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Fu Shek Financial Holdings Limited

富石金融控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 2263)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2025

The board (the “**Board**”) of directors (the “**Director(s)**”) of Fu Shek Financial Holdings Limited (the “**Company**”) is pleased to announce the audited consolidated financial results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 March 2025 (the “**Review Year**”) together with the comparative figures for the year ended 31 March 2024.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2025

(Expressed in Hong Kong Dollars (HK\$))

	NOTES	2025 HK\$'000	2024 HK\$'000
Revenue			
Fee and commission income	3	16,026	25,401
Interest income under effective interest method		16,922	19,747
		32,948	45,148
Other losses		(316)	(161)
Other income		9,645	9,060
Staff costs	5	(11,770)	(11,000)
Finance costs	6	(105)	(41)
Impairment loss	4	(8,926)	(12,669)
Commission expenses	4	(10,675)	(18,395)
Depreciation of property and equipment		(827)	(1,443)
Other operating expenses		(7,094)	(6,931)
		2,880	3,568
Profit before taxation		2,880	3,568
Taxation	7	—	—
		2,880	3,568
Profit and total comprehensive income for the year		2,880	3,568
Earnings per share			
Basic (HK cents per share)	8	0.29	0.36

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2025

(Expressed in Hong Kong Dollars (HK\$))

	NOTES	2025 HK\$'000	2024 HK\$'000
Non-current assets			
Property and equipment		587	1,414
Intangible asset		2,735	2,735
Other assets		413	466
Deposits		230	679
		<u>3,965</u>	<u>5,294</u>
Current assets			
Accounts receivable	10	171,357	124,078
Deposits, other receivables and prepayments		247	262
Tax recoverable		1,903	1,411
Bank balances – trust and segregated accounts		148,119	182,984
Bank balances – general accounts and cash		218,896	230,650
		<u>540,522</u>	<u>539,385</u>
Non-current liability			
Lease liabilities		–	470
Current liabilities			
Accounts payable	11	184,014	186,529
Other payables and accrued charges		1,587	1,473
Lease liabilities		470	671
		<u>186,071</u>	<u>188,673</u>
Net current assets		<u>354,451</u>	<u>350,712</u>
Net assets		<u><u>358,416</u></u>	<u><u>355,536</u></u>
Capital and reserves			
Share capital		10,000	10,000
Reserves		348,416	345,536
Total capital and reserves		<u><u>358,416</u></u>	<u><u>355,536</u></u>

NOTES

1. GENERAL

The financial results have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”), which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards (“**HKAS**”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”), and the Hong Kong Companies Ordinance. The financial results also comply with the applicable disclosure provisions of the Rules (the “**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS AND CHANGES IN OTHER ACCOUNTING POLICIES

New and amendments to HKFRS Accounting Standards that are mandatorily effective for the current year

In the current year, the Group has applied the following new and amendments to HKFRS Accounting Standards issued by the HKICPA for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 April 2024 for the preparation of the consolidated 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 (the “2020 Amendments”)</i>
Amendments to HKAS 1	<i>Non-current Liabilities with Covenants (the “2022 Amendments”)</i>
Amendments to HKAS 7 and HKFRS 7	<i>Supplier Finance Arrangements</i>

The nature of the impact of the revised HKFRS Accounting Standards that are applicable to the Group are described below:

Impacts on application of Amendments to HKAS 1 Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) (the “2020 Amendments”) and Amendments to HKAS 1 Non-current Liabilities with Covenants (the “2022 Amendments”)

The 2020 Amendments provide clarification and additional guidance on the assessment of right to defer settlement for at least twelve months from reporting date for classification of liabilities as current or non-current, which:

- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the classification should not be affected by management intentions or expectations to settle the liability within 12 months;
- clarify that the settlement of a liability can be a transfer of cash, goods or services, or the entity’s own equity instruments to the counterparty. If a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity’s own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying HKAS 32 Financial Instruments: Presentation.

For rights to defer settlement for at least twelve months from reporting date which are conditional on the compliance with covenants, the 2022 Amendments specifically clarify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date, even if compliance with the covenant is assessed only after the reporting date. The 2022 Amendments also specify that covenants with which an entity must comply after the reporting date (i.e. future covenants) do not affect the classification of a liability as current or non-current at the reporting date. However, if the entity's right to defer settlement of a liability is subject to the entity complying with covenants within twelve months after the reporting period, an entity discloses information that enables users of financial statements to understand the risk of the liabilities becoming repayable within twelve months after the reporting period. This would include information about the covenants, the carrying amount of related liabilities and facts and circumstances, if any, that indicate that the entity may have difficulties complying with the covenants.

In accordance with the transition provision, the Group has applied the new accounting policy to the classification of liability as current or non-current retrospectively. The application of the amendments in the current year had no material impact on the consolidated financial statements.

Amendments to HKFRS Accounting Standards in issue but not yet effective

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

Amendments to HKFRS 9 and HKFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments</i> ³
Amendments to HKFRS 9 and HKFRS 7	<i>Contracts Referencing Nature-dependent Electricity</i> ³
Amendments to HKFRS 10 and HKAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ¹
Amendments to HKFRS Accounting Standards	<i>Annual Improvements to HKFRS Accounting Standards – Volume 11</i> ³
Amendments to HKAS 21	<i>Lack of Exchangeability</i> ²
HKFRS 18	<i>Presentation and Disclosure in Financial Statements</i> ⁴

¹ Effective for annual periods beginning on or after a date to be determined.

² Effective for annual periods beginning on or after 1 January 2025.

³ Effective for annual periods beginning on or after 1 January 2026.

⁴ Effective for annual periods beginning on or after 1 January 2027.

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

Amendments to HKFRS 9 and HKFRS 7 Amendments to the Classification and Measurement of Financial Instruments

The amendments to HKFRS 9 clarify the recognition and derecognition for financial asset and financial liability and add an exception which permits an entity to deem a financial liability to be discharged before the settlement date if it is settled in cash using an electronic payment system if, and only if certain conditions are met.

The amendments also provide guidance on the assessment of whether the contractual cash flows of a financial asset are consistent with a basic lending arrangement. The amendments specify that an entity should focus on what an entity is being compensated for rather than the compensation amount. Contractual cash flows are inconsistent with a basic lending arrangement if they are indexed to a variable that is not a basic lending risk or cost. The amendments state that, in some cases, a contingent feature may give rise to contractual cash flows that are consistent with a basic lending arrangement both before and after the change in contractual cash flows, but the nature of the contingent event itself does not relate directly to changes in basic lending risks and costs. Furthermore, the description of the term “non-recourse” is enhanced and the characteristics of “contractually linked instruments” are clarified in the amendments.

The disclosure requirements in HKFRS 7 in respect of investments in equity instruments designated at fair value through other comprehensive income are amended. In particular, entities are required to disclose the fair value gain or loss presented in other comprehensive income during the period, showing separately those related to investments derecognised during the reporting period and those related to investments held at the end of the reporting period. An entity is also required to disclose any transfers of the cumulative gain or loss within equity related to the investments derecognised during the reporting period. In addition, the amendments introduce the requirements of qualitative and quantitative disclosure of contractual terms that could affect the contractual cash flow based on a contingent even not directly relating to basic lending risks and cost.

The amendments are effective for annual reporting periods beginning on or after 1 January 2026, with early application permitted. The application of the amendments is not expected to have significant impact on the financial position and performance of the Group.

HKFRS 18 Presentation and Disclosure in Financial Statements

HKFRS 18 Presentation and Disclosure in Financial Statements, which sets out requirements on presentation and disclosures in financial statements, will replace HKAS 1 Presentation of Financial Statements. This new HKFRS Accounting Standard, while carrying forward many of the requirements in HKAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some HKAS 1 paragraphs have been moved to HKAS 8 and HKFRS 7. Minor amendments to HKAS 7 Statement of Cash Flows and HKAS 33 Earnings per Share are also made.

HKFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the statement of profit or loss and disclosures in the future financial statements. The Group is in the process of assessing the detailed impact of HKFRS 18 on the Group’s consolidated financial statements.

3. FEE AND COMMISSION INCOME

	2025	2024
	<i>HK\$’000</i>	<i>HK\$’000</i>
Commission and brokerage income on securities dealing	3,259	4,637
Placing and underwriting services income	11,543	19,690
Handling and other fee income	1,220	1,070
Asset management fee income	4	4
	16,026	25,401

Disaggregation of fee and commission income from contracts with customers

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Timing of revenue recognition		
A point in time	15,988	25,356
Over time	<u>38</u>	<u>45</u>
	<u>16,026</u>	<u>25,401</u>

4. SEGMENT INFORMATION

The Group's operating segment is determined based on information reported to the executive directors, being the chief operating decision makers ("CODM"), for the purpose of resource allocation and assessment of segment performance.

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

- (a) the brokerage services segment comprises the provision of brokerage services in securities traded in Hong Kong and overseas markets;
- (b) the margin financing services segment comprises the provision of financing services to margin and cash clients;
- (c) the placing and underwriting services segment comprises the provision of underwriting, sub-underwriting and placing services; and
- (d) the asset management services segment comprises the provision of investment management services.

Segment profit/(loss) represents the profit or loss earned by each segment without allocation of other income, other losses, unallocated staff costs, unallocated finance costs, depreciation and unallocated other operating expenses. No inter-segment revenues are charged among segments.

Year ended 31 March 2025

	Brokerage services HK\$'000	Margin financing services HK\$'000	Placing and underwriting services HK\$'000	Asset management services HK\$'000	Total HK\$'000
Segment revenue	<u>4,479</u>	<u>16,922</u>	<u>11,543</u>	<u>4</u>	<u>32,948</u>
Segment profit/(loss)	<u>1,717</u>	<u>7,940</u>	<u>232</u>	<u>(198)</u>	<u>9,691</u>
Other losses					(316)
Other income					9,645
Unallocated staff costs					(8,813)
Unallocated finance costs					(49)
Depreciation					(827)
Unallocated other operating expenses					<u>(6,451)</u>
Profit before taxation					<u>2,880</u>
Other segment information:					
Interest income from clients	<u>–</u>	<u>16,922</u>	<u>–</u>	<u>–</u>	<u>16,922</u>
Interest on bank borrowings	<u>–</u>	<u>(56)</u>	<u>–</u>	<u>–</u>	<u>(56)</u>
Commission expenses	<u>(767)</u>	<u>–</u>	<u>(9,908)</u>	<u>–</u>	<u>(10,675)</u>
Impairment loss	<u>–</u>	<u>(8,926)</u>	<u>–</u>	<u>–</u>	<u>(8,926)</u>

Year ended 31 March 2024

	Brokerage services <i>HK\$'000</i>	Margin financing services <i>HK\$'000</i>	Placing and underwriting services <i>HK\$'000</i>	Asset management services <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue	5,707	19,747	19,690	4	45,148
Segment profit/(loss)	2,304	7,078	203	(191)	9,394
Other losses					(161)
Other income					9,060
Unallocated staff costs					(6,990)
Unallocated finance costs					(41)
Depreciation					(1,443)
Unallocated other operating expenses					(6,251)
Profit before taxation					3,568
Other segment information:					
Interest income from clients	–	19,747	–	–	19,747
Commission expenses	(881)	–	(17,514)	–	(18,395)
Impairment loss	–	(12,669)	–	–	(12,669)

The CODM makes decisions according to operating results of each segment. No analysis of segment asset and segment liability is presented as the CODM does not regularly review such information for the purposes of resources allocation and performance assessment. Therefore, only segment revenue and segment results are presented.

Geographical information

The Group's operations are principally located in Hong Kong and all of the Group's revenue and non-current assets are derived from and located in Hong Kong.

Information about major customers

Revenue from customers contributing over 10% of the total revenue of the Group are as follows:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Customer A (<i>Note</i>)	–	17,247
Customer B (<i>Note</i>)	4,762	–

Note: The corresponding customers did not contribute over 10% of total revenue of the Group during the years ended 31 March 2024 and 2025.

5. STAFF COSTS

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Directors' remuneration		
– fees	720	720
– salaries, discretionary bonus and other benefits	4,071	4,049
– contributions to the retirement benefit scheme	18	18
Salaries, discretionary bonus and other benefits	6,770	6,023
Contributions to the retirement benefit scheme	191	190
	<u>11,770</u>	<u>11,000</u>

6. FINANCE COSTS

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Interest on bank borrowings	56	–
Interest on lease liabilities	49	41
	<u>105</u>	<u>41</u>

7. TAXATION

Hong Kong Profits Tax is calculated at 8.25% on the first HK\$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2 million.

No provision for Hong Kong Profits Tax has been made as there are no assessable profits for both years.

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Profit before taxation	<u>2,880</u>	<u>3,568</u>
Tax at income tax rate of 16.5%	475	589
Tax effect of expenses not deductible for tax purpose	349	365
Tax effect of income not taxable for tax purpose	(1,588)	(1,490)
Tax effect of tax losses not recognised	744	538
Others	20	(2)
Taxation for the year	<u>–</u>	<u>–</u>

As at 31 March 2025, no deferred tax asset was recognised in the Group's consolidated statement of the financial position in relation to the estimated unused tax losses of approximately HK\$7,773,000 (2024: HK\$3,263,000) due to unpredictable future profit streams of relevant entity. The unrecognised tax losses may be carried forward indefinitely.

8. EARNINGS PER SHARE

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

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Earnings		
Profit attributable to ordinary equity holders of the Company, used in the basic earnings per share calculation	<u>2,880</u>	<u>3,568</u>
	Number of shares	
	2025	2024
Number of shares		
Weighted average number of ordinary shares in issue during the year, used in the basic earnings per share calculation (<i>'000</i>)	<u>1,000,000</u>	<u>1,000,000</u>

No diluted earnings per share is presented for the years ended 31 March 2025 and 2024 as there were no potential dilutive shares.

9. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during the year ended 31 March 2025, nor has any dividend been proposed since the end of the reporting period (2024: Nil).

10. ACCOUNTS RECEIVABLE

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Accounts receivable arising from the business of dealing in securities (<i>note a</i>)		
– Hong Kong Securities Clearing Company Limited (“HKSCC”)	29,342	1,641
– Cash clients	2,199	487
– Margin clients	168,245	141,998
Accounts receivable arising from placing and underwriting services (<i>note b</i>)	<u>1,180</u>	<u>1,180</u>
	200,966	145,306
Less: allowance for impairment loss		
– accounts receivable arising from the business of dealing in securities	(28,429)	(20,048)
– accounts receivable arising from placing and underwriting services	<u>(1,180)</u>	<u>(1,180)</u>
	<u>171,357</u>	<u>124,078</u>

Notes:

- (a) The normal settlement terms of accounts receivable from cash clients and HKSCC are two days after trade date. In respect of accounts receivable from cash clients which are past due at the end of the reporting period, the ageing analysis (from settlement date) is as follows:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
0–30 days	123	1
61–90 days	1	1
Over 90 days	1	50
	125	52

Accounts receivable of securities margin clients are secured by clients' pledged securities with fair value of HK\$869,631,000 (2024: HK\$389,683,000). All of the pledged securities are equity and debt securities listed in Hong Kong and overseas. The accounts receivable of securities margin clients are repayable on demand subsequent to settlement date and carrying interest typically at Hong Kong Prime rate + 2% per annum as at 31 March 2025 and 2024 (and in some cases the rate may go up to Hong Kong Prime rate +10% per annum (2024: Hong Kong Prime rate +10%) per annum). Securities are assigned with specific margin ratios for calculating their margin values. Additional funds or collaterals are required if the outstanding amount exceeds the eligible margin value of securities deposited. The collaterals held can be replighted and can be sold at the Group's discretion to settle any outstanding amount owed by margin clients. No ageing analysis is disclosed, as in the opinion of the directors of the Company, the ageing analysis does not give additional value in view of the nature of business of securities margin financing.

The Group has concentration of credit risk as 40% (2024: 40%) of the total accounts receivable from securities margin clients was due from the Group's five largest securities margin clients. The balance of HK\$68,060,000 (2024: HK\$57,069,000) is secured by clients' pledged securities with an aggregate fair value of HK\$128,334,000 (2024: HK\$101,812,000) and guarantee. The directors of the Company believe that the amount is considered recoverable given the collateral and guarantee are sufficient to cover the entire balance on individual basis.

- (b) No credit period is granted for accounts receivable arising from placing and underwriting services. The ageing analysis (based on the revenue recognition date) is as follows:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Over 365 days	1,180	1,180

Impairment allowance of HK\$1,180,000 (2024: HK\$1,180,000) has been made for accounts receivable from placing and underwriting services. The directors of the Company have individually evaluated the accounts receivable for impairment after taking into account the credit of the individual customers.

11. ACCOUNTS PAYABLE

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Cash clients	144,969	150,497
Margin clients	36,107	35,615
HKSCC	<u>2,938</u>	<u>417</u>
	<u>184,014</u>	<u>186,529</u>

The normal settlement terms of accounts payable to clients and HKSCC are two days after trade date.

Accounts payable to clients and HKSCC are repayable on demand after settlement date. No ageing analysis is disclosed, as in the opinion of the directors of the Company, the ageing analysis does not give additional value in view of the nature of this business.

The accounts payable amounting to HK\$148,119,000 (2024: HK\$182,984,000) were payable to clients in respect of the trust and segregated bank balances received and held for clients in the course of the conduct of regulated activities. However, the Group does not have a currently enforceable right to offset these payables with the deposits placed.

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY REVIEW

During the Review Year, the re-opening of economies has not brought an immediate rebound as expected. The Russo-Ukrainian conflict which intensified in early 2022 was yet to be resolved and continued to pose a negative impact on the global supply chains and drive up energy price, resulting in a dramatic increase in inflation rate worldwide.

The lowering of the interest rate by the US Federal Reserve in 2024 was not initiated as expected at the first quarter of 2024 and delayed to September 2024. The frequency and range of lowering the interest rate were both much lower than expectation from the market and has been stopped since December 2024. It has further dampened the confidence in the financial market and delayed the investor's plans to return to the capital market.

Following China's announcement of a series of support measures at the end of September 2024, market sentiment improved significantly in the second half of the Review Year. According to the monthly market highlights provided by The Stock Exchange of Hong Kong Limited, average daily turnover for the securities market in 2024 was HK\$131.8 billion, representing an increase of 25.5% as compared to 2023.

The total funds raised in the securities market in Hong Kong in 2024 was HK\$190.3 billion, which represented an increase of 22.0% as compared to 2023.

Following the GEM listing regime reform, there was the first successful listing in June 2024 on GEM of the Stock Exchange since January 2021. There were 3 new listed companies in GEM during the year ended 31 March 2025.

BUSINESS REVIEW

Since over two decades, the Group has been providing comprehensive financial services in Hong Kong. The Group has developed experience and capability to provide comprehensive financial and securities services, which incorporates (i) securities trading services including brokerage services and margin financing services; (ii) placing and underwriting services; and (iii) asset management services. Sinomax Securities Limited ("Sinomax Securities"), being the principal operating subsidiary of the Company, is licensed with the Securities and Futures Commission to carry on type 1 (dealing in securities), type 4 (advising on securities) and type 9 (asset management) regulated activities in Hong Kong. The Company's shares have been listed on the Stock Exchange since February 2020.

During the Review Year, the Group recorded a 27.0% decrease of total revenue as compared to the year ended 31 March 2024 (the "Last Year"), which was approximately HK\$32.9 million. The decrease was mainly attributable to the decrease in commission income from placing and underwriting services coupled with the decrease in interest income from margin

financing services. Meanwhile, the net profit attributable to owners of the Company decreased by 19.3% to approximately HK\$2.9 million during the Review Year, which was mainly due to the decrease in commission income from placing and underwriting services and decrease in interest income from margin financing services, which was offset by the decrease in impairment loss for accounts receivable arising from the business of dealing in securities under the expected credit loss model and decrease in commission expenses as compared with the Last Year.

Securities Trading Services

Brokerage services

The Group provides securities dealing and brokerage services and ancillary service to clients who maintain a trading account. Commission income from the Group's securities brokerage business and handling and other fee income for the Review Year decreased by approximately 21.5% to approximately HK\$4.5 million as compared with that of the Last Year (2024: approximately HK\$5.7 million) and accounted for approximately 13.6% (2024: 12.6%) of the total revenue. The decrease in revenue from brokerage services was attributable to the decreased commission income received due to intense competition in the market for the commission rate charged to clients and the decrease in their trading turnover during the Review Year. The segment profit from brokerage services decreased by approximately 25.5% to approximately HK\$1.7 million as compared with that of the Last Year (2024: approximately HK\$2.3 million) which is in line with the decrease in revenue from brokerage services during the Review Year. Following China's announcement of a series of support measures at the end of September 2024, market sentiment improved significantly in the second half of the Review Year. The revenue from brokerage services recorded a significant rebound in the 2nd half of the Review Year compared to that in the 1st half, which is in line with the market.

Margin Financing Services

The Group provides financing services to facilitate its clients' purchase of securities on a margin basis in the secondary market and subscription to IPOs. Interest income from margin financing provided by the Group for the Review Year decreased by approximately 14.3% to approximately HK\$16.9 million as compared with that of Last Year (2024: approximately HK\$19.7 million) and accounted for approximately 51.4% (2024: 43.8%) of the total revenue. The decline in interest income from margin financing was mainly due to a decrease in the demand for the Group's margin financing services in average and the decrease in Hong Kong Prime Rate during the Review Year. The segment profit from margin financing services increased by approximately 12.2% to approximately HK\$7.9 million as compared with that of the Last Year (2024: approximately HK\$7.1 million). The segment profit increased due to decreased allowance for impairment loss of approximately HK\$8.9 million (2024: approximately HK\$12.7 million) was provided for accounts receivable arising from the business of dealing in securities under the expected credit loss model with steady market environment and expectation in the Review Year compared to that in Last Year. To recover accounts receivable arising from the business of dealing in securities with impairment loss,

the Group has taken various actions, including restructuring arrangements, issuing demand letters and commencing legal proceedings action against the borrowers. The demand for our margin financing services reached its bottom in the 1st half of the Review Year and recorded a rebound in the level of amount of our margin financing services to clients as at 31 March 2025 following the improved market sentiment compared to that as at 31 March 2024.

As at 31 March 2025, the Group had 623 (2024: 611) active securities accounts as reported pursuant to Securities and Futures Ordinance.

Placing and Underwriting Services

The Group provides placing and underwriting services by acting as (i) bookrunner, lead manager or underwriter of listing applicants in IPOs; (ii) placing agent of listed companies in connection with their issuance or sale of equity or debt securities and (iii) manager for issue of bonds by listed or unlisted corporations, in return for placing and/or underwriting commission income. The commissions from placing and underwriting engagements vary on a case-by-case basis, as they are charged either based on pre-determined fixed fee or a fee calculated as a percentage of the total price of shares underwritten. Commission income from the Group's placing and underwriting services for the Review Year decreased by approximately 41.4% to approximately HK\$11.5 million as compared with that of the Last Year (2024: approximately HK\$19.7 million), which accounted for approximately 35.0% (2024: 43.6%) of the total revenue.

The Group actively engaged in different placing and underwriting exercises and successfully completed 9 (2024: 7) projects including 6 (2024: 2) bonds placing exercises during the Review Year. The Group has actively participated in placing exercise for Debt Capital Market since Last Year and it expanded the Group's revenue stream and provided greater access to a wider range of financial products available to our customers. Although the Group is able to complete more bonds placing exercises during the Review Year than that in Last Year, the decrease in average size of bonds placing due to current high interest rates cycle led to the decrease in commission received.

In view of the GEM listing regime reform, the Company participated in June 2024 as one of the underwriters in the first successful listing on GEM of the Stock Exchange since January 2021. The segment profit from placing and underwriting services increased by approximately 14.3% to approximately HK\$232,000 as compared with that of the Last Year (2024: approximately HK\$203,000). The segment profit increased as less staff costs incurred during the Review Year.

Asset Management Services

During the Review Year, the revenue of asset management services was approximately HK\$4,000 (2024: HK\$4,000) and the segment loss was approximately HK\$198,000 (2024: HK\$191,000). The expansion of asset management services segment has met with difficulties under the current generally unfavorable investment landscape under the current high level of interest rate.

FINANCIAL REVIEW

Revenue

During the Review Year, the Group recorded a revenue of approximately HK\$32.9 million (2024: approximately HK\$45.1 million), representing a decrease of approximately 27.0% compared with that of the Last Year. The overall decrease was mainly due to decrease in commission income from placing and underwriting services coupled with the decrease in interest income from margin financing services during the Review Year.

Other Operating Expenses

For the Review Year, the other operating expenses increased by approximately 2.4% to approximately HK\$7.1 million as compared with the Last Year (2024: approximately HK\$6.9 million). The increase was mainly due to more information services expenses and legal and professional fee incurred for pursuing legal actions for recovery of accounts receivable arising from the business of dealing in securities with impairment loss.

Profit for the Year

For the Review Year, the Group's net profit was approximately HK\$2.9 million, representing a decrease of approximately 19.3% compared with approximately HK\$3.6 million from the Last Year. Such change was mainly due to the decrease in interest income from margin financing services as the demand for the Group's margin financing services decreased in average, coupled with the decrease in commission income from placing and underwriting services while being offset by the decrease in impairment loss for accounts receivable arising from the business of dealing in securities under the expected credit loss model and decrease in commission expenses as compared with the Last Year.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group maintained a strong liquidity position with bank deposits and financed its operations by cash mainly generated from operations. As at 31 March 2025, the Group had total bank balances for general accounts and cash of approximately HK\$218.9 million (2024: approximately HK\$230.7 million). The decrease in balances was mainly to support the rebound in demand for our margin financing services. As at 31 March 2025, the Group had net

current assets of approximately HK\$354.5 million, representing an increase of approximately HK\$3.8 million as compared with that of approximately HK\$350.7 million as at 31 March 2024. The financial position of the Group remained stable during the Review Year.

The Group's gearing ratio was nil as at 31 March 2025 (2024: Nil).

Gearing ratio is calculated based on total debts which is represented by bank borrowings only, divided by net assets as at the end of the Review Year.

Bank Borrowings

As at 31 March 2025, the Group had nil bank borrowings (2024: Nil).

Pledge of Assets

As at 31 March 2025, the Group did not have any pledged assets (2024: Nil).

Foreign Currency Exposure

As the Group only operates in Hong Kong and the majority of the revenue and transactions arising from its operations were settled in Hong Kong dollar, the Directors are of the view that the Group's foreign exchange rate risks are insignificant. Thus, the Group has not entered into any derivative contracts to hedge against the foreign exchange rate risk for the Review Year.

Capital Commitments and Contingent Liabilities

As at 31 March 2025, the Group did not have any significant capital commitment and contingent liabilities (2024: Nil).

Employees and Remuneration Policies

As at 31 March 2025, the Group employed 15 staff (2024: 15). The employees' remuneration was determined based on factors such as qualification, scope of duty, contributions and years of experience. Staff costs primarily consist of salaries, bonus and allowance as well as contributions to the mandatory provident fund for the Director and employees of the Group. Staff costs was approximately HK\$11.8 million during the Review Year (2024: HK\$11.0 million), representing an increase of approximately HK\$0.8 million. The staff team remained stable during the Review Year.

Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

During the Review Year, the Group did not have any material acquisitions and disposals of subsidiaries, associates or joint ventures.

Significant Investments Held by the Group

As at 31 March 2025, the Group did not make any significant investments (2024: Nil).

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed under the section headed “Future Plans and Use of Proceeds” in the prospectus of the Company dated 31 January 2020 (the “**Prospectus**”), the Group did not have other future plans for material investments or capital assets as at the date of this annual results announcement.

USE OF PROCEEDS

The net proceeds received by the Group, after deducting related expenses, were approximately HK\$90.6 million. These proceeds are intended to be applied in accordance with the proposed application set out in the section headed “Future Plans and Use of Proceeds” in the Prospectus. Such uses include: (i) expansion of placing and underwriting business; (ii) funding for margin financing business; (iii) establishment and renovation of a new office; (iv) expansion of workforce; (v) enhancement of IT systems; (vi) promotion and marketing; and (vii) working capital.

Business strategies	Net proceeds as allocated in accordance with the Prospectus HK\$ Million	Actual use of net proceeds up to 31 March 2025 HK\$ Million	Unutilised use of net proceeds up to 31 March 2025 HK\$ Million	Expected timeline of full utilisation of the balance
Expansion of placing and underwriting business	27.0	27.0	–	–
Funding for margin financing business	10.2	10.2	–	–
Establishment and renovation of a new office	15.7	–	15.7	End of 2026
Expansion of workforce	12.9	1.1	11.8	End of 2026
Enhancement of IT systems	9.0	–	9.0	End of 2026
Promotion and marketing	7.2	–	7.2	End of 2026
Working capital	8.6	8.6	–	–
Total	<u>90.6</u>	<u>46.9</u>	<u>43.7</u>	

As at 31 March 2025, the unutilised proceeds were placed with a licensed bank in Hong Kong.

In consideration of the prolonged unfavorable investment landscape and uncertain economic outlook, the Group has adopted a conservative but flexible approach for utilising the proceeds effectively and efficiently for the long-term development of the Group. The Group has kept the expansion and development plans on hold during the Review Year, and planned to resume when the global economic environment is stabilised.

The Directors regularly evaluate the Group's business objective and may change or modify plans against the changing market condition to ascertain the business growth of the Group. During the Review Year, the Directors considered that no modification of the use of proceeds described in the Prospectus was required.

DIVIDENDS

The Board does not recommend the declaration of final dividend for the Review Year (2024: Nil).

OUTLOOK AND PROSPECTS

The Group believes that the Hong Kong financial services industry with its strong history and well established foundation, sound reputation, supportive policies from the government and outstanding industry professionals, would remain in a top position worldwide.

In view of the GEM listing regime reform, the Company participated in June 2024 as one of the underwriters in the first successful listing on GEM of the Stock Exchange since January 2021. As such, the Group considers there will be more business opportunities in placing and underwriting services in the coming financial year since the Group has a strong history to provide services to small and mid-sized issuers.

Also, the Group will continue to explore new types of financial products for our customers, such as bonds placing business in Debt Capital Market, which provides greater access to a wider range of financial products available to our customers under our existing platforms.

Following the commencement of lowering of interest rate by the US Federal Reserve in the Review Year, the Group is expecting that the clients will shift more assets into the securities market in the future. Indeed, the demand for our margin financing services reached its bottom and recorded a rebound in the level of amount of our margin financing services to clients as at 31 March 2025 compared to that as at 31 March 2024.

Meanwhile, the Group will explore the business opportunities in new markets, especially the Middle East region in the current financial year. The Group has been establishing a new subsidiary in the Middle East region during the current financial year, in order to explore our customers base.

The Group will leverage the knowledge and experience of its management team to seize opportunities as they arise by widening its products scope, range of services and expanding its clients' base. In response to the opportunities in the market, the Group will remain prudent towards external factors arising from the global and local economic situation and enhance its strengths to consolidate the Group's position in the industry.

The Group will continue to control its operating costs over the unfavorable investment landscape to improve the cost effectiveness and profitability of the Group by utilising financial resources effectively.

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

During the Review Year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares).

CORPORATE GOVERNANCE CODE

The Company has applied the principles and code provisions of the Corporate Governance Code and Corporate Governance Report (the "**CG Code**") as set out in Part 2 of Appendix C1 to the Listing Rules as the basis of the Company's corporate governance practices during the Review Year.

The Board is of the view that the Company has complied with the CG Code during the Review Year.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Listing Rules as the required standard for securities transactions by Directors.

The Company has made specific enquiries of all Directors and all Directors have confirmed that they have complied with the required standards as set out in the Model Code during the Review Year.

AUDIT COMMITTEE

The audit committee of the Company (the "**Audit Committee**") has reviewed the Group's consolidated financial statements for the year ended 31 March 2025, including the accounting principles adopted by the Group, with the Company's management.

The Audit Committee comprises three Directors, namely, Mr. Lai Man Sing, Dr. Yu Sun Say and Ms. Tsang Ngo Yin, all being independent non-executive Directors. Mr. Lai Man Sing, a Director with the appropriate professional qualifications, serves as the chairman of the Audit Committee.

EVENT AFTER THE REVIEW YEAR

The Group has no material subsequent events after the Review Year and up to the date of this announcement.

SCOPE OF WORK OF BAKER TILLY HONG KONG LIMITED

The figures in respect of the Group's consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position and the related notes thereto for the year ended 31 March 2025 as set out in the preliminary announcement have been agreed by the Group's auditor, Baker Tilly Hong Kong Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Baker Tilly Hong Kong Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Baker Tilly Hong Kong Limited on the preliminary announcement.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of this announcement, the Company has maintained the prescribed percentage of public float under the Listing Rules.

PUBLICATION OF INFORMATION ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

The annual results announcement of the Company is published on the website of the Stock Exchange (www.hkex.com.hk) and on the website of the Company (www.hkfsfinance.com). The annual report of the Company for the year ended 31 March 2025 containing all the information required by the Listing Rules will be published on the websites of the Stock Exchange and the Company in due course.

By order of the Board
Fu Shek Financial Holdings Limited
Sy Man Chiu
Executive Director

Hong Kong, 27 June 2025

As at the date of this announcement, the Board comprises Mr. Keng Stephen Lee as chairman and non-executive Director, Mr. Sy Man Chiu and Mr. Ng Sik Chiu as executive Directors, and Dr. Yu Sun Say, Mr. Lai Man Sing and Ms. Tsang Ngo Yin as independent non-executive Directors.