant collateral are still in process.

- (2) 20,000 Class B participating shares of All-Stars SP IV A Limited (the “**Fund I**”, a corporate fund), at a cost of US\$20,000,000. The total assets of the Fund I as at 31 December 2023 were approximately US\$81.92 million, with the principal asset being the equity interest in TUJIA.COM INTERNATIONAL (“**TUJIA**”), where the Class B participating shares held by the Group were mainly used for the investment in Tranche E preference shares of TUJIA. Fund I has been expired at the end of September 2024 and 5,342,255 of Tranche E preference shares of TUJIA were distributed to the Group in specie upon its expiry. The fair value of such shares as at 31 December 2024 was US\$18,936,000 (31 December 2023: US\$18,962,000), representing approximately 7.12% of the total asset value of the Group (31 December 2023: 3.78%). Subsequently, the Group intends to seek exit opportunities through equity transfer or disposal in secondary market.
- (3) The loan arrangement with Crown International Corporation Limited. This project was originally a margin financing project, which converted the advances to customers in margin financing into other loans and debt instruments through a deed of assignment on 29 June 2020 (the “**Loan**”). The total amount of the Loan was HK\$618,013,000. The collaterals under the Loan primarily consisted of ordinary shares of Crown International Corporation Limited (the “**Crown International**”). Crown International is a company incorporated in Hong Kong and listed on the Main Board of the Stock Exchange (stock code: 727). Crown International and its subsidiaries are principally engaged in the business of property investment, property development, hotel operations, comprehensive healthcare business and trading of premium white spirit. As at 31 December 2024, the Group held 2,013,932,000 pledged shares, representing approximately 38.00% of the issued shares of Crown International (31 December 2023: 2,013,932,000 shares, representing 57.01%). The fair value of the pledged shares as at 31 December 2024 was HK\$217,505,000 (31 December 2023: HK\$59,358,000), representing approximately 10.53% of the total asset value of the Group (31 December 2023: 1.51%). The trading in shares of Crown International was suspended in 2023, and was subsequently resumed in May 2024. The Group measured the fair value of the pledged shares based on their market price as at 31 December 2024. A net impairment reversal amounting to approximately HK\$151,775,000 was recorded in respect of such project for the Year, resulting from the effects of the increase in the fair value of the collateral and additional impairment for the interest receivables of the project.

The Group intends to seek exit opportunities by way of debt assignment or phased disposal of collaterals.

- (4) Shares of All-Stars Investment Private Partners Fund L.P. (the “**Fund II**”, a corporate fund), at a cost of US\$30,000,000, representing 6.7077% of the Fund II. The total assets of the Fund II as at 31 December 2023 were approximately US\$303.89 million, with the principal asset being the equity interest in certain listed or unlisted companies. The fair value of the investment as at 31 December 2024 was US\$17,833,657 (31 December 2023: US\$21,603,616), representing approximately 6.70% of the total asset value of the Group (31 December 2023: 4.31%).

The Fund II is currently in normal operation. Subsequently, the Group intends to seek exit opportunities through equity transfer or disposal in secondary market.

PROVISION FOR IMPAIRMENT

I. Overall provision for impairment

The Group recognised impairment provision for expected credit loss for financial assets at amortised cost and financial assets at fair value through other comprehensive income in accordance with the expected credit loss model under Hong Kong Financial Reporting Standards 9 Financial Instruments (“**HKFRS 9**”). Provision for allowance of expected credit losses is computed as the difference between the carrying value of the relevant financial instruments and the present values of estimated future cashflows, taking into account the expected future credit losses of the financial instruments.

The Group has established credit risk policies and processes for impairment assessment in accordance with HKFRS 9, including the establishment and approval of models, as well as the choice and application of assumptions and major inputs. In accordance with HKFRS 9, the Group has distinguished the stages of impairment provision for the relevant items into stage one (no significant increase in credit risk since initial recognition), stage two (significant increase in credit risk) or stage three (credit-impaired) based on the impact of credit risk on the items held.

The major credit risk and expected credit loss faced by the Group is mainly derived from other loans and debt instruments, advances to customers in margin financing, financial assets at fair value through other comprehensive income, finance lease receivables, accounts receivable and amount due from an associate. The Group closely monitors its other loans and debt instruments, advances to customers in margin financing, financial assets at fair value through other comprehensive income, finance lease receivables, accounts receivable and amount due from an associate on an ongoing basis. In the event of the lender or issuer of the item being subject to overdue risks, decline in the value of collaterals or negative public opinion in the market, the Group will conduct thorough investigation of the causes of the events and adopt remedial measures such as timely liaison with the customers for early repayment and obtaining supplementary collaterals.

At the same time, the Group verifies the stage of impairment provision of the item according to information on the item known or collected. For stage one or stage two, the impairment amount of expected credit loss is determined through the expected credit loss model. For the stage three, impairment is charged according to individual assessment.

Management Discussion and Analysis

The Group recorded net impairment loss of approximately HK\$134 million for the Year, which was mainly attributable to the following:

- advances to customers in margin financing under a margin financing project was converted into other loans and debt instruments through a deed of assignment on 29 June 2020. The collateral under the project mainly consists of shares of a listed company in Hong Kong, the trading of which was suspended in 2023 and subsequently resumed in May 2024. The Group estimated its fair value according to the market prices of the pledged shares as at 31 December 2024. A net impairment reversal amounting to approximately HK\$152 million was recorded for the project during the Year, reflecting the combined effects of the increase in the fair value of the collateral and additional impairment charges on the project's interest receivables.
- a fixed income project of the Group entered into in 2017 for investment purpose, the main collaterals of which are equity interests of a project company holding shops in Lijiang, the PRC. The project was classified as stage three in mid-2021 due to consecutive overdue situations. In view of the decline in the valuation of the net asset value of the equity interest of the project companies held as underlying collateral during the Year and the consecutive overdue situations of the project, the management expected low chances to recover interest receivables for the project and made full impairment provision for the interest accrued out of prudence. The provision for impairment of the project made during the Year amounted to approximately HK\$243 million in total.
- two finance lease projects entered into by the Group during its ordinary course of business in 2017 and 2019, respectively, the debtor of which is a company engaged in the car rental business. The primary risk control measures include an equity interest guarantee from its affiliated company and the custody of vehicle registration certificates. The Group has initiated arbitration proceedings. However, given the slow progress of the arbitration process and the rapid depreciation of the leased vehicles which results in low residual value, management has prudently assessed that even if the claim is successful, there remains a significant risk that the remaining exposure may not be fully recovered through the enforcement of the guarantees. Accordingly, an impairment provision of approximately HK\$30 million was made for these projects during the year.

The Group will assess the expected credit risk and impairment of financial assets at amortised cost and financial assets at fair value through other comprehensive income on an ongoing basis and communicate with the management and/or Board on the impact of the relevant events on specific items and on the financial reporting of the Group in a timely manner in accordance with internal procedures. At the same time, the Group will actively take further actions to collect unrecovered amounts and endeavour to recover amounts from customers through various means, including legal actions and disposal of collaterals.

Management Discussion and Analysis

II. Provision for Impairment of publicly issued bonds

The Group invests in public offer bonds from time to time according to the investment strategy. These bonds are classified as financial assets at fair value through other comprehensive income based on the Business Model Test in accordance with the applicable accounting standard. Fair values of these bonds are measured at their open market prices. In respect of the estimation of expected credit losses (“ECL”) on these publicly-issued bonds, these bonds are classified into stage 1, 2 or 3 in accordance with the applicable accounting standard. Risk management department of the Company verifies and assesses the information obtained by frontline business teams during its risk management process, and determine the stages of these bonds for provision of ECL.

The amount of impairment of publicly-issued bonds under stage 1 and stage 2 is determined from the ECL model, which is developed by the Company with the assistance of an independent third-party consultant, whereby impairment is measured based on factors such as probability of default, loss given default and exposure at default. Having considered that fair values of these bonds adequately indicate the recoverable value, the amount of impairment of stage 3 publicly-issued bonds is determined according to the market values of these bonds as at the end of the Year.

The Group made a reversal of impairment provision of HK\$8,468,000 for its financial assets at fair value through other comprehensive income for the Year. The investment cost of the main bond products involved is approximately HK\$302 million and the carrying amount is approximately HK\$77 million, with the remaining maturity mainly ranging from one to five years, and the coupon rate ranging from 3.8% to 9.5% per annum.

III. Finance lease business and provision for impairment

Impairment of finance lease projects

As one of the financial services of the Group, the Company provides finance lease services in Mainland China through its indirectly wholly-owned subsidiary Zhongju (Shenzhen) Financial Leasing Co., Ltd. (“**Zhongju Financial Leasing**”).

Zhongju Financial Leasing provides finance lease services mainly by way of sale-and-leaseback model, under which the lessee assigns the ownership of its properties to the lessor and leases the properties back from the lessor for financing purposes. In practice, a lessee enters into a sale-and-purchase agreement with Zhongju Financial Leasing regarding property(ies) for lease to sell such property(ies). Zhongju Financial Leasing pays the consideration to acquire the ownership of such property(ies) and then enters into a sale-and-leaseback agreement with and lease the property(ies) back to the lessee, whereby the lessee pays rental installments to Zhongju Financial Leasing according to the payment schedule.

As at 31 December 2024, Zhongju Financial Leasing held three outstanding finance lease projects which were initially invested back in 2017. The total carrying amount of these projects as at the same date was approximately HK\$8,675,000. These projects accounted for approximately 0.42% of the Group’s total assets.

Management Discussion and Analysis

These projects are entered with various counterparties who operate in car leasing, and wire processing. In terms of geographical distribution, the finance lease business is conducted in the Mainland China, including Guangdong Province and Anhui Province, etc.

Based on the Group's current business development strategy and positioning, the Group's finance lease business will be mainly focusing on the recovery of the outstanding finance lease projects. The Group does not have any current plan for investment in new finance lease projects in the near future.

Principal terms of finance lease projects

Depending on credit conditions of customers and the quality of collaterals, duration of finance lease projects ranges from three to five years while interest rates of finance lease projects range from 6.8% per annum to 9.75% per annum under the respective sale-and-leases back agreements. Margin deposit at a range from 2% to 7% of the financing amount is received. Customers shall repay the outstanding balance on a quarterly basis.

In addition, finance lease receivables are pledged with electrical cable production equipment and passenger vehicles, as well as equity interests in companies.

Credit risk assessment and impairment provision for finance lease projects

All the finance lease projects held by the Group are classified as stage 3 for ECL estimation. During the Year, the Company performed analysis and forecast on the realisable values of the leased assets and the pledged collaterals for each finance lease project. A total provision for impairment of approximately HK\$46,973,000 was made in respect of the three projects for the Year.

Key internal control measures

The Group adopts the following internal control measures when conducting the finance lease business:

1. Daily risk monitoring

Zhongju Financial Leasing conducts ongoing daily tracking and monitoring of the risks associated with invested projects. In the event of any delay in lease payments or breach of other contract terms by the debtors, the alert signal will be activated and Zhongju Financial Leasing will report the conditions to the risk department and management of the Company in a timely manner, and adopt active measures to alleviate the situation. Meanwhile, Zhongju Financial Leasing also closely monitors the operating and financial conditions of lessees and guarantors, requests them to furnish their financial statements each quarter, conducts regular on-site visits and inspection of the debtors to obtain information on their business updates, conditions of the leased assets and project progress, and conduct ongoing assessment and analysis of risks associated with them.

Management Discussion and Analysis

2. Actions taken in respect of overdue projects

In the event of overdue loans, Zhongju Financial Leasing will issue a loan call demand note to the debtor and maintain close liaison with the debtor and report the latest progress to the Company's risk management department and the management in a timely manner, striving to identify appropriate solutions in a short period of time to eliminate or reduce the project risk. If both parties are unable to reach a settlement before a specified deadline and the risk cannot be alleviated, the Company will resort to a variety of means such as litigation, transfer of credit exposures and introduction of investors to undergo debt restructuring, among others, depending on the current risk conditions of the project. In respect of finance lease projects which are on stage 3, the Company has taken actions to collect payments and will endeavour to exit from the project through the aforementioned means.

3. Management and decision-making process

The Company manages its finance lease projects in accordance with the project management requirements for creditor right projects. The Company's Risk Management Department assesses the impairment of financial assets at amortised cost and financial assets at fair value through other comprehensive income on an ongoing basis and communicates with the management and/or the Board in a timely manner in respect of the impact of relevant events on specific projects and on the Group's financial report. The Company's management reviews on a quarterly basis the results of risk classification for credit right projects, including finance lease projects, as examined by the Risk Management Department and reviews on a half-yearly basis the impairment provision amount of such projects as examined by the Risk Management Department, and makes recommendations to the Board accordingly. At the Board level, the Audit Committee convenes a regular meeting each quarter to discuss with the management on the impaired projects and review the structure review or audit results reported by the external auditor in respect of material accounting matters during the interim review and year-end audit; the Risk Management Committee convenes meetings on a half-yearly basis to receive reports on the development of the Company's risk management organisation structure and systems, key projects risk updates and impairment provisions and make recommendations for improvement, and supervises the ongoing improvement of the Group's risk and internal control mechanism. The Board is responsible for the final approval of the Company's interim and annual financial reports.

Employee and Remuneration Policy

As at 31 December 2024, the Group employed a total of 12 employees (31 December 2023: 16 employees). The Group's recruitment and promotion of staff is based on consideration of multiple factors, such as job nature, market rates, relevant experience, individual merits and development potential of the employees, and may also offer discretionary incentives and bonuses by reference to indicators such as market conditions, the Company's business performance, individual staff performance and fulfilment of compliance requirements, among others, with a view to rewarding staff contributions as well as retaining and incentivising employees with superior competence and extensive experience to continue to deliver value for the Group. Other benefits offered by the Group include, but are not limited to, group medical plans and group life insurance, etc.

The Group is committed to providing employees with an environment conducive to ongoing learning and development. The Group arranges both internal and external multi-dimensional training and development plans for staff and offer incentives for off-duty studies to eligible staff to encourage voluntary learning and ongoing self-improvement to cope with the requirements of the Group's business development.

REPORT OF THE DIRECTORS

The Directors present their report and the audited consolidated financial statements of the Group for the Year.

Principal Activities

The principal activity of the Company is investment holding. Details of principal activities of the principal subsidiaries of the Company are set out in note 1 to the consolidated financial statements. During the Year and up to the date of this annual report, the Group operated its businesses by utilising its licences (Types 1, 4, 6 and 9 licences) issued under the SFO.

Results

The Group's results for the Year and the financial position of the Group as at 31 December 2024 are set out on pages 109 to 227 of the consolidated financial statements.

Dividends

The Board does not recommend the payment of a final dividend for the Year (2023: Nil).

Business Review

The business review of the Group for the Year is set out in the sections headed "Chairman's Statement" and "Management Discussion and Analysis" on pages 4 to 5 and pages 11 to 22 respectively of this annual report, and the discussion contained therein forms part of the Report of the Directors.

Summary Financial Information

A summary of the results and of the assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the published audited consolidated financial statements and reclassified as appropriate, is set out on pages 228 to 229 of this annual report. The summary does not form part of the audited consolidated financial statements.

Property, Plant and Equipment

Details of the movements in the property, plant and equipment of the Group during the Year are set out in note 13 to the consolidated financial statements.

Share Capital

Details of the movements in the Company's share capital during the Year are set out in note 34 to the consolidated financial statements. During the Year, the Company did not issue any new Shares.

Perpetual Capital Securities Classified as Equity Instruments

Details of the Company's perpetual capital securities classified as equity instruments during the Year are set out in the sub-section headed "Management Discussion and Analysis – Financial Review – Liquidity and Financial Resources" and note 35 to the consolidated financial statements. The perpetual capital securities are classified as equity instruments, as the instruments have not expired and the payments of distribution can be permanently deferred at the discretion of the Company.

Debentures in Issue

Neither the Company nor any of its subsidiaries issued any debentures during the Year.

Equity-linked Agreements

During the Year, the Company did not enter into any equity-linked agreement and there was no equity-linked agreement.

Pre-Emptive Rights

There are no provisions for pre-emptive rights under the Bye-laws or the laws of Bermuda which would oblige the Company to offer new Shares on a pro rata basis to existing Shareholders.

Purchase, Sale or Redemption of the Company's Listed Securities

Neither the Company, nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the Year.

Reserves

Details of the movements in the reserves of the Company and of the Group during the Year are set out on page 114 of the consolidated statement of changes in equity.

Distributable Reserves

As at 31 December 2024, the Company has no reserves available for distribution (31 December 2023: Nil) in accordance with the provisions of the Companies Act 1981 of Bermuda (as amended).

Tax Relief and Exemption

The Company is not aware that holders of securities of the Company are entitled to any tax relief or exemption by reason of their holding of such securities.

Charitable Donations

During the Year, the Group did not make any charitable and other donations (2023: Nil).

Major Customers and Suppliers

During the Year, the aggregate amount of turnover attributable to the Group's five largest customers represented approximately 84.5% of the Group's total turnover and turnover attributable to the largest customer included therein represented approximately 64.3% of the Group's total turnover during the Year. None of the Directors or any of their close associates or any Shareholder (who, to the best knowledge of the Directors, owns more than 5% of the Company's issued share capital) has any beneficial interest in the Group's largest customers. As the Group is engaged in the provision of financial services, the Directors are of the view that it is of no value to disclose details of the Group's major suppliers.

Principal Risks and Uncertainties

The Group's business is concentrated in Mainland China and Hong Kong, and its business operations mainly depend on the economic and market environment in Mainland China and Hong Kong. The principal risks and uncertainties faced by the Group include without limitation (i) the external environment, as the economy is now recovering in a wave-like development trend after the three-year COVID-19 epidemic and the constant lockdown caused by the epidemic, during which various potential risks have emerged and the investment business is still facing challenges; (ii) credit risks that may arise from credit default due to adverse changes in the operation and financial condition of the Group's business counterparties; (iii) market risks that may arise from the fluctuations in the price of assets invested by the Group due to volatility of interest rate, currency and markets; and (iv) legal and compliance risks, being legal disputes with counterparties that may arise during the business development or disposal of stock business process, or compliance risks may be caused by the failure to timely comply with regulatory regulations and requirements that are applicable to its business.

The business team of the Group takes the primary responsibility for managing the credit and market risks involved in its management of business. The risk management department performs the supervision and coordination duties, and reports the risk of the Group's overall business to the management of the Group on a regular basis. Before adjusting and disposing of the stock business or launching new business, the business team shall submit the materials used by it for due diligence analysis, and submit its plan to the management of the Group for discussion and decision-making after obtaining the opinions from relevant legal, compliance, risk management and financial departments of the Group and making improvements to the plan. The risk management department will also supervise and follow up with the implementation of the plan.

The Group's compliance department is responsible for establishing plans to repeal, amend and develop policies, and providing compliance advice for the management of the Group and the business teams, so as to ensure that the Group's operation has complied with regulatory requirements. Meanwhile, the Group has also engaged external lawyers to provide legal professional advice and relevant support for the Group's business.

Environmental Policies

The Board and the management of the Company is committed to better protecting the environment by encouraging its employees to reduce consumption of electricity and paper, reduce waste, and use environmental friendly products whenever possible. As a socially responsible corporation, the Group has endeavored to strictly comply with laws and regulations regarding environmental protection during the Year. Details of the policies are set out in the Environmental, Social and Governance Report on pages 57 to 99 of this annual report.

Compliance with Laws and Regulations

The Group's compliance department establishes and implements compliance policies for the Group as well as provide compliance advice for the management and the relevant business teams of the Group. Steps have been taken to ensure that each potential business transaction engaged by the relevant business teams is in compliance with applicable laws, regulations and rules, including but not limited to the SFO, the Listing Rules, anti-money laundering laws, and the Foreign Account Tax Compliance Act. The Group has also engaged external advisors to provide advices regarding development of laws, regulations and rules applicable to the Group and its business.

During the Year, as far as the Board and management are aware, there was no material breach of or non-compliance with the applicable laws and regulations by the Group that has a significant impact on the businesses and operations of the Group.

Relationship with Employees

The Group recognises the unique position and value of its employees. Apart from market competitive remuneration, the Group also provides positive working environment and organises leisure activities to build up strong connection with the employees. The Group also provides our staff with different trainings, including internal training and seminars provided by professional organisations in order to enhance our staffs' career progression. Details of the policies in relation to employment are set out in the Environmental, Social and Governance Report on pages 57 to 99 of this annual report.

Relationship with Customers

The Group is committed to providing excellent services to its customers, with a view to maintaining steady business and asset growth as well as long term profitability.

Directors

The Directors who held office during the Year and up to the date of this annual report are:

Non-executive Directors:

Mr. Wang Cheng (*Chairman*) (appointed on 8 November 2024)

Ms. Tan Jieyu (appointed on 16 December 2024)

Mr. Zhang Xing (*Chairman*) (resigned on 8 November 2024)

Executive Directors:

Mr. Chen Qinghua (*Chief Executive Officer*)

Mr. Lu Xinzheng

Independent Non-executive Directors:

Mr. Hung Ka Hai Clement

Mr. Ma Lishan

Mr. Guan Huanfei

Dr. Lam Lee G. (resigned as a Director with effect from 31 March 2024)

Please refer to pages 6 to 10 of this annual report for the biographical details of the Directors and senior management of the Company, including their senior management positions held (if any) at the controlling Shareholders of the Company.

All Directors are appointed for a specific term and are subject to retirement and re-election at the first AGM of the Company after their appointment, and thereafter subject to retirement by rotation and re-election at the subsequent AGM in accordance with the Bye-laws.

Report of the Directors

Indemnity Provision

Pursuant to the Bye-laws, every Director shall be entitled to be indemnified out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which he/she may sustain or incur in or about the execution of the duties of his/her office or otherwise in relation thereto, provided that the indemnity shall not extend to any matter in respect of any willful negligence, willful defaults, fraud or dishonesty which may attach to the said persons. The Company has arranged appropriate directors' and officers' liability insurance coverage for the Directors and officers of the Group during the Year and up to the date of this annual report.

Directors' Service Contracts

Each of the Directors has entered into an appointment letter with the Company and was appointed for a specific term, any of which is not more than three years.

All of the Directors are subject to retirement by rotation at least once every three years in accordance with the Bye-laws. There is no service contract with the Group which is not determinable by the Group within one year without payment of compensation (other than normal statutory compensation) in respect of any Director proposed for re-election at the forthcoming AGM.

Directors' Interests in Transactions, Arrangements or Contracts of Significance

Save as disclosed in note 8 to the consolidated financial statements, no transactions, arrangements or contract of significance (as defined in Appendix D2 to the Listing Rules), in which a Director or an entity connected with a Director is or was interested, directly or indirectly, subsisted during or at the end of the Year.

Directors' Interests in Competing Business

During the Year, save as disclosed in this annual report, none of the Directors (excluding the independent non-executive Directors) had any competing interests in any business that constitutes or may constitute direct or indirect competition with the Group's businesses.

Directors' Rights to Acquire Shares or Debentures

At no time during the Year was the Company, its subsidiaries, its fellow subsidiaries or its holding companies a party to any arrangement whose objects are, or one of whose objects is, to enable the Directors and chief executives of the Company (including their spouse and children under 18 years of age) to acquire benefits by means of the acquisition of Shares in, or debentures of, the Company or its associated corporations or any other body corporate.

Emoluments of Directors and Senior Management

The emoluments of our Directors and senior management personnel are paid in the form of fees, salaries, allowances and benefits in kind, discretionary bonuses and retirement benefits. The details of the remuneration of the Directors and chief executive of the Company are set out in note 8 to the consolidated financial statements.

The emoluments paid to our Directors and senior management personnel are determined by such factors as his/her duties and responsibilities, the Company's performance and the prevailing market conditions and trends. During the Year, there were no senior management personnel other than Directors.

The details of the emoluments of our Directors and the top five highest paid individuals of the Company are set out in the notes 8 and 9 to the consolidated financial statements, respectively.

Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 31 December 2024, none of the Directors or chief executive of the Company had any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or which were required to be and were recorded in the register required to be kept by the Company under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Report of the Directors

Substantial Shareholders' Interests

As at 31 December 2024, so far as was known to the Directors and chief executive of the Company, the following persons or corporations (other than a Director or the chief executive of the Company) who had interests or short positions in the Shares and underlying Shares of the Company which would be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO:

Name of Shareholder	Capacity/ Nature of interest	Number of Shares held	Approximate percentage of the issued share capital of the Company as at 31 December 2024
China CITIC Financial AMC (Notes 1, 2 and 3)	Interests in controlled corporation	4,441,556,104 (L)	51.00%
	Interests in controlled corporation (security interest)	2,144,097,429 (L)	24.62%
CFAIH (Notes 1 and 3)	Interests in controlled corporation	4,441,556,104 (L)	51.00%
	Interests in controlled corporation (security interest)	135,000,000 (L)	1.55%
Right Select (Note 1)	Beneficial owner	2,611,438,440 (L)	29.98%
Camellia Pacific (Note 1)	Beneficial owner	1,830,117,664 (L)	21.01%
Shinning Rhythm Limited (Note 2)	Security interest	2,009,097,429 (L)	23.07%
China XinZhi Overseas Investment Holdings Co., Limited (formerly known as China Huarong Overseas Investment Holdings Co., Limited) (" XinZhi Overseas ") (Note 2)	Interests in controlled corporation (security interest)	2,009,097,429 (L)	23.07%

Report of the Directors

Name of Shareholder	Capacity/ Nature of interest	Number of Shares held	Approximate percentage of the issued share capital of the Company as at 31 December 2024
Huarong Huaqiao Asset Management Co., Ltd. (Note 2)	Interests in controlled corporation (security interest)	2,009,097,429 (L)	23.07%
CITIC Financial AMC Zhiyuan Enterprise Management Co., Ltd. (formerly known as Huarong Zhiyuan Investment & Management Co., Ltd.) ("Zhiyuan") (Note 2)	Interests in controlled corporation	2,009,097,429 (L)	23.07%
Hero Link Enterprises Limited (Note 4)	Beneficial owner	129,000,000 (L)	1.48%
China Tian Yuan International Finance Limited (Note 4)	Beneficial owner	646,220,529 (L)	7.42%
	Interests in controlled corporation	129,000,000 (L)	1.48%
China Tian Yuan Finance Group (Holdings) Limited (Note 4)	Interests in controlled corporation	775,220,529 (L)	8.90%
Ningxia Tianyuan Manganese Industry Group Co., Ltd. (Note 5)	Interests in controlled corporation	996,517,500 (L)	11.44%
Tian Yuan Manganese Limited (Note 5)	Interests in controlled corporation	996,517,500 (L)	11.44%
China Tian Yuan Manganese Finance (Holdings) Limited (Note 5)	Interests in controlled corporation	996,517,500 (L)	11.44%

Report of the Directors

Name of Shareholder	Capacity/ Nature of interest	Number of Shares held	Approximate percentage of the issued share capital of the Company as at 31 December 2024
China Tian Yuan Asset Management Limited (“ Tian Yuan Asset Management ”) (Note 5)	Beneficial owner	996,517,500 (L)	11.44%
Mr. Jia Tianjiang (Notes 4 and 5)	Interests in controlled corporation	1,771,738,029 (L)	20.34%
Ms. Dong Jufeng (Notes 4 and 5)	Interests of spouse	1,771,738,029 (L)	20.34%

(L) denotes long position

Notes:

- (1) 1,830,117,664 Shares are beneficially owned by Camellia Pacific and 2,611,438,440 Shares are beneficially owned by Right Select. Both Camellia Pacific and Right Select are wholly owned by CFAIH. CFAIH is owned as to 84.84% by China CITIC Financial AMC and 15.16% by Zhiyuan. Zhiyuan is wholly owned by China CITIC Financial AMC. Therefore, each of China CITIC Financial AMC and CFAIH is deemed or taken to be interested in all the Shares beneficially owned by Camellia Pacific and Right Select by virtue of the SFO.
- (2) 129,000,000 Shares held by Hero Link Enterprises Limited, 646,220,529 Shares held by China Tian Yuan International Finance Limited and 996,517,500 Shares held by China Tian Yuan Asset Management Limited are pledged to Shinning Rhythm Limited, while 237,359,400 Shares held by Power Tiger Investments Limited are pledged to Tian Yuan Investment Holding Co., Limited which in turn has assigned such security interest to Shinning Rhythm Limited. Shinning Rhythm Limited is a wholly-owned subsidiary of XinZhi Overseas, which is in turn a wholly-owned subsidiary of Huarong Huaqiao Asset Management Co., Ltd. Huarong Huaqiao Asset Management Co., Ltd. is owned as to 91% by Zhiyuan. Zhiyuan is a wholly-owned subsidiary of China CITIC Financial AMC. Accordingly, each of XinZhi Overseas, Huarong Huaqiao Asset Management Co., Ltd., Zhiyuan and China CITIC Financial AMC is deemed to be interested in the security interest in the 2,009,097,429 underlying Shares held by Shinning Rhythm Limited by virtue of the SFO.
- (3) Fresh Idea Ventures Limited holds direct security interest in 135,000,000 underlying Shares and is a wholly-owned subsidiary of Linewear Assets Limited. Linewear Assets Limited is a wholly-owned subsidiary of the Company, which in turn is owned as to 51% collectively by Camellia Pacific and Right Select. Accordingly, each of CFAIH and China CITIC Financial AMC is deemed to be interested in the security interest in the 135,000,000 underlying Shares held by Fresh Idea Ventures Limited by virtue of the SFO.
- (4) China Tian Yuan Finance Group (Holdings) Limited is deemed or taken to be interested in (i) 129,000,000 Shares held by Hero Link Enterprises Limited which is held as to 82% by China Tian Yuan International Finance Limited; and (ii) 646,220,529 Shares held by China Tian Yuan International Finance Limited. China Tian Yuan International Finance Limited is a wholly-owned subsidiary of China Tian Yuan Finance Group (Holdings) Limited, which in turn is wholly owned by Mr. Jia Tianjiang. Accordingly, each of China Tian Yuan International Finance Limited, China Tian Yuan Finance Group (Holdings) Limited, Mr. Jia Tianjiang and his spouse Ms. Dong Jufeng is deemed to be interested in the 775,220,529 Shares beneficially held by Hero Link Enterprises Limited and China Tian Yuan International Finance Limited by virtue of the SFO.

- (5) 996,517,500 Shares are held by China Tian Yuan Asset Management Limited, which is a wholly-owned subsidiary of China Tian Yuan Manganese Finance (Holdings) Limited, which is in turn a wholly-owned subsidiary of Tian Yuan Manganese Limited, which is in turn a wholly-owned subsidiary of Ningxia Tianyuan Manganese Industry Group Co., Ltd. Ningxia Tianyuan Manganese Industry Group Co., Ltd. is owned as to 99.96% by Mr. Jia Tianjiang. Accordingly, each of China Tian Yuan Manganese Finance (Holdings) Limited, Tian Yuan Manganese Limited, Ningxia Tianyuan Manganese Industry Group Co., Ltd., Mr. Jia Tianjiang and his spouse Ms. Dong Jufeng is deemed to be interested in the 996,517,500 Shares beneficially held by China Tian Yuan Asset Management Limited.

Saved as disclosed above, as at 31 December 2024, no other persons (other than a Director or the chief executive of the Company) had any interest or short position in any Shares or underlying Shares of the Company which would be disclosed to the Company under provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO or which have been notified to the Company and the Stock Exchange.

Connected Transaction

During the Year, the Group has not entered into any connected transaction or continuing connected transaction which is subject to the reporting, announcement and/or independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Disclosure pursuant to Rule 13.18 and Rule 13.21 of the Listing Rules

As at 31 December 2024, there is no banking facilities with covenants relating to specific performance of the Company's controlling shareholder which trigger disclosure obligations pursuant to Rule 13.18 and Rule 13.21 of the Listing Rules.

Contracts of Significance

Save as disclosed in note 8 to the consolidated financial statements of this annual report, at no time during the Year had the Company or any of its subsidiaries entered into any contract of significance with its controlling Shareholder (as defined in the Listing Rules) or any of its subsidiaries, nor had any contract of significance been entered into for the services provided by its controlling Shareholder or any of its subsidiaries to the Company or any of its subsidiaries.

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 Year.

Report of the Directors

Corporate Governance Practices

The Company is committed to maintaining a high standard of corporate governance practices. During the Year, the Company has adopted and complied with all the applicable code provisions of the CG Code. A report on the principal corporate governance practices adopted by the Company is set out on pages 35 to 56 of this annual report.

Sufficiency of Public Float

Based on information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total issued share capital was held by the public throughout the Year and up to the date of this annual report.

Events After the End of the Year

The Group has no significant events subsequent to the end of the Year up to the date of this annual report.

Audit Committee

The Audit Committee has reviewed the accounting principles and practices adopted by the Group with the management and discussed auditing, internal control and financial reporting matters. The annual results and consolidated financial statements of the Group for the Year have been reviewed by the Audit Committee.

Auditor

There were no changes of auditor of the Company in the past three years.

The consolidated financial statements of the Group have been audited by Ernst & Young who shall retire and being eligible, offer themselves for re-appointment at the forthcoming AGM of the Company.

On behalf of the Board
XinKong International Capital Holdings Limited
Wang Cheng
Chairman

Hong Kong, 28 March 2025

CORPORATE GOVERNANCE REPORT

The Company is committed to achieving high standards of corporate governance. The Company believes that conducting the Group's business in an open and responsible manner and complying with good corporate governance practices serve the long-term interests of the Company and its Shareholders as a whole. Throughout the Year, the Company has adopted the principles and has complied with and implemented all the applicable code provisions of the CG Code as set out in Appendix C1 to the Listing Rules.

Directors' Securities Transactions

The Company has adopted the Model Code as set out in Appendix C3 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors. In response to a specific enquiry made by the Company, all Directors confirmed that they have complied with the required standards as set out in the Model Code throughout the Year and up to the date of this annual report.

Board of Directors

Board Composition

As at the date of this report, the Board consists of seven Directors, whose names and offices are listed on page 2 of this annual report.

The Directors give sufficient time and attention to the Company's affairs. The Directors disclose to the Company the number and nature of offices held by them in public companies or organisations and their other significant commitments on a biannual basis.

The independent non-executive Directors provide the Board with diversified skills, expertise and experience. Their views and participation in the Board and committees meetings bring independent, constructive and informed comments on issues relating to the Company's strategies and policies to ensure that the interests of all Shareholders are taken into account.

An updated list of the Directors identifying their roles and functions is maintained on the websites of the Company and the Stock Exchange. The independent non-executive Directors are identified as such in all corporate communications containing the name of the Directors.

None of the members of the Board and the senior management personnel has any relationship with one another (including financial, business, family or other relevant material relationship(s)).

Corporate Governance Report

Director Nomination Policy

The Company has already adopted a director nomination policy (the “**Director Nomination Policy**”) in December 2018 setting out the criteria and process in the nomination and appointment of Directors.

(a) *Appointment of New Directors*

The Nomination Committee and/or the Board may select candidates for directorship from various channels, including but not limited to internal promotion, re-designation, referral by other member of the management and external recruitment agents. In evaluating and selecting any candidate for directorship, the following criteria should be considered:

- Character and integrity;
- Qualifications including professional qualifications, skills, knowledge and experience and diversity requirements under the Board Diversity Policy (as defined below) that are relevant to the Company’s business and corporate strategy;
- Any measurable objectives adopted for achieving diversity on the Board;
- Requirement for the Board to have independent non-executive Directors in accordance with the Listing Rules and whether the candidate would be considered independent with reference to the independence guidelines set out in the Listing Rules;
- Any potential contributions the candidate can bring to the Board in terms of qualifications, skills, experience, independence and gender diversity;
- Willingness and ability to devote sufficient time to discharge duties as a member of the Board and/or Board committee(s) of the Company; and
- Such other perspectives that are appropriate to the Company’s business and succession plan and where applicable, may be adopted and/or amended by the Board and/or the Nomination Committee from time to time for nomination of Directors and succession planning.

The Nomination Committee should then recommend to the Board to appoint the appropriate candidate for directorship, as applicable.

For any person that is nominated by a Shareholder for election as a Director at the general meeting of the Company, the Nomination Committee and/or the Board should evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified for directorship. Where appropriate, the Board should make recommendation to Shareholders in respect of the proposed election of Directors at the general meetings of the Shareholders.

The newly appointed Directors during the Year, namely Mr. Wang Cheng and Ms. Tan Jieyu confirmed that they obtained the legal advice referred to in Rule 3.09D of the Listing Rules on 8 November 2024 and 16 December 2024 respectively and that each of them understood his/her obligations as a Director.

(b) Re-election of Directors at General Meetings of the Shareholders

The Nomination Committee and the Board should review the overall contribution and service provided to the Company of a retiring Director and the level of participation and performance in the Board meetings. The Nomination Committee and the Board should also review and determine whether a retiring Director continues to meet the criteria as set out above.

The Board should then make recommendations to Shareholders in respect of the proposed re-election of Directors at the general meetings of the Shareholders.

Where the Board proposes a resolution to elect or re-elect a candidate as Director at the general meetings of the Shareholders, the relevant information of the candidate will be disclosed in the circular to Shareholders and/or explanatory statement accompanying the notice of the relevant general meetings of the Shareholders in accordance with the Listing Rules and/or applicable laws and regulations.

The Nomination Committee conducts regular review on the structure, size and composition of the Board and the Director Nomination Policy and where appropriate, make recommendations on changes to the Board to serve the purpose of the Company's corporate strategy and business needs.

Board Diversity

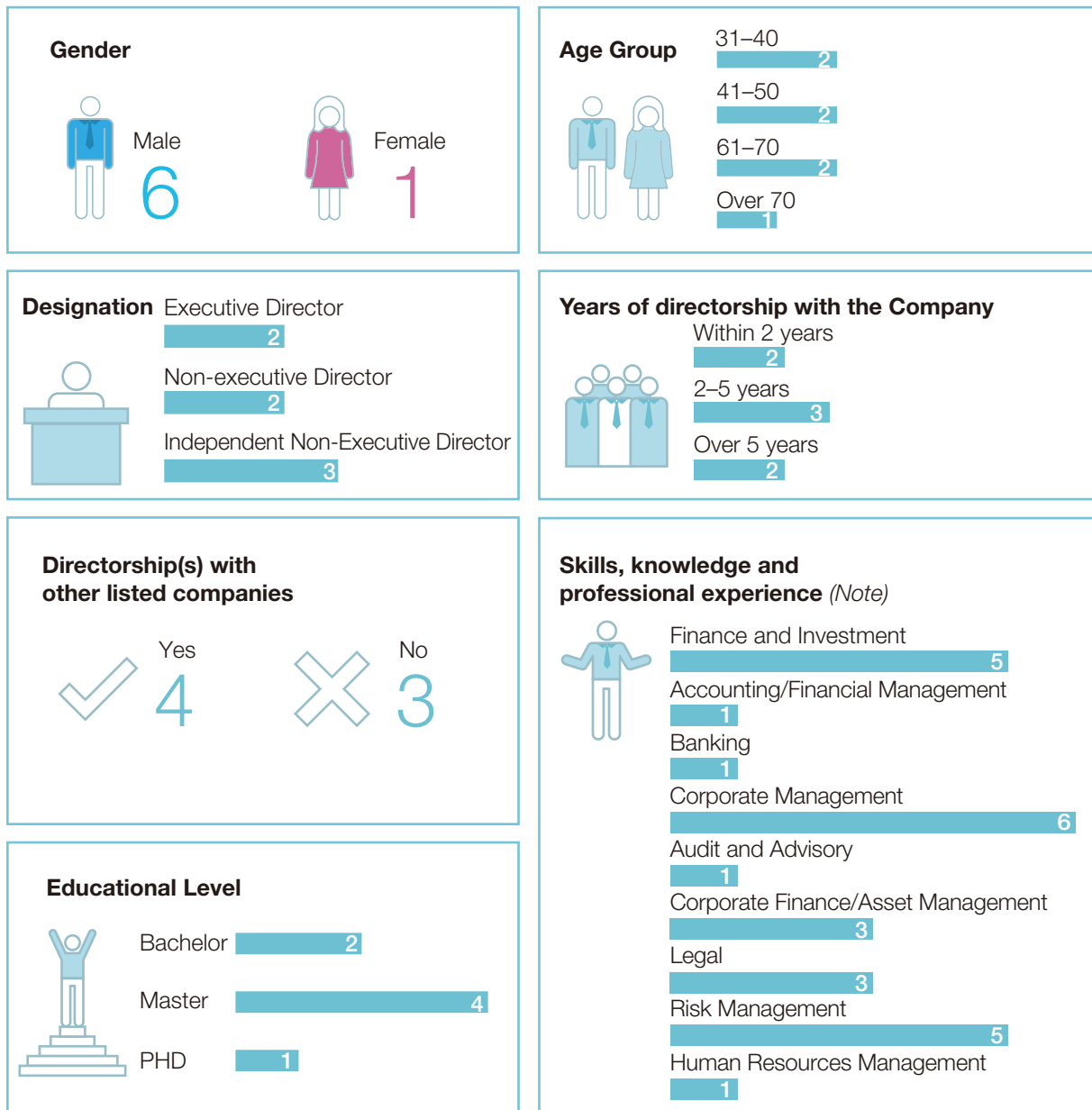
The Company has already adopted a board diversity policy (the **"Board Diversity Policy"**) setting out the approach to achieve diversity on the Board.

The Company considers diversity as a wide concept and believes that a diversity of perspectives can be achieved through consideration of a number of factors, including but not limited to gender, age, cultural background, educational background and professional experience. All director appointments will be based on meritocracy, in the context of the skills and experience required by the Board as a whole to be effective. The ultimate decision will be based on merit and contribution that the selected candidate will bring to the Board.

In December 2024, the Company appointed Ms. Tan Jieyu as a non-executive Director for an initial term of three years commencing from 16 December 2024, which is subject to retirement for reelection and rotation in accordance with the Company's Bye-laws. With the addition of Ms. Tan Jieyu, the Board's diversity has been further enhanced.

Corporate Governance Report

A diversity analysis of the Board composition is set out in the chart below:



Note: Directors may possess multiple skills, knowledge and professional experience, and this analysis is prepared based on the diversity profiles of seven Directors during the Year.

The above members of the Board of the Company are of diversified professional, educational and cultural background, which enables them to provide diverse opinion for the Board on decision making. The Nomination Committee of the Company will monitor the achievement of the objectives set out in the Board Diversity Policy and review the same as appropriate to ensure its continuous effectiveness.

The Company has also taken, and continues to take steps to promote diversity at all levels of its workforce. The Company provides equal opportunity to all employees and does not discriminate on the grounds of gender, race, age, nationality and any other aspects of diversity. As of 31 December 2024, our total workforce (including senior management) comprised approximately 62.5% female and 37.5% male. For further details of the Group's inclusive policy, please refer to "Meritocracy: Forming an Elite Team" section of 2024 Environmental, Social and Governance Report.

Directors' and Officers' Liabilities Insurance

The Company has arranged appropriate insurance coverage for the liabilities of the Directors and officers of the Group in respect of any legal actions taken against the Directors and officers of the Group arising out of corporate activities.

Delegation by the Board

The Board is responsible for overseeing the strategic development of the Group and determining the objectives, strategies, policies and business plan of the Group. Matters reserved for the Board are those affecting the Company's overall strategic policies, finance and shareholders relations. These include, but are not limited to the following:

- deliberation of business plans, risk management, internal control;
- preliminary announcements of interim and final results, and interim and annual reports;
- dividend policy;
- major corporate activities such as material acquisitions and disposals, and connected transactions; and
- Directors' appointment, re-election and recommendations.

The Board may delegate part of its functions and duties to the Executive Committee and day-to-day operational responsibilities are specifically delegated to the management, specifying matters which require approval by the Board. The Board gives clear directions as to the management's power, and periodically reviews the delegations to the management to ensure that they are appropriate and continue to be beneficial to the Group as a whole. The management is required to report to the Board in relation to its material decisions, findings or recommendations, and in certain specific situations, to seek the Board's approval before taking any action.

To comply with the requirements under the CG Code, the Board is also responsible for performing the corporate governance duties. During the Year, the Board has performed the corporate governance duties set out in paragraph A.2.1 in part 2 of the CG Code, including but not limited to reviewing the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

Corporate Governance Report

Board Meetings

The Board meets at least four times each year at approximately quarterly intervals to discuss the Group's overall strategies, operations and financial performance. A tentative meeting schedule of the Board and the Board committees for the whole year is provided to the Directors at the beginning of each year. In addition, at least 14 days' notice and the preliminary agenda are given for all regular Board meetings and a final agenda with supporting Board papers is given no less than 3 days prior to a Board meeting such that all Directors are given the opportunity to include matters for discussion in the agenda. The Chairman of the Board also ensures that all Directors are supplied with adequate information in a timely manner before each meeting and that all Directors are properly briefed on issues arising at the Board meeting. The management of the Group are invited to attend the Board meetings to present and answer any enquiries raised by the Directors. At all times, the Board and each Director have separate and independent access to the Company's senior executives for the purpose of obtaining additional information.

During the Year, the Board held four regular meetings and three ad-hoc meetings. The attendance record of individual Directors is set out below.

Director	Attendance/ (Number of Meetings Held)
<i>Non-executive Directors</i>	
Wang Cheng (appointed on 8 November 2024)	1/(1)
Tan Jieyu (appointed on 16 December 2024)	N/A
<i>Executive Directors</i>	
Chen Qinghua	7/(7)
Lu Xinzheng	7/(7)
<i>Independent Non-executive Directors</i>	
Hung Ka Hai Clement	7/(7)
Ma Lishan	7/(7)
Guan Huanfei	7/(7)
<i>Former Directors</i>	
Zhang Xing (resigned on 8 November 2024)	6/(6)
Lam Lee G. (resigned as a Director with effect from 31 March 2024)	1/(1)

The Directors have access to relevant and timely information, and they can ask for further information or retain independent professional advisors at the Company's expense to assist them in performing their duties if necessary. They can also have access to advice and services of the company secretary of the Company (the **"Company Secretary"**), who is responsible for providing the Directors with Board papers and related materials and ensuring that Board procedures are followed. The Directors are given sufficient time for discussion at the Board meetings. Where queries are raised by the Directors, the management provides prompt and full responses to the extent possible. The Company believes that the aforesaid mechanism was effectively implemented during the Year, rendering independent views and input available to the Board.

If a substantial Shareholder or a Director has a conflict of interest in a matter to be considered by the Board and the Board has determined it to be material, the matter should be dealt with by a physical Board meeting rather than a written resolution. Independent non-executive Directors who, and whose close associates, have no material interest in the transaction should be present at that Board meeting.

The Company Secretary is responsible for compiling minutes of the Board meetings and meetings of the Board committees. The minutes record in sufficient details the matters considered and decisions reached by the Board and the Board committees, including any concerns raised by the Directors or dissenting views expressed. Draft and final versions of the minutes of meetings of the Board and/or the Board committees are sent to all Directors and/or respective Board committees members for their comment and records within a reasonable period of time after the meetings were held. All such minutes are kept by the Company Secretary and are available for inspection by the Directors upon request.

Chairman and Chief Executive Officer

In order to reinforce their respective independence, accountability and responsibility, the roles of Chairman and Chief Executive Officer of the Company are segregated. Mr. Wang Cheng is the Chairman and Mr. Chen Qinghua is the Chief Executive Officer of the Company.

The Chairman is responsible for the leadership and effective operation of the Board, and ensuring that all key and appropriate issues are discussed by the Board in a timely and constructive manner. The Directors are encouraged to participate actively in all Board and Board committee meetings of which they are members.

The Chairman should at least annually hold meetings with the independent non-executive Directors, without presence of other Directors. During the Year, Mr. Wang Cheng held one meeting with the independent non-executive Directors, without the presence of other Directors, to exchange views and comments further on those matters discussed at the Board meetings.

The Chief Executive Officer, supported by the management, is responsible for the day-to-day management of the Group's business, including developing and proposing the Group's strategies and policies for the Board's consideration and the implementation of major strategies and policies approved by the Board and its committees.

Corporate Governance Report

Independent Non-executive Directors

For the Year, the Board had been in compliance with relevant requirements of the Listing Rules, and had at least three independent non-executive Directors (representing at least one-third of the Board), with one of them possessing appropriate professional qualifications or accounting or related financial management expertise.

Each independent non-executive Director is appointed for a specific term of not more than three years under the letter of appointment. All Directors, including independent non-executive Directors, are subject to retirement by rotation and eligible for re-election at the annual general meeting at least once every three years in accordance with the Bye-laws. The Company has issued formal letters of appointment to its Directors setting out key terms of their appointments.

The Company has received confirmations of independence pursuant to the independence guidelines set out in Rule 3.13 of the Listing Rules from all independent non-executive Directors and considers that they are independent. None of them has served the Company for more than nine years.

In relation to any further re-election of an independent non-executive Director who holds/will be holding his seventh (or more) listed company directorship, the Board will explain in the circular the reason that such Director will still be able to devote sufficient time to handle matters of the Board.

Directors' Continuous Professional Development

Every newly appointed Director is provided with a comprehensive induction and information to ensure that he has a proper understanding of the Company's operations and businesses as well as his responsibilities under the relevant statutes, laws, rules and regulations. Ongoing development and training of Directors is provided by the Company so that they can perform their duties appropriately. The Directors are provided with monthly updates on the Company's performance, position and prospects to enable the Board as a whole and each Director to discharge their duties. In addition, the Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills to ensure that they continue to make contribution to the Board in an informed and relevant manner.

During the Year, the Company circulated materials to update Directors on the latest development regarding the Listing Rules and other applicable regulatory requirements from time to time, so as to ensure regulatory compliance of the Company and to enhance their awareness of good corporate governance practices.

The trainings received by the Directors during the Year and up to the date of this report are summarised as follows:

Director	Types of training
Wang Cheng (appointed on 8 November 2024)	B
Tan Jieyu (appointed on 16 December 2024)	B
Chen Qinghua	A, B
Lu Xinzheng	A, B
Hung Ka Hai Clement	B
Ma Lishan	B
Guan Huanfei	B
<i>Former Director</i>	
Zhang Xing (resigned with effect from 8 November 2024)	B
Lam Lee G. (resigned as a Director with effect from 31 March 2024)	B

A – attending seminars/conferences/forums/briefings/workshops/programmes relevant to the disclosure requirements of the Listing Rules

B – reading articles relevant to corporate governance, regulatory updates and duties and responsibilities of Directors

Company Secretary

The Company Secretary is an employee of the Company, who is responsible for facilitating the Board's processes and communications among Board members, with the Shareholders and with the management. During the Year, Ms. Luo Xiaojing acted as the Company Secretary, and received not less than 15 hours of relevant professional training as required under Rule 3.29 of the Listing Rules.

Board Committees

The Company has six Board committees, namely the Audit Committee, the Remuneration Committee, the Nomination Committee, the Executive Committee, the Risk Management Committee and the Sustainable Development Committee under the Board. The Board committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances, at the Company's expenses. The latest terms of reference of the respective Board committees are available on the websites of the Company and the Stock Exchange.

Corporate Governance Report

Audit Committee

The Audit Committee currently consists of three independent non-executive Directors, namely Mr. Hung Ka Hai Clement, Mr. Ma Lishan and Mr. Guan Huanfei, with Mr. Hung Ka Hai Clement as the chairman.

No member of the Audit Committee is a former partner/principal of the existing auditing firm of the Company during the two years after he ceases to be a partner/principal of the auditing firm.

The principal duties of the Audit Committee include the review and supervision of the Group's financial reporting system, financial statements and internal control procedures. It also acts as an important link between the Board and the Company's internal and external auditors with respect to matters within the scope of the Group's audit.

The Audit Committee meets regularly with the management, the external auditors and consultant to consider and discuss the Group's financial reporting process, systems of internal control and compliance.

The Audit Committee held four meetings during the Year. Separate session between the committee members and the external independent auditor without the presence of the management had also been arranged. The attendance record of individual members is set out below.

Committee member	Attendance/ (Number of Meetings Held)
Hung Ka Hai Clement (<i>Chairman</i>)	4/(4)
Ma Lishan	4/(4)
Guan Huanfei	4/(4)
<i>Former Committee member</i>	
Lam Lee G. (resigned as a committee member with effect from 31 March 2024)	1/(1)

During the Year, the Audit Committee has mainly performed the following tasks:

- reviewed the 2023 annual results and the 2024 interim results of the Group and discussed and approved the relevant financial reports;
- reviewed the 2023 annual audit report and the 2024 interim review report of the Company's external independent auditor;
- reviewed the 2024 annual audit plan of the Company's external independent auditor;
- reviewed the 2024 internal control review plan of the Company's external consultant;
- met with the Company's external independent auditor to discuss their audit work on the Group;

- recommended to the Board on re-appointment of the Company's external independent auditor;
- reviewed the internal control review report covering the evaluation of the Group's internal control system in various operation and management aspects;
- communicated with the management on interim and annual accounting and financial reporting issues;
- discussed matters raised by the internal control consultant and external independent auditor to ensure that appropriate recommendations are implemented;
- reviewed the adequacy of resources, staff qualifications and experience, training programs of the Group's financial reporting and internal audit functions; and
- reviewed the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

The Audit Committee is provided with sufficient resources, which enables it to perform its duties. There was no disagreement between the Board and the Audit Committee on the selection, appointment, resignation or dismissal of the external auditor. The financial results of the Group for the Year have been reviewed with no disagreement by the Audit Committee.

Remuneration Committee

The Remuneration Committee currently consists of three independent non-executive Directors, namely Mr. Guan Huanfei, Mr. Hung Ka Hai Clement and Mr. Ma Lishan, with Mr. Guan Huanfei as the chairman.

The roles and responsibilities of the Remuneration Committee primarily include making recommendations to the Board on the Company's policy and structure of remuneration packages of the Directors and senior management. The Remuneration Committee is also responsible for establishing formal and transparent procedures for developing remuneration policy and structure to ensure that no Director or any of his/her associates will participate in the determination of his/her own remuneration, which remuneration will be determined by reference to the performance of the individual and the Company as well as market practices and conditions. The Remuneration Committee, with delegated responsibility, is also responsible for reviewing annually the existing remuneration policy, including the remuneration packages of individual executive Directors and senior management, whereas the Board as a whole is responsible for determining the remuneration of non-executive Directors (including the independent non-executive Directors) with recommendations from the Remuneration Committee, if any.

Corporate Governance Report

During the Year, one Remuneration Committee meeting was held. The attendance record of individual members is set out below.

Committee member	Attendance/ (Number of Meetings Held)
Guan Huanfei (<i>Chairman</i>)	1/(1)
Hung Ka Hai Clement	1/(1)
Ma Lishan	1/(1)

During the Year, the Remuneration Committee made recommendations to the Board on the senior management's incentive bonus and salaries and made recommendations to the Board for the relevant emoluments and/or fees, incentive bonus and salaries to be approved, if thought fit. The Remuneration Committee also made recommendations to the Board on the Group's policy and structure of remuneration packages of the directors and senior management.

Further particulars regarding the Directors' remuneration and individuals with highest emoluments are set out in notes 8 and 9 to the consolidated financial statements, respectively.

Nomination Committee

The Nomination Committee currently comprises three independent non-executive Directors, namely Mr. Hung Ka Hai Clement, Mr. Ma Lishan and Mr. Guan Huanfei, and the Chairman of the Board, namely Mr. Wang Cheng (appointed on 8 November 2024), with Mr. Hung Ka Hai Clement as the chairman.

The roles and responsibilities of the Nomination Committee primarily include considering the selection criteria and procedures of the Directors and the senior management in accordance with the recommendations of the Chairman of the Board and making recommendations to the Board, identifying individuals suitably qualified to become Board members in accordance with the recommendations of the Chairman of the Board and selecting or making recommendations to the Board on the selection of individuals nominated for directorships, assessing the independence of independent non-executive Directors in accordance with the recommendations of the Chairman of the Board, and making recommendations to the Board on the appointment or re-appointment of the Directors and succession planning of the Directors in accordance with the recommendations of the Chairman of the Board. The Nomination Committee considers, among others, the Board Diversity Policy in making their recommendations of candidates.

During the Year, three Nomination Committee meetings were held. The attendance record of individual members is set out below. Nomination Committee also considered and approved resolutions by way of written resolutions.

Committee member	Attendance/ (Number of Meetings Held)
Hung Ka Hai Clement (<i>Chairman</i>)	3/(3)
Wang Cheng (appointed on 8 November 2024)	1/(1)
Ma Lishan	3/(3)
Guan Huanfei	3/(3)
<i>Former Committee member</i>	
Zhang Xing (resigned on 8 November 2024)	2/(2)

During the Year, the Nomination Committee considered and recommended to the Board the re-election of the Directors who were subject to retirement by rotation at the 2024 AGM, reviewed the structure, size and composition (including the skills, knowledge and experience) of the Board, evaluated the independence of the independent non-executive Directors, and considered changes of Directors and Chairman of the Board and appointment of additional non-executive Director, and made recommendations to the Board for such to be approved, if the Board thought fit.

Executive Committee

The Executive Committee currently consists of the two executive Directors, namely Mr. Chen Qinghua and Mr. Lu Xinzheng, with Mr. Chen Qinghua as the chairman.

The major roles and functions of the Executive Committee are to make investment decisions within the Board power that has been in turn delegated to the Executive Committee, to handle relevant matters that shall not be necessarily dealt with by regular Board meetings or are too late to be dealt with by ad hoc Board meetings as considered by the Chairman of the Board, and to handle any other matters authorised by the Board to the Executive Committee on an ad hoc basis.

During the Year, the Executive Committee considered and approved bank account management and other day-to-day matters as assigned by the Board. No physical Executive Committee meeting was held. All matters were circulated to the members of the Executive Committee for consideration and approval by way of written resolutions.

Corporate Governance Report

Risk Management Committee

The Risk Management Committee currently consists of the Chairman of the Board, namely Mr. Wang Cheng (appointed on 8 November 2024), two executive Directors, namely Mr. Chen Qinghua and Mr. Lu Xinzheng, and one independent non-executive Director, namely Mr. Ma Lishan, with Mr. Ma Lishan as the chairman.

The major roles and functions of the Risk Management Committee are as follows:

- to advise the Board on the risk appetite statements, risk principles and other risk-related issues of the Company and its subsidiaries, including strategic transactions such as mergers, acquisitions and disposals;
- to discuss with management the scope and quality of the risk management system and ensure that the management has discharged its duty to maintain effective systems;
- to review the major investigation findings on risk management matters and the management's response to these investigation findings as delegated by the Board or on its own initiative;
- to approve the Company's risk policies and risk tolerances, review the risk reports and examine the breaches of risk tolerances and policies;
- to consider emerging risks relating to the Company's business and strategies, and assess whether appropriate arrangements are put in place to control and mitigate the risks effectively;
- to review and assess the adequacy and effectiveness of the Company's risk management framework, internal control system and risk management policies and procedures in identifying, measuring and controlling risks; to review and assess the effectiveness of the Company's risk management/mitigation instruments, including the enterprise risk management programme, risk management system, internal audit function relating to risk management and the Company's contingency plans; to ensure that the aforementioned reviews and assessment are conducted at least once a year; and
- to review the Company's capital adequacy and solvency level.

During the Year, two Risk Management Committee meetings were held. The attendance record of individual members is set out below.

Committee member	Attendance/ (Number of Meetings Held)
Ma Lishan (<i>Chairman</i>)	2/(2)
Wang Cheng (appointed on 8 November 2024)	1/(1)
Chen Qinghua	2/(2)
Lu Xinzhen	2/(2)
<i>Former Committee member</i>	
Zhang Xing (resigned on 8 November 2024)	1/(1)
Lam Lee G. (resigned as a committee member with effect from 31 March 2024)	N/A

During the Year, the Risk Management Committee reviewed and assessed the adequacy and effectiveness of the Company's risk management and internal control system, and reviewed the risk management plan for the year of 2024. In particular, the Risk Management Committee discussed with the management about any major investigation findings on new risks relating to the Company's business and strategies and risk management matters, and made recommendations on improvement of the risk management system of the Company.

Sustainable Development Committee

The Sustainable Development Committee currently comprises one independent non-executive Director, namely Mr. Guan Huanfei, and two executive Directors, namely Mr. Chen Qinghua and Mr. Lu Xinzhen, with Mr. Guan Huanfei as the chairman.

The roles and responsibilities of the Sustainable Development Committee primarily include reviewing the Group's vision, targets, strategy and key policies of sustainable development, and making recommendations to the Board for approval; reviewing the assessment of risks and opportunities in the Group's sustainability and making recommendations to the Board; monitoring the implementation of the sustainability strategy; regularly evaluating the progress and performance of sustainable development and reporting the performance on sustainable development and making recommendations to the Board; and reviewing the annual ESG Report and making recommendations to the Board for approval.

Corporate Governance Report

During the Year, one Sustainable Development Committee meeting was held, during which the Sustainable Development Committee reviewed the Group's 2023 ESG Report, and discussed the Group's sustainability strategies and made recommendations to the Board. The attendance record of individual members is set out below.

Committee member	Attendance/ (Number of Meetings Held)
Guan Huanfei (<i>Chairman</i>)	1/(1)
Chen Qinghua	1/(1)
Lu Xinzheng (appointed on 31 March 2024)	N/A
<i>Former Committee member</i>	
Lam Lee G. (resigned as a committee member with effect from 31 March 2024)	1/(1)

Risk Management and Internal Control

In compliance with relevant laws and in accordance with the requirements of relevant regulations of the regulatory authorities, the Group makes continuous improvement in its corporate governance standards and continues to enhance its governance structure in relation to general meetings, the Board and senior management. It has also established a risk management structure with distinct responsibilities and reporting procedures with an aim to identify, prevent and mitigate risks that will affect the fulfillment of the Group's objectives.

- The Board acknowledges its responsibilities for risk management and internal control systems and the assessment of the effectiveness of such systems. The Board is responsible for assessing and determining the nature and extent of risks that the Group is willing to take in order to realise its strategic objectives, and overseeing the design, implementation and monitoring of risk management and internal control systems by the management to ensure that appropriate and effective risk management and internal control systems have been established and maintained by the Group.
- The Risk Management Committee and the Audit Committee established under the Board are responsible for the review of the Company's risk management and internal control systems and the supervision of the effective implementation of such systems, as well as self-assessment of internal control.
- The management of the Group is responsible for the daily operation of the Group's risk management and internal control systems, and the confirmation of the effectiveness of such systems to the Board. Related management functions are responsible for the specific implementation and daily tasks of risk management and internal control.
- Internal audit personnel/external agencies are responsible for regular evaluation of the operation of internal control system and report to the Audit Committee.

The Group continued to optimise various risk management and internal control systems by revamping risk management and internal control processes gradually and making continuous improvements in risk management and internal control structure, which is reflected in the following specific areas: firstly, the construction of a risk management system will be further deepened and the risk management system will be revised and updated to ensure that no system gaps are left in key areas and important processes; secondly, risk identification and risk assessment are conducted in respect of the Company's existing and planned business models; thirdly, the legal, compliance, risk and finance departments are responsible for regular monitoring, supervision and control over corporate and business risks; fourthly, the Operational Decision Committee, comprising the Company's management and functional departments of the middle office, is responsible for business review and risk assessment; fifthly, internal audit personnel or external agencies are responsible for independent inspection and supervision for the completeness, reasonableness and effectiveness of the internal control system. The Group has been upholding the concept of total risk management with the formation of a risk management system comprising prior inspection and prevention, control during the event and post-event supervision. At the same time, the three lines of defense functions independently through identification, evaluation, monitoring of and response to risk exposures from time to time, so that the possible impact of such risks is prevented, mitigated and reduced, and further defect inspection and improvement will be conducted to the systems through the issues identified.

The Group upholds to the transformation and development of service business as its focus, continuously promotes the construction of internal control system, and constantly solidifies the foundation of compliance management work. Firstly, we shall intensify compliance control in key areas, promote further integration of corporate governance and internal management, and promote differentiated and distinctive business operations of the Company. Secondly, we shall regularly carry out post-system evaluations to timely identify weak links in system construction, and implement the internalization of external regulations in a practical manner to further strengthen the institutional foundation of company management. Thirdly, we shall fully leverage the synergistic effect of three lines of defense, actively explore the working methods of joint management and supervision for one project, so as to prevent and address internal control compliance risks and hidden dangers in an effective manner. Fourthly, we shall adhere to a combination of positive guidance and negative warning, dynamically track and transmit regulatory priorities and industry information, and carry out training on compliance and important institutions interpretations to cultivate a value of jointly preventing compliance risks among all staff. Fifthly, we shall enhance our internal control through informationization measures, and optimize compliance management through technological means, gradually improving the quality and efficiency of internal control compliance management.

Corporate Governance Report

Based on the guidelines of relevant regulatory institutions, the Group conducts annual review and self-assessment on the effectiveness of risk management and internal control systems to review five elements in internal control, namely control environment, risk assessment, control activities, information and communication, and monitoring activities, which covers supervision and measures in various substantial fields, including financial, operational and compliance management functions. The scope of review also includes the resources adequacy and staff's qualification, experience and training of the Group's internal control, accounting and financial reporting functions. Such internal control review involves a review and evaluation by the internal audit personnel and external agencies on the review process and result on the basis of the self-assessment conducted by each internal function of the Group. Based on the related review and assessment results, the management confirms the effectiveness and adequacy of the risk management and internal control systems of the Group, and report to the Risk Management Committee, the Audit Committee and the Board.

Accountability and Audit

The Directors acknowledge their responsibility for preparing the financial statements of the Group for each financial period and confirmed that the consolidated financial statements contained herein gave a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of the consolidated financial performance and the consolidated cash flow of the Group for the Year. In preparing the accounts for the Year, the Directors, with the assistance of the management, selected the suitable accounting policies and applied them consistently, approved the adoption of all Hong Kong Financial Reporting Standards which are in conformity to the International Financial Reporting Standards, made judgements and estimates that were prudent and reasonable, and prepared the accounts on the going concern basis. Such acknowledgement should be read in conjunction with, but be distinguished from, the Independent Auditor's Report of the external auditor of the Company, Ernst & Young, in relation to their reporting responsibilities as set out in their auditor's report on pages 100 to 108 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 Company's and the Group's ability to continue as a going concern. Accordingly, the consolidated financial statements are prepared on a going concern basis.

The re-appointment of Ernst & Young was approved at the AGM held on 13 June 2024. The financial statements of the Company for the Year have been audited by Ernst & Young.

Audit fees charged by external auditor of the Group for the year ended 31 December 2024 and 2023 are summarised as below:

	2024 HK\$'000	2023 HK\$'000
Audit services	2,800	3,770
Interim review services	1,100	1,380
Non-audit services (include taxation and other professional services)	—	284

Dividend Policy

The Company has adopted a dividend policy in December 2018 (the “**Dividend Policy**”) setting out the principles and guidelines that the Company intends to apply in relation to the declaration, payment or distribution of its net profits as dividends to the Shareholders of the Company.

The Board shall take into account the following factors of the Group when considering the declaration and payment of dividends:

- financial results;
- cash flow situation;
- business conditions and strategies;
- future operations and earnings;
- capital requirements and expenditure plans;
- interests of Shareholders;
- any restrictions on payment of dividends; and
- any other factors that the Board may consider relevant.

The Company does not have any pre-determined dividend payout ratio and there is no assurance that a dividend will be proposed or declared in any given period. The Board has the sole discretion to declare and distribute dividends to the Shareholders of the Company, subject to the Bye-laws and all applicable laws and regulations. The Board will review this policy as appropriate from time to time.

Communication with Shareholders

The Board has established a Shareholders' communication policy and posted it on the website of the Company setting out the principles of the Company in relation to the Shareholders' communications, with the objective of ensuring that the Shareholders are informed of balanced and understandable information about the Company (including the Group's strategies, businesses, major developments and financial performance) in an accurate and timely manner and to enable them to exercise their rights as Shareholder in an informed manner. The Company aims to be open and transparent with its Shareholders and encourage the Shareholders' active participation at the Company's general meetings.

Information would be communicated to the Shareholders mainly through the Company's corporate communications (such as interim and annual reports, announcements and circulars), AGMs and other general meetings, as well as disclosure on the website of the Company. The Company issues corporate communications to its shareholders in the form of electronic communication. Such communications are available on the websites of the Company and the Stock Exchange as soon as practicable, and the Company only sends corporate communications in printed form to the shareholders upon request. Shareholders have the right to choose English and/or Chinese version or means of receipt of such Corporate Communications.

The Shareholders are provided with contact details of the Company, such as telephone hotline, email address and postal address, in order to enable them to make any query that they may have with respect to the Company. They can also send their enquiries to the Board through these means. In addition, the registered Shareholders can contact Tricor Investor Services Limited, the branch share registrar of the Company, if they have any enquiries about their shares and entitlements to dividend.

The Company's general meetings allow the Directors to meet and communicate with the Shareholders. The Company ensures that the Shareholders' views are communicated to the Board. The chairman of general meeting proposes separate resolutions for individual transactions to be considered. General meeting proceedings are reviewed from time to time to ensure that the Company complies with good corporate governance practices. The notice of general meeting shall be posted on the websites of the Company and the Stock Exchange within the prescribed time prior to the meeting and the relevant circular also sets out details of each proposed resolution and other relevant information as required under the Listing Rules and the Bye-laws.

The chairman of general meeting exercises his power under the Bye-laws to put each proposed resolution to the vote by way of a poll.

The procedures for demanding and conducting a poll are explained at the meeting prior to the polls being taken. Voting results are posted on the websites of the Company and the Stock Exchange on the day of the general meeting.

The Company has reviewed the Shareholders' communication policy and believes that the Company has provided investors with multiple channels for investors to understand the Group's business and operations, as well as channels for investors to express their opinions and comments. The Company also actively responded to the feedback from investors. Based on this, the Company believes that the Shareholders' communication policy implemented during the Year is sufficient and effective.

During the Year, the Company held one AGM. The attendance record of individual Directors is set out below.

Director	Attendance/ (Number of Meetings Held)
<i>Non-executive Directors</i>	
Wang Cheng (appointed on 8 November 2024)	N/A
Tan Jieyu (appointed on 16 December 2024)	N/A
<i>Executive Directors</i>	
Chen Qinghua	1/(1)
Lu Xinzheng	1/(1)
<i>Independent Non-executive Directors</i>	
Hung Ka Hai Clement	1/(1)
Ma Lishan	1/(1)
Guan Huanfei	1/(1)
<i>Former Director</i>	
Zhang Xing (resigned on 8 November 2024)	1/(1)
Lam Lee G. (resigned as a Director with effect from 31 March 2024)	N/A

Shareholders' Rights

The general meetings of the Company provide an opportunity for communication between the Shareholders and the Board. An AGM shall be held each year at the time and place determined by the Board.

Procedure for Shareholders to convene a special general meeting

Pursuant to Bye-law 58 of the Bye-laws, any one or more 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 Company Secretary, to require a special general meeting to be called by the Board for the transaction of any business specified in such requisition, including making proposals or moving a resolution at the special general meeting.

Such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit the Board fails to proceed to convene such meeting, the requisitionists themselves may do so in accordance with the provisions of Section 74(3) of the Companies Act 1981 of Bermuda.

Corporate Governance Report

Procedure for Shareholders to send enquiries to the Board

Shareholders may at any time send their enquiries and concerns to the Board by addressing them to the principal place of business of the Company in Hong Kong at 15/F, China Huarong Tower, 60 Gloucester Road, Wanchai, Hong Kong by post or email to comsec@hrif.com.hk for the attention of the Company Secretary.

The Company Secretary is responsible for forwarding communications relating to matters within the Board's direct responsibilities to the Board and communications relating to ordinary business matters, such as suggestions and enquiries, to the Chief Executive Officer. Shareholders may also raise their enquiries in general meetings.

Procedure for Shareholders to put forward proposals at a general meeting

Proposals except for those nominating candidate(s) for election as Director at general meetings can be put forward by the Shareholders holding at the date of the submission of such proposals not less than one-tenth of the paid-up capital of the Company as at the date of the submission carrying the right of voting at general meetings of the Company. The proposals must state the objects of the proposals and must be signed by the proposers. The Shareholders can submit such proposals to the Company Secretary within three business days after a notice of the general meeting has been served to all registered Shareholders by the Board.

Procedure for Shareholders to propose a person for election as a Director

Shareholders may also propose a person for election as a Director, the procedures for which are available on the Company's website.

Constitutional Documents

There is no change to the Company's Memorandum of Association and Bye-laws during the Year. The latest Memorandum of Association and Bye-laws has been published on both the websites of the Company and the Stock Exchange.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

About the Report

The Group is committed to implementing sustainable development concepts and fully integrating these concepts into its development strategy and operations. The Group publishes its Environmental, Social and Governance Report (the “**ESG Report**”) annually, aiming to comprehensively explain the Group’s efforts and achievements in ESG management and sustainable development. This ESG Report serves as an important platform for communication with stakeholders, striving to strengthen mutual connections and jointly promote sustainable development work. For readers’ convenience, the ESG Report includes a content index at the end that details all important information.

Reporting Boundary

The reporting scope covers the Group’s business operations in Hong Kong during the 2024 fiscal year (“**FY2024**”, from 1 January 2024 to 31 December 2024), including securities, corporate finance, asset management, and direct investment businesses. The reporting scope and the Group’s main operating location are both situated in China Huarong Building.

Reporting Principles

This Report has been prepared in accordance with the Environmental, Social and Governance Reporting Code (the “**ESG Code**”) under Appendix C2 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). This Report strictly complies with the “Mandatory Disclosure Requirements” and “Comply or Explain” provisions in the ESG Code, and is based on the four reporting principles of “Materiality”, “Quantitative”, “Balance”, and “Consistency” to ensure the completeness and accuracy of the report content.

Reporting Principles	Definition	Application
Materiality	The report should focus on disclosing ESG issues that have significant impacts on the Group and stakeholders.	In FY2024, the Group conducted materiality assessment to identify key ESG issues and consulted internal and external stakeholders on the Group’s sustainability concerns and expectations. The results were then submitted to the management of the Group for review, in order to formulate reporting framework and effective sustainability strategies. Please refer to the “Materiality Assessment” section for details.

Environmental, Social and Governance Report

Reporting Principles	Definition	Application
Quantitative	Key performance indicators (“KPIs”) and relevant data of the report should be measurable, and historical data should be provided where appropriate, to allow comparison and evaluation of the effectiveness of ESG policies and management systems.	The Group has disclosed quantifiable KPIs in relation to environmental and social aspects where feasible. To ensure the accuracy of KPIs and data, it has also provided relevant calculation standards, methods and reference sources in the footnotes of each performance table, and carried out carbon accounting in accordance with the ESG Code and internationally recognised standards.
Balance	The report should present ESG performance in an impartial manner, allowing readers to objectively evaluate the overall performance of the Group.	This ESG report is presented in an objective and impartial manner to ensure that the disclosed information accurately reflects the Group’s performance in ESG aspects. This ESG report has comprehensively demonstrated the achievements and room for improvement in terms of sustainable development in FY2024.
Consistency	Disclosure and statistical methodologies of the report should be consistent, to foster meaningful comparisons of the relevant data.	Unless otherwise stated, the Group has adopted uniform methods in each financial year for data collation, verification and calculation, in order to promote meaningful comparisons.

Review and Approval

The information disclosed in this report has been collected and compiled through multiple channels:

- The Group’s internal policy documents and operational data
- Feedback reports on ESG measures implementation
- Sustainability practice information obtained from stakeholder questionnaire surveys

To ensure the accuracy and reliability of the report content, the Group has implemented rigorous internal control and review procedures. This report was reviewed and approved by the Board on March 28, 2025.

Environmental, Social and Governance Report

Report Publication

The Annual Report including this ESG Report is published in traditional Chinese and English. Should there be any discrepancies between the two versions, the traditional Chinese version shall prevail. The Annual Report including this ESG Report has been uploaded to the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.hrif.com.hk).

Suggestions and Feedback

The Group values the opinions of stakeholders and hopes to foster communication with stakeholders through this ESG report. The Group cordially invites you to provide comments. If you have any inquiries or suggestions on the content of this ESG Report or sustainability performance of the Group, please contact us via ir@hrif.com.hk.

Board Statement

In 2024, the global economic situation remained complex and volatile, full of challenges and uncertainties. However, with the revival of the global economy, cross-border personnel and trade exchanges have become increasingly frequent. Combined with the Central Government's adherence to the general principle of pursuing progress while maintaining stability in economic work and the introduction of a series of powerful growth-stabilizing measures, the market overall shows positive recovery trends. Against this backdrop, investor confidence has gradually recovered, and financial market vitality has improved. The Group continues to actively seize development opportunities during this special period, fully leverage its advantages, and continuously enhance market competitiveness through measures such as optimizing business structure and strengthening risk management, striving to create differentiated competitive advantages in an increasingly competitive market environment.

Facing global challenges brought by climate change and the Central Government's promotion of "dual carbon" goals, the Group, as always, continues to optimize its sustainable development strategy. Climate change not only profoundly impacts global ecosystems but also brings new risks and opportunities to financial markets. In this context, we actively respond to the national carbon peak and carbon neutrality strategic deployment, contributing to low-carbon transformation through measures such as optimizing energy use structure and promoting green financial products. We have established a comprehensive ESG management framework, integrating environmental, social, and governance factors into business development strategies and operational decisions. Through regular materiality assessments, we effectively identify and manage related risks and opportunities, formulating targeted response strategies to ensure the Group's steady progress on the path of sustainable development. Meanwhile, we continue to strengthen communication with stakeholders, timely understanding their expectations and suggestions regarding the Group's sustainable development work, to continuously improve and optimize our ESG management system.

Environmental, Social and Governance Report

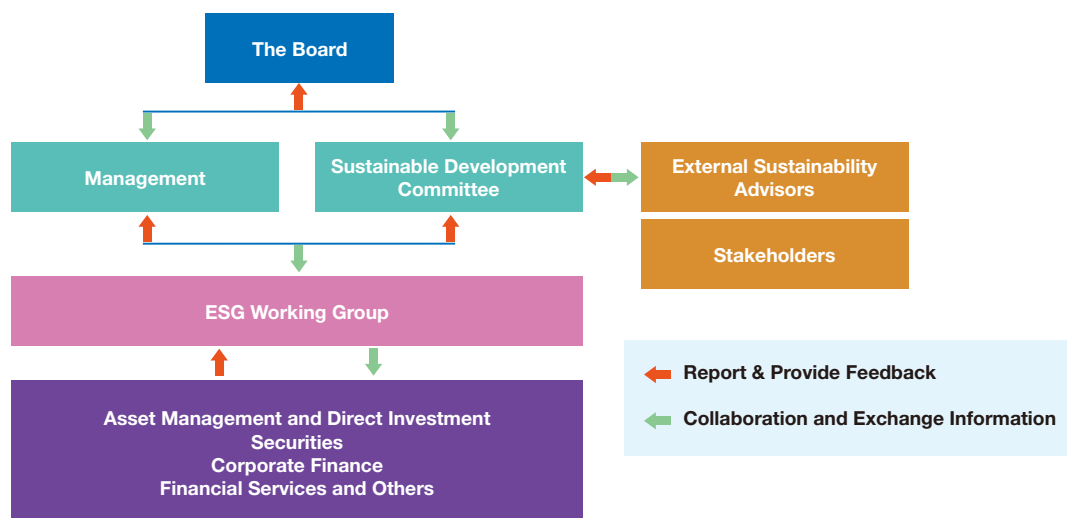
As a responsible financial enterprise, while pursuing business growth, the Group adheres to business ethics and strictly controls compliance risks. We value ESG investment opportunities and prudently assess the environmental and social impacts of our investment portfolio. In terms of talent development, we continue to improve our human resources management system and provide professional development opportunities for employees. Additionally, the Group actively participates in community building and promotes environmental protection, contributing to the transition toward a low-carbon economy.

Looking ahead, the Group will continue to deepen its ESG strategy, set more specific sustainable development goals, seize market opportunities, and create long-term value for stakeholders. We believe that by continuously improving our sustainable development governance structure, we will be able to maintain competitive advantages during economic transformation and achieve greater developmental breakthroughs.

Sustainability Management Strategy

The Group continues to actively seize market opportunities and enhance its competitive advantage through a robust ESG governance framework. We will continue to optimize our ESG management system, deeply integrate sustainability concepts into our business strategy, enhance market competitiveness while effectively managing environmental and social risks to achieve sustainable growth. Through establishing sound risk management mechanisms and innovative business models, the Group is committed to strengthening its industry position in a rapidly developing market environment and creating long-term value for stakeholders.

Sustainability Governance Framework



The Board

As the highest governance body, the Board of the Group is responsible for comprehensive supervision and leadership of important ESG matters and decision-making, to ensure the effectiveness of policy implementation progress and risk management, and promote the sustainable development of the Group. The Board is primarily responsible for:

- overseeing the Group's strategic deployment, development direction, and implementation and performances in relation to environmental and social impacts;
- reviewing the sustainability risk management system;
- evaluating and promoting to incorporate ESG considerations into business development and decision-making processes.

Sustainable Development Committee

To ensure the smooth implementation of sustainability measures, the Group's Sustainable Development Committee is chaired by an independent non-executive Director and its members are appointed by the Board. The Sustainable Development Committee is primarily responsible for:

- reviewing the Group's vision, goals, strategies and major policies in relation to sustainable development;
- reviewing and assessing the Group's risks and opportunities in relation to sustainable development;
- reviewing an ESG report annually and regularly evaluating the progress and work performance in achieving sustainability goals;
- supervising the consistency of the Group's operations and practices with the ESG strategy;
- reporting to the Board on other material issues related to sustainable development and making recommendations

Environmental, Social and Governance Report

ESG Working Group

The Group's ESG Working Group (the “**Working Group**”) is headed by the Chief Executive Officer. It is composed of representatives from different departments of the Group, including the General Management Department, Financial Technology Department, Administrative Affairs Department, Compliance Department and Risk Management Department. The Working Group is primarily responsible for:

- formulating and implementing ESG strategies, policies and measures;
- coordinating various business units to identify and manage sustainability risks;
- preparing an annual ESG report;
- regularly reviewing and summarising work results, reporting on performance and work progress, as well as providing improvement suggestions to the Board and/or its committees

Sustainability Risk and Compliance Management

The Group is committed to establishing a comprehensive corporate governance system, ensuring business sustainability through effective risk management and internal control mechanisms. As the highest governing body, the Board of Directors, with the assistance of the Risk Management Committee and Audit Committee, regularly assesses and optimizes the effectiveness of relevant systems. In the 2024 fiscal year, under the Board's leadership, the Risk Management Committee and Audit Committee further strengthened the ESG risk management framework, gradually integrating environmental and social factors into the risk assessment system, ensuring the Group's ability to respond to climate change impacts and build long-term climate resilience.

Environmental, Social and Governance Report

In terms of compliance management, the Group strictly adheres to all applicable laws and regulations and has established a comprehensive compliance management system. Through regular internal reviews and external assessments, we continuously monitor compliance performance, promptly identifying and addressing potential risks. During 2024, the Group did not experience any major compliance violations or corruption litigation cases, demonstrating our effectiveness in compliance management. The relevant laws and regulations are as follows:

Aspects	Relevant laws and regulations (including but not limited to)
Environment	“Air Pollution Control Ordinance”, “Waste Disposal Ordinance”, “Water Pollution Control Ordinance”, “Motor Vehicle Idling (Fixed Penalty) Ordinance”
Employment and labour standards	“Employment Ordinance”, “Minimum Wage Ordinance”, “Employees’ Compensation Ordinance”, “Mandatory Provident Fund Schemes Ordinance”, “Disability Discrimination Ordinance”, “Race Discrimination Ordinance”, “Sex Discrimination Ordinance”
Health and safety	“Occupational Safety and Health Ordinance”, “Regulations on Work-Related Injury Insurances”
Product responsibility	“Trade Descriptions Ordinance”, “Companies Ordinance”, “Securities and Futures Ordinance”
Anti-corruption	“Prevention of Bribery Ordinance”, “Anti-Money Laundering and Counter-Terrorist Financing Ordinance”, “Guideline on Anti-Money Laundering and Counter-Financing of Terrorism (For Licensed Corporations and SFC-licensed Virtual Asset Service Providers)”, “Anti-Money Laundering Law of the People’s Republic of China”, “Criminal Law of the People’s Republic of China”, “Anti-Unfair Competition Law of the People’s Republic of China”, “Interim Provisions on Prohibition of Commercial Bribery”

Environmental, Social and Governance Report

Sustainability Strategy and Goals

As a responsible financial institution, the Group actively responds to global sustainability trends by integrating ESG concepts into its business development strategy. The Group consistently upholds its commitment to corporate responsibility and adheres to strict ESG management principles. We regularly review and optimize our ESG strategy, establishing clear policy objectives and specific action plans. Through actively responding to market changes, industry development trends, and stakeholder feedback, the Group continuously optimizes its business development direction, striving to make greater contributions to sustainable development.



Environmental, Social and Governance Report

In response to the United Nations Sustainable Development Goals (“**SDGs**”), the Group actively participates in global sustainability initiatives. Through comprehensive stakeholder surveys, we have identified key focus areas including Good Health and Well-being (Goal 3), Quality Education (Goal 4), and Affordable and Clean Energy (Goal 7). Based on these priorities, we have guidance in formulating specific action plans, enabling effective integration into the Group’s long-term development planning, making solid progress toward realizing our sustainable development vision.

United Nations Sustainable Development Goals		Corresponding chapter of the Group
 3 GOOD HEALTH AND WELL-BEING	Goal 3: Good Health and Well-Being – “Ensuring healthy lives and promoting the well-being for all at all ages is essential to sustainable development.”	Meritocracy: Forming an Elite Team
 4 QUALITY EDUCATION	Goal 4: Quality Education – “Obtaining a quality education is the foundation to improving people’s lives and sustainable development.”	Meritocracy: Forming an Elite Team
 7 AFFORDABLE AND CLEAN ENERGY	Goal 7: Affordable and Clean Energy – “Energy is central to nearly every major challenge and opportunity.”	Green Sustainability: Cherishing Natural the Earth’s Resources

Stakeholder Engagement

Stakeholder engagement is an essential component of the Group's sustainability strategy. In FY2024, we continued to deepen our communication and interaction with various stakeholders, collecting feedback through diverse communication channels to identify and address sustainability-related risks and opportunities.

Daily Communication

To strengthen connections with stakeholders, the Group has established a comprehensive communication mechanism, maintaining close dialogue with stakeholders through various channels including regular meetings, questionnaires, and electronic platforms. This continuous communication helps us adjust our ESG management strategies in a timely manner to ensure we meet the needs of all parties.

Stakeholders	Expectations and concerns	Communication channels
Government and regulatory authorities	• Operations in compliance with laws and regulations • Anti-corruption • Occupational health and safety	• Supervision on compliance with local laws and regulations • Regular reports to disclose matters such as operating data, material transactions and inside information of the Group • Tax payments • Response to policy documents released by governments
Shareholders	• Investment return • Corporate governance • Business compliance • Information disclosure	• Regular corporate reports and announcements • General meetings • Company website
Employees	• Employee rights and interests • Career development and training programs • Healthy and safe working environment • Fulfilling corporate social responsibility	• Employee performance appraisal • Regular meetings and training • Internal communication apps, social media platforms and emails • Recreational and sports activities • Employee reporting mechanisms

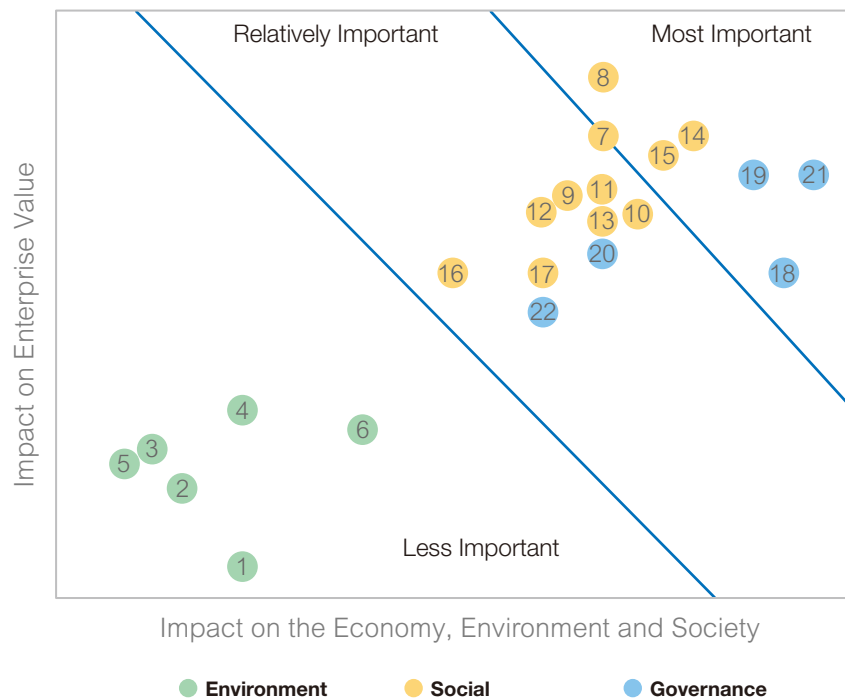
Environmental, Social and Governance Report

Stakeholders	Expectations and concerns	Communication channels
Customers	• Product innovation • Client services • Information security	• Company website and publications • Client service hotline and email
Suppliers	• Fair and open procurement • Win-win collaboration between upstream and downstream partners • Supply chain risk management	• Tendering • Phone discussions • Face-to-face meetings and on-site visits • Regular comprehensive evaluation of suppliers
General public	• Social welfare • Harmonious development	• Social welfare activities

Materiality Assessment

In 2024, the Group continued last year's assessment methodology, commissioning an independent consulting firm to conduct a comprehensive stakeholder survey. The survey covered 22 business-related ESG issues, evaluated across three major areas: "Environmental", "Social", and "Governance".

Environmental, Social and Governance Report



Most important issues		Relatively important issues		Relatively less important issues	
21	Compliance Management	10	Occupational Health and Safety	6	Climate Change and Resilience
19	Systemic Risk Management	11	Labour Standards	4	Energy
14	Responsible Investment	13	Privacy and Data Security	3	Waste
18	Business Ethics and Anticorruption	9	Diversity and Equal Opportunity	5	Water Resources
8	Training and Development	12	Product and Service Responsibility	2	Greenhouse Gas Emissions
15	Responsible Marketing	20	Crisis Management	1	Exhaust Emissions
7	Employment Practices	17	Community Engagement and Investment		
		22	Protection of Intellectual Property Rights		
		16	Responsible Supply Chain Management		

Based on this year's materiality assessment results, we identified 7 key focus areas, primarily concentrated in the "Governance" and "Social" aspects, with governance-related issues accounting for a higher proportion, indicating that the Group's stakeholders place particular emphasis on corporate governance quality. Detailed response measures for these issues have been comprehensively disclosed in the relevant chapters of this report. All material issues have been reviewed and confirmed by the Sustainability Committee and the Board.

Honesty and Integrity: Upholding Business Ethics

In 2024, the Group continued to deepen its commitment to ethical business practices and moral standards. Through a comprehensive management system and innovative monitoring measures, we ensure that the Group's business operations meet the highest ethical standards. We require all employees to strictly adhere to professional conduct, serving stakeholders with integrity, respect, and professionalism, while striving to build a corporate culture of transparency and integrity.

Policy overview	
• "Employee Handbook" • "Compliance Manual" • "Policies and Procedures on Prevention of Money Laundering and Terrorist Financing" • "Accepting or Offering Gifts and Benefits Guidelines" • "Employee Trading Policy" • "Chinese Wall Policy"	• "Huarong International Securities Limited Operational Manual" • "Corporate Finance Business Procedural Manual of the Investment Banking Department" • "Asset Management Business Department Operation Procedure" • "Procurement Management Measures" • "Whistleblowing Policy"

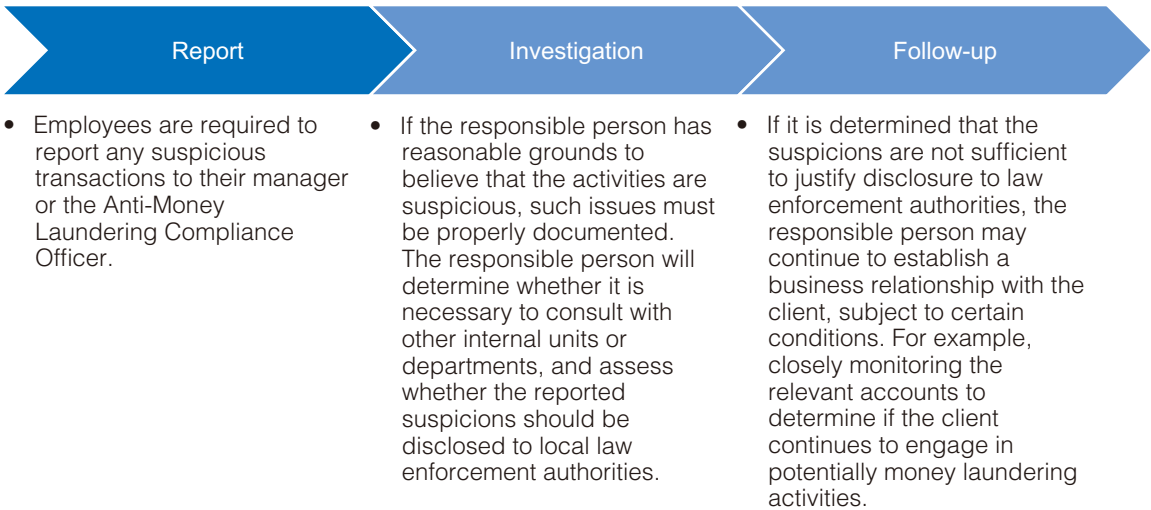
Business Ethics and Anti-corruption

The Group consistently upholds the highest standards of business ethics and maintains a zero-tolerance approach towards corrupt and fraudulent practices including bribery, extortion, fraud, and money laundering. In accordance with the laws and regulations of our operating locations, we have established a comprehensive anti-corruption policy and guidance system to ensure that all employees and business partners fully understand and strictly comply with relevant requirements. Through effective risk identification and management mechanisms, we are committed to maintaining an open, honest, and accountable operating environment.

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We maintain strict professional conduct requirements for employees and business partners. In regulated financial activities, they must comply with the “Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission” and the Group’s “Compliance Manual”. They are prohibited from providing false, deceptive, or misleading information to clients, and from engaging in market misconduct such as insider trading, false trading, and price manipulation. Furthermore, we strictly prohibit providing any false or misleading information to clients and implement rigorous Chinese Wall policies to prevent improper circulation and use of inside information.

To prevent conflicts of interest, the Group explicitly prohibits employees from abusing their authority for personal gain and requires them to promptly report any potential conflicts of interest to company directors in writing. The Internal Control and Compliance Department is fully responsible for related investigations and handling, while continuously enhancing employees’ business ethics awareness through regularly updated regulatory information platforms. We have also established comprehensive “Policies and Procedures on Prevention of Money Laundering and Terrorist Financing” to provide employees with clear operational guidelines and explicitly standardize various work requirements.



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The Group has established a comprehensive whistleblowing mechanism that allows stakeholders including employees, customers, suppliers, and shareholders to report any suspected misconduct or fraudulent behavior through various channels (including face-to-face meetings, telephone, letters, reporting mailbox, and email). All reports are rigorously handled in accordance with the “Whistleblowing Policy”. The Board of Directors and Audit Committee comprehensively oversee the implementation of the whistleblowing system and provide professional guidance on investigation measures. In 2024, we further strengthened our anti-corruption training efforts, with all directors and employees completing an average of 3 hours of relevant training respectively, effectively enhancing awareness at all levels regarding the prevention of corruption, money laundering, and other illegal activities.

Product and Service Responsibility

The Group adheres to the principles of honest business operations and is committed to providing high-quality financial products and services. We have established a comprehensive review mechanism, approved by the compliance department and management, to ensure all business activities meet regulatory requirements, with professional committees responsible for project quality control and due diligence work. Meanwhile, to maintain professional service standards, we require all employees to strictly follow the marketing guidelines in the “Compliance Manual” to ensure information accuracy. If any operations or services are found to be non-compliant with internal procedural standards, the Group will immediately take corrective measures to adjust and coordinate operational plans. In terms of awareness enhancement, we regularly conduct responsible marketing training and provide comprehensive risk disclosures to new clients, demonstrating our commitment to customer accountability.

Protection of Customer and Data Privacy

The Group has outlined the importance of data privacy in the “Employee Handbook” and “Compliance Manual”, as well as the methods and procedures of collecting and processing customers’ personal information, to protect personal information assets including confidential information and personal data. To ensure customers’ understanding of the purpose of personal data collection and the Group’s confidentiality responsibility, terms of information security and personal data confidentiality are specified in the agreements signed with the customers. Meanwhile, to ensure the privacy of its customers and data, the Group regards all personal information of customers collected in the course of its business as confidential, allowing only limited authorised personnel to access the information and strictly prohibiting employees from providing customer information to third parties without customers’ authorisation. Additionally, the Financial Technology Department of the Group has continued to strengthen the firewall of computers to reduce the risk of data leakage.

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Customer Feedback and Complaint Handling	The Group considers customers' opinions and suggestions as the cornerstone of its continuous progression. It has a dedicated customer service hotline and mailbox to provide timely assistance and services to customers, with an aim to ensure their operational problems are resolved as soon as possible, and to collect opinions and complaints from customers for product and service quality improvement. Once any complaint is received, the Group will conduct an investigation on its employees according to the specific content and internal codes, and record and properly handle the complaints received by it in a timely manner. It will also formulate and implement the "Improvement Control Procedures", and will reply to the customer making the complaint the investigation progress or the handling outcome within the stipulated time. In FY2024, the Group did not receive any substantive complaints.
Product and Service Innovation	To drive digital transformation, the Group has given full play to the supporting role of financial technology for its development. Its Financial Technology Department aims to foster the synergistic development of business in licence types 1, 6 and 9, giving full play to the supporting role of financial technology, and promoting the quality and efficiency of its operation and management. In addition, the official Huarong Online Trading mobile App (華融財富通) has been completed, which greatly shortens the time for online account opening and transfer and deposit, and controls the time in key aspects through online identity verification and data review etc. This iteration has optimised customer experience, building a solid foundation for further redirecting and attaining customers online, while laying a functional foundation for its next step to develop a wealth management mall of "Equity, Bond and Fund" and an integrated comprehensive wealth management account.

Responsible Investment

In recent years, as stakeholders across all sectors have placed increasing emphasis on Environmental, Social, and Governance (ESG) issues, we as financial service providers deeply feel our important mission. We must not only meet investors' growing demands for ESG information but also actively incorporate ESG considerations into investment decisions. We firmly believe that ESG is not only a key indicator for risk management but also an important driver for creating long-term value. To this end, we are committed to building a comprehensive ESG knowledge system, integrating various resources, data, and analytical tools to fully support the flourishing development of green finance in both regions.

As a responsible financial institution, we are deeply aware of the profound impact that capital flows have on environmental and social development. With stringent project admission standards as our foundation, we resolutely avoid investing in traditional industries characterized by high energy consumption, high pollution, and overcapacity. Meanwhile, we thoroughly integrate ESG assessments into our investment decision-making process, placing particular emphasis on investment managers' alignment with and ability to execute responsible investment principles during the selection process. We also actively leverage our shareholder influence through voting rights and corporate dialogue to ensure the proper preservation of our investment portfolio's long-term value.

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We firmly believe that considering ESG factors while pursuing financial returns not only brings more stable long-term returns for investors but also creates greater value for society. We actively build close partnerships with various stakeholders, including investors, regulatory bodies, investee companies, ESG professional consultants, and research institutions, to jointly promote responsible investment principles. Looking ahead, under the leadership of the Sustainability Committee, we will continue to advance responsible investment practices with innovative thinking, continuously monitor and evaluate ESG performance, and contribute to the promotion of sustainable financial development.

Protection of Intellectual Property Rights

The Group requires all employees to sign confidentiality agreements regarding business and technical intellectual property rights. To ensure legal compliance, we work closely with professional legal consultants to provide expert advice on intellectual property protection matters, thereby effectively preventing any potential infringement. We deeply understand the importance of intellectual property rights to corporate competitiveness, and therefore comprehensively review the intellectual property status involved in the Group's business operations to ensure that while protecting our own interests, we avoid infringing upon the interests of others.

Supply Chain Management and Green Procurement

Supply chain stability is a crucial pillar of corporate success, and with this understanding, we have established comprehensive "Procurement Management Measures" dedicated to building a sustainable supply ecosystem. In terms of risk control, we have constructed a multi-tiered supplier evaluation system covering key elements such as procurement criteria, selection mechanisms, and compliance requirements. Our procurement team not only focuses on suppliers' operational performance and industry reputation but also emphasizes the assessment of their product quality and service standards, effectively reducing supply chain risks through regular communication and on-site inspections. To ensure suppliers align with our sustainable development vision, we require all partners to possess relevant environmental and safety certifications and strictly comply with laws and regulations. Through annual performance evaluations and conflict of interest review mechanisms, we continuously optimize our supplier network and take decisive measures to terminate cooperation with those who fail to meet standards.

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In promoting green transformation, we integrate environmental concepts into every aspect of procurement decisions. From office supplies to renovation materials, we consistently insist on selecting environmentally friendly products and actively practice low-carbon operations. We particularly emphasize establishing long-term relationships with local suppliers, which not only reduces carbon emissions during transportation but also supports local economic development. In interior renovation projects, we prioritize energy-efficient LED lighting systems; in stationery procurement, we consistently choose eco-friendly alternatives such as recycled paper, putting our environmental commitments into practical action.

In the 2024 fiscal year, the Group’s supplier management policies covered nearly all major suppliers, with policies comprehensively encompassing our main supplier network. Under this framework, the procurement department shoulders the key responsibility for implementing various management measures; meanwhile, management regularly conducts supervisory reviews to ensure effective policy implementation.

Meritocracy: Forming an Elite Team

We firmly believe that exceptional talent is the foundation for continuous corporate innovation and development. The Group adheres to the core value of “people-oriented”, striving to create a vibrant and mutually motivating work environment where every employee can fully realize their potential in a safe, fair, and harmonious atmosphere. To achieve this vision, we have established a comprehensive talent development system, including a well-rounded compensation and benefits structure and systematic training programs, aimed at enhancing employees’ professional capabilities and sense of belonging, jointly propelling the enterprise towards new heights.

Policy overview	
• “Corporate Social Responsibility Policy” • “Employee Handbook” • “Huarong Financial Holdings Office Discipline Management Measures”	• “Emergency Management Policy” • “Fire Safety Policy” • “Onsite Safety Policy” • “Incentive Measures for Part-time Study and Learning of Employees” • “Management Measures for Employee Training”

A well-established employment system

As an enterprise that values talent development, the Group has established a comprehensive and systematic employment policy framework. Our system covers important areas including talent recruitment and career development, compensation and employee care, working hours and leave arrangements, diversity and equal opportunities, anti-discrimination and rights protection, as well as prevention of child labor and forced labor, striving to create a fair and friendly work environment for every employee. To enhance human resource management effectiveness, we employ advanced electronic information systems to automate employee evaluations, payroll management, and tax document processing, which not only significantly improves administrative efficiency but also ensures data accuracy and proper protection of employees’ personal privacy. For more detailed employee-related data, please refer to the “Social Key Performance Indicators” in the appendix of this report.

Aspects	Relevant systems
Recruitment and Dismissal	- Upholding principles of professionalism and transparency, the Group has established a comprehensive talent selection mechanism. During the recruitment process, we ensure objective and fair talent selection standards through systematic interview arrangements and comprehensive capability assessments. To maintain standardized employment relationships, we sign detailed employment contracts with each new employee, clearly defining probationary period arrangements and contract termination conditions. - In terms of human resource management structure, we innovatively implement the “Three Fixed System,” namely “fixed posts” to establish position attributes, “fixed grades” to optimize personnel allocation, and “fixed duties” to clarify work responsibilities, thereby building an efficient and streamlined organizational structure. - Regarding employment relationship management, we strictly comply with laws, regulations, and internal policies to ensure fair and just hiring and dismissal procedures. Resignation processes are executed in accordance with the “Employment Contract” and related management measures, allowing employees to submit written resignation requests as per the agreement. Prior to contract termination, we conduct standardized exit audits to ensure the completeness of handover work. For violations of company policies, we adopt a progressive approach, from verbal warnings to written warnings, ensuring procedural fairness. For serious disciplinary violations, breaches of the “Prevention of Bribery Ordinance” or other integrity issues, especially in cases of repeated violations despite warnings, we will terminate the employment relationship in accordance with the law to maintain the company’s standardized operations.

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Aspects	Relevant systems
Compensation and Promotion	- The Group adopts a scientific compensation management approach, adjusting salaries based on multi-dimensional indicators, including key factors such as corporate annual performance, employees' work attitude, attendance performance, and market salary levels. We strictly adhere to the principle of "salary information confidentiality" and rigorously protect each employee's compensation privacy. To maintain our competitive advantage in talent retention, we regularly monitor market trends and optimize our compensation packages accordingly, aiming to create an attractive remuneration system that attracts and retains exceptional talent. - Regarding the performance appraisal system, we have established a comprehensive evaluation framework that systematically assesses employees' capabilities and performance at the end of the probationary period, each quarter, and year-end. Through this robust evaluation mechanism, we can objectively review employees' development potential and make informed decisions about salary adjustments and promotions. For employees who demonstrate outstanding performance and align with the Group's development strategy, we provide clear career advancement pathways; for those whose evaluation results fall short of expectations, we arrange their entry into the "flowing talent pool" and provide targeted training resources to help enhance their professional skills.
Working Hours and Rest Periods	The Group has clearly established a comprehensive working hours and leave system in the "Employee Handbook," covering both general staff and specialized employees (including branch offices and securities support departments). We not only rigorously monitor attendance and implement a reward and punishment mechanism, but also provide employees with comprehensive leave benefits, including basic annual leave, statutory holidays, as well as additional paid leave such as marriage leave, maternity leave, and bereavement leave.
Other Welfare and Benefits	We are dedicated to caring for our employees' wellbeing and have established a comprehensive compensation system that includes basic salary, performance bonuses, and profit-sharing schemes. We thoughtfully provide diverse benefits such as overtime meal allowances, comprehensive medical coverage, and transportation and communication subsidies to ensure all employee needs are thoroughly addressed.

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Aspects	Relevant systems
Diversity, Equal Opportunity and Anti-Discrimination	- As an employer that champions equality and inclusion, we actively create a multicultural work environment that respects and embraces employees of different genders and cultural backgrounds. Through multi-dimensional regular performance evaluations, we ensure fair and just talent assessment. In aspects such as training development, promotion opportunities, resignation arrangements, and retirement planning, we remain committed to not considering age, gender, marital status, pregnancy status, family status, disability, race, color, descent, nationality or ethnicity, religion, or any factors unrelated to work, striving to create a corporate culture of fair competition and mutual respect. - To prevent and handle workplace sexual harassment, we have detailed the relevant legal definitions and handling procedures in the “Employee Handbook” and established a comprehensive reporting system. Employees who encounter any suspected discrimination incidents can report directly to their department supervisor or the General Management Department. We commit to conducting rigorous investigations for each case, handling them appropriately while ensuring confidentiality, and taking appropriate disciplinary action against violators.
Prevention of Child and Forced Labour	- As an institution that values corporate social responsibility, the Group firmly opposes any form of child labor and forced labor. We strictly comply with relevant laws and regulations and have established comprehensive recruitment management procedures. The Group’s General Management Department is specifically responsible for oversight, implementing a rigorous identity verification mechanism to carefully examine each applicant’s identification documents and age verification records, ensuring all employed staff meet legal requirements. We place special emphasis on standardizing employment relationships by signing detailed employment contracts with each employee, clearly stating all employment terms to ensure labor relations are established on a voluntary basis between both parties. - The Group adopts a “zero tolerance” approach towards violations of labor standards. Upon discovering any violations, we will take decisive action to immediately terminate the relevant employment contract. Simultaneously, we will initiate internal investigation mechanisms, strictly hold responsible personnel accountable, and implement appropriate disciplinary measures based on investigation findings, demonstrating the Group’s firm commitment to protecting labor rights.

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Ensuring employee safety and health

Upholding the “people-oriented” philosophy, the Group is dedicated to creating a safe and healthy work environment, safeguarding the physical and mental wellbeing of every employee through comprehensive policies and measures. As a leader in the financial services industry, we fully understand the importance of the office environment. To this end, we not only equip our employees with high-quality and safe office facilities but have also thoughtfully installed comprehensive medical first-aid equipment in our offices to ensure timely response to emergencies. We further arrange for professional daily comprehensive disinfection and cleaning, and have installed air purification equipment, striving to create a clean and comfortable working environment. Additionally, our employee benefits package includes comprehensive medical and life insurance, providing employees with a robust safety net. We firmly believe that employees’ mental health is equally important, therefore we actively promote a culture of work-life balance and regularly organize diverse recreational activities, allowing employees to enjoy pleasant and fulfilling leisure time amid their busy work schedules.

To ensure workplace safety meets the highest standards, we have established a rigorous safety management system, regularly conduct fire equipment inspections, and organize various safety drills and emergency exercises to comprehensively enhance employees’ ability to respond to various emergencies.

The Group has recorded zero work-related fatalities in the past three years, including FY2024. In FY2024, the Group had no cases of work-related injuries. Looking ahead, the Group will continue to proactively communicate with employees, understand their concerns and needs, and provide support and assistance in a timely manner.

Effective training and development

In the rapidly evolving financial market, the continuous enhancement of professional knowledge and skills is key to maintaining competitiveness. In view of this, the Group has invested substantial resources to establish a scientific, systematic, and standardized training system, providing employees with a comprehensive development platform. We believe that only through continuous learning can we cultivate truly outstanding financial talents.

Our training planning closely follows market trends, tailoring diverse training content in response to business development needs. We provide differentiated training programs for employees of different ranks and experience levels: new employees can quickly integrate into the corporate culture through orientation training, while existing employees can enhance their core competitiveness through professional and management training. Particularly noteworthy is our innovative “Incentive Measures for Part-time Study and Learning of Employees”, which encourages self-directed learning through substantial monetary allowances, supporting employees in obtaining professional qualifications or relevant certificates, thereby improving service quality and delivering a more professional and superior financial service experience to customers.

Environmental, Social and Governance Report

To ensure training effectiveness, we adopt a cross-departmental collaborative approach in coordinating and planning training courses and materials. Training content covers important areas including business skills, legal knowledge, compliance requirements, financial management, risk control, corporate governance, and information technology. We have also established a scientific training evaluation system, continuously optimizing training programs through education and training assessments and incentive mechanisms to ensure training outcomes meet expected objectives.

Legal and compliance training	Educate business code of conduct, disclosure of interests and regulations of offshore fund
Data security training	Cultivate employees' awareness of information security related to licensed companies
Anti-corruption training	Instill the knowledge of anti-money laundering and terrorist financing and deepen employees' understanding of misconduct
Corporate governance training	Enhance the levels of corporate governance expertise and risk management
Other training	Including but not limited to internal audit, professional knowledge and new ESG regulatory requirements

In FY2024, our training efforts achieved remarkable results: the average training hours per person reached 59.75 hours, with a cumulative training duration of 717 hours, and training coverage achieved an ideal level of 100%.

Community Investment

The Group upholds the core philosophy of “giving back to society what we take from it”, and has consistently shouldered its responsibilities as a corporate citizen over the years. We have not only established comprehensive “Corporate Social Responsibility Policy”, but also actively build deep connections with communities, striving to become a positive force in driving social progress.

In terms of employee participation, we firmly believe that every colleague is an important ambassador in giving back to society. Through organizing diverse community activities, including volunteer services and charitable donations, we enable employees to personally experience the meaning and value of serving the community. This not only helps communities in need but also cultivates employees' sense of social responsibility, creating a win-win situation.

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In FY2024, we continued to deepen our community investment work, organizing employees to actively participate in various charitable activities, contributing a total of 80 hours of volunteer work covering areas such as education and culture. Looking ahead, the Group will examine social needs from a broader perspective, utilizing our professional and resource advantages to precisely position key investment areas. We firmly believe that only through persistent attention to community development can we inject lasting momentum into society's sustainable development.

Green Sustainability: Cherishing the Earth's Resources

As a corporate citizen, the Group has consistently upheld its environmental responsibility, focusing on monitoring, analyzing, and mitigating the impacts of our operational activities on the environment, natural resources, and climate change, with a commitment to contributing to environmental sustainability. Meanwhile, we actively support the “carbon neutrality” and “green economy” initiatives promoted by the international community and national governments, striving to achieve a low-carbon, environmentally friendly operational model. The Group strictly follows the guidelines of the United Nations Environment Programme's “Statement of Commitment by Financial Institutions on Sustainable Development”, establishing and continuously optimizing our environmental management policies, systems, and measures, while strongly advocating for employees to practice environmental protection concepts in both work and life. To ensure that environmental management measures achieve tangible benefits, we have established a comprehensive environmental data monitoring and reporting mechanism, through which we continuously improve our environmental protection work via regular review and analysis, and set specific environmental targets in a timely manner.

Policy overview

- “Environmental Policy”

Emissions

In terms of emissions management, the Group adheres to the concept of “green operations” and, through a comprehensive environmental management system, implements multiple specific measures, striving to reduce pollutant emissions during operations and contribute to environmental protection:

Aspects	Practices and actions	Targets
Greenhouse Gases (“GHG”) and Air Emissions	- Strengthen employee education to raise awareness of energy conservation and emission reduction - Require employees to reduce unnecessary business vehicle trips and prioritize public transportation - All employee vehicle use must be pre-approved before company vehicles can be used - Company vehicle trips must have pre-planned delivery routes - Employees responsible for document delivery must use public transportation - Educate drivers to maintain good driving habits, including turning off engines when parked and avoiding sudden braking or acceleration - Regularly inspect vehicle conditions to ensure good maintenance and operational efficiency - Promote electricity conservation in daily operations and reduce unnecessary power consumption	Reducing emissions and pollution
Waste	- Encourage the recycling of various materials to reduce resources wastage - Promote the “Food Wise” culture to lessen food waste generated by employees - Launch recycling programmes to sort and recycle waste paper, batteries, plastic bottles, coffee grounds and other common waste from offices	

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Air Emissions

In FY2024, the Group did not use any vehicles for business purpose, thus resulting in no air emissions. The Group will continue to promote measures to reduce carbon emissions and protect the environment.

Air emissions	FY2024	Unit
NO _x	0	Kg
SO _x	0	Kg
PM	0	Kg

GHG Emissions

The Group has engaged an independent consultant to conduct a comprehensive carbon emissions assessment. This professional assessment strictly follows the “Appendix 2: Reporting Guidance on Environmental KPIs” of HKEX’s “How to Prepare an ESG Report”, ensuring the accuracy and authority of the calculation methodology. According to the latest assessment results, during FY2024, the Group’s total greenhouse gas emissions reached 54.74 tonnes of CO₂e. In-depth data analysis reveals that in our carbon emissions structure, Scope 2 emissions dominate, accounting for approximately 84% of total emissions, followed by Scope 3 emissions, which account for about 16% of total emissions. Compared to the previous fiscal year, the Group’s total greenhouse gas emissions show a downward trend.

Total GHG emissions and intensity	FY2024	Unit
Scope 1 – Direct GHG emissions	0	Tonnes of CO ₂ e
Scope 2 – Energy indirect GHG emissions ¹	45.99	Tonnes of CO ₂ e
Scope 3 – Other indirect GHG emissions ²	8.75	Tonnes of CO ₂ e
Total GHG emissions	54.74	Tonnes of CO ₂ e
GHG intensity (by number of employees)	4.56	Tonnes of CO ₂ e/employee

¹ Scope 2 includes energy indirect GHG emissions from purchased electricity from third parties.

² Scope 3 includes other indirect GHG emissions from air business travel and disposal of waste paper.

Waste

The Group adheres to the basic principle of “proper waste disposal” and adopts a comprehensive waste management strategy: for hazardous waste such as used toner cartridges and waste batteries, we specifically engage qualified recycling contractors for handling; while non-hazardous waste generated from daily office operations is collected and processed by the property management company. During the reporting year (FY2024), the Group generated approximately 0.0003 tonnes of hazardous waste in its operations, mainly batteries; while the total non-hazardous waste generated was only 1 tonne, primarily garbage from daily office operations. Looking ahead, the Group will continue to optimize and deepen existing recycling programs, striving to make greater contributions to environmental protection.

Waste	FY2024	Unit
Total hazardous waste	0.0003	Tonnes
Hazardous waste intensity (by number of employees)	0.00003	Tonnes/employee
Total non-hazardous waste	2.55 ³	Tonnes
Non-hazardous waste intensity (by number of employees)	0.21	Tonnes/employee

Wastewater

The Group’s office wastewater system is uniformly managed by the property management company for collection and treatment. As the property management company is currently unable to provide specific wastewater data, and considering that our business nature primarily generates non-hazardous general commercial wastewater, based on the materiality principle, this report does not disclose relevant wastewater data. However, the Group fully understands that wastewater discharge and water consumption are inseparable, therefore we have been committed to implementing various water conservation measures to reduce water resource consumption from the source. For specific details of related water conservation measures, please refer to the table below.

³ This year’s non-hazardous waste mainly consists of general household waste sent to landfills and discarded paper.

Environmental, Social and Governance Report

Use of Resources

In terms of resource utilization, the Group has formulated and implemented a series of measures aimed at conserving and rationally using resources to protect the environment:

Aspects	Practices and actions	Targets
Energy	• Turn off lights, air conditioners and other electrical appliances that are not in use • Regularly clean and maintain electrical equipment in offices (such as air conditioners and paper shredders) to ensure their efficiency • Replace energy-intensive lights or appliances with LED lights or other energy-efficient products • Use energy-efficient appliances, such as electrical appliances with higher energy label ratings • Set the time limit for the automatic lighting system to turn off lights during non-working days or non-working hours automatically	• Enhancing resources efficiency
Water Resources	• Post “Water Conservation” notices in prominent location in offices to promote water conservation among employees • Arrange special personnel to maintain water equipment regularly, in order to avoid wasting water resources • Educate employees on water conservation • Repair dripping water faucets immediately • Install water filters and enhance water reuse	
Paper	• Promote paperless office, reducing printing and publishing information through email or electronic bulletin board • Upload the original offline error trade report and aftermarket telephone recording inspection report to the office automation system • Encourage employees to reuse paper or use environmentally friendly paper for printing • Encourage employees to use the back of single-sided documents for printing or as scratch paper • Set the default printing mode of printers as double-sided, and avoid the use of single-sided paper unless necessary • Provide waste paper recycling bins next to printers to collect single-sided printing paper for reuse • Encourage clients to use electronic invoices instead of physical invoices • Broaden channels to reach to clients online	

Energy

Office lighting is the Group's main source of energy consumption, with electricity being the primary energy source. We strictly monitor energy usage, and during FY2024, the Group's total energy consumption reached 69.69 MWh, with per capita energy consumption intensity of 5.81 MWh. Notably, through effective energy-saving measures and collective staff efforts, we are pleased to see that total energy consumption decreased by approximately 9% compared to the previous year.

Energy consumption	FY2024	Unit
Direct energy	0	MWh
Indirect energy	69.69	MWh
Total energy consumption	69.69	MWh
Energy consumption intensity (by number of employees)	5.81	MWh/employee

Water Resources

As a financial services institution, our water consumption primarily focuses on daily operations in office premises. These water resources are uniformly supplied by municipal departments and professionally managed by the property management company. Due to limitations in the current property management system, we are temporarily unable to obtain precise water consumption data. During FY2024, the Group maintained stable access to suitable water sources, without experiencing any water supply difficulties or interruptions.

Paper

Based on the Group's business nature, paper is also one of the Group's main natural resource consumptions. In FY2024, the Group's total paper consumption was 1,550 kg, with a corresponding intensity of 129.17 kg per employee. Compared to last year, total consumption decreased by approximately 8%.

Paper consumption	FY2024	Unit
Total paper consumption	1,550	Kg
Paper consumption intensity (by number of employees)	129.17	Kg/employee

Environmental, Social and Governance Report

Environment and Natural Resources

As a leading financial enterprise, the Group recognizes that our operations are primarily concentrated in office environments, with relatively limited direct impact on the environment and natural resources. Nevertheless, we firmly believe that every enterprise bears the responsibility of environmental protection. Therefore, we have carefully developed and implemented a series of environmental protection measures, embedding the concept of sustainable development into our core business operations, with an unwavering commitment to achieving green, low-carbon operations.

In terms of procurement decisions, we consistently uphold the principle of “green priority,” prioritizing environmentally friendly products and services to reduce our carbon footprint. More importantly, as a financial institution, we deeply understand the profound impact that capital flows have on environmental and social development. In light of this, we have established a rigorous investment screening mechanism, implementing investment restrictions on enterprises and industries that may harm environmental or social development, thereby putting responsible investment principles into practice. Readers interested in learning more about our specific initiatives in green procurement and responsible investment are welcome to refer to the “Responsible Investment” and “Supply Chain Management and Green Procurement” sections of this report.

Climate Change

Global climate change is intensifying, with extreme weather events occurring more frequently, creating unprecedented impacts on the global economy, social structures, and ecological environment. In this challenging era, climate change has become a core issue that financial markets cannot avoid, especially against the backdrop of HKEX’s enhanced climate-related disclosure requirements, where investors and financial institutions are closely monitoring corporate performance in climate risk management and sustainable development.

In response to this significant trend, the Group has taken proactive measures, not only vigorously promoting responsible investment and improving our sustainable development system, but also integrating ESG factors into our investment decision-making process. Meanwhile, we closely monitor HKEX’s new requirements for climate change disclosure and actively enhance our internal disclosure mechanisms. In the field of climate-related investments, we continue to make strong efforts, with specific measures detailed in the “Responsible Investment” section.

Looking ahead, we will further enhance our climate change-related policy framework, deeply identify climate risks and opportunities, establish more comprehensive response mechanisms, and continue to improve our adaptability and resilience to climate change. We will also strengthen our climate-related risk assessment and disclosure efforts to ensure compliance with HKEX’s new requirements, providing stakeholders with more comprehensive and transparent climate-related information.

Appendix

Environmental Key Performance Indicators⁴

	Unit	FY2024	FY2023	FY2022
Air emissions⁵				
NO _x	Kg	0	0	0.005
SO _x	Kg	0	0	0.16
PM	Kg	0	0	0.01
GHG emissions				
Scope 1 – Direct GHG emissions ⁵	Tonnes of CO ₂ e	0	0	0.87
Scope 2 – Energy indirect GHG emissions ⁶	Tonnes of CO ₂ e	45.99	51.98	181.37
Scope 3 – Other indirect GHG emissions ⁷	Tonnes of CO ₂ e	8.75	32.02	19.20
Total GHG emissions	Tonnes of CO ₂ e	54.74	84.01	201.44
GHG intensity (by number of employees)	Tonnes of CO ₂ e/employee	4.56	5.25	4.68
Waste				
Total hazardous waste	Tonnes	0.0003	0.0007	0.0010
Hazardous waste intensity (by number of employees)	Tonnes/employee	0.00003	0.00004	0.00002
Total non-hazardous waste	Tonnes	2.55	96.00	9.00
Non-hazardous waste intensity (by number of employees)	Tonnes/employee	0.21	6.00	0.21

⁴ The calculation method of air emissions and GHG emissions is based on the “Appendix 2: Reporting Guidance on Environmental KPIs” in the “How to prepare an ESG Report” issued by the Stock Exchange, the Intergovernmental Panel on Climate Change (IPCC) Emission Factor Database, the EMEP/EEA Air Pollutant Emission Inventory Guidebook 2019 and the Road Vehicles Air Pollutant Emission Inventory Preparation Technical Guide. The Group has adopted the total number of employees of 12 in FY2024 to calculate the intensity data.

⁵ Due to the lack of vehicle usage by our company in the FY2024, there were no air emissions generated, thus preventing the release of air pollutants.

⁶ Scope 2 includes energy indirect GHG emissions from purchased electricity from third parties.

⁷ Scope 3 includes other indirect GHG emissions from air business travel and disposal of waste paper.

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	Unit	FY2024	FY2023	FY2022
Energy consumption				
Direct energy	MWh	0	0	3.16
Indirect energy	MWh	69.69	76.44	255.45
Total energy consumption	MWh	69.69	76.44	258.61
Energy consumption intensity (by number of employees)	MWh/employee	5.81	4.78	6.01
Paper consumption				
Total paper consumption	Kg	1,550.00	96,000.00	4,000.00
Paper consumption intensity (by number of employees)	Kg/employee	129.17	6,000.00	93.02

Social Key Performance Indicators⁸

		FY2024	FY2023	FY2022
Number of the Group's employees				
Total		12	16	43
Gender	Male	4	7	24
	Female	8	9	19
	Ratio of male to female employees	0.5:1	0.78:1	1.26:1
Age	<31	2	3	5
	31–50	10	13	33
	>50	0	0	5

⁸ The employee data is based on the employment contracts signed between the Group and employees from the Group's Human Resources Department, and the adopted method is referenced from the "Appendix 3: Reporting Guidance on Social KPIs" in the "How to Prepare an ESG Report" issued by the Stock Exchange. Data of newly hired employees and employee turnover are obtained from the Group's Human Resources Department in accordance with the employment contracts signed between the Group and its employees. Percentage of newly hired employees in FY2023 (%) = number of newly hired employees in the category/total number of employees in the category x 100%. Employee turnover rate in FY2023 (%) = number of resigned employees in the category/total number of employees in the category x 100%.

Environmental, Social and Governance Report

Number of the Group's employees		FY2024	FY2023	FY2022
Position	Senior management	1	4	11
	General employees	11	12	32
Employment type	Full-time	12	0	0
	Part-time	0	0	5
Geographical region	Mainland China	0	0	5
	Hong Kong	12	7	38
Number of other workers		FY2024	FY2023	FY2022
Total		44	55	19
Gender	Male	17	25	11
	Female	27	30	8
	Ratio of male to female employees	0.63:1	0.77:1	1.38:1
Age	<31	4	5	4
	31–50	39	46	11
	>50	1	4	4
Employment type	Full-time	25	35	17
	Part-time	19	20	2
Geographical region	Mainland China	6	7	0
	Hong Kong	38	48	19

Environmental, Social and Governance Report

Number of the Group's newly hired employees		FY2024	FY2023	FY2022
Total		0 (0%)	1 (6%)	6 (14%)
Gender	Male	0 (0%)	1 (14%)	6 (25%)
	Female	0 (0%)	0 (0%)	0 (0%)
Age	<31	0 (0%)	0 (0%)	0 (0%)
	31–50	0 (0%)	1 (8%)	6 (18%)
	>50	0 (0%)	0 (0%)	0 (0%)
Position	Senior management	0 (0%)	1 (25%)	2 (18%)
	General employees	0 (0%)	0 (0%)	4 (13%)
Geographical region	Mainland China	0 (0%)	0 (0%)	2 (40%)
	Hong Kong	0 (0%)	1 (6%)	4 (11%)
Number of newly hired other workers		FY2024	FY2023	FY2022
Total		8 (18%)	20 (36%)	6
Gender	Male	4 (24%)	10 (40%)	10 (40%)
	Female	4 (15%)	10 (33%)	10 (33%)
Age	<31	2 (50%)	3 (60%)	3 (60%)
	31–50	6 (15%)	17 (37%)	17 (37%)
	>50	0 (0%)	0 (0%)	0 (0%)
Geographical region	Mainland China	6 (100%)	3 (43%)	3 (43%)
	Hong Kong	2 (5%)	17 (35%)	17 (35%)

Environmental, Social and Governance Report

Total employee turnover of the Group		FY2024	FY2023	FY2022
Total		4 (33%)	22 (138%)	34 (79%)
Gender	Male	3 (75%)	22 (314%)	22 (314%)
	Female	1 (13%)	0 (0%)	0 (0%)
Age	<31	0 (0%)	0 (0%)	0 (0%)
	31–50	4 (40%)	17 (131%)	17 (131%)
	>50	N/A	5 (100%)	5 (100%)
Position	Senior management ⁹	0 (0%)	2 (50%)	2 (50%)
	General employees	4 (36%)	20 (167%)	20 (167%)
Geographical region	Mainland China	N/A	0 (0%)	0 (0%)
	Hong Kong	4 (33%)	22 (138%)	22 (138%)
Total turnover of other workers		FY2024	FY2023	FY2022
Total		14 (32%)	14 (25%)	28 (100%)
Gender	Male	9 (53%)	7 (28%)	7 (28%)
	Female	5 (19%)	7 (23%)	7 (23%)
Age	<31	1 (25%)	0 (0%)	0 (0%)
	31–50	12 (31%)	12 (26%)	12 (26%)
	>50	1 (100%)	2 (50%)	2 (50%)
Geographical region	Mainland China	3 (50%)	1 (14%)	1 (14%)
	Hong Kong	11 (29%)	13 (27%)	13 (27%)

⁹ During the year, while the number of senior management personnel decreased compared to the previous year, there was no actual turnover. This was primarily due to a standardization adjustment of our management structure in 2024, which involved a change in the definition of senior management personnel. As a result, the number of senior management personnel as of December 31, 2024, was lower, but this did not involve any resignations.

Environmental, Social and Governance Report

Health and safety¹⁰		FY2024	FY2023	FY2022
Work-related injuries		0	0	0
Workdays lost due to work-related injuries		0	0	0
Work-related fatalities		0	0	0
Rate of work-related fatalities		0	0	0

Number of the Group's employees trained		FY2024	FY2023	FY2022
Total		12 (100%)	16 (100%)	58 (100%)
Gender	Male	4 (100%)	7 (100%)	32 (100%)
	Female	8 (100%)	9 (100%)	26 (100%)
Position	Senior management	1 (100%)	4 (100%)	18 (100%)
	General employees	11 (100%)	12 (100%)	40 (100%)

Average training hours of the Group's employees (hours)		FY2024	FY2023	FY2022
Total		60	18	6.9
Gender	Male	72	18	6.2
	Female	54	18	7.8
Position	Senior management	117	18	13.5
	General employees	55	18	4.6

¹⁰ Data of work-related fatalities was obtained from the Human Resources Department of the Group, and the methodology used for the data was based on "Appendix 3: Reporting Guidance on Social KPIs" in the "How to Prepare an ESG Report" issued by the Stock Exchange.

Environmental, Social and Governance Report

Number of trained		FY2024	FY2023	FY2022
Total		44 (100%)	55 (100%)	31 (100%)
Gender	Male	17 (100%)	25 (100%)	17 (100%)
	Female	27 (100%)	30 (100%)	14 (100%)
Employment type	Full-time	25 (100%)	35 (100%)	31 (100%)
	Part-time	19 (100%)	20 (100%)	0 (0%)
Average training hours of other workers (hours)		FY2024	FY2023	FY2022
Total		46	18	7.8
Gender	Male	46	18	6.7
	Female	46	18	9.3
Employment type	Full-time	46	18	8.7
	Part-time	46	18	0
Total number of suppliers		FY2024	FY2023	FY2022
Geographical region	Mainland China	0	0	–
	Hong Kong	9¹¹	9	25
	Overseas	0	0	–
Anti-corruption		FY2024	FY2023	FY2022
Average hours of anti-corruption training received by the Board (hours)		3	2	1
Average hours of anti-corruption training received by employees (hours)		3	1.75	1

¹¹ During the year, all suppliers complied with the Group's procurement practices, with 7 suppliers (78%) meeting the Group's ESG practices.

Report Content Index

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Mandatory Disclosure Requirements		
Governance Structure	(i) A disclosure of the board's oversight of ESG issues.	60–62
	(ii) The board's ESG management approach and strategy, including the process used to evaluate, prioritise and manage material ESG-related issues (including risks to the issuer's businesses).	64–65
	(iii) How the board reviews progress made against ESG-related goals and targets with an explanation of how they relate to the issuer's businesses.	64–65
Reporting Principles	Materiality: The ESG report should disclose: (i) the process to identify and the criteria for the selection of material ESG factors; (ii) if a stakeholder engagement is conducted, a description of significant stakeholders identified, and the process and results of the issuer's stakeholder engagement.	57, 66–69
	Quantitative: Information on the standards, methodologies, assumptions and/or calculation tools used, and source of conversion factors used, for the reporting of emissions/energy consumption (where applicable) should be disclosed.	58
	Consistency: The issuer should disclose in the ESG report any changes to the methods or KPIs used, or any other relevant factors affecting a meaningful comparison.	58
Reporting Boundary	A narrative explaining the reporting boundaries of the ESG report and describing the process used to identify which entities or operations are included in the ESG report.	57

Environmental, Social and Governance Report

Aspects, General Disclosure and KPIs	Description	Page/Remark
A1 Emissions		
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A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions and intensity.	82, 87
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A1.5	Description of emission target(s) set and steps taken to achieve them.	81
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.	81
A2 Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	84–85
A2.1	Direct and/or indirect energy consumption by type in total and intensity.	85–88
A2.2	Water consumption in total and intensity.	84
A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	84
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.	84–85
A2.5	Total packaging material used for finished products and per unit produced.	Given its nature of business, the Group's daily operations do not involve the use of packaging materials.

Environmental, Social and Governance Report

Aspects, General Disclosure and KPIs	Description	Page/Remark
A3 Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	86
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	86
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.	86
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.	86
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.	63, 74–77
B1.1	Total workforce by gender, employment type, age group and geographical region.	88
B1.2	Employee turnover rate by gender, age group and geographical region.	88
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.	63, 78
B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	78
B2.2	Lost days due to work injury.	78
B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	78

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Aspects, General Disclosure and KPIs	Description	Page/Remark
B3 Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	78–79
B3.1	The percentage of employees trained by gender and employee category.	79, 92–93
B3.2	The average training hours completed per employee by gender and employee category.	79, 92–93
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.	63, 77
B4.1	Description of measures to review employment practices to avoid child and forced labour.	77
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B5 Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	73–74
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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.	73–74
B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	73–74
B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	73–74

Environmental, Social and Governance Report

Aspects, General Disclosure and KPIs	Description	Page/Remark
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.	Given its nature of business, the Group's daily operations do not have material relevance to labelling.
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Given its nature of business, the Group's daily operations do not involve products subject to recalls for safety and health reasons.
B6.2	Number of products and service-related complaints received and how they are dealt with.	72
B6.3	Description of practices relating to observing and protecting intellectual property rights.	73
B6.4	Description of quality assurance process and recall procedures.	Given its nature of business, the Group's daily operations do not involve recall procedures.
B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	71

Environmental, Social and Governance Report

Aspects, General Disclosure and KPIs	Description	Page/Remark
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.	63, 69–71
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.	There were no relevant cases in the year.
B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	63
B7.3	Description of anti-corruption training provided to directors and staff.	69–71
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.	71, 91
B8.1	Focus areas of contribution.	79–80
B8.2	Resources contributed to the focus area.	79–80

INDEPENDENT AUDITOR'S REPORT



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TO THE SHAREHOLDERS OF

XINKONG INTERNATIONAL CAPITAL HOLDINGS LIMITED (FORMERLY KNOWN AS HUARONG INTERNATIONAL FINANCIAL HOLDINGS LIMITED)

(Incorporated in Bermuda with limited liability)

Opinion

We have audited the consolidated financial statements of XinKong International Capital Holdings Limited (formerly known as Huarong International Financial Holdings Limited) (the “**Company**”) and its subsidiaries (the “**Group**”) set out on pages 109 to 227, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy 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 HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing (“**HKSAs**”) as 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**”), as applicable to audits of financial statements of public interest entities. 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matter	How our audit addressed the key audit matter
Impairment assessment on financial assets at fair value through other comprehensive income, finance lease receivables, other loans and debt instruments, amount due from an associate, advances to customers in margin financing and accounts receivable classified as stage 3 in the expected credit loss model ("Stage 3 exposures")	
As at 31 December 2024, the Group has the following Stage 3 exposures: – financial assets at fair value through other comprehensive income with impairment loss allowances of approximately HK\$218 million and carrying amount of approximately HK\$62 million; – finance lease receivables with impairment loss allowances of approximately HK\$166 million and carrying amount of approximately HK\$9 million;	The procedures we performed to address the key audit matter included, amongst others: • obtained an understanding on the Group's credit risk management policies and practices including the staging criteria applied by management; and • tested the Group's determination of significant increase in credit risk ("SICR") and the basis for classification of exposures into the 3 stages by inspecting factors including loan overdue information, loan-to-value percentage or other related indicators of SICR.

Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
Impairment assessment on financial assets at fair value through other comprehensive income, finance lease receivables, other loans and debt instruments, amount due from an associate, advances to customers in margin financing and accounts receivable classified as stage 3 in the expected credit loss model ("Stage 3 exposures") (continued)	
– other loans and debt instruments with impairment loss allowances of approximately HK\$994 million and carrying amount of approximately HK\$272 million; – amount due from an associate with impairment loss allowances of approximately HK\$305 million and carrying amount of HK\$nil; – advances to customers in margin financing with impairment loss allowances of approximately HK\$82 million and carrying amount of approximately HK\$11 million; and – accounts receivable with impairment loss allowances of approximately HK\$94 million and carrying amount of approximately HK\$1 million. The assessment of impairment for the Stage 3 exposures involves significant management judgement and estimates on the amount of expected credit loss ("ECL") as at the reporting date, and therefore this is considered to be a key audit matter.	For the assessment of the impairment allowances of finance lease receivables, other loans and debt instruments, amount due from an associate, advances to customers in margin financing and accounts receivable, which are classified as stage 3 as of 31 December 2024, we have: • obtained an understanding of management's key estimates and assumptions used in the individual impairment assessment. • with the assistance from internal specialists, evaluated management's assessment of the recoverable amounts, where appropriate, including: – evaluating the competence, capabilities, and objectivity of management's specialists; – assessing the selection of the valuation methodologies, assumptions and judgements used by management; – evaluating the appropriateness of the key inputs used in the valuation by independently checking to external data; and – verifying the existence and legal titles of collaterals, where applicable, against supporting documents.

Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
Impairment assessment on financial assets at fair value through other comprehensive income, finance lease receivables, other loans and debt instruments, amount due from an associate, advances to customers in margin financing and accounts receivable classified as stage 3 in the expected credit loss model ("Stage 3 exposures") (continued) As at each reporting date, the Group assesses whether there has been a significant increase in credit risk for each exposure since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition. The Group also assesses the expected cashflows including cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. The Group considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. Information in respect of the impairment loss allowances including the quantitative and qualitative information and forward-looking analysis of the Group's assessment are disclosed in notes 18, 19, 20, 21, 22, 23 and 41 to the consolidated financial statements respectively.	For the assessment of impairment allowance of financial assets at fair value through other comprehensive income classified as stage 3, we have: - assessed the appropriateness of the impairment calculation methodology used by management; and - performed testing of the key inputs used in the impairment calculations by evaluating the assumptions and judgments used by management, and, where applicable, independently checking to the external data, such as market quoted prices. In addition, we have reviewed the adequacy of the related disclosures in the notes to the consolidated financial statements.

Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
Valuation of financial assets at fair value through profit or loss classified as level 3 in the fair value hierarchy ("Level 3 FA at FVTPL")	
As at 31 December 2024, the Group's Level 3 financial instruments classified as financial assets fair value through profit or loss amounted to HK\$904 million, representing 85% of the Group's total financial assets at fair value through profit or loss. These Level 3 FA at FVTPL are unlisted convertible bonds and unlisted fund investments. As at the reporting date, the Group measured the fair value of Level 3 FA at FVTPL through the application of valuation techniques, which often involve exercise of management judgement and use of assumptions. Due to the significance of these investments to the Group and the level of judgment involved, this is considered to be a key audit matter. The related disclosures are included in notes 17 and 40 to the consolidated financial statements.	To address the key audit matter included, we have, amongst others: - obtained an understanding of management's valuation process on financial assets at fair value, including the key management controls within the process. In respect of convertible bonds, with the assistance of our internal specialist, we have: - evaluated the appropriateness of the valuation models used by management based on our knowledge of those generally used in the industry; and - evaluated the reasonableness and appropriateness of the unobservable inputs used by management in the valuation model. In respect of unlisted fund investments, we have, amongst others: - obtained an understanding of the valuation techniques and assumptions used by the fund managers to measure the fair value of underlying investments; - obtained latest reported net asset values from fund managers and agreed the reported values to the valuations; and - assessed the historical accuracy of the reported net asset values by checking to latest audited financial statements of the funds, where available. In addition, we have reviewed the adequacy of the related disclosures in the note to the consolidated financial statements.

Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
Assessment on liquidity and working capital position	
As at 31 December 2024, the Group had net liabilities of HK\$2,273 million and incurred a loss of HK\$241 million for the year then ended. As disclosed in the basis of preparation in note 2.1 to the consolidated financial statements, the Group has evaluated its ability to settle its liabilities as they fall due and manage working capital taking into account, amongst others: • Management's cash flow forecasts of the Group under various scenarios for a period of not less than twelve months from the reporting date; • The letter of financial support provided by the intermediate holding company; and • The business plan to be implemented by the Group to revive its business activities. The ability of the Group to achieve its plans to maintain the working capital and liquidity positions are subject to inherent uncertainties and execution risk, and therefore is considered to be a key audit matter.	The procedures we performed to address the key audit matter included, amongst others: • obtained an understanding of the Group's measures to maintain and improve the working capital and liquidity positions, including (i) management's cash flow forecasts; (ii) the financial support from the intermediate holding company to continue the business operations of the Group; and (iii) the Group's business plan; • assessed the reasonableness of the key inputs and assumptions underlying the cash flow forecasts under different scenarios and developed and ran stress scenarios on the cash flow forecasts; • evaluated the intention and financial capability of the intermediate holding company to provide financial support to the Group based on the past practices of the intermediate holding company and our understanding of the business strategy of the intermediate holding company; and • assessed the implication of the Group's business plans to the liquidity and working capital position. In addition, we evaluated the adequacy of the disclosures made by management in respect of the key audit matter.

Independent Auditor's Report

Other information included in the Annual Report

The directors of the Company are responsible for the other information. The other information comprises 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 the directors 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 HKFRS Accounting Standards as 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 of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities 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. Our report is made solely to you, as a body, in accordance with section 90 of the Bermuda Companies Act 1981, 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 HKSAAs 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 HKSAAs, we exercise professional judgement and maintain professional scepticism 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.

Independent Auditor's Report

Auditor's responsibilities for the audit of the consolidated financial statements (continued)

- 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 consolidated 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.

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 to 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.

The engagement partner on the audit resulting in this independent auditor's report is Wong Shu Hing.

Ernst & Young
Certified Public Accountants
Hong Kong

28 March 2025

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2024

	Notes	2024 HK\$'000	2023 HK\$'000
REVENUE			
Commission and fee income	5	5,990	15,115
Interest income	5		
Interest income calculated using the effective interest method		76,446	136,654
Others		8,724	19,980
Investment income	5	1,281	30,394
		92,441	202,143
Net gain/(loss) on financial assets at fair value through profit or loss		105,358	(202,905)
Net gain arising from disposal of financial assets at fair value through other comprehensive income		–	2,055
Net (loss)/gain arising from disposal of financial assets at amortised cost		(10,030)	102,114
Other income and gains or losses, net		8,805	55,117
Brokerage and commission expenses		(7)	(14)
Administrative and other operating expenses		(63,121)	(137,939)
Impairment losses, net		(134,207)	(259,925)
Finance costs	6	(264,022)	(327,299)
LOSS BEFORE TAX	7	(264,783)	(566,653)
Income tax credit/(expense)	10	23,739	(140)
LOSS FOR THE YEAR		(241,044)	(566,793)
Attributable to:			
Equity holders of the Company		(642,716)	(967,291)
Holder of perpetual capital securities		401,672	400,498
		(241,044)	(566,793)
BASIC LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	12	(HK7.4 cents)	(HK11.1 cents)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2024

	2024 HK\$'000	2023 HK\$'000
LOSS FOR THE YEAR	(241,044)	(566,793)
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that may be reclassified to profit or loss in subsequently periods:		
Fair value gain/(loss) on financial assets at fair value through other comprehensive income	19,584	(44,171)
Net (reversal of)/provision for impairment of financial assets at fair value through other comprehensive income included in profit or loss	(8,468)	82,113
Reclassification adjustments relating to disposal of financial assets at fair value through other comprehensive income during the year	–	(2,055)
Exchange differences on translation of foreign operations, net	12,892	8,481
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	24,008	44,368
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	(217,036)	(522,425)
Attributable to:		
Equity holders of the Company	(618,708)	(922,923)
Holder of perpetual capital securities	401,672	400,498
	(217,036)	(522,425)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2024

		31 December 2024	31 December 2023
	Notes	HK\$'000	HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	606	2,464
Other long term assets	14	1,043	1,043
Intangible assets	15	2,350	2,350
Right-of-use assets	16	1,887	668
Financial assets at fair value through profit or loss	17	782,015	869,652
Financial assets at fair value through other comprehensive income	18	24,575	21,286
Other loans and debt instruments	20	271,509	414,338
Total non-current assets		1,083,985	1,311,801
CURRENT ASSETS			
Advances to customers in margin financing	22	11,543	11,431
Accounts receivable	23	3,299	243,646
Prepayments, deposits and other receivables	24	13,319	54,664
Financial assets at fair value through profit or loss	17	283,423	381,357
Financial assets at fair value through other comprehensive income	18	52,628	112,552
Finance lease receivables	19	8,675	84,477
Other loans and debt instruments	20	67,750	–
Amounts due from related parties	25, 38	11,003	27,467
Tax recoverable		161	161
Restricted bank balances	26	99,518	95,828
Deposits in other financial institutions	27	17,344	13,527
Cash and deposits with banks	28	413,122	1,581,355
Total current assets		981,785	2,606,465

Consolidated Statement of Financial Position

31 December 2024

	Notes	31 December 2024 HK\$'000	31 December 2023 HK\$'000
CURRENT LIABILITIES			
Accounts payable	29	100,798	98,559
Other liabilities, payables and accruals	30	266,864	159,236
Interest-bearing borrowings	31	–	2,320,319
Repurchase agreements	32	–	54,019
Amounts due to related parties	25, 38	84,418	80,141
Tax payable		49,411	74,781
Lease liabilities	33	2,023	812
Total current liabilities		503,514	2,787,867
NET CURRENT ASSETS/(LIABILITIES)		478,271	(181,402)
TOTAL ASSETS LESS CURRENT LIABILITIES		1,562,256	1,130,399
NON-CURRENT LIABILITIES			
Other liabilities, payables and accruals	30	3,504	3,504
Interest-bearing borrowings	31	3,832,133	2,783,549
Total non-current liabilities		3,835,637	2,787,053
Net liabilities		(2,273,381)	(1,656,654)

Consolidated Statement of Financial Position

31 December 2024

	Notes	31 December 2024 HK\$'000	31 December 2023 HK\$'000
EQUITY			
Share capital	34	8,710	8,710
Share premium and reserves		(8,525,707)	(7,906,999)
Equity attributable to owners of the Company		(8,516,997)	(7,898,289)
Perpetual capital securities classified as equity instruments	35	6,243,616	6,241,635
Total equity		(2,273,381)	(1,656,654)

The consolidated financial statements on pages 109 to 227 were approved by the Board of Directors on 28 March 2025 and are signed on its behalf by:

Chen Qinghua
Director

Lu Xinzheng
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

	Attributable to owners of the Company										
	Share capital HK\$'000	Share premium HK\$'000	Contributed surplus (Note i) HK\$'000	Capital reserve (Note ii) HK\$'000	Statutory reserve (Note iii) HK\$'000	Currency translation reserve HK\$'000	FVTOCI Investment revaluation reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000	Perpetual capital securities HK\$'000	Total equity HK\$'000
At 1 January 2023	8,710	3,220,249	139,615	636,129	31,973	22,878	(48,563)	(10,986,357)	(6,975,366)	6,242,484	(732,882)
Loss for the year	-	-	-	-	-	-	-	(967,291)	(967,291)	400,498	(566,793)
Fair value loss on financial assets at fair value through other comprehensive income	-	-	-	-	-	-	(44,171)	-	(44,171)	-	(44,171)
Net provision for impairment of financial assets at fair value through other comprehensive income included in profit or loss	-	-	-	-	-	-	82,113	-	82,113	-	82,113
Reclassification adjustment relating to disposal of financial assets at fair value through other comprehensive income during the year	-	-	-	-	-	-	(2,055)	-	(2,055)	-	(2,055)
Exchange differences on translation of foreign operations, net	-	-	-	-	-	8,481	-	-	8,481	-	8,481
Total comprehensive income for the year	-	-	-	-	-	8,481	35,887	(967,291)	(922,923)	400,498	(522,425)
Distribution relating to perpetual capital securities	-	-	-	-	-	-	-	-	-	(401,347)	(401,347)
At 31 December 2023 and 1 January 2024	8,710	3,220,249	139,615	636,129	31,973	31,359	(12,676)	(11,953,648)	(7,898,289)	6,241,635	(1,656,654)
Loss for the year	-	-	-	-	-	-	-	(642,716)	(642,716)	401,672	(241,044)
Fair value gains on financial assets at fair value through other comprehensive income	-	-	-	-	-	-	19,584	-	19,584	-	19,584
Net reversal of impairment of financial assets at fair value through other comprehensive income included in profit or loss	-	-	-	-	-	-	(8,468)	-	(8,468)	-	(8,468)
Exchange differences on translation of foreign operations, net	-	-	-	-	-	12,892	-	-	12,892	-	12,892
Total comprehensive income for the year	-	-	-	-	-	12,892	11,116	(642,716)	(618,708)	401,672	(217,036)
Distribution relating to perpetual capital securities	-	-	-	-	-	-	-	-	-	(399,691)	(399,691)
At 31 December 2024	8,710	3,220,249	139,615	636,129	31,973	44,251	(1,560)	(12,596,364)	(8,516,997)	6,243,616	(2,273,381)

Notes:

- (i) Under the Bermuda Companies Act, the Company's contributed surplus is distributable to shareholders under certain circumstances.
- (ii) The capital reserve represents deemed contribution arising from the disposal of subsidiaries to China Huarong Overseas Investment Holdings Co., Limited ("**Huarong Overseas**"), a fellow subsidiary of the Group.
- (iii) Pursuant to the Articles of the Company Law of the People's Republic of China (the "**PRC**"), the entity established in the PRC is required to appropriate 10% of its net profit to the statutory reserve until the balance reaches 50% of its registered capital.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

	2024 HK\$'000	2023 HK\$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax	(264,783)	(566,653)
Adjustments for:		
Finance costs	264,022	327,299
Fair value (gain)/loss on financial assets at fair value through profit or loss	(105,358)	202,905
Interest income	(85,170)	(156,634)
Fair value gain arising from disposal of financial assets at fair value through other comprehensive income	–	(2,055)
Dividend income	(1,281)	(30,394)
Depreciation	2,851	31,934
Decrease in deposits with banks with a maturity over 3 months	–	13,527
Net impairment loss	134,207	259,925
	(55,512)	79,854
Decrease in other loans and debt instruments	54,847	30,060
Decrease in finance lease receivables	28,829	248,624
Decrease in accounts receivable	236,335	294,167
Decrease in advances to customers in margin financing	11,142	22,087
Decrease in prepayments, deposits and other receivables	24,512	29,436
Decrease in financial assets at fair value through profit or loss	291,105	290,834
(Increase)/decrease in restricted bank balances, and deposits in other financial institutions	(7,507)	28,707
Increase/(decrease) in accounts payable	2,239	(27,066)
Decrease in other liabilities, payables and accruals	(44,557)	(28,601)
Decrease in repurchase agreements	(54,019)	(53,312)
Increase in amount due to related parties, net	(16,463)	(11,462)
Cash generated from operations	470,951	903,328
Tax paid	(2,017)	(1,180)
Interest received	21,019	84,461
Net cash flows from operating activities	489,953	986,609

Consolidated Statement of Cash Flows

For the year ended 31 December 2024

	2024 HK\$'000	2023 HK\$'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividend received	1,281	30,394
Proceeds from disposal of financial assets at fair value through other comprehensive income	74,315	26,866
Purchases of items of property, plant and equipment	–	(874)
Proceeds from disposal of subsidiaries	–	65,308
Net cash flows from investing activities	75,596	121,694
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(111,451)	(326,843)
Repayment of interest-bearing borrowings	(1,458,035)	(769,572)
Addition interest-bearing borrowings	186,300	–
Repayment of leases liabilities	(1,001)	(28,600)
Net changes from amount due to related parties	37,204	17,819
Distribution to holder of perpetual capital securities	(399,691)	(401,347)
Net cash used in financing activities	(1,746,674)	(1,508,543)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,181,125)	(400,240)
Cash and cash equivalents at beginning of the year	1,581,355	1,973,114
Effect of foreign exchange rate changes, net	12,892	8,481
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	413,122	1,581,355
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	413,122	1,551,890
Time deposits with original maturity of less than three months	–	29,465
Cash and cash equivalents as stated in the consolidated statement of cash flows	413,122	1,581,355

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2024

1. Corporate and group information

The Company is a limited liability company incorporated in Bermuda and its shares are listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**” or “**HKEx**”). The principal activity of the Company is investment holding. The Group is principally engaged in the brokerage and dealing of securities, margin financing, loan financing, financial advisory, direct investments, investment holding, provision of advising on corporate finance services and provision of management and consultancy services. The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The principal place of operations of the Company is 15th floor, China Huarong Tower, 60 Gloucester Road, Wanchai, Hong Kong. The intermediate controlling shareholder of the Company is China CITIC Financial AMC International Holdings Limited (formerly known as China Huarong International Holdings Limited) (“**CFAIH**”) that is incorporated in Hong Kong through Camellia Pacific Investment Holding Limited and Right Select International Limited, both of which are incorporated in the British Virgin Islands and wholly-owned subsidiaries of CFAIH. China CITIC Financial Asset Management Co., Ltd. (“**CCFAMC**”), a company established in the PRC and whose shares are listed on the Stock Exchange, became the ultimate holding company since 2015. Currently, major Shareholders of CCFAMC include the CITIC Group Corporation, Ministry of Finance (the “**MOF**”), China Insurance Rongxin Private Fund Co., Ltd., China Life Insurance (Group) Company, Warburg Pincus and Sino-Ocean Group Holding Limited.

Particulars of the Company’s principal subsidiaries are as follows:

Name	Place of incorporation/ establishment and operations	Nominal value of issued and paid-up ordinary share capital/ registered capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
XinKong International TCSP Limited 信控國際託管服務有限公司 (formerly known as Huarong International TCSP Limited 華融國際託管服務有限公司)	Hong Kong	HK\$1,000	–	100%	Provision of management services
XinKong International Asset Management Limited 信控國際資產管理有限公司 (formerly known as Huarong International Asset Management Limited 華融國際資產管理有限公司)	Hong Kong	HK\$141,750,000	–	100%	Provision of asset management services

Notes to Consolidated Financial Statements

31 December 2024

1. Corporate and group information (continued)

Name	Place of incorporation/ establishment and operations	Nominal value of issued and paid-up ordinary share capital/ registered capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
XinKong International Securities Limited 信控國際證券有限公司 (formerly known as Huarong International Securities Limited 華融國際證券有限公司)	Hong Kong	HK\$3,620,000,000	–	100%	Securities broking and trading and provision of margin financing
Fresh Idea Ventures Limited	British Virgin Islands/ Hong Kong	US\$100	–	100%	Investment holding
Option Best Holdings Limited	British Virgin Islands/ Hong Kong	US\$100	–	100%	Investment holding
Linewear Assets Limited	British Virgin Islands/ Hong Kong	US\$1	100%	–	Investment holding
XinKong International Capital Limited 信控國際融資有限公司 (formerly known as Huarong International Capital Limited 華融國際融資有限公司)	Hong Kong	HK\$45,000,000	–	100%	Advisory and corporate financing
Grand Shine International Holdings Hong Kong Limited 崇曦國際有限公司	Hong Kong	HK\$100	–	100%	Investment holding
Beaverway Limited	British Virgin Islands/ Hong Kong	US\$100	–	100%	Investment holding
Advance Eagle Ventures Limited	British Virgin Islands/ Hong Kong	US\$1	–	100%	Direct investment
Atlantic Star Global Limited	British Virgin Islands/ Hong Kong	US\$1	–	100%	Direct investment

1. Corporate and group information (continued)

Name	Place of incorporation/ establishment and operations	Nominal value of issued and paid-up ordinary share capital/ registered capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Bloom Right Limited	British Virgin Islands/ Hong Kong	US\$1	-	100%	Direct investment
Cheery Plus Limited	British Virgin Islands/ Hong Kong	US\$1	-	100%	Direct investment
City Sawy Limited	British Virgin Islands/ Hong Kong	US\$1	-	100%	Direct investment
Coastal Treasure Limited	British Virgin Islands/ Hong Kong	US\$1	-	100%	Direct investment
Coleman Global Investments Limited	British Virgin Islands/ Hong Kong	US\$1	-	100%	Direct investment
Star Lavish Limited	British Virgin Islands/ Hong Kong	US\$1	-	100%	Direct investment
Wealth Channel Global Limited	British Virgin Islands/ Hong Kong	US\$1	-	100%	Direct investment
華融晟遠(北京)投資有限公司 (note a)	PRC	RMB201,849,000	-	100%	Direct investment
中聚(深圳)融資租賃有限公司 (note a)	PRC	US\$30,000,000	-	100%	Provision of financial services

Note (a): It is a wholly-owned enterprise registered under PRC Law.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

Notes to Consolidated Financial Statements

31 December 2024

2.1 Basis of preparation

These financial statements have been prepared in accordance with HKFRS Accounting Standards (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations) as issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”), the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”), and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for financial assets at fair value through profit or loss (“**FVTPL**”), and financial assets at fair value through other comprehensive income (“**FVTOCI**”), which are measured at fair value, as explained in the accounting policies set out below.

These financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise indicated.

Going concern basis

As at 31 December 2024, the Group had net current assets at HK\$478 million (2023: net current liabilities of HK\$181 million), net liabilities of HK\$2,273 million (2023: net liabilities of HK\$1,657 million) and incurred a loss of HK\$241 million (2023: net loss of HK\$567 million) for the year then ended.

In view of above circumstances, the directors have given consideration to the future liquidity and performance of the Group and its available sources of finance in assessing whether the Group will have sufficient financial resources to continue as a going concern. In order to improve the Group’s liquidity and cash flows to sustain the Group as a going concern, the Group has implemented or is in the process of implementing the following measures:

(i) *Bank credit facilities for financing*

As at 31 December 2024, the Group has total bank credit facilities of HK\$100,000,000 (2023: approximately HK\$1,706,626,000), of which HK\$nil (2023: HK\$820,000,000) were utilised by the Group.

2.1 Basis of preparation (continued)

Going concern basis (continued)

(ii) *Support from intermediate controlling shareholder*

The Group has obtained a letter of support from its intermediate controlling shareholder, CFAIH, who has confirmed its intention to provide sufficient financial support to the Group to enable it to meet its obligations and liabilities as and when they fall due, where the Directors are of the opinion that the financial support from CFAIH will continue to be forthcoming. As at 31 December 2024, CFAIH, directly and indirectly through its subsidiaries, lent an aggregate of HK\$10.1 billion to the Group in forms of intercompany loans and perpetual securities (2023: HK\$10.5 billion). Depending on the need for working capital, the Group may need to obtain the loans at different times and amounts.

(iii) *Disposal of publicly traded bonds and listed equity securities*

In respect of public trade bonds and the listed equity securities in Hong Kong held by the Group which are classified either as financial assets at fair value through profit or loss or as financial assets at fair value through other comprehensive income in the consolidated statement of financial position as at 31 December 2024, the Directors are of the opinion that the Group would be able to dispose of such investments as and when needed to alleviate the Group's liquidity pressure.

(iv) *Measures to recover project cashflows, control expenses and contain capital expenditures*

The Group will take active measures to improve its cash flow through focus of resources to recover cashflows from existing projects and investments in the upcoming year. At the same time, the Group will continue to take active measures to control administrative costs through various channels including communication of the budget, control and monitoring by finance department within the Group.

2.1 Basis of preparation (continued)

Going concern basis (continued)

(v) *Actively develop licensed business*

The Group continue to focus on the development of licensed business, including securities brokerage, asset management and corporate finance. The Group will seek for opportunities to explore new markets for its licensed business.

The Directors have reviewed the Group's cash flow projections prepared by management. The cash flow projections cover a period of not less than twelve months from 31 December 2024. They are of the opinion that, taking into account the abovementioned plans and measures, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within twelve months from 31 December 2024. Accordingly, the Directors are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Should the going concern assumption be inappropriate, adjustments may have to be made to write down the values of assets to their recoverable amounts, to provide for any further liabilities that might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in the consolidated financial statements. The Audit Committee of the Board has confirmed that it has objectively and critically reviewed the measures mentioned above. The Audit Committee of the Board and the Board have confidence in the Group's management and concurred with management's view that the Group's business plan for the next twelve months is feasible and achievable. The Group has actively implemented, or is actively implementing, all the improvement targets outlined above for the purposes of increasing profits and improving the cash flow position of the Group.

2.1 Basis of preparation (continued)

Basis of consolidation

The consolidated financial statements include the financial statements of the Group for the year ended 31 December 2024. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee.
- (b) rights arising from other contractual arrangements.
- (c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

Notes to Consolidated Financial Statements

31 December 2024

2.2 Changes in accounting policies and disclosures

The Group has adopted the following revised HKFRS Accounting Standards for the first time for the current year's financial statements.

Amendments to HKFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current</i> (the “ 2020 Amendments ”)
Amendments to HKAS 1	<i>Non-current Liabilities with Covenants</i> (the “ 2022 Amendments ”)
Amendments to HKAS 7 and HKFRS 7	<i>Supplier Finance Arrangements</i>

The nature and the impact of the revised HKFRS Accounting Standards are described below:

- (a) Amendments to HKFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of HKFRS 16, the amendments did not have any impact on the financial position or performance of the Group.
- (b) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

The Group has reassessed the terms and conditions of its liabilities as at 1 January 2023 and 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

- (c) Amendments to HKAS 7 and HKFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the Group's financial statements.

2.3 Issued but not yet effective HKFRS Accounting Standards

The Group has not applied the following new and revised HKFRS Accounting Standards, that have been issued but are not yet effective, in these financial statements. The Group intends to apply these new and revised HKFRS Accounting Standards, if applicable, when they become effective.

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

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

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

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

⁴ No mandatory effective date yet determined but available for adoption

Further information about those HKFRS Accounting Standards that are expected to be applicable to the Group is described below.

HKFRS 18 replaces HKAS 1 Presentation of Financial Statements. While a number of sections have been brought forward from HKAS 1 with limited changes, HKFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. Some requirements previously included in HKAS 1 are moved to HKAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, which is renamed as HKAS 8 Basis of Preparation of Financial Statements. As a consequence of the issuance of HKFRS 18, limited, but widely applicable, amendments are made to HKAS 7 Statement of Cash Flows, HKAS 33 Earnings per Share and HKAS 34 Interim Financial Reporting. In addition, there are minor consequential amendments to other HKFRS Accounting Standards. HKFRS 18 and the consequential amendments to other HKFRS Accounting Standards are effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. Retrospective application is required. The Group is currently analysing the new requirements and assessing the impact of HKFRS 18 on the presentation and disclosure of the Group's financial statements.

2.3 Issued but not yet effective HKFRS Accounting Standards (continued)

HKFRS 19 allows eligible entities to elect to apply reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other HKFRS Accounting Standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in HKFRS 10 Consolidated Financial Statements, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements available for public use which comply with HKFRS Accounting Standards. Earlier application is permitted. As the Company is a listed company, it is not eligible to elect to apply HKFRS 19. Some of the Company's subsidiaries are considering the application of HKFRS 19 in their specified financial statements.

Amendments to HKFRS 9 and HKFRS 7 clarify the date on which a financial asset or financial liability is derecognised and introduce an accounting policy option to derecognise a financial liability that is settled through an electronic payment system before the settlement date if specified criteria are met. The amendments clarify how to assess the contractual cash flow characteristics of financial assets with environmental, social and governance and other similar contingent features. Moreover, the amendments clarify the requirements for classifying financial assets with non-recourse features and contractually linked instruments. The amendments also include additional disclosures for investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features. The amendments shall be applied retrospectively with an adjustment to opening retained profits (or other component of equity) at the initial application date. Prior periods are not required to be restated and can only be restated without the use of hindsight. Earlier application of either all the amendments at the same time or only the amendments related to the classification of financial assets is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKFRS 10 and HKAS 28 address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to HKFRS 10 and HKAS 28 was removed by the HKICPA. However, the amendments are available for adoption now.

Amendments to HKAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. Earlier application is permitted. When applying the amendments, an entity cannot restate comparative information. Any cumulative effect of initially applying the amendments shall be recognised as an adjustment to the opening balance of retained profits or to the cumulative amount of translation differences accumulated in a separate component of equity, where appropriate, at the date of initial application. The amendments are not expected to have any significant impact on the Group's financial statements.

2.3 Issued but not yet effective HKFRS Accounting Standards (continued)

Annual Improvements to HKFRS Accounting Standards – Volume 11 set out amendments to HKFRS 1, HKFRS 7 (and the accompanying Guidance on implementing HKFRS 7), HKFRS 9, HKFRS 10 and HKAS 7. Details of the amendments that are expected to be applicable to the Group are as follows:

- **HKFRS 7 Financial Instruments: Disclosures:** The amendments have updated certain wording in paragraph B38 of HKFRS 7 and paragraphs IG1, IG14 and IG20B of the Guidance on implementing HKFRS 7 for the purpose of simplification or achieving consistency with other paragraphs in the standard and/or with the concepts and terminology used in other standards. In addition, the amendments clarify that the Guidance on implementing HKFRS 7 does not necessarily illustrate all the requirements in the referenced paragraphs of HKFRS 7 nor does it create additional requirements. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.
- **HKFRS 9 Financial Instruments:** The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with HKFRS 9, the lessee is required to apply paragraph 3.3.3 of HKFRS 9 and recognise any resulting gain or loss in profit or loss. In addition, the amendments have updated certain wording in paragraph 5.1.3 of HKFRS 9 and Appendix A of HKFRS 9 to remove potential confusion. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.
- **HKFRS 10 Consolidated Financial Statements:** The amendments clarify that the relationship described in paragraph B74 of HKFRS 10 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor, which removes the inconsistency with the requirement in paragraph B73 of HKFRS 10. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.
- **HKAS 7 Statement of Cash Flows:** The amendments replace the term “cost method” with “at cost” in paragraph 37 of HKAS 7 following the prior deletion of the definition of “cost method”. Earlier application is permitted. The amendments are not expected to have any impact on the Group's financial statements.

2.4 Material accounting policies

Business combinations under common control

Business combinations under common control. For a combination with a company under common control, the merger accounting method will be applied. The principle of merger accounting is a way to combine companies under common control as though the business of the acquiree had always been carried out by the acquirer. The Group's consolidated financial statements represent the consolidated results, consolidated cash flows and consolidated financial position of the Group as if any such combination had occurred from the date when the Company and the acquiree first came under common control (i.e., no fair value adjustment on the date of combination is required). The difference between the consideration and carrying amount at the time of combination is recognised in equity. The effects of all transactions between the Group and the acquiree, whether occurring before or after the combination, are eliminated in preparing the consolidated financial statements of the Group. Comparative amounts are presented as if the acquiree had been combined at the end of the previous reporting period. The transaction costs for the combination will be expensed in the consolidated statement of profit or loss.

Consideration shares issued to the controlling party as part of a common control combination which is accounted for using merger accounting are presented as if the issuance of such shares had occurred from the date when the Company and the acquiree first came under common control; whereas consideration shares issued to the non-controlling parties are accounted for from the shares' issuance date.

For the calculation of basic earnings per share, consideration shares issued as part of a common control combination which is accounted for using merger accounting are included in the calculation of the weighted average number of shares for all periods presented because the consolidated financial statements of the combined entity are prepared as if the combined entity had always existed. Therefore, the number of ordinary shares in a common control combination which is accounted for using merger accounting is the aggregate of the weighted average number of shares of the entity whose shares are outstanding after the combination.

When an investment in a subsidiary, associate or joint venture is acquired in a common control transaction, the cost is measured at the fair value of the consideration given plus, where applicable any costs directly attributable to the acquisition.

Investments in associates and joint ventures

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

2.4 Material accounting policies (continued)

Investments in associates and joint ventures (continued)

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investments in associates and joint ventures are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses.

The Group's share of the post-acquisition results and other comprehensive income of associates and joint ventures is included in the profit or loss and other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's investments in the associates or joint ventures, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates or joint ventures is included as part of the Group's investments in associates or joint ventures.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

When an investment in an associate or a joint venture is classified as held for sale, it is accounted for in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

2.4 Material accounting policies (continued)

Fair value measurement

The Group measures its financial assets at fair value through profit or loss, and financial assets at fair value through other comprehensive income at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
- Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

2.4 Material accounting policies (continued)

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, contract assets, deferred tax assets, financial assets, investment properties and non-current assets/a disposal group classified as held for sale), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are 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. An impairment loss is charged to the profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the profit or loss in the period in which it arises.

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. When an item of property, plant and equipment is classified as held for sale or when it is part of a disposal group classified as held for sale, it is not depreciated and is accounted for in accordance with HKFRS 5. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

2.4 Material accounting policies (continued)

Property, plant and equipment and depreciation (continued)

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Leasehold improvements	20% to 33% or over the lease terms, whichever is shorter
Furniture, equipment and motor vehicles	17% to 33%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

2.4 Material accounting policies (continued)

Leases (continued)

Group as a lessee (continued)

Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Where applicable, the cost of a right-of-use asset also includes 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. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

2.4 Material accounting policies (continued)

Leases (continued)

Group as a lessor (continued)

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment and computers that are considered to be of low value.

Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Group as a lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease term and is included in revenue in the profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee are accounted for as finance leases.

At the commencement date, the cost of the leased asset is capitalised at the present value of the lease payments and related payments (including the initial direct costs), and presented as a receivable at an amount equal to the net investment in the lease. The finance income on the net investment in the lease is recognised in profit or loss so as to provide a constant periodic rate of return over the lease terms.

Group as a buyer-lessor

For sale and leaseback transactions which are in substance a financing arrangement under HKFRS 9, the Group as a buyer-lessor does not recognise the transferred asset and recognises a finance lease receivable equal to the net investment in the lease.

2.4 Material accounting policies (continued)

Intangible assets

Intangible assets are measured on initial recognition at cost. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Intangible assets, representing eligibility rights to trade on or through the Stock Exchange and The Hong Kong Futures Exchange Limited, and other licences, with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. These intangible assets are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under HKFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

2.4 Material accounting policies (continued)

Investments and other financial assets (continued)

Initial recognition and measurement (continued)

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

Purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through other comprehensive income (debt instruments)

For debt investments at fair value through other comprehensive income, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to the profit or loss. Impairment allowances are recognised in profit or loss with corresponding adjustment to other comprehensive income without reducing the carrying amounts of these debt instruments.

2.4 Material accounting policies (continued)

Investments and other financial assets (continued)

Subsequent measurement (continued)

Financial assets designated at fair value through other comprehensive income (equity investments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity investments designated at fair value through other comprehensive income when they meet the definition of equity under HKAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to the profit or loss. Dividends are recognised as other income in the profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity investments designated at fair value through other comprehensive income are not subject to impairment assessment.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the profit or loss.

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on the equity investments are also recognised as other income in the profit or loss when the right of payment has been established.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in the profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

2.4 Material accounting policies (continued)

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("**ECLs**") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

2.4 Material accounting policies (continued)

Impairment of financial assets (continued)

General approach (continued)

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, 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 and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Debt investments at fair value through other comprehensive income and financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables and contract assets which apply the simplified approach as detailed below.

- | | | |
|---------|---|--|
| Stage 1 | – | Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs |
| Stage 2 | – | Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs |
| Stage 3 | – | Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs |

Simplified approach

For trade receivables and contract assets that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

2.4 Material accounting policies (continued)

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, an amount due to the ultimate holding company, derivative financial instruments and interest-bearing bank and other borrowings.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by HKFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the profit or loss. The net fair value gain or loss recognised in the profit or loss does not include any interest charged on these financial liabilities.

Financial liabilities designated upon initial recognition as at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in HKFRS 9 are satisfied. Gains or losses on liabilities designated at fair value through profit or loss are recognised in the profit or loss, except for the gains or losses arising from the Group's own credit risk which are presented in other comprehensive income with no subsequent reclassification to the profit or loss. The net fair value gain or loss recognised in the profit or loss does not include any interest charged on these financial liabilities.

2.4 Material accounting policies (continued)

Financial liabilities (continued)

Subsequent measurement (continued)

Financial liabilities at amortised cost (loans and borrowings)

After initial recognition, account payables, other liabilities and payables, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the profit or loss.

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Group measures the financial guarantee contracts at the higher of: (i) the ECL allowance determined in accordance with the policy as set out in "Impairment of financial assets"; and (ii) the amount initially recognised less, when appropriate, the cumulative amount of income recognised.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

2.4 Material accounting policies (continued)

Perpetual capital securities

Perpetual capital securities issued by the Group, which includes no contractual obligation for the Group to deliver cash or another financial asset to the holders or to exchange financial assets or financial liabilities with the holders under conditions that are potentially unfavourable to the Group, are classified as equity instruments and are initially recorded at the proceeds received.

Client trust bank balances

The Group maintains trust and segregated accounts with authorised financial institutions to hold clients' deposits arising from normal business transactions. The Group has classified the clients' monies as restricted bank balances under the current assets in the consolidated statement of financial position as the Group is allowed to retain some or all of the interest income on the clients' monies and recognised corresponding accounts payable to the respective customers in the current liabilities clients on grounds that it is liable for any loss or misappropriation of clients' monies. Under the Hong Kong Securities and Futures Ordinance (Cap. 571), the Group is not allowed to use the clients' monies to settle its own obligation.

Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are payable on demand and form an integral part of the Group's cash management.

Other assets

Other assets including, but not limited to, the deposits and admission fee paid to the Stock Exchange, Hong Kong Futures Exchange Limited, Hong Kong Securities Clearing Company Limited and other regulators. They are intended to be held on a long-term basis and are stated at cost less impairment losses.

2.4 Material accounting policies (continued)

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the profit or loss.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

2.4 Material accounting policies (continued)

Income tax (continued)

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates, and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

2.4 Material accounting policies (continued)

Revenue from contracts with customers (continued)

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

Provision of securities brokerage services

The performance obligation is satisfied at a point in time when the customer has obtained control of the service, generally when the trades are executed.

Provision of corporate finance services

The performance obligation for sponsoring services are fulfilled when all the relevant duties of a sponsor as stated in the contract are completed. Accordingly, the revenue is recognised at a point in time. The performance obligation of certain consultancy and financial advisory services are fulfilled and recognised over time as the services are provided.

Provision of asset management services

Revenue from asset management services is recognised over time as the services are provided. Fees for asset management services are calculated based on a fixed percentage of the value of assets managed.

Performance fees are recognised on the performance fee valuation day of the investment funds and managed accounts when there is a positive performance for the relevant performance period and it is determined that it will not result in significant reversal in a subsequent period, taking into consideration the relevant basis of calculation for the investment funds and managed accounts.

2.4 Material accounting policies (continued)

Revenue from other sources and other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Dividend income is recognised when the shareholders' right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

Employee benefits

Pension scheme

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the **"MPF Scheme"**) under the Mandatory Provident Fund Schemes Ordinance for all of its employees. Contributions are made based on a percentage of the employees' basic salaries and are charged to the profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The employees of the Group's subsidiary which operates in People's Republic of China are required to participate in a central pension scheme operated by the local municipal government. This subsidiary is required to contribute 5% of its payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

Bonuses

The Group recognises a liability and an expense for bonuses, based on an approved formula that takes into consideration the profit attributable to the Group after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Termination benefits

Termination benefits are recognised at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs involving the payment of termination benefits.

2.4 Material accounting policies (continued)

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the financial statements. Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Assets sold under repurchase agreements (repos)

The Group enter into repurchase agreements whereby securities are sold to third parties with a concurrent agreement to repurchase the securities at a specified date. The securities related to these agreements are not derecognised from the Group's financial statements, but are retained within the appropriate financial assets classification. The Group may be required to provide additional collateral based on the fair value of the underlying assets if necessary.

Foreign currencies

These financial statements are presented in Hong Kong dollars, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

2.4 Material accounting policies (continued)

Foreign currencies (continued)

The functional currencies of certain overseas subsidiaries, joint ventures and associates are currencies other than the Hong Kong dollar. As at the end of the reporting period, the assets and liabilities of these entities are translated into Hong Kong dollars at the exchange rates prevailing at the end of the reporting period and their statement of profit or loss are translated into Hong Kong dollars at the exchange rates that approximate to those prevailing at the dates of the transactions.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the currency translation reserve, except to the extent that the differences are attributable to non-controlling interests. On disposal of a foreign operation, the cumulative amount in the reserve relating to that particular foreign operation is recognised in the profit or loss and other comprehensive income.

Related parties

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family and 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 of a parent of the Group;
- or
- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Group are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Group 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);

2.4 Material accounting policies (continued)

Related parties (continued)

- (b) the party is an entity where any of the following conditions applies: (continued)
- (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); and
 - (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 parent of the Group.

Events after the reporting period

If the Group receives information after the reporting period, but prior to the date of authorisation for issue, about conditions that existed at the end of the reporting period, it will assess whether the information affects the amounts that it recognises in its financial statements. The Group will adjust the amounts recognised in its financial statements to reflect any adjusting events after the reporting period and update the disclosures that relate to those conditions in light of the new information. For non-adjusting events after the reporting period, the Group will not change the amounts recognised in its financial statements, but will disclose the nature of the non-adjusting events and an estimate of their financial effects, or a statement that such an estimate cannot be made, if applicable.

3. Significant accounting judgements and estimates

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty of these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Taxes

Significant judgement is required in determining the provisions for income and other taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, the differences will impact the income tax and deferred tax provisions in the period in which the determination is made.

3. Significant accounting judgements and estimates (continued)

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Impairment allowances on financial assets

The measurement of impairment losses under HKFRS 9 across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

At each reporting date, the Group assesses whether there has been a significant increase in credit risk for exposures since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition. The Group considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information and, forward-looking information.

Valuation of Level 3 financial instruments

The fair value of financial instruments that are not traded in an active market is determined by using external valuations or valuation techniques. The Group uses a variety of methods and makes assumptions that are mainly based on market conditions existing at each reporting date. Valuation techniques used include the use of comparable recent arm's length transactions, option pricing models and other valuation techniques commonly used by other market participants. Changes in assumptions on the valuation techniques could affect the reported fair values of these financial assets. Further details are contained in notes 17 and 41 to the financial statements.

4. Operating segment information

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker is the person or group that allocates resources to and assesses the performance of the operating segments of an entity. The Group has determined the Executive Committee as its chief operating decision maker.

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

- (a) the securities segment comprises the broking and dealing of securities and the provision of margin financing services.
- (b) the corporate finance segment provides securities underwriting and sponsoring and financing advisory services to institutional clients.
- (c) the asset management and direct investment segment comprises the provision of asset management services and direct investments in equities, bonds, funds, derivative instruments and other financial products.
- (d) the financial services and others segment comprises finance lease services, business consulting services, financing services and other related services.

Segment performance is evaluated based on reportable segment result, which is measured consistently with the Group's loss before tax except that certain other income and gains or losses, certain finance costs and other unallocated expenses (including certain staff costs, certain rental expenses, certain depreciation, certain legal and professional fees and certain other expenses, incurred for strategic planning of the Group) are excluded from such measurement.

For the measurement of segment liabilities and results, interest-bearing borrowings are not allocated to segments while their corresponding finance costs are allocated to segment results.

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4. Operating segment information (continued)

(a) Operating segments

The following tables present the revenue and results for the years ended 31 December 2024 and 2023 for the Group's operating segments.

For the year ended 31 December 2024

	Securities HK\$'000	Corporate finance HK\$'000	Asset management and direct investment HK\$'000	Financial services and others HK\$'000	Total HK\$'000
Segment revenue					
Commission and fee income	4,483	–	1,507	–	5,990
Interest income	453	–	84,717	–	85,170
Investment income	–	–	1,281	–	1,281
	4,936	–	87,505	–	92,441
Net gain on financial assets at fair value through profit or loss	–	–	105,358	–	105,358
Net loss arising from disposal of financial assets at amortised cost	–	–	–	(10,030)	(10,030)
Other income and gains or losses, net	5,696	51	18,502	(26,405)	(2,156)
	10,632	51	211,365	(36,435)	185,613
Segment results	14,736	(3,681)	(184,110)	(84,779)	(257,834)
Unallocated other income and gains or losses, expenses, net					(6,949)
Loss before tax					(264,783)
Income tax credit					23,739
Loss for the year					(241,044)

4. Operating segment information (continued)

(a) Operating segments (continued)

Other segment information for the year ended 31 December 2024

	Securities	Corporate	Asset management and direct investment	Financial services and others	Unallocated	Total
	HK\$'000	finance HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Finance costs	-	-	(249,248)	-	(14,774)	(264,022)
Net provision for impairment of other loans and debt instruments	-	-	(86,072)	-	-	(86,072)
Net reversal of impairment of advances to customers in margin financing	11,215	-	-	-	-	11,215
Net provision for impairment of finance lease receivables	-	-	-	(46,973)	-	(46,973)
Net reversal of impairment of financial assets at fair value through other comprehensive income	-	-	8,468	-	-	8,468
Net provision for impairment of other financial assets at amortised cost	(8)	-	(4,004)	-	-	(4,012)
Net provision of impairment of other asset	-	-	(16,833)	-	-	(16,833)
Depreciation	(1)	-	(2,850)	-	-	(2,851)

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4. Operating segment information (continued)

(a) Operating segments (continued)

For the year ended 31 December 2023

	Securities HK\$'000	Corporate finance HK\$'000	Asset management and direct investment HK\$'000	Financial services and others HK\$'000	Total HK\$'000
Segment revenue					
Commission and fee income	7,994	2,601	4,520	–	15,115
Interest income	3,258	–	102,144	51,232	156,634
Investment income	–	–	30,394	–	30,394
	11,252	2,601	137,058	51,232	202,143
Net loss on financial assets at fair value through profit or loss	–	–	(202,905)	–	(202,905)
Net gain arising from disposal of financial assets at fair value through other comprehensive income	–	–	2,055	–	2,055
Net gain arising from disposal of financial assets at amortised cost	–	–	–	102,114	102,114
Other income and gains or losses, net	8,125	185	55,567	(15,151)	48,726
	19,377	2,786	(8,225)	138,195	152,133
Segment results	(819)	(3,271)	(591,602)	90,697	(504,995)
Unallocated other income and gains or losses, expenses, net					(61,658)
Loss before tax					(566,653)
Income tax expense					(140)
Loss for the year					(566,793)

4. Operating segment information (continued)

(a) Operating segments (continued)

Other segment information for the year ended 31 December 2023

	Securities HK\$'000	Corporate finance HK\$'000	Asset management and direct investment HK\$'000	Financial services and others HK\$'000	Unallocated HK\$'000	Total HK\$'000
Finance costs	–	–	(233,547)	–	(93,752)	(327,299)
Net provision for impairment of other loans and debt instruments	–	–	(119,521)	–	–	(119,521)
Net provision for impairment of advances to customers in margin financing	(10,443)	–	–	–	–	(10,443)
Net provision for impairment of finance lease receivables	–	–	–	(44,747)	–	(44,747)
Net provision for impairment of financial assets at fair value through other comprehensive income	–	–	(82,113)	–	–	(82,113)
Net provision for impairment of other financial assets at amortised cost	(7)	–	(3,094)	–	–	(3,101)
Depreciation	(4)	–	(31,930)	–	–	(31,934)

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4. Operating segment information (continued)

(a) Operating segments (continued)

The following tables present the assets and liabilities for the Group's operating segments as at 31 December 2024 and 2023. During the year, certain corporate assets have been re-allocated into the respective segments. The corresponding segment comparative information has been restated to conform with the current year's presentation.

As at 31 December 2024

	Securities HK\$'000	Corporate finance HK\$'000	Asset management and direct investment HK\$'000	Financial services and others HK\$'000	Total HK\$'000
Total segment assets	205,848	10,126	1,742,287	71,351	2,029,612
Intercompany eliminations					(7,236)
Other unallocated assets					43,394
Total assets					2,065,770
Total segment liabilities	121,204	–	354,262	26,472	501,938
Intercompany eliminations					(7,236)
Other unallocated liabilities					3,844,449
Total liabilities					4,339,151

As at 31 December 2023

	Securities HK\$'000	Corporate finance HK\$'000	Asset management and direct investment HK\$'000	Financial services and others HK\$'000	Total HK\$'000
Total segment assets	317,398	17,282	2,793,130	726,774	3,854,584
Intercompany eliminations					1,090
Other unallocated assets					62,592
Total assets					3,918,266
Total segment liabilities	115,413	–	37,560	305,621	458,594
Intercompany eliminations					1,090
Other unallocated liabilities					5,115,236
Total liabilities					5,574,920

4. Operating segment information (continued)

(b) Geographical information

The Group's operations are located in Hong Kong and Mainland China.

Information about the Group's revenue from external customers is presented based on the location of the operations.

Information about the Group's non-current assets is presented based on the geographical location of the assets.

	Revenue from external customers		Non-current assets	
	2024 HK\$'000	2023 HK\$'000	2024 HK\$'000	2023 HK\$'000
Hong Kong	32,667	150,911	4,838	5,477
Mainland China	59,774	51,232	5	5
Total	92,441	202,143	4,843	5,482

Note: Non-current assets excluded financial assets.

(c) Information about major customers

During the year ended 31 December 2024, two external customers namely customer A and customer D contributed more than 10% of total revenue of the Group (2023: three external customers namely customer A, customer B and customer C contributed more than 10% of total revenue of the Group):

	2024 HK\$'000	2023 HK\$'000
Customer A from asset management and direct investment*:	59,468	59,468
Customer B from asset management and direct investment:	–	28,359
Customer C from financial services and others:	–	49,214
Customer D from asset management and direct investment:	10,153	11,941

* The corresponding receivable of the revenue has been fully provided for impairment.

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5. Revenue

The Group's revenue is disaggregated as follows:

	2024 HK\$'000	2023 HK\$'000
<i>Revenue from contracts with customers</i>		
Commission and fee income (note (i)):		
Fee and commission income on securities dealing and brokerage	4,192	7,875
Placing and underwriting fee income	–	1
Consultancy and financing advisory fee income	–	2,600
Management fee income	1,507	1,764
Other service income	291	2,875
	5,990	15,115
<i>Revenue from other sources</i>		
Interest income:		
Interest income calculated using the effective interest method		
Interest income from other loans and debt instruments	75,993	82,164
Interest income from finance lease receivables	–	51,232
Interest income from margin financing activities	453	3,258
	76,446	136,654
Interest income – others:		
Interest income from financial assets at fair value through profit or loss	4,078	9,210
Interest income from financial assets at fair value through other comprehensive income	4,646	10,770
	8,724	19,980
Total interest income	85,170	156,634
Investment income:		
Dividend income	1,281	30,394
Total revenue	92,441	202,143

5. Revenue (continued)

Note:

(i) Disaggregated revenue information for revenue from contracts with customers

	2024 HK\$'000	2023 HK\$'000
Services transferred at a point in time	4,483	12,351
Services transferred over time	1,507	2,764
Total revenue from contracts with customers	5,990	15,115

6. Finance costs

	2024 HK\$'000	2023 HK\$'000
Interest on bank borrowings	14,774	93,751
Interest on repurchase agreements and other activities	290	3,989
Interest on loans from an intermediate holding company		
– repayable on demand and within one year	–	11,069
– repayable in more than one year but not more than five years	213,455	81,593
– repayable in more than five years	–	32,410
Interest on loans from an immediate holding company		
– repayable on demand and within one year	33,335	51,878
– repayable in more than five years	–	49,628
Interest on a loan from a fellow subsidiary		
– repayable on demand and within one year	–	2,593
– repayable in more than one year but not more than five years	2,133	–
Interest on lease liabilities	35	388
	264,022	327,299

Notes to Consolidated Financial Statements

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7. Loss before tax

The Group's loss before tax is arrived at after charging/(crediting):

	2024 HK\$'000	2023 HK\$'000
Depreciation of property, plant and equipment	1,858	2,859
Depreciation of right-of-use assets	993	29,075
Auditor's remuneration	3,900	5,150
Legal and professional fees	8,862	8,885
Salaries, bonuses and allowances (including directors' remuneration)	18,111	27,452
Pension scheme contributions (including directors' remuneration)	1,264	1,545
Net provision for impairment of other loans and debt instruments	86,072	119,521
Net (reversal of)/provision for impairment of advances to customers in margin financing	(11,215)	10,443
Net provision for impairment of finance lease receivables	46,973	44,747
Net (reversal of)/provision for impairment of financial assets at fair value through other comprehensive income	(8,468)	82,113
Net provision for impairment of accounts receivable	4,012	3,101
Net provision for impairment of other assets	16,833	–

8. Directors' and chief executive's remuneration

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2024 HK\$'000	2023 HK\$'000
Fees	1,030	1,240
Other emoluments:		
Salaries, allowances and benefits in kind	1,326	1,273
Discretionary bonuses	136	187
Retirement benefits	18	18
	1,480	1,478
	2,510	2,718

8. Directors' and chief executive's remuneration (continued)

Detail analysis is set out below:

2024

(a) Executive directors

	Mr. Chen Qinghua HK\$'000	Mr. Lu Xinzheng HK\$'000	Total HK\$'000
Fees	–	–	–
Other emoluments:			
Salaries, allowances and benefits in kind	–	1,326	1,326
Discretionary bonuses	–	136	136
Retirement benefits	–	18	18
Sub-total	–	1,480	1,480

The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group. There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the year.

Note: Mr. Chen Qinghua is the general manager of an intermediate holding company and his emolument has been borne by the intermediate holding company. No apportionment has been made by the intermediate holding company and the Company.

(b) Non-executive director

The emoluments of Ms. Tan Jieyu, Mr. Wang Cheng and Mr. Zhang Xing have been borne by an intermediate holding company. No apportionment has been made by the intermediate holding company and the Company.

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8. Directors' and chief executive's remuneration (continued)

2024 (continued)

(c) Independent non-executive directors

	Mr. Hung Ka Hai Clement HK\$'000	Mr. Ma Lishan HK\$'000	Mr. Guan Huanfei HK\$'000	Dr. Lam Lee G. (resigned on 31 March 2024) HK\$'000	Total HK\$'000
Fees	320	310	325	75	1,030
Other emoluments:					
Salaries, allowances and benefits in kind	-	-	-	-	-
Discretionary bonuses	-	-	-	-	-
Retirement benefits	-	-	-	-	-
Sub-total	320	310	325	75	1,030

The independent non-executive directors' emoluments shown above were mainly for their services as directors of the Company. There were no other emoluments payable to the independent non-executive directors during the year.

8. Directors' and chief executive's remuneration (continued)

2023

(a) Executive directors

	Mr. Chen Qinghua HK\$'000	Mr. Lu Xinzheng HK\$'000	Total HK\$'000
Fees	–	–	–
Other emoluments:			
Salaries, allowances and benefits in kind	–	1,273	1,273
Discretionary bonuses	–	187	187
Retirement benefits	–	18	18
Sub-total	–	1,478	1,478

The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group. There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the year.

Note: Mr. Chen Qinghua is the general manager of an intermediate holding company and his emolument has been borne by the intermediate holding company. No apportionment has been made by the intermediate holding company and the Company.

(b) Non-executive director

Mr. Zhang Xing's emolument has been borne by an intermediate holding company. No apportionment has been made by the intermediate holding company and the Company.

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8. Directors' and chief executive's remuneration (continued)

2023 (continued)

(c) Independent non-executive directors

	Mr. Hung Ka Hai Clement HK\$'000	Mr. Ma Lishan HK\$'000	Mr. Guan Huanfei HK\$'000	Dr. Lam Lee G. HK\$'000	Total HK\$'000
Fees	320	310	310	300	1,240
Other emoluments:					
Salaries, allowances and benefits in kind	–	–	–	–	–
Discretionary bonuses	–	–	–	–	–
Retirement benefits	–	–	–	–	–
Sub-total	320	310	310	300	1,240

The independent non-executive directors' emoluments shown above were mainly for their services as directors of the Company. There were no other emoluments payable to the independent non-executive directors during the year.

9. Five highest paid employees

Excluding the amounts paid or payable by way of commission of sales generated by the individuals, the five highest paid employees during the year included one director (2023: one director). Details of the remuneration of the four (2023: four) non-director and highest paid employees for the year are as follows:

	2024 HK\$'000	2023 HK\$'000
Salaries and other benefits	4,692	4,702
Retirement benefits	66	73
	4,758	4,775

9. Five highest paid employees (continued)

The number of non-director, highest paid employees whose remuneration fell within the following bands is as follows:

	2024 Number of employees	2023 Number of employees
HK\$500,001 to HK\$1,000,000	–	–
HK\$1,000,001 to HK\$1,500,000	4	4
	4	4

10. Income tax

	2024 HK\$'000	2023 HK\$'000
Current tax:		
Hong Kong	–	140
Over (under)-provision in prior years:		
Hong Kong	180	–
Mainland China	(23,919)	–
	(23,739)	140

The directors of the Company considered the amount involved upon implementation of the two-tiered profits tax rates regime insignificant to the consolidated financial statements. Hong Kong Profits Tax was calculated at 16.5% of the estimated assessable profits for both years.

Hong Kong Profits Tax has been provided at the rate of 16.5% (2023: 16.5%) on the estimated assessable profits arising in Hong Kong during the year.

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 subsidiaries in Mainland China was 25% for the year (2023: 25%).

Notes to Consolidated Financial Statements

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10. Income tax (continued)

A reconciliation of the tax applicable to loss before tax at the statutory rate of Hong Kong, where the Company is headquartered, to the tax expense is as follows:

	2024 HK\$'000	2023 HK\$'000
Loss before tax	(264,783)	(566,653)
Tax at the statutory tax rate of 16.5% (2023: 16.5%)	(43,689)	(93,498)
Effect of different tax rate of 8.25% under two-tiered tax regime (2023: 8.25%)	(110)	(180)
Over-provision in prior years	(23,739)	–
Income not subject to tax	(2,911)	(15,600)
Expenses not deductible for tax	11,946	8,703
Effect of tax loss not recognised	168,697	95,309
Temporary difference not recognised	(99,030)	(1,594)
Tax loss utilised	(27,643)	(510)
Effect of different tax rate of subsidiaries operating on other jurisdiction	(7,260)	7,510
Tax (credit)/charge for the year	(23,739)	140

At the end of the year, the Group has unused tax losses arising in Hong Kong of approximately HK\$9,449,734,000 (2023: HK\$9,164,634,000) available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. The group also has tax losses arising in PRC of HK\$820,674,000 (2023: HK\$447,284,000) that will expire in one to five years for offsetting against future taxable profits. As of 31 December 2024, no deferred tax asset has been recognised due to the unpredictability of future profit streams.

At 31 December 2024, the Group has other deductible temporary differences of HK\$859,352,000 (2023: HK\$1,500,479,000). No deferred tax asset has been recognised in relation to such deductible temporary difference as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

At 31 December 2024 and 2023, in the opinion of the directors that there was no significant unrecognised deferred tax liability for taxes that would be payable on the unremitted earnings of the Group's subsidiaries established in PRC that are subject to withholding taxes.

11. Dividends

The Directors of the Company do not recommend the payment of any dividend for the Year. No dividend was paid to the Shareholders of the Company for the years ended 31 December 2024 and 31 December 2023. The Board has resolved not to declare the payment of any dividend for the years ended 31 December 2024 and 31 December 2023.

12. Loss per share attributable to ordinary equity holders of the Company

The calculation of basic loss per share attributable to ordinary equity holders of the Company is as follows:

	2024 HK\$'000	2023 HK\$'000
Loss		
Loss for the year attributable to ordinary equity holders of the Company, used in the basic loss per share calculation	(642,716)	(967,291)
Number of shares		
	2024	2023
	'000	'000
Number of shares		
Weighted average number of ordinary shares in issue during the year used in the basic loss per share calculation	8,709,586	8,709,586

No diluted loss per share was presented for both years because there were no potential dilutive ordinary shares during both the current and prior years.

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13. Property, plant and equipment

	Leasehold improvements HK\$'000	Furniture, equipment and motor vehicles HK\$'000	Total HK\$'000
2024			
At 1 January 2024:			
Cost	31,377	134,518	165,895
Accumulated depreciation and impairment	(30,756)	(132,675)	(163,431)
Net carrying amount	621	1,843	2,464
At 1 January 2024, net of accumulated depreciation and impairment	621	1,843	2,464
Depreciation provided during the year	(408)	(1,450)	(1,858)
At 31 December 2024, net of accumulated depreciation and impairment	213	393	606
At 31 December 2024			
Cost	31,377	134,518	165,895
Accumulated depreciation and impairment	(31,164)	(134,125)	(165,289)
Net carrying amount	213	393	606

13. Property, plant and equipment (continued)

	Leasehold improvements HK\$'000	Furniture, equipment and motor vehicles HK\$'000	Total HK\$'000
2023			
At 1 January 2023:			
Cost	31,377	133,655	165,032
Accumulated depreciation and impairment	(29,977)	(130,606)	(160,583)
Net carrying amount	1,400	3,049	4,449
At 1 January 2023, net of accumulated depreciation and impairment	1,400	3,049	4,449
Additions	–	874	874
Depreciation provided during the year	(779)	(2,080)	(2,859)
At 31 December 2023, net of accumulated depreciation and impairment	621	1,843	2,464
At 31 December 2023			
Cost	31,377	134,518	165,895
Accumulated depreciation and impairment	(30,756)	(132,675)	(163,431)
Net carrying amount	621	1,843	2,464

Notes to Consolidated Financial Statements

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14. Other long term assets

	2024 HK\$'000	2023 HK\$'000
Deposits with HKEx:		
Compensation Fund	293	293
Fidelity Fund	250	250
Admission fee paid to Hong Kong Securities Clearing Company Limited	250	250
Deposit with the Guarantee Fund of the Central Clearing and Settlement System	250	250
	1,043	1,043

15. Intangible assets

	Trading rights HK\$'000
COST	
At 1 January 2023, 31 December 2023, 1 January 2024 and 31 December 2024	20,171
ACCUMULATED IMPAIRMENT	
At 1 January 2023, 31 December 2023, 1 January 2024 and 31 December 2024	17,821
NET CARRYING AMOUNT	
At 1 January 2023, 31 December 2023, 1 January 2024 and 31 December 2024	2,350

The trading rights represent the eligibility rights to trade on or through the HKEx and 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 of the Group as having indefinite useful lives because they are expected to contribute to net cash inflows indefinitely. The trading rights will not be amortised until their useful lives are determined to be finite. Instead, they will be tested for impairment annually and whenever there is an indication that they may be impaired. No additional impairment was considered necessary for the years ended 31 December 2024 and 2023.

16. Right-of-use assets

	Leased properties HK\$'000	Office equipment HK\$'000	Total HK\$'000
As at 1 January 2023			
Carrying amount	29,266	477	29,743
Depreciation provided during the year	(28,791)	(284)	(29,075)
As at 31 December 2023 and 1 January 2024			
Carrying amount	475	193	668
Depreciation provided during the year	(800)	(193)	(993)
Additions to right-of-use assets	2,492	–	2,492
Termination of lease	(280)	–	(280)
As at 31 December 2024			
Carrying amount	1,887	–	1,887

For both years, the Group leases various offices, staff quarters and office equipment for its operations. Lease contracts are entered into for a fixed term of 12 months to 60 months, and may have extension and termination options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

The Group regularly entered into short-term leases for office equipment and staff quarters. As at 31 December 2024, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense is disclosed as below.

The amount recognised in profit or loss in relation to leases are as follows:

	2024 HK\$'000	2023 HK\$'000
Interest on lease liabilities	35	388
Expense relating to leases of short-term leases and low-value assets	2,305	891
Depreciation of right-of-use assets during the year	993	29,075

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17. Financial assets at fair value through profit or loss

	2024 HK\$'000	2023 HK\$'000
Financial assets at fair value through profit or loss ("FVTPL")		
Non-current:		
– Unlisted fund investments	320,120	468,897
– Listed fixed income securities	33,480	122,622
– Unlisted fixed income securities (note (ii))	428,415	278,133
	782,015	869,652
Current:		
– Unlisted fund investments (note (i))	168,392	323,917
– Listed equity investments	10,513	15,613
– Listed fixed income securities	104,518	41,827
	283,423	381,357
Total financial assets at FVTPL	1,065,438	1,251,009

Notes:

- (i) The Group expects to realise the unlisted fund investments of approximately HK\$168,392,000 (2023: HK\$323,917,000) within the next twelve months and has accordingly classified them as current assets.
- (ii) The coupon rate of these unlisted fixed income securities is 7% (2023: 7%) per annum as at 31 December 2024. The Group expects to realise such unlisted fixed income securities in more than 1 year (2023: expects to realise such unlisted fixed income securities in more than 1 year).

18. Financial assets at fair value through other comprehensive income

	2024 HK\$'000	2023 HK\$'000
Non-current:		
Fixed income investments, at fair value	24,575	21,286
Current:		
Fixed income investments, at fair value	52,628	112,552
	77,203	133,838

During the year, the gain in respect of changes in the fair value of the Group's financial assets at FVTOCI recognised in other comprehensive income amounted to approximately HK\$19,584,000 (2023: loss of approximately HK\$44,171,000). During the year, the Group has made net reversal of impairment of financial assets at fair value through other comprehensive income included in profit or loss of HK\$8,468,000 (2023: net provision for impairment of HK\$82,113,000). Total allowance for impairment as at 31 December 2024 is HK\$224,671,000 (2023: HK\$273,859,000). During the year, there is no gain or loss arising from the redemption of financial assets at FVTOCI (2023: gain of approximately HK\$2,055,000 was reclassified from other comprehensive income to profit or loss upon disposal).

Interest income derived from financial assets at FVTOCI was recognised as "interest income from financial assets at fair value through other comprehensive income" within "revenue".

Details of movements in the provision for impairment are set out in note 41.

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19. Finance lease receivables

	2024 HK\$'000	2023 HK\$'000
Minimum finance lease receivables:		
Within one year	174,709	596,812
Less: Unearned finance income	–	–
Net amount of finance lease receivables	174,709	596,812
Less: Allowance for expected credit losses ("ECL")	(166,034)	(512,335)
Carrying amount of finance lease receivables	8,675	84,477
Present value of minimum finance lease receivables:		
Within one year	174,709	596,812

Movement of ECL

	HK\$'000
At 1 January 2023	747,717
Net provision for impairment for the year	44,747
Written off	(3,802)
Disposal	(266,954)
Exchange difference on translation of foreign operations	(9,373)
At 31 December 2023 and 1 January 2024	512,335
Net provision for impairment for the year	46,973
Written off	(48,258)
Disposal	(339,323)
Exchange difference on translation of foreign operations	(5,693)
At 31 December 2024	(166,034)

At 31 December 2024, finance lease receivables were all secured by the lease assets which are mainly motor vehicles and equipment. Interest rates of the above finance leases ranged from 6.80% to 9.75% per annum (2023: 6.80% to 9.75% per annum).

20. Other loans and debt instruments

	2024 HK\$'000	2023 HK\$'000
Other loans and debt instruments	1,333,979	1,322,986
Less: Allowance for expected credit losses	(994,720)	(908,648)
	339,259	414,338
Analysed as:		
Non-current	271,509	414,338
Current	67,750	–
	339,259	414,338

As at 31 December 2024, other loans and debt instruments have contractual interest rates ranging from 8.5% to 25% per annum (2023: 8.5% to 25% per annum).

As at 31 December 2024, other loans and debt instruments with a carrying amount of approximately HK\$339,259,000 were secured by equity interests in companies listed in Hong Kong and land and properties in Mainland China (2023: approximately HK\$414,338,000 were secured by equity interests in companies listed in Hong Kong and land and properties in Mainland China).

One of the other loans with a carrying amount of approximately HK\$67,750,000 (2023: nil) was expected to be settled within one year. No aging analysis is disclosed as in the opinion of the directors of the Company, the aging analysis does not give additional values.

Regular reviews on other loans and debt instruments are conducted by the risk management department based on the latest status of other loans and debt instruments, and the latest announced or available information about the borrowers and the underlying collaterals held. Apart from collateral monitoring, the Group seeks to maintain effective control over its loans and debt instruments in order to minimise credit risk by regularly reviewing the borrowers' and/or guarantors' financial position.

20. Other loans and debt instruments (continued)

The management of the Group estimates the amount of loss allowance for expected credit loss on these credit impaired loan receivables by assessing the present value of estimated future cash flows with the consideration of expected future credit loss of the respective loans which are based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors or borrowers, which include any (i) significant financial difficulty of the debtors or borrowers, (ii) breach of contract or probability that the debtors or borrowers will enter bankruptcy and (iii) the status and progress of financial restructuring, general economic conditions and both the current conditions at the reporting date as well as the forecast of future conditions with significant judgments involved. Moreover, the Group also reviews and assesses the fair value of the collateral received from the customers in determining the impairment with the involvement of third party qualified valuers, if necessary. The assessment of the credit risk and therefore expected cash flows of the respective loan involves a high degree of estimation and uncertainty. In the opinion of the directors of the Company, the impairment provision for the current period is sufficient.

As at 31 December 2024, the gross carrying amount of other loans and debt instruments under 12-month ECL, lifetime ECL (not credit-impaired) and lifetime ECL (credit-impaired) were nil (2023: nil), HK\$68,211,000 (2023: HK\$123,058,000) and HK\$1,265,768,000 (2023: HK\$1,199,928,000), respectively.

As at 31 December 2024, the average loss rates of other loans and debt instruments under 12-month ECL, lifetime ECL (not credit-impaired) and lifetime ECL (credit-impaired) were nil (2023: nil), 0.68% (2023: 4.84%) and 79% (2023: 75%), respectively.

As at 31 December 2024 and 31 December 2023, the contractual amount outstanding on other loans and debt instruments that have been written off were nil.

21. Investments accounted for using the equity method and amount due from an associate

Name of entity	Country of incorporation	Interest held by the Group		Principal activities
		As at 31 December 2024	As at 31 December 2023	
Hua Rong Bo Run International Investment Holdings Limited	Hong Kong	40%	40%	Investment holding

The carrying amount of total investment in an associate using the equity method (comprised the cost of unlisted investment in the associate, share of results of the associate and exchange differences) were nil as at 31 December 2024 and 31 December 2023.

The share of profit arisen from Hua Rong Bo Run International Investment Holdings Limited for the year ended 31 December 2024 and 31 December 2023 were nil.

The gross amount of amount due from the associate, Hua Rong Bo Run International Investment Holdings Limited, with an interest rate of 7% per annum, repayable on 21 May 2022, is HK\$305,041,000 (2023: HK\$307,129,000). Upon the maturity of the amount due from an associate, there is no repayment of principal from the associate. Provision for impairment of HK\$305,041,000 (2023: HK\$307,129,000) has been made against the amount due from the associate as at 31 December 2024 due to significant financial difficulty of the associate. The carrying amount of the amount due from the associate was nil as at 31 December 2024 (2023: nil).

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22. Advances to customers in margin financing

	2024 HK\$'000	2023 HK\$'000
Advances to customers in margin financing	93,999	105,102
Less: Allowance for expected credit losses	(82,456)	(93,671)
	11,543	11,431

The advances to customers in margin financing are interest-bearing and secured by the underlying pledged securities. The Group maintains a list of approved securities for margin lending at a specific loan to collateral ratio. Any excess in the lending ratio will trigger a margin call in the case of which the customers have to make additional funds available for the shortfall.

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

The Group allows a credit period of up to the settlement dates of the respective securities transactions or a credit period mutually agreed with the contracting parties. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables so as to minimise credit risk. Advances for margin financing are secured by the pledge of customers' securities as collaterals. The credit facility limits to customers in margin financing are determined by the market value of the collateral securities accepted by the Group. Overdue balances are reviewed regularly by the management. The carrying amount of the loans and the market value of the collateral securities are reviewed regularly by the risk management department. Securities are assigned with specific margin ratios for calculating their margin values. Additional funds or collateral are required if the outstanding amount exceeds the eligible margin value of securities deposited. The collateral held can be repledged or sold at the Group's discretion to settle any outstanding amount owed by margin clients.

All the pledged securities were listed equity securities in the respective stock exchanges in Hong Kong as at 31 December 2024 and 2023, amounted to HK\$13,385,000 and HK\$71,227,000, respectively. The loans are repayable on demand subsequent to the settlement date of the trade.

As at 31 December 2024, the Group has concentration of credit risk as 99% (2023: 95%) of the total advances to securities margin clients due from the Group's five largest securities margin clients.

22. Advances to customers in margin financing (continued)

In determining the allowances for credit impaired loans to margin clients, the management of the Group also takes into account the shortfall by comparing the market value of securities pledged as collateral and the outstanding balance of the loan to margin clients individually taking into account of the subsequent settlement or executable settlement plan and restructuring arrangements. The management of the Group estimates the amount of expected credit loss allowance on these credit impaired loan receivables by assessing the present value of estimated future cash flows with the consideration of expected future credit losses of the respective loans which are based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors or borrowers, which include any (i) significant financial difficulty of the debtors or borrowers, (ii) breach of contract or probability that the debtors or borrowers will enter bankruptcy and (iii) the status and progress of financial restructuring, general economic conditions and both the current conditions at the reporting date as well as the forecast of future conditions with significant judgments involved. Moreover, the Group also reviews and assesses the market value of the collateral received from the customers in determining the impairment with the involvement of independent qualified valuers, if necessary.

The assessment of the credit risk and therefore expected cash flows of the respective loan involves a high degree of estimation and uncertainty. In the opinion of the directors of the Company, the impairment provision for the current period is sufficient.

As at 31 December 2024, the gross carrying amount for 12-month ECL, lifetime ECL (not credit-impaired) and lifetime ECL (credit-impaired) were HK\$700,000 (2023: HK\$11,019,000), nil (2023: nil) and HK\$93,299,000 (2023: HK\$94,083,000), respectively.

As at 31 December 2024, the average loss rates for 12-month ECL, lifetime ECL (not credit-impaired) and lifetime ECL (credit-impaired) were 0.01% (2023: 0.22%), nil (2023: nil) and 88.4% (2023: 99.5%), respectively.

As at 31 December 2024 and 31 December 2023, the contractual amount outstanding on advances to customers in margin financing that have been written off, but were still subject to enforcement activity was nil.

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23. Accounts receivable

	2024 HK\$'000	2023 HK\$'000
Accounts receivable from:		
– securities, futures and options dealing services		
– clients	1,007	296
– brokers, dealers and clearing houses	2,240	2,145
– corporate finance and asset management	6,358	6,608
– direct investment and others	73,992	310,883
	83,597	319,932
Less: Allowance for expected credit losses	(80,298)	(76,286)
	3,299	243,646

Accounts receivable from clients, brokers, dealers and clearing houses arising from the business of dealing in securities are repayable on demand subsequent to the settlement date and bear variable interests at commercial rates. The normal settlement terms of accounts receivable arising from the business of dealing in securities are two days after the trade date or at specific terms agreed with clients, brokers and dealers.

Normal settlement terms of accounts receivable arising from the business corporate finance and asset management are determined in accordance with the agreed terms, usually within 3 months after the service was provided.

23. Accounts receivable (continued)

An ageing analysis of the Group's accounts receivable, based on the trade date and net of allowance for expected credit losses, is as follows:

	2024 HK\$'000	2023 HK\$'000
0–30 days	2,949	239,256
31–90 days	–	–
91–365 days	–	–
Over 365 days	350	4,390
	3,299	243,646

Movement of ECL

	2024 HK\$'000	2023 HK\$'000
At beginning of year	76,286	133,289
Net provision for impairment	4,012	3,101
Amount written off during the year	–	(60,104)
At end of year	80,298	76,286

For accounts receivable from clients, the management ensures that the available cash balance and listed equity securities belonging to accounts receivable clients in which the Group holds as custodian are sufficient to cover the amounts due to the Group. For the remaining accounts receivable that are overdue, management maintains effective control over the repayment schedule and assesses the latest status of the debtors.

As at 31 December 2024, accounts receivable amounting to HK\$6,358,000 (2023: HK\$6,608,000) arose from corporate finance and asset management business which is under the scope of HKFRS 15 and accounts receivable amounting to HK\$73,992,000 (2023: HK\$310,883,000) arose from direct investment business. The Group performs impairment assessment under lifetime ECL on these balances individually for debtors. As at 31 December 2024, allowance amounting to HK\$79,999,000 (2023: HK\$75,995,000) was made accordingly.

The remaining allowance for expected credit losses of accounts receivable is the provision for individually impaired accounts receivable from securities clients of approximately HK\$299,000 (2023: HK\$291,000).

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24. Prepayments, deposits and other receivables

	2024 HK\$'000	2023 HK\$'000
Current		
Prepayments	8,986	30,410
Deposits	1,279	21,211
Other receivables	3,054	3,043
	13,319	54,664

25. Amounts due from/(to) related parties

The balances with an immediate holding company, an intermediate holding company and fellow subsidiaries are non-trade in nature which are unsecured, interest-free and repayable on demand.

26. Restricted bank balances

The Group maintains segregated trust accounts with licenced banks to hold clients' monies arising from its normal course of business licenced by the Securities and Futures Commission. The Group has classified these clients' monies as restricted bank balances under the current assets section of the consolidated statement of financial position and recognised the corresponding amounts payable to the respective clients on the ground that it is liable for any loss or misappropriation of these client's monies. The Group is not permitted to use the clients' monies to settle its own obligations.

27. Deposits in other financial institutions

The amounts represented deposits placed with securities brokers for securities trading purposes and carry interest at prevailing market rates.

28. Cash and deposits with banks

	2024 HK\$'000	2023 HK\$'000
Cash and bank balances	413,122	1,551,890
Time deposits with original maturity of less than three months	–	29,465
Cash and cash equivalents	413,122	1,581,355
Time deposits with original maturity of more than three months	–	–
Total cash and deposits with banks	413,122	1,581,355

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances and time deposits are deposited with creditworthy banks with no recent history of default.

As at 31 December 2024 and December 2023, no time deposit has been pledged for a bank borrowing.

29. Accounts payable

An ageing analysis of the Group's accounts payable, based on the settlement due date, is as follows:

	2024 HK\$'000	2023 HK\$'000
Current to 1 month	100,798	98,559

The accounts payable are unsecured and repayable on the settlement date of the relevant trades or upon demand from customers.

As at 31 December 2024, accounts payable with a carrying amount of approximately HK\$99,111,000 (2023: HK\$96,966,000) are interest-bearing at bank savings deposit rates.

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30. Other liabilities, payables and accruals

	2024 HK\$'000	2023 HK\$'000
Current:		
Other payables	89,731	109,080
Interest payables (note (i))	173,318	46,838
Accruals	2,921	3,017
Receipt in advance	894	301
	266,864	159,236
Non-current:		
Other payables	3,504	3,504
	270,368	162,740

Other payables and accrued liabilities are non-interest-bearing.

Note:

- (i) Included in interest payables are the interest payables of HK\$165,860,000 (2023: HK\$19,290,000) in relation to the loans from an intermediate holding company of an aggregate amount of US\$490,055,000 (2023: US\$280,115,000) at annual interest rate of 6.51% (2023: 4.3% to 7.98%) and HK\$nil interest payables (2023: HK\$2,020,000) in relation to the bank borrowings. Moreover, interest payables of HK\$3,252,000 (2023: HK\$20,214,000) are related to the loans from an immediate holding company and HK\$4,206,000 (2023: HK\$5,314,000) is related to an unsecured loan from a fellow subsidiary.

31. Interest-bearing borrowings

	2024 HK\$'000	2023 HK\$'000
Non-current:		
Unsecured loans from an intermediate holding company	3,804,056	1,942,245
Unsecured loans from an immediate holding company	–	841,304
An unsecured loan from a fellow subsidiary	28,077	–
	3,832,133	2,783,549
Current:		
Unsecured bank borrowings	–	820,000
An unsecured loan from a fellow subsidiary	–	55,174
Unsecured loans from an immediate holding company	–	1,198,111
Unsecured loans from an intermediate holding company	–	247,034
	–	2,320,319
Total interest-bearing borrowings	3,832,133	5,103,868
	2024 HK\$'000	2023 HK\$'000
The carrying amounts of the above borrowings are repayable based on scheduled repayment dates set out in the loan agreements:		
On demand or within one year	–	2,320,319
Within a period of more than one year but not exceeding two years	–	–
Within a period of more than two years but not exceeding five years	3,832,133	1,290,855
More than five years	–	1,492,694
	3,832,133	5,103,868
	2024 HK\$'000	2023 HK\$'000
Denominated in:		
HK\$	–	820,000
US\$	3,804,056	4,228,694
RMB	28,077	55,174
	3,832,133	5,103,868

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31. Interest-bearing borrowings (continued)

As at 31 December 2024 and 31 December 2023, there were no secured bank borrowings.

As at 31 December 2024, the Group has not utilised bank credit facilities (2023: utilised approximately HK\$820,000,000) subject to floating interest rates.

In addition, the Group had loans amounting to approximately US\$490,055,000 (equivalent to approximately HK\$3,804,056,000) (2023: US\$280,115,000 (equivalent to approximately HK\$2,189,279,000)) from its intermediate holding company, for the operation of the Group's business. The loans bear interest at fixed interest rates ranging from 6.51% per annum (2023: 4.3% to 7.98% per annum) and are repayable within five years (2023: within one year and within six years) from the end of the year.

In addition, the Group had a loan of RMB26,000,000 (equivalent to approximately HK\$28,077,000) (2023: RMB50,000,000 (equivalent to approximately HK\$55,174,000)) from its fellow subsidiary, for the operation of the Group's business. The loan bear interest at fixed interest rate of 5.43% per annum (2023: 4.75% per annum) and are repayable within three years (2023: repayable within one year) from the end of the year.

The carrying amounts of the interest-bearing borrowings approximate to their fair values as the impact on discounting is not significant.

The bank borrowing of approximately HK\$820 million had been fully repaid during the year.

32. Repurchase agreements

Repurchase agreements arise when the securities are sold by the Group with a concurrent agreement to repurchase at a specified later date and price. These securities are not derecognised from the Group's consolidated statement of financial position and are retained within the appropriate financial assets classification. The amount received by the Group is recognised as liabilities as the Group retains substantially all risks and returns of the securities.

As at 31 December 2024, there was nil obligation under repurchase agreements (2023: HK\$54,019,000).

The following table specifies the amount included within FVTPL and financial assets at FVTOCI subject to repurchase agreements at the year end.

	2024 HK\$'000	2023 HK\$'000
Financial assets at FVTOCI	–	67,812
Financial assets at FVTPL	–	4,356
	–	72,168

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33. Lease liabilities

	2024 HK\$'000	2023 HK\$'000
Maturity of lease liabilities:		
Within one year	2,023	812

The carrying amount of lease liabilities and the movements during the year are as follows.

	2024 HK\$'000	2023 HK\$'000
Carrying amount at 1 January	812	29,412
New leases	2,492	–
Accretion of interest recognised during the year	35	388
Payments	(1,036)	(28,988)
Termination of lease	(280)	–
Carrying amount at 31 December	2,023	812

34. Share capital

	Number of shares '000,000	Share capital HK\$'000
Authorised:		
Ordinary shares of HK\$0.001 each at 1 January 2023, 31 December 2023, 1 January 2024 and 31 December 2024	1,000,000	1,000,000
Issued and fully paid:		
At 1 January 2023, 31 December 2023, 1 January 2024 and 31 December 2024	8,710	8,710

35. Perpetual capital securities classified as equity instruments

	Principal HK\$'000	Distributions HK\$'000	Total HK\$'000
Balance as at 1 January 2023	6,162,900	79,584	6,242,484
Profit attributable to holder of perpetual capital securities	–	400,498	400,498
Distribution relating to perpetual capital securities	–	(401,347)	(401,347)
Balance as at 31 December 2023 and 1 January 2024	6,162,900	78,735	6,241,635
Profit attributable to holder of perpetual capital securities	–	401,672	401,672
Distribution relating to perpetual capital securities	–	(399,691)	(399,691)
Balance as at 31 December 2024	6,162,900	80,716	6,243,616

The perpetual capital securities are classified as equity instruments, as there is no maturity of the instruments and the payments of distribution can be deferred into perpetuity at the discretion of the Company. When the Company elects to distribute, the distribution to the holder of perpetual capital securities shall be made at the distribution rate as set out in the subscription agreement.

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36. Commitments

	2024 HK\$'000	2023 HK\$'000
Fund commitments		
Commitments in respect of capital contribution to the investment fund	10,459	10,531

37. Contingent liabilities

The Group had no other material contingent liabilities at 31 December 2024 and 2023.

38. Related party transactions

In addition to the transactions and balances disclosed elsewhere in this consolidated financial information, the Group had the following related party transactions during the year:

(a) Compensation of key management personnel of the Group:

The emoluments paid to the directors of the Company, who are the key management personnel of the Group, are included in note 8.

38. Related party transactions (continued)

- (b) Save as disclosed below and elsewhere in these consolidated financial statements, the Group did not have any material transactions with related parties during the year ended 31 December 2024 and 31 December 2023.

Details as follow:

	2024			2023		
	Fee and commission income on securities			Fee and commission income on securities		
	Rental expense	dealing and brokerage	Finance costs	Rental expense	dealing and brokerage	Finance costs
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Intermediate holding company (i)	750	-	213,455	600	1,311	125,072
Immediate holding company (ii)	-	-	33,335	-	-	101,506
Fellow subsidiary (iii), (iv)	-	28	2,133	-	-	2,593
Fellow subsidiaries (iv)	-	-	-	-	2,499	-
	750	28	248,923	600	3,810	229,171

- (i) The Group had loans amounting to approximately US\$490,055,000 (equivalent to approximately HK\$3,804,056,000) (2023: US\$280,115,000 (equivalent to approximately HK\$2,189,279,000)) from its intermediate holding company for the operation of the Group's business. Please refer to note 31 for details of the loans and note 30 for the interest payable of the loans. As a result, finance cost of HK\$213,455,000 (2023: HK\$125,072,000) was resulted for the year ended 31 December 2024.

During the year, the Group paid rental expense amounting to HK\$750,000 (2023: HK\$600,000) to its intermediate holding company. The expense is a result of office space rental for the Group's operation.

During the year, the Group did not earn fee and commission income on securities dealing and brokerage (2023: earned approximately HK\$1,311,000) from its intermediate holding company. The income was as a result of service provided for consolidation of securities from external brokers to single account.

38. Related party transactions (continued)

(b) (continued)

- (ii) As at 31 December 2024, the Group had no loan (2023: approximately US\$260,940,000) (equivalent to approximately HK\$2,039,415,000) from its immediate holding company. Please refer to note 31 for details of the loans and note 30 for the interest payable of the loans. As a result, finance cost of HK\$33,335,000 (2023: HK\$101,506,000) was resulted for the year ended 31 December 2024.
- (iii) During the year, the Group had a loan denominated in RMB of approximately RMB26,000,000 (equivalent to approximately HK\$28,077,000) (2023: approximately RMB50,000,000 (equivalent to approximately HK\$55,174,000)) from its fellow subsidiary, for the operation of the Group's business. Please refer to note 31 for details of the loans and note 30 for the interest payable of the loans. As a result, finance cost of HK\$2,133,000 (2023: HK\$2,593,000) was resulted for the year ended 31 December 2024.
- (iv) During the year, the Group earned fee and commission income on securities dealing and brokerage amounting to approximately HK\$28,000 from a fellow subsidiary (2023: HK\$2,499,000 from two of its fellow subsidiaries). The income is as a result of service provided for consolidation of securities from external brokers to single account.

The Group is indirectly controlled by CCFAMC. The MOF is the major shareholder of CCFAMC as at 31 December 2024. For the current year, in addition to those disclosed above, the Group has undertaken transactions with certain entities directly or indirectly owned by the PRC government, including but not limited to receiving loan facilities. The Group is of opinion that these transactions are in normal business terms that do not require separate disclosure.

(c) Outstanding balances with related parties

Save as disclosed above and elsewhere in these consolidated financial statements, the Group did not have other material outstanding balances with related parties during the year ended 31 December 2024. Please refer to note 25 for the nature of amounts due from/(to) related parties.

(d) Integration of internal borrowings

During the year, the Group integrated the intercompany borrowings from loan from an immediate holding company to loan from an intermediate holding company which is CFAIH with an aggregate balance of HK\$2,039,415,000 and the due date of the integrated part also extended with the integration. Following the integration, there is no intercompany borrowings fall due within the next twelve months from 31 December 2024.

39. Financial instruments by category

The carrying amounts of each of the categories of financial instruments at the end of the reporting periods are as follows:

31 December 2024

Financial assets

	Financial assets at FVTPL HK\$'000	Financial assets at amortised cost HK\$'000	Financial assets at FVTOCI HK\$'000	Total HK\$'000
Other long term assets	–	1,043	–	1,043
Advances to customers in margin financing	–	11,543	–	11,543
Accounts receivable	–	3,299	–	3,299
Deposits and other receivables	–	4,333	–	4,333
Other loans and debt instruments	–	339,259	–	339,259
Amounts due from related parties	–	11,003	–	11,003
Financial assets at FVTPL	1,065,438	–	–	1,065,438
Financial assets at FVTOCI	–	–	77,203	77,203
Finance lease receivables	–	8,675	–	8,675
Restricted bank balances	–	99,518	–	99,518
Deposits in other financial institutions	–	17,344	–	17,344
Cash and deposits with banks	–	413,122	–	413,122
	1,065,438	909,139	77,203	2,051,780

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39. Financial instruments by category (continued)

31 December 2024 (continued)

Financial liabilities

	Financial liabilities at amortised cost HK\$'000	Total HK\$'000
Accounts payable	100,798	100,798
Other payables	269,474	269,474
Interest-bearing borrowings	3,832,133	3,832,133
Amounts due to related parties	84,418	84,418
Lease liabilities	2,023	2,023
	4,288,846	4,288,846

39. Financial instruments by category (continued)**31 December 2023***Financial assets*

	Financial assets at FVTPL HK\$'000	Financial assets at amortised cost HK\$'000	Financial assets at FVTOCI HK\$'000	Total HK\$'000
Other long term assets	–	1,043	–	1,043
Advances to customers in margin financing	–	11,431	–	11,431
Accounts receivable	–	243,646	–	243,646
Deposits and other receivables	–	24,254	–	24,254
Other loans and debt instruments	–	414,338	–	414,338
Amounts due from related parties	–	27,467	–	27,467
Financial assets at FVTPL	1,251,009	–	–	1,251,009
Financial assets at FVTOCI	–	–	133,838	133,838
Finance lease receivables	–	84,477	–	84,477
Restricted bank balances	–	95,828	–	95,828
Deposits in other financial institutions	–	13,527	–	13,527
Cash and deposits with banks	–	1,581,355	–	1,581,355
	1,251,009	2,497,366	133,838	3,882,213

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39. Financial instruments by category (continued)

31 December 2023 (continued)

Financial liabilities

	Financial liabilities at amortised cost HK\$'000	Total HK\$'000
Accounts payable	98,559	98,559
Other payables	162,439	162,439
Interest-bearing borrowings	5,103,868	5,103,868
Amounts due to related parties	80,141	80,141
Lease liabilities	812	812
Repurchase agreements	54,019	54,019
	5,499,838	5,499,838

40. Fair value and fair value hierarchy of financial instruments

Fair value of the Group's financial assets that are measured at fair value on a recurring basis

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements are observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

40. Fair value and fair value hierarchy of financial instruments (continued)

Fair value of the Group's financial assets that are measured at fair value on a recurring basis (continued)

An analysis of the Group's financial assets measured at fair value as at 31 December 2024 are as follows:

	Fair value as at 31 December 2024 HK\$'000	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable inputs	Reasonable change in key inputs +/-	Increase/(decrease) in loss before tax by reasonable changes in significant inputs
Financial assets at FVTPL						
(1)	Listed equity investments: HK\$10,513	Level 1	Note (a)	N/A	N/A	N/A
(2)	Listed fixed income securities: HK\$137,998	Level 2	Note (b)	N/A	N/A	N/A
(3)	Unlisted fund investments: HK\$12,833	Level 2	Note (c)	N/A	N/A	N/A
(4)	Unlisted fund investments: HK\$87,010	Level 3	Note (e)	Net asset value	10% unit value	Increase/decrease in loss before tax of HK\$8,701,000/ HK\$(8,701,000)
(5)	Unlisted fund investments: HK\$388,669	Level 3	Note (d)	Net asset value	10% unit value	Increase/decrease of HK\$38,867,000/ HK\$(38,867,000)
(6)	Unlisted convertible bonds: HK\$428,415	Level 3	Note (e)	Discount rate	0.5% unit value	Increase/decrease in loss before tax of HK\$(2,972,000)/ HK\$3,009,000
Financial assets at FVTOCI						
(7)	Listed fixed income securities: HK\$77,203	Level 2	Note (b)	N/A	N/A	N/A

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40. Fair value and fair value hierarchy of financial instruments (continued)

Fair value of the Group's financial assets that are measured at fair value on a recurring basis (continued)

An analysis of the Group's financial assets measured at fair value as at 31 December 2023 are as follows:

	Fair value as at 31 December 2023 HK\$'000	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable inputs	Reasonable change in key inputs +/-	Increase/(decrease) in loss before tax by reasonable changes in significant inputs
Financial assets at FVTPL						
(1)	Listed equity investments: HK\$15,613	Level 1	Note (a)	N/A	N/A	N/A
(2)	Listed fixed income securities: HK\$164,449	Level 2	Note (b)	N/A	N/A	N/A
(3)	Unlisted fund investments: HK\$18,039	Level 2	Note (c)	N/A	N/A	N/A
(4)	Unlisted fund investments: HK\$774,775	Level 3	Note (d)	Net asset value	10% unit value	Increase/decrease in loss before tax of HK\$77,478,000/ HK\$(77,478,000)
(5)	Unlisted convertible bonds: HK\$278,133	Level 3	Note (e)	Discount rate	0.5% unit value	Increase/decrease loss before tax of HK\$(2,549,000)/ HK\$2,515,000
Financial assets at FVTOCI						
(6)	Listed fixed income securities: HK\$133,838	Level 2	Note (b)	N/A	N/A	N/A

40. Fair value and fair value hierarchy of financial instruments (continued)

Fair value of the Group's financial assets that are measured at fair value on a recurring basis (continued)

Notes:

- (a) Quoted price in an active market.
- (b) The fair value was determined with reference to quoted prices provided by brokers/financial institutions.
- (c) Dealing price of the investment funds derived from the net asset values of the investment funds with reference to observable quoted prices of underlying investment portfolio in active markets.
- (d) The fair value is determined with reference to the net asset value of the investment fund.
- (e) The fair value is determined based on the probability-weighted scenario analysis. The key unobservable input is the discount rate.

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate to their fair values.

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40. Fair value and fair value hierarchy of financial instruments (continued)

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

31 December 2024

	Fair value measurement			Total
	(Level 1)	(Level 2)	(Level 3)	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Financial assets at FVTPL	10,513	150,831	904,094	1,065,438
Financial assets at FVTOCI	–	77,203	–	77,203
	10,513	228,034	904,094	1,142,641

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	Fair value measurement			Total
	(Level 1)	(Level 2)	(Level 3)	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Financial assets at FVTPL	15,613	182,488	1,052,908	1,251,009
Financial assets at FVTOCI	–	133,838	–	133,838
	15,613	316,326	1,052,908	1,384,847

40. Fair value and fair value hierarchy of financial instruments (continued)

Fair value hierarchy (continued)

Reconciliation of Level 3 fair value measurements

The movements in fair value measurements in Level 3 during the year are as follows:

	2024 HK\$'000	2023 HK\$'000
Financial assets:		
At beginning of the year	1,052,908	1,197,660
Disposed during the year	(211,098)	–
Total gain in profit or loss	62,284	(144,752)
At end of the year	904,094	1,052,908

During the year, the total gain for the year included in profit or loss was gain of HK\$62,284,000 (2023: loss of HK\$144,752,000) which relates to financial assets at FVTPL. Fair value gains or losses on financial assets at FVTPL are included in “net gain on financial assets at fair value through profit or loss”.

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41. Financial risk management objectives and policies

The Group's principal financial instruments comprise financial assets at FVTOCI, other long term assets, financial assets at FVTPL, advances to customers in margin financing, other loans and debt instruments, finance lease receivables, accounts receivable, deposits and other receivables, restricted bank balances, cash and deposits with banks, deposits in other financial institutions, accounts payable, amounts due from an associate, amounts due from related parties, interest-bearing borrowings, other payables, amounts due to related parties, financial liabilities at FVTPL and repurchase agreements. Details of these financial instruments are disclosed in the respective notes.

The main risks arising from the Group's financial instruments are foreign currency risk, other price risk, interest rate risk, credit risk and liquidity risk. The Board of Directors reviews and agrees policies for managing each of these risks and they are summarised below.

Foreign currency risk

Foreign currency risk is the risk that the value of an asset and liability denominated in foreign currency will fluctuate because of changes in foreign exchange rates. The Group's foreign currency risk primarily arises from sales, purchases, loans and investments by operating entities in currencies other than the entities' functional currency.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	Foreign currency	2024 HK\$'000	2023 HK\$'000
Financial assets at FVTPL	US\$	531,745	815,178
Accounts receivable	US\$	322	237,179
Other receivables	US\$	1,996	23,094
	RMB	151	–
Financial assets at FVTOCI	US\$	77,203	133,838
Restricted bank balances	US\$	867	814
	RMB	172	168

41. Financial risk management objectives and policies (continued)**Foreign currency risk (continued)**

	Foreign currency	2024 HK\$'000	2023 HK\$'000
Cash and deposits with banks	US\$	128,285	523,853
	RMB	1,434	5,518
	EUR	125	67
	GBP	55	56
	JPY	6	7
Deposits in other financial institutions	US\$	667	3
Accounts payable	US\$	(866)	(813)
	RMB	(172)	(168)
Interest-bearing borrowings	US\$	(3,804,056)	(4,228,694)
Other liabilities, payables and accruals	US\$	(168,988)	(41,370)
Repurchase agreements	US\$	–	(54,019)

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41. Financial risk management objectives and policies (continued)

Foreign currency risk (continued)

As HK\$ is pegged to US\$, the Group does not expect any significant movement in the US\$/HK\$ exchange rate. The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the RMB exchange rates, with all other variables held constant, of the Group's profit before tax.

As at 31 December 2024

	Increase/decrease in loss before tax HK\$'000
If HK\$ strengthens/weakens against RMB by 5%	79

As at 31 December 2023

	Increase/decrease in loss before tax HK\$'000
If HK\$ strengthens/weakens against RMB by 5%	276

41. Financial risk management objectives and policies (continued)

Other price risk

The Group is exposed to other price changes arising from financial assets at fair value through profit or loss (see note 17) and financial assets at fair value through other comprehensive income (see note 18). The following table demonstrates the sensitivity to 5% (2023: 5%) increase/decrease in the relevant stock price and quoted price of listed investments and unlisted investments respectively, with all other variables held constant, based on their carrying amounts at the end of the reporting period.

As at 31 December 2024

	Increase/ (decrease) in prices of underlying instrument	Carrying amount HK\$'000	Increase/ (decrease) in profit before tax HK\$'000	Increase/ (decrease) in other comprehensive income HK\$'000
Financial assets at FVTPL:				
– Unlisted fund investments	increase/ decrease 5%	488,512	24,426/ (24,426)	– –
– Listed equity Investments	increase/ decrease 5%	10,513	526/ (526)	– –
– Listed fixed income securities	increase/ decrease 5%	137,998	6,900/ (6,900)	– –
– Unlisted fixed income securities	increase/ decrease 5%	428,415	21,421/ (21,421)	– –
Financial assets at FVTOCI	increase/ decrease 5%	77,203	–	3,860/ (3,860)

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41. Financial risk management objectives and policies (continued)

Other price risk (continued)

As at 31 December 2023

	Increase/ (decrease) in prices of underlying instrument	Carrying amount HK\$'000	Increase/ (decrease) in profit before tax HK\$'000	Increase/ (decrease) in other comprehensive income HK\$'000
Financial assets at FVTPL:				
– Unlisted fund investments	increase/ decrease 5%	792,814	39,641/ (39,641)	–
– Listed equity Investments	increase/ decrease 5%	15,613	781/ (781)	–
– Listed fixed income securities	increase/ decrease 5%	164,449	8,222/ (8,222)	–
– Unlisted fixed income securities	increase/ decrease 5%	278,133	13,907/ (13,907)	–
Financial assets at FVTOCI	increase/ decrease 5%	133,838	–	6,692/ (6,692)

41. Financial risk management objectives and policies (continued)

Interest rate risk

The Group is exposed to cash flow interest rate risk in relation to restricted bank balances, cash and deposits with banks, advances to customers in margin financing, certain accounts receivable and variable rate interest-bearing borrowings. The Group is also exposed to fair value interest rate risk in relation to fixed rate financial assets at FVTPL, financial assets at FVTOCI, other loans and debt instruments, loans from an immediate holding company and an intermediate holding company, finance lease receivables and lease liabilities. The Group currently does not have an interest rate hedging policy. However, the Group closely manages its exposure arising from margin financing and other lending activities undertaken by allowing an appropriate margin on the interest received and paid by the Group.

The Group prices these loans receivable strategically to reflect market fluctuations and achieve a reasonable interest-rate spread.

Cash flow interest rate risk

The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of the Hong Kong Prime Rate and HIBOR arising from the Group's variable interest rate instruments. The directors of the Company consider the cash flow interest rate risks in relation to variable rate restricted bank balances, advances to customers in margin financing, certain accounts receivable and cash and deposits with banks are insignificant and are excluded from sensitivity analysis. As at 31 December 2024, if the interest rate had been 50 basis points (2023: 50 basis points) higher/lower, the Group's loss after tax would increase/decrease by HK\$72,000 (2023: loss after tax would increase/decrease by HK\$4,032,000).

The sensitivity analysis above is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. A 50 basis points (2023: 50 basis points) increase or decrease is used when reporting interest rate internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

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41. Financial risk management objectives and policies (continued)

Credit risk and impairment assessment

The Group's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Key description	ECL
Pass	Loans or receivables where borrowers or debtors are current in meeting commitments and full repayment of interest and principal is not in doubt.	12m ECL
Special Mention – low risk	There have been significant increases in credit risk since initial recognition through information developed internally or external resources or payments have been overdue for more than 30 days (Advance to customers in margin financing: for any margin shortfall where a shorter period of "past due" has been applied by the directors in view of the nature of business operation and practice in managing the credit risk).	Lifetime ECL – not credit-impaired
Special Mention – high risk	There is evidence indicating the asset is credit-impaired or payment has been overdue for more than 90 days (Advance to customers in margin financing: for any margin shortfall where a shorter period of "past due" has been applied by the directors in view of the nature of business operation and practice in managing the credit risk) and the management expects no substantial loss of principal or interest is possible after taking account of the "net realisable value" of security or in the case of unsecured or partially secured loans that there are executable settlement plans of the borrowers.	Lifetime ECL – credit-impaired
Substandard	There is evidence indicating the asset is credit-impaired or payment has been overdue for more than 90 days (Advance to customers in margin financing: for any margin shortfall where a shorter period of "past due" has been applied by the directors in view of the nature of business operation and practice in managing the credit risk) and/or the management expects some loss of principal or interest is possible after taking account of the "net realisable value" of security or in the case of unsecured or partially secured loans that there are significant deficiencies of the borrowers.	Lifetime ECL – credit-impaired
Doubtful	There is evidence indicating the asset is credit-impaired or payment has been overdue for more than 90 days (Advance to customers in margin financing: for any margin shortfall where a shorter period of "past due" has been applied by the directors in view of the nature of business operation and practice in managing the credit risk) and/or the management expects to sustain a loss of principal and/or interest after taking account of the net realisable value of security or in the case of unsecured or partially secured loans that there are serious deficiencies of the borrowers.	Lifetime ECL – credit-impaired
Loss	There is evidence indicating that the debtor is in severe financial prospect of recovery.	Amount is written off

41. Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

The tables below detail the credit risk exposures of the Group's financial assets, which are subject to ECL assessment:

	Notes	Internal credit rating	12m or lifetime ECL	2024 Gross carrying amount HK\$'000	2023 Gross carrying amount HK\$'000
Financial assets at FVTOCI	18	Pass	12m ECL	11,974	67,812
		Special Mention – Low risk	Lifetime ECL – not credit-impaired	2,883	33,567
		Substandard	Lifetime ECL – credit-impaired	14,560	6,553
		Doubtful	Lifetime ECL – credit-impaired	47,786	25,906
Financial assets at amortised cost					
Other long term assets	14	Pass	12m ECL	1,043	1,043
Finance lease receivables	19	Special Mention – high risk	Lifetime ECL – credit-impaired	–	59,096
		Substandard	Lifetime ECL – credit-impaired	116,878	489,458
		Doubtful	Lifetime ECL – credit-impaired	57,831	48,258
Other loans and debt instruments	20	Special Mention – low risk	Lifetime ECL – not credit impaired	68,211	123,058
		Special Mention – high risk	Lifetime ECL – credit-impaired	448,684	389,216
		Substandard	Lifetime ECL – credit-impaired	620,301	613,929
		Doubtful	Lifetime ECL – credit-impaired	196,783	196,783
Amount due from an associate	21	Doubtful	Lifetime ECL – credit-impaired	305,041	307,129
Advances to customers in margin financing	22	Pass	12m ECL	700	11,019
		Substandard	Lifetime ECL – credit-impaired	92,366	92,327
		Doubtful	Lifetime ECL – credit-impaired	933	1,756
Accounts receivable	23	Pass	12m ECL	76,941	313,283
		Doubtful	Lifetime ECL – credit impaired	6,656	6,649
Deposits and other receivables	24	Pass	12m ECL	4,333	24,254
Amounts due from related parties	25	Pass	12m ECL	11,003	27,467
Restricted bank balances	26	Pass	12m ECL	99,518	95,828
Deposits in other financial institutions	27	Pass	12m ECL	17,344	13,527
Cash and deposits with banks	28	Pass	12m ECL	413,122	1,581,355

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41. Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

The estimated loss rates for each class of financial assets are estimated based on historical observed default rates over the expected life of the respective class of financial assets or observed market prices over the financial assets are adjusted for forward-looking information that is available without undue cost or effort, include macroeconomic data such as GDP growth, unemployment rates, the US debt-to-GDP ratio and inflation rate. The identification of internal credit rating for individual financial assets is regularly reviewed by management to ensure relevant information about specific financial assets is updated.

Analysis of the gross carrying amount of financial assets at FVTOCI are as follows:

	12m ECL HK\$'000	Lifetime ECL (not credit- impaired) HK\$'000	Lifetime ECL (credit- impaired) HK\$'000	Total HK\$'000
Gross carrying amount as at				
1 January 2023	124,951	33,236	47,228	205,415
Assets derecognised or repaid	–	–	(11,695)	(11,695)
Change of fair value	380	(2,693)	(9,627)	(11,940)
Transfer of stages	(57,519)	7,202	50,317	–
Changes arising from transfer of stages	–	(4,178)	(43,764)	(47,942)
Gross carrying amount as at				
31 December 2023 and				
1 January 2024	67,812	33,567	32,459	133,838
Assets derecognised or repaid	(55,081)	–	(19,364)	(74,445)
Change of fair value	(757)	(142)	34,690	33,791
Transfer of stages	–	(30,542)	30,542	–
Changes arising from transfer of stages	–	–	(15,981)	(15,981)
Gross carrying amount as at				
31 December 2024	11,974	2,883	62,346	77,203

41. Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

Movements in the allowance for impairment that has been recognised for financial assets at FVTOCI are as follows:

	12m ECL HK\$'000	Lifetime ECL (not credit- impaired) HK\$'000	Lifetime ECL (credit- impaired) HK\$'000	Total HK\$'000
ECL allowance as at				
1 January 2023	527	8,579	422,023	431,129
Assets derecognised or repaid	–	(2,557)	(236,826)	(239,383)
Changes to risk parameters	(45)	(3,702)	1,720	(2,027)
Transfer of stages	(469)	79	390	–
Changes arising from transfer of stages	–	271	83,869	84,140
ECL allowance as at				
31 December 2023 and				
1 January 2024	13	2,670	271,176	273,859
Assets derecognised or repaid	(10)	–	(41,880)	(41,890)
Changes to risk parameters	(2)	6,041	(27,555)	(21,516)
Transfer of stages	–	(2,319)	2,319	–
Changes arising from transfer of stages	–	–	14,218	14,218
ECL allowance as at				
31 December 2024	1	6,392	218,278	224,671

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41. Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

Analysis of the gross carrying amount of other loans and debt instruments is as follows:

	12m ECL HK\$'000	Lifetime ECL (not credit- impaired) HK\$'000	Lifetime ECL (credit- impaired) HK\$'000	Total HK\$'000
Gross carrying amount as at				
1 January 2023	–	153,118	1,129,704	1,282,822
Assets derecognised or repaid	–	(42,000)	–	(42,000)
Interest income	–	11,940	70,224	82,164
Gross carrying amount as at				
31 December 2023 and				
1 January 2024	–	123,058	1,199,928	1,322,986
Assets derecognised or repaid	–	(65,000)	–	(65,000)
Interest income	–	10,153	65,840	75,993
Gross carrying amount as at				
31 December 2024	–	68,211	1,265,768	1,333,979

41. Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

Movements in the loss allowance for impairment that has been recognised for other loans and debt instruments are as follows:

	12m ECL HK\$'000	Lifetime ECL (not credit- impaired) HK\$'000	Lifetime ECL (credit- impaired) HK\$'000	Total HK\$'000
ECL allowance as at				
1 January 2023	–	7	789,120	789,127
Changes to risk parameters	–	5,945	113,576	119,521
ECL allowance as at				
31 December 2023 and				
1 January 2024	–	5,952	902,696	908,648
Changes to risk parameters	–	(5,491)	91,563	86,072
ECL allowance as at				
31 December 2024	–	461	994,259	994,720

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41. Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

Analysis of the gross carrying amount of advances to customers in margin financing is as follows:

	12m ECL HK\$'000	Lifetime ECL (not credit- impaired) HK\$'000	Lifetime ECL (credit- impaired) HK\$'000	Total HK\$'000
Gross carrying amount as at 1 January 2023	33,008	–	93,275	126,283
New assets originated or purchased	1,905	–	–	1,905
Asset derecognised or repaid	(26,246)	–	(98)	(26,344)
Interest income	2,352	–	906	3,258
Gross carrying amount as at 31 December 2023 and 1 January 2024	11,019	–	94,083	105,102
Asset derecognised or repaid	(10,681)	–	(875)	(11,556)
Interest income	362	–	91	453
Gross carrying amount as at 31 December 2024	700	–	93,299	93,999

41. Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

Movements in the allowances for impairment that has been recognised for advances to customers in margin finance are as follows:

	12m ECL HK\$'000	Lifetime ECL (not credit- impaired) HK\$'000	Lifetime ECL (credit- impaired) HK\$'000	Total HK\$'000
ECL allowance as at				
1 January 2023	29	–	83,199	83,228
Assets derecognised or repaid	(9)	–	(98)	(107)
Changes to risk parameters	4	–	10,546	10,550
ECL allowance as at				
31 December 2023 and				
1 January 2024	24	–	93,647	93,671
Assets derecognised or repaid	(17)	–	(875)	(892)
Changes to risk parameters	(7)	–	(10,316)	(10,323)
ECL allowance as at				
31 December 2024	–	–	82,456	82,456

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41. Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

Analysis of the gross carrying amount of finance lease receivables is as follows:

	12m ECL HK\$'000	Lifetime ECL (not credit- impaired) HK\$'000	Lifetime ECL (credit- impaired) HK\$'000	Total HK\$'000
Gross carrying amount as of				
1 January 2023	–	–	1,124,282	1,124,282
Asset derecognised or repaid	–	–	(294,867)	(294,867)
Interest income	–	–	51,232	51,232
Written off	–	–	(3,802)	(3,802)
Disposal	–	–	(266,954)	(266,954)
Foreign exchange adjustment	–	–	(13,079)	(13,079)
Gross carrying amount as at				
31 December 2023 and				
1 January 2024	–	–	596,812	596,812
Written off	–	–	(48,258)	(48,258)
Disposal	–	–	(367,433)	(367,433)
Foreign exchange adjustment	–	–	(6,412)	(6,412)
Gross carrying amount as at				
31 December 2024	–	–	174,709	174,709

41. Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

Movements in the allowance for impairment that has been recognised finance lease receivables are as follows:

	12m ECL HK\$'000	Lifetime ECL (not credit- impaired) HK\$'000	Lifetime ECL (credit- impaired) HK\$'000	Total HK\$'000
ECL allowance as at				
1 January 2023	–	–	747,717	747,717
Changes to risk parameters	–	–	91,690	91,690
Written off	–	–	(3,802)	(3,802)
Assets derecognised or repaid	–	–	(46,943)	(46,943)
Disposal	–	–	(266,954)	(266,954)
Foreign exchange adjustment	–	–	(9,373)	(9,373)
ECL allowance as at				
31 December 2023 and				
1 January 2024	–	–	512,335	512,335
Changes to risk parameters	–	–	46,973	46,973
Written off	–	–	(48,258)	(48,258)
Disposal	–	–	(339,323)	(339,323)
Foreign exchange adjustment	–	–	(5,693)	(5,693)
ECL allowance as at				
31 December 2024	–	–	166,034	166,034

Liquidity risk

Internally generated cash flows, interest-bearing borrowings are the general sources of funds to finance the operations of the Group. The Group regularly reviews its major funding positions to ensure it has adequate financial resources in meeting its financial obligations and compliance with the statutory requirements applying to various licenced activities. The Group aims to maintain flexibility in funding by keeping committed credit lines available and sufficient bank deposits to meet its short term cash requirements. The Group's liquidity risk management includes making available standby banking facilities and diversifying the funding sources.

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41. Financial risk management objectives and policies (continued)

Liquidity risk (continued)

As at 31 December 2024

	On demand HK\$'000	Less than 3 months HK\$'000	3 to less than 12 months HK\$'000	1 to 5 years HK\$'000	Over 5 years HK\$'000	Total HK\$'000
Accounts payable	100,798	-	-	-	-	100,798
Other payables and accruals	-	265,970	-	3,504	-	269,474
Interest-bearing borrowings	-	-	-	3,832,133	-	3,832,133
Lease Liabilities	-	500	1,523	-	-	2,023
	100,798	266,470	1,523	3,835,637	-	4,204,428

As at 31 December 2023

	On demand HK\$'000	Less than 3 months HK\$'000	3 to less than 12 months HK\$'000	1 to 5 years HK\$'000	Over 5 years HK\$'000	Total HK\$'000
Accounts payable	98,559	-	-	-	-	98,559
Other payables and accruals	-	158,935	-	3,504	-	162,439
Interest-bearing borrowings	820,000	-	1,500,319	1,290,855	1,492,694	5,103,868
Lease Liabilities	-	227	585	-	-	812
Repurchase agreements	-	54,019	-	-	-	54,019
	918,559	213,181	1,500,904	1,294,359	1,492,694	5,419,697

42. Financial assets and financial liabilities offsetting

The disclosures set out in the tables below include the financial assets and financial liabilities that are subject to an enforceable master netting arrangement or similar agreement that covers similar financial instruments that are either:

- offset in the Group's consolidated statement of financial position; or
- not offset in the Group's consolidated statement of financial position as the offsetting criteria are not met.

42. Financial assets and financial liabilities offsetting (continued)

Under the agreement of continuous net settlement made between the Group and Hong Kong Securities Clearing Company Limited (“**HKSCC**”), brokers and dealers, the Group has a legally enforceable right to set off the money obligations receivable and payable with HKSCC and brokers on the same settlement date and the Group intends to settle on a net basis.

In addition, the Group has a legally enforceable right to set off the accounts receivable and payable with its clients in the Group’s brokerage business (“**Clients**”) that are due to be settled on the same date with reference to the settlement method set by the HKSCC and the Group intends to settle these balances on a net basis.

Except for the balances which are due to be settled on the same date which are being offset, amounts due from/to Clients, HKSCC, brokers and dealers that are not to be settled on the same date, financial collateral including cash and securities received by the Group, deposit placed with HKSCC, brokers and dealers do not meet the criteria for offsetting in the consolidated statement of financial position since the right of set-off of the recognised amounts is only enforceable following an event of default.

Financial assets subject to offsetting, enforceable master netting arrangements and similar agreements.

As at 31 December 2024

	Gross amounts of recognised financial liabilities set off in the consolidated statement of financial position HK\$'000	Gross amounts of recognised financial assets position HK\$'000	Net amounts of financial assets presented in the consolidated statement of financial position HK\$'000	Related amounts not set off in the consolidated statement of financial position HK\$'000	Net amount HK\$'000
Description					
Advances to customers in margin financing and accounts receivable	21,211	(6,719)	14,492	(14,492)	–

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42. Financial assets and financial liabilities offsetting (continued)

Financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements.

As at 31 December 2024

	Gross amounts of recognised financial assets set off in the consolidated statement of financial position HK\$'000	Gross amounts of recognised financial liabilities presented in the consolidated statement of financial position HK\$'000	Net amounts of financial liabilities presented in the consolidated statement of financial position HK\$'000	Related amounts not set off in the consolidated statement of financial position HK\$'000	Net amount HK\$'000
Description					
Accounts payable	(107,517)	6,719	(100,798)	–	(100,798)

Financial assets subject to offsetting, enforceable master netting arrangements and similar agreements.

As at 31 December 2023

	Gross amounts of recognised financial liabilities set off in the consolidated statement of financial position HK\$'000	Gross amounts of recognised financial assets presented in the consolidated statement of financial position HK\$'000	Net amounts of financial assets presented in the consolidated statement of financial position HK\$'000	Related amounts not set off in the consolidated statement of financial position HK\$'000	Net amount HK\$'000
Description					
Advances to customers in margin financing and accounts receivable	251,116	(679)	250,437	(250,437)	–

42. Financial assets and financial liabilities offsetting (continued)

Financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements.

As at 31 December 2023

	Gross amounts of recognised financial assets set off in the consolidated statement of financial position HK\$'000	Gross amounts of recognised financial liabilities presented in the consolidated statement of financial position HK\$'000	Net amounts of financial liabilities presented in the consolidated statement of financial position HK\$'000	Related amounts not set off in the consolidated statement of financial position HK\$'000	Net amount HK\$'000
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Description

Accounts payable	(99,238)	679	(98,559)	–	(98,559)
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Financial assets subject to offsetting, enforceable master netting arrangements and similar agreements.

	2024 HK\$'000	2023 HK\$'000
Advances to customers in margin financing and accounts receivable		
Net amount of advances to customers in margin financing and accounts receivable as stated above	14,492	250,437
Amount not in the scope of offsetting disclosure	350	4,640
Total amount of advances to customers in margin financing and accounts receivable stated in notes 22 and 23	14,842	255,077
Accounts payable		
Net amount of accounts payable as stated above	(100,798)	(98,559)
Amount not in the scope of offsetting disclosure	–	–
Total amount of accounts payable stated in note 29	(100,798)	(98,559)

43. Transfer of financial assets

The Group enters into transactions in the normal course of business by which it transfers recognised financial assets to third parties or to special purpose entities. In some cases where the transfers qualify for derecognition, the transfer may give rise to full or partial derecognition of the financial assets concerned. In other cases where the Group retained substantially all the risks and rewards of the financial assets concerned after the transfer, the Group continued to recognise the transferred assets.

Financial assets sold under repurchase agreement

Transferred financial assets that do not qualify for derecognition include fixed income securities held by counterparties as collateral under repurchase agreements, and the Group has determined that if the Group retains substantially all the risks and rewards of these fixed income securities and therefore has not derecognised them.

Details of the carrying amount and fair value of transferred assets, and the assessment performed by the Group in respect of whether fixed income securities sold under repurchase agreements shall be derecognised are disclosed in note 32 to the consolidated financial statements.

44. Reconciliation of liabilities and related assets arising from financing activities

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

	Lease liabilities HK\$'000	Interest- bearing borrowings HK\$'000	Interest payables HK\$'000	Amounts due to related parties HK\$'000
At 1 January 2023	29,412	5,873,440	46,382	62,322
Repayment	(28,988)	(769,572)	(326,455)	17,819
Additions	–	–	–	–
Interest expenses	388	–	326,911	–
At 31 December 2023 and 1 January 2024	812	5,103,868	46,838	80,141
Repayment	(1,036)	(1,458,035)	(40,488)	–
Additions	2,492	186,300	–	4,277
Interest expenses	35	–	166,968	–
Termination of leases	(280)	–	–	–
At 31 December 2024	2,023	3,832,133	173,318	84,418

During the year, the Group had non-cash transactions in right-of-use assets of HK\$2,212,000 (2023: nil) and lease liabilities of HK\$2,212,000 (2023: nil), in respect of lease arrangements for plant and equipment.

The total cash outflow for leases included in the statement of cash flows is as follows:

	2024 HK\$'000	2023 HK\$'000
Within financing activities	(1,036)	(28,988)

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45. Statement of financial position and reserves of the company

	2024 HK\$'000	2023 HK\$'000
Non-current assets		
Property and equipment	598	1,495
Right-of-use assets	1,693	194
Financial assets at fair value through other comprehensive income	24,576	21,286
Financial assets at fair value through profit or loss	33,480	122,623
Total non-current assets	60,347	145,598
Current assets		
Amount due from related parties	4,080,695	2,795,705
Financial assets at fair value through other comprehensive income	52,628	112,552
Financial assets at fair value through profit or loss	76,522	17,100
Accounts receivable	1	236,855
Prepayments, deposits and other receivables	5,919	9,708
Cash and cash equivalents	152,306	552,057
Total current assets	4,368,071	3,723,977
Current liabilities		
Amount due to related parties	2,875,373	2,608,817
Other liabilities, payables and accruals	228,706	95,225
Repurchase agreements	–	54,019
Interest-bearing borrowings	–	1,067,034
Lease liabilities	2,017	526
Total current liabilities	3,106,096	3,825,621
Net current assets/(liabilities)	1,261,975	(101,644)
Total assets less current liabilities	1,322,322	43,954

45. Statement of financial position and reserves of the company (continued)

	2024 HK\$'000	2023 HK\$'000
Non-current liabilities		
Other liabilities, payables and accruals	993	993
Interest-bearing borrowings	3,804,056	1,942,245
	3,805,049	1,943,238
Net liabilities	(2,482,727)	(1,899,284)
Equity		
Issued capital	8,710	8,710
Perpetual capital securities classified as equity instruments	6,243,616	6,241,635
Reserves	(8,735,053)	(8,149,629)
Total equity	(2,482,727)	(1,899,284)

The financial statements were approved by the Board of Directors on 28 March 2025 and are signed on its behalf by:

Chen Qinghua
Director

Lu Xinzheng
Director

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45. Statement of financial position and reserves of the company (continued)

Movements in the Company's reserves

	Share premium account HK\$'000	Contributed surplus HK\$'000	Capital reserve HK\$'000	FVTOCI investment revaluation reserve HK\$'000	Accumulated losses HK\$'000	Subtotal HK\$'000	Perpetual capital securities HK\$'000	Total HK\$'000
At 1 January 2023	2,933,144	139,615	33,216	(48,563)	(10,404,272)	(7,346,860)	6,242,484	(1,104,376)
Loss for the year	-	-	-	-	(838,656)	(838,656)	400,498	(438,158)
Fair value loss on financial assets at FVTOCI	-	-	-	(44,171)	-	(44,171)	-	(44,171)
Net provision for impairment of financial assets at FVTOCI included in profit or loss	-	-	-	82,113	-	82,113	-	82,113
Reclassification adjustment relating to disposal of financial assets at FVTOCI	-	-	-	(2,055)	-	(2,055)	-	(2,055)
Total comprehensive loss for the year	-	-	-	35,887	(838,656)	(802,769)	400,498	(402,271)
Distribution relating to perpetual capital securities	-	-	-	-	-	-	(401,347)	(401,347)
At 31 December 2023 and 1 January 2024	2,933,144	139,615	33,216	(12,676)	(11,242,928)	(8,149,629)	6,241,635	(1,907,994)
Loss for the year	-	-	-	-	(596,540)	(596,540)	401,672	(194,868)
Fair value gain on financial assets at FVTOCI	-	-	-	19,584	-	19,584	-	19,584
Net reversal of impairment of financial assets at FVTOCI included in profit or loss	-	-	-	(8,468)	-	(8,468)	-	(8,468)
Total comprehensive loss for the year	-	-	-	11,116	(596,540)	(585,424)	401,672	(183,752)
Distribution relating to perpetual capital securities	-	-	-	-	-	-	(399,691)	(399,691)
At 31 December 2024	2,933,144	139,615	33,216	(1,560)	(11,839,468)	(8,735,053)	6,243,616	(2,491,437)

Note:

- (i) Pursuant to the Bermuda Companies Act 1981, a company may make distributions to its shareholders out of the contributed surplus in certain circumstances.

46. Deed of undertaking to a fund

A subsidiary of the Company (“**subsidiary X**”) acted as the general partner for a fund (“**the Fund**”) set up in 2016. Third party A acting as the sole limited partner invested HK\$950 million into the Fund. Third party B and another subsidiary of the Company (“**subsidiary Y**”) both acted as fund managers. Third parties A and B are related parties to each other. Subject to the terms of the limited partnership agreement, if the investment return is greater than or equal to 6% per annum, third party A is entitled to receive a return of 6% per annum from the Fund’s assets. Third party B is entitled to receive management fee of 0.5% per annum of the capital commitment of each limited partner. If the investment return is greater than 6% per annum, the excess will be received by subsidiary Y as performance fee. Subsidiary Y is also entitled to receive a management fee of 1% per annum of the capital commitment of each limited partner. The business substance of the Fund is for third party A to lend money to third party C.

Subsidiary Y signed a deed of undertaking to the Fund in 2016. The Company also issued a comfort letter to third party A. Subsidiary Y undertakes to the Fund to use all feasible endeavours to facilitate the Fund to perform its obligations. Subsidiary Y also undertakes to the Fund to serve as liquidity provider. Based on the legal assessment, it is considered that the comfort letter and the deed of undertaking did not constitute guarantee obligations of the Company, subsidiary X and subsidiary Y.

On 22 December 2022, third party A commenced legal proceedings in the courts of both Hong Kong (the “**HK Courts**”) and the Cayman Islands (the “**Cayman Courts**”). In both sets of proceedings, third party A seeks payment of unquantified sums which it alleges are due and unpaid under the limited partnership agreement entered into between third party A and subsidiary X. Third party A also claims unquantified damages for alleged breaches of fiduciary, contractual and/or statutory duties by subsidiary X. Further, third party A alleges breaches of the comfort letter and the deed of undertaking signed by the Company and subsidiary Y respectively.

On 13 September 2023, the Company, subsidiary X and subsidiary Y applied to challenge the jurisdiction of the Cayman Courts over the claims asserted by third party A (the “**Jurisdictional Challenge**”). On 29 January 2024, the Cayman Courts handed down a judgment on the Jurisdictional Challenge in favour of the Company, subsidiary X and subsidiary Y. On 12 March 2024, the Cayman Courts ordered third party A to pay the costs of the Company, subsidiary X and subsidiary Y in connection with the Jurisdictional Challenge. The other set of proceedings before the HK Courts is at an early procedural stage with pleadings yet to be closed. Based on currently available information, the Company’s board of directors considers that the claims will have no material impact on the Group’s normal business and operation as at the date of this report.

47. Approval of financial statements

The financial statements were approved and authorised for issue by the board of directors on 28 March 2025.

FIVE YEAR FINANCIAL SUMMARY

A summary of the results and of the assets, liabilities and non-controlling interests of the Group for the last five financial periods, as extracted from the published audited consolidated financial statements. The Group has applied the merger accounting method in the preparation of financial statements for the combination with an entity under common control in 2020.

Results

	1.1.2024 to 31.12.2024 HK\$'000	1.1.2023 to 31.12.2023 HK\$'000	1.1.2022 to 31.12.2022 HK\$'000	1.1.2021 to 31.12.2021 HK\$'000	1.1.2020 to 31.12.2020 HK\$'000
Turnover:					
Continuing operations	92,441	202,143	276,630	486,592	841,008
	92,441	202,143	276,630	486,592	841,008
Loss before tax:					
Continuing operations	(264,783)	(566,653)	(2,254,487)	(1,549,522)	(2,664,165)
	(264,783)	(566,653)	(2,254,487)	(1,549,522)	(2,664,165)
Income tax credit/(expense)	23,739	(140)	26,461	(52,770)	(22,075)
Loss for the year	(241,044)	(566,793)	(2,228,026)	(1,602,292)	(2,686,240)
Attributable to:					
Equity holders of the Company	(642,716)	(967,291)	(2,500,007)	(1,823,044)	(2,786,174)
Holder of perpetual securities	401,672	400,498	219,423	157,324	111,403
Non-controlling interests	–	–	52,558	63,428	(11,469)
	(241,044)	(566,793)	(2,228,026)	(1,602,292)	(2,686,240)

Five Year Financial Summary

Assets and Liabilities

	31.12.2024	31.12.2023	31.12.2022	31.12.2021	31.12.2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Non-current assets	1,083,985	1,311,801	1,202,706	2,542,653	5,394,640
Current assets	981,785	2,606,465	4,529,248	6,662,578	9,600,564
Total assets	2,065,770	3,918,266	5,731,954	9,205,231	14,995,204
Current liabilities	(503,514)	(2,787,867)	(2,186,387)	(3,742,503)	(6,762,143)
Non-current liabilities	(3,835,637)	(2,787,053)	(4,278,449)	(5,958,722)	(6,851,885)
Total liabilities	(4,339,151)	(5,574,920)	(6,464,836)	(9,701,225)	(13,614,028)
	(2,273,381)	(1,656,654)	(732,882)	(495,994)	1,381,176

DEFINITIONS

“AGM”	annual general meeting of the Company
“Audit Committee”	the audit committee under the Board
“Board”	board of Directors of the Company
“Bye-laws”	the memorandum of association and bye-laws of the Company
“Camellia Pacific”	Camellia Pacific Investment Holding Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of China CITIC Financial AMC and which directly held 21.01% equity interest in the Company as at the date of this annual report
“CFAIH”	China CITIC Financial AMC International Holdings Limited (formerly known as China Huarong International Holdings Limited), a company with limited liability incorporated in Hong Kong and a controlling shareholder (as defined in the Listing Rules) of the Company
“China” or “Mainland China” or “PRC”	People’s Republic of China
“China CITIC Financial AMC” or “CCFAMC”	China CITIC Financial Asset Management Co., Ltd. (formerly known as China Huarong Asset Management Co., Ltd.), a joint stock limited liability company incorporated in the PRC, the issued overseas listed foreign shares of which are listed on the Stock Exchange (stock code: 2799), and a controlling shareholder (as defined in the Listing Rules) of the Company
“Company”	XinKong International Capital Holdings Limited (formerly known as Huarong International Financial Holdings Limited), a company incorporated in Bermuda with limited liability, the issued shares of which are listed on the Stock Exchange (stock code: 993)
“CG Code”	Corporate Governance Code as set out in Appendix C1 to the Listing Rules
“Deloitte”	Deloitte Touche Tohmatsu
“Director(s)”	director(s) of the Company
“Executive Committee”	the executive committee under the Board
“GDP”	gross domestic product
“Group”	the Company and its subsidiaries

“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“HKAS”	Hong Kong Accounting Standards
“HKFRS”	Hong Kong Financial Reporting Standards
“HKICPA”	Hong Kong Institute of Certified Public Accountants
“Hong Kong”	Hong Kong Special Administrative Region of PRC
“HRIV”	Huarong Investment Stock Corporation Limited, an exempted company incorporated in the Cayman Islands with limited liability and a wholly-owned subsidiary of the Company upon completion of the privatization
“Last Year”	for the year ended 31 December 2023
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange (as amended, modified or otherwise supplemented from time to time)
“Model Code”	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
“MOF”	Ministry of Finance
“Nomination Committee”	the nomination committee under the Board
“Remuneration Committee”	the remuneration committee under the Board
“Right Select”	Right Select International Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of China CITIC Financial AMC and which directly held 29.98% equity interest in the Company as at the date of this annual report
“Risk Management Committee”	the risk management committee under the Board
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) in the share capital of the Company

Definitions

“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange” or “HKEx”	The Stock Exchange of Hong Kong Limited
“Sustainable Development Committee”	the sustainable development committee under the Board
“US\$”	United States dollar, the lawful currency of the United States
“XinKong Asset Management”	XinKong International Asset Management Limited (formerly known as Huarong International Asset Management Limited), an indirectly wholly-owned subsidiary of the Company, a licensed corporation under the SFO to carry out Type 9 regulated activities
“XinKong Capital”	XinKong International Capital Limited (formerly known as Huarong International Capital Limited), an indirectly wholly-owned subsidiary of the Company, a licensed corporation under the SFO to carry out Types 1, 6 regulated activities
“XinKong Securities”	XinKong International Securities Limited (formerly known as Huarong International Securities Limited), an indirectly wholly-owned subsidiary of the Company, a licensed corporation under the SFO to carry out Types 1, 2, 4 regulated activities
“Year”	for the year ended 31 December 2024, being the financial reporting period of this annual report
“%”	per cent.

信控國際資本有限公司
XinKong International Capital Holdings Limited