



South China Financial Holdings Limited 南華金融控股有限公司

Incorporated in Hong Kong with limited liability
Stock Code : 00619



ANNUAL REPORT 2024



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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Ng Hung Sang (Chairman)
Ms. Cheung Choi Ngor (Vice Chairman)
Ms. Ng Yuk Mui Jessica
(Executive Vice Chairman and Chief Executive Officer)
Mr. Ng Yuk Yeung Paul

Independent Non-executive Directors

Mrs. Tse Wong Siu Yin Elizabeth
Mr. Tung Woon Cheung Eric
Ms. Li Yuen Yu Alice

AUDIT COMMITTEE

Mr. Tung Woon Cheung Eric
(Chairman of the Committee)
Mrs. Tse Wong Siu Yin Elizabeth
Ms. Li Yuen Yu Alice

REMUNERATION & NOMINATION COMMITTEE

Mrs. Tse Wong Siu Yin Elizabeth
(Chairman of the Committee)
Mr. Tung Woon Cheung Eric
Ms. Li Yuen Yu Alice

COMPANY SECRETARY

Mr. Watt Ka Po James

REGISTERED OFFICE

28th Floor
Bank of China Tower
1 Garden Road
Central
Hong Kong

AUDITOR

Ernst & Young
Certified Public Accountants
Registered Public Interest Entity Auditor

BANKERS

Bank of China (Hong Kong) Limited
Bank of Communications Co., Ltd
China Construction Bank (Asia) Corporation Limited
Chong Hing Bank Limited
Fubon Bank (Hong Kong) Limited
Hang Seng Bank Limited
Industrial and Commercial Bank of China (Asia) Limited
Nanyang Commercial Bank, Limited
OCBC Wing Hang Bank Limited
Standard Chartered Bank (Hong Kong) Limited
The Bank of East Asia, Limited
The Hongkong and Shanghai Banking Corporation Limited

SHARE REGISTRAR AND TRANSFER OFFICE

Union Registrars Limited
Suites 3301-04, 33/F.
Two Chinachem Exchange Square
338 King's Road
North Point
Hong Kong

STOCK CODE

00619

WEBSITE

<http://www.sctrade.com>

Chairman's Statement and Management Discussion and Analysis

I am pleased to report the activities of South China Financial Holdings Limited (the “Company”) and its subsidiaries (collectively the “Group”) for the year ended 31 December 2024.

FINANCIAL SUMMARY

The consolidated revenue from continuing operations of the Group for the year ended 31 December 2024 (“Year 2024”) were HK\$36.8 million (2023: HK\$42.8 million). The decrease in revenue was mainly attributable to the drop in revenue of asset and wealth management segment amounted to HK\$2.8 million for the Year 2024 versus HK\$11.0 million recorded for the prior year. The increase in revenue from margin financing and money lending, property investment and corporate advisory and underwriting segments was set off with the drop in revenue from brokerage and trading and investment segments. On the cost front, total other expenses from continuing operations, including direct cost of services, staff salaries and benefits, rental and other administrative and office expenses amounted to HK\$72.5 million (2023: HK\$88.4 million). After taking into account for the diminution in value of investment property for this year amounted to HK\$223.4 million (2023: Nil), the Group’s consolidated loss from continuing operations for the Year 2024 amounted to HK\$292.7 million (2023: HK\$78.7 million).

During the Year 2024, the Group decided to cease its media publication and financial public relation service business (“Media Business”). While in prior period of the year 2023, the Group ceased its jewellery business for better allocation of the Group’s resources. The Media Business and jewellery business were classified as discontinued operations for the reporting period. The aggregated consolidated loss from these discontinued operations for the Year 2024 amounted to HK\$2.3 million (2023: HK\$61.3 million).

DIVIDEND

No interim dividend was paid (2023: Nil). The board of directors (the “Board”) of the Company does not recommend the payment of a final dividend for the year ended 31 December 2024 (2023: Nil).

BUSINESS REVIEW

Due to a series of global events including tightened monetary policies, interest rate hikes, inflationary pressure, ongoing geopolitical tensions, China property developers’ debt issues, the macro-economic environments were volatile during the Year 2024. The Hong Kong stock market was of no exception and turnover in first half of Year 2024 continued to shrink, which directly impacted the performance of the Group.

In the second half of the Year 2024, market sentiment improved following the announcement of measures to enhance mutual access between the capital markets of Mainland China and Hong Kong. Trading and investment activities picked up and fund raising activities revived to a certain extent. Furthermore, with the Federal Reserve interest rate cut in mid-September serving as a catalyst that had a positive influence on the stock markets, the Hang Seng Index rose markedly in September and October 2024.

Chairman's Statement and Management Discussion and Analysis

Broking

Based on figures provided by Hong Kong Exchanges and Clearing Limited ("HKEX"), the average daily turnover in Hong Kong stock market in the year 2024 increased by 25.5% year-on-year. Total equity fund raised for Year 2024 (through IPO funds or post IPO funds) rose by 22.0% from prior year. The Hang Seng Index further increased from the closing price of 17,047 on 29 December 2023 to 20,059 on 31 December 2024, representing an overall increment of 17.7%. Throughout 2024, market sentiment was still impacted by the high interest rate environment and the slower than expected economic recovery in Mainland China. Resulting from the fragile sentiment across global and local markets, the Group's brokerage commission and related fee income decreased slightly by approximately 4.9% to HK\$10.8 million for the Year 2024 (2023: HK\$11.4 million). Operating loss decreased by approximately 11.5% to HK\$18.4 million for the Year 2024 (2023: HK\$20.8 million.).

Margin Financing and Money Lending

The margin financing and money lending market was challenging as creditors had generally tightened loan approval requirements and valuations of collaterals. With uncertainties as to the economic outlook, the Group continued to adopt stringent loan policies and remained prudent regarding the valuation of collaterals. The Group closely monitored the market situation and adjusted the interest rate and loan-to-value ratio on a timely basis, in order to strike the balance between risk and capital. With the increase in average market interest rates, revenue from this segment increased by approximately 12.6% to HK\$14.6 million (2023: HK\$12.9 million). Due to the squeezing of interest spread, gross margin has been narrowed down and the group recognised a mild operating loss of this segment amounted to HK\$0.3 million for the Year 2024 (2023: loss of HK\$6.3 million).

Asset and Wealth Management

This business segment recorded revenue of HK\$2.8 million for the Year 2024 (2023: HK\$11.0 million), a decrease of 74.7%. Operating loss increased by approximately 120.3% to HK\$6.6 million (2023: HK\$3.0 million) for the Year 2024. Although the performance of this segment has been slowed down due to overall investment market sentiment, the Group has adhered to the customer-focused business philosophy, deeply committed to the transformation and development of asset and wealth management business through internal upgrading, and continuously improved the comprehensive service experience of customers. The Group persistently broadened its financial platform, and realised comprehensive upgrading of the front and back stock trading system with the next target to build a multi-level "one-stop" service platform for wealth management, to provide customers with efficient, convenient and high-quality wealth management services, and to continuously improve its own service level.

Chairman's Statement and Management Discussion and Analysis

Corporate Advisory and underwriting

The Group has reactivated its corporate advisory and pre-IPO sponsorship business since year 2023. Advisory fees are charged based on the type and size of the transactions, duration of the engagement, the complexity of the transaction and the expected manpower requirements. The Group aims to focus on services such as advice on mergers and acquisitions transactions and independent financial advisory services to listed companies. Revenue generated from financial advisory and pre-IPO sponsorship services increased steadily to HK\$1.7 million (2023: HK\$1.4 million) for the Year 2024.

Trading and investment

The Group's investment portfolio, which was mainly booked under financial assets at fair value through profit or loss, amounted to HK\$39.7 million as at 31 December 2024 (2023: HK\$47.0 million). The major investments holding and their fair value gains or losses are listed below:

Stock code	Name of security	Carrying amount as at 31 December 2024 HK\$'000	Percentage of shareholding interest	Fair value gain/ (loss) during the year HK\$'000
00413	South China Holdings Company Limited	17,895	3.56%	(2,826)
01097	i-CABLE Communications Limited	13,931	6.51%	(1,858)
Others		7,825		1,037
		39,651		(3,647)

The Group has positioned its investment portfolio for medium to long term growth in traditional industries, the fair value loss resulting from marking investments to market was HK\$3.6 million for the Year 2024 (2023: HK\$7.2 million). Meanwhile, no material net realised gain or loss was recognised for the Year 2024 (2023: Nil).

Media publication and financial public relation services

During the reporting period, the Group decided to cease its Media Business after periodic performance assessment and for better allocation of the Group's resources. The Media Business was classified as a discontinued operation for the reporting period. The Group recognised a revenue and a loss before taxation of HK\$5.1 million (2023: HK\$25.0 million) and HK\$2.3 million (2023: HK\$58.5 million) respectively.

Chairman's Statement and Management Discussion and Analysis

Property investment

During the Year 2024, office leasing momentum remained slow reflecting high economic uncertainty with subdued demand and increased availability which caused by oversupply and higher vacancies on Hong Kong Island, especially in Central and its nearby. Occupiers are expected to retain a conservative stance towards leasing in the short term, with lease renewals, renegotiations, right sizing and enhancing lease flexibility among choices available to them. Proactive measures were implemented to maintain a relatively higher occupancy level. The gross rental income for the Year 2024 increased to HK\$6.8 million (2023: HK\$5.6 million). As at 31 December 2024, the fair value of the investment properties revalued at HK\$286.0 million (2023: HK\$509.4 million). Fair value loss of HK\$223.4 million was reported on the revaluation of our investment properties for the Year 2024. As the unrealised fair value loss was a non-cash item, it would not effect the cashflow of the Group.

Other business

In January 2023, the Group completed the acquisition of the entire share capital of Genius Year Limited and its subsidiaries ("Genius Year Group"). The consideration was settled by way of issuance of convertible bonds with a nominal value of HK\$89.8 million. Genius Year Limited indirectly holds 100% interests in 65 parcels of forestry land situated in Chongyang County, Xianning City, Hubei Province, the People's Republic of China (the "PRC"). with a total area of approximately 139,216 mu. It is believed that the investment in the Genius Year Group will provide a good opportunity for the Group to widen its businesses to the forestry business in the medium term. No revenue was recognised for the Year 2024 (2023: Nil).

LIQUIDITY AND FINANCIAL RESOURCES

The Group had obtained short term credit facilities which were reviewed annually and a long term mortgage loan from banks. The banking facilities for the share margin finance operations were secured by the securities of our margin clients and the Group. The outstanding credit facilities were guaranteed by the Company. The Group monitors capital using a gearing ratio, which is net debt divided by capital plus net debt. Net debt includes interest-bearing bank and other borrowings and convertible bonds, less cash and bank balances. Capital represents total equity. The gearing ratio as at 31 December 2024 was approximately 80.8% (2023: 64.8%). The Group had a cash balance of HK\$36.7 million as at 31 December 2024 (2023: HK\$52.0 million). Taking into account the financial resources available including the available banking facilities and credit facilities provided by a substantial shareholder who is also a director of the Company and other directors of the Company, the internally generated funds from operations, proceeds from disposal of assets, and cash and bank balances of the Group, the Board considers that the Group has sufficient working capital base to meet its operational needs.

CAPITAL STRUCTURE

There was no material change in Group's capital structure during the Year 2024 as compared to that set out in the 2023 annual report.

CHARGES ON ASSETS

As at 31 December 2024, the Group's investment properties were pledged to banks for banking facilities.

Chairman's Statement and Management Discussion and Analysis

CONTINGENT LIABILITIES

As at 31 December 2024, the Group had no material contingent liabilities.

EVENT AFTER THE REPORTING PERIOD

There is no material event noted after the reporting year ended.

EMPLOYEES

As at 31 December 2024, the total number of employees of the Group was 62 (2023: 146). Total employee's cost from continuing and discontinued operations (including directors' emoluments) amounted to approximately HK\$34.7 million for the Year 2024 (2023: HK\$51.1 million).

In addition to salary, other fringe benefits such as medical subsidies, life insurance, provident fund and subsidised external trainings are offered to employees. Continuous professional trainings will continue to be arranged for staff for maintaining their professional standards for providing various regulated activities under the Securities and Futures Commission. Performance of the employees is normally reviewed on an annual basis with adjustments if necessary, for keeping the competitiveness in compensation. Individual employee may also receive a discretionary bonus at the end of each year based on performance. Selected employees may also be granted share option and share award under the share option scheme and share award scheme adopted by the Company.

PROSPECTS

2025 presents both challenges and opportunities. The external environment has grown more complex with escalating trade conflicts and increasing global economic uncertainty. The Renminbi faces pressure while US Federal Reserve rate cut prospect remains uncertain, adding challenges to Hong Kong's economic growth.

The Central Government's substantial stimulus packages aim to rebuild market confidence, while the Hong Kong government intensifies efforts to attract quality visitors. Additional supportive policies to the investment market may follow. The deepening integration with the Greater Bay Area initiative is expected to further enhance capital flows, attract more listings, and foster cross-border investment opportunities. More than 100 IPO applications are being processed by HKEX in early year 2025. With positive momentum and increasing investor confidence in the Hong Kong IPO market, the city is becoming an increasingly attractive option for IPO applicants.

Looking ahead, the Group will continue to adopt a cautious approach in reviewing its business strategies, refining its business model and improving the efficiency and effectiveness of its operations. With the cessation of the media and jewellery businesses, the Group will focus more resources and efforts on improving the financial performance of the financial services segment. The Group will also strive for the diversification of income streams by development of fee based businesses not only in traditional stockbroking and margin financing business, but more efforts on expanding the asset and wealth management and corporate advisory and sponsorship businesses.

Chairman's Statement and Management Discussion and Analysis

In response to the rapid advancements in financial technology, the Group intends to take the advantage of artificial intelligence ("AI") for having a breakthrough in its traditional financial service business and expanding its business portfolio by deploying more AI tools and investing in some AI entities for the purposes of not only providing more efficient and comprehensive services, enhancing the customers' experience, lowering down its operating costs and securing competitive edge but also equipping it to explore new market opportunities which in turn would broaden income streams and achieve business growth and value creation. The board of directors of the Company believes that this initiative is part of the Group's ongoing commitment to innovation, operational efficiency and long-term sustainable growth.

Despite the uncertainties and challenges casted by the macroeconomic and political factors, the Group will continue to strengthen business transformation, focus on the capital-light business as the core, and build an integrated financial service platform to improve the performance of the Group so as to pursue a satisfactory return to the shareholders of the Company (the "Shareholders").

ENVIRONMENTAL POLICIES

We are committed to building an environmental-friendly corporation that pays close attention to conserving natural resources. We strive to minimize our environmental impact by saving electricity and encouraging recycle of office supplies and other materials. We also promote the services of e-statement to our clients which help to reduce on paper usage.

COMPLIANCE WITH LAWS AND REGULATIONS

Compliance procedures are in place to ensure adherence to applicable laws, rules and regulations, which have significant impact on the Group. Updates on the applicable laws, rules and regulations are brought to the attention of relevant employees and relevant operation units from time to time.

RELATIONSHIPS WITH KEY STAKEHOLDERS

Employees

Human resources are one of the greatest assets of the Group and the Group regards the personal development of its employees as highly import. The Group continues to be an attractive employer for recognizing and reward the contribution of the employees to the growth and development of the Group through various incentive means.

Customers

The Group has the mission to provide excellent customer service whilst maintaining long term profitability, business and asset growth. Various means have been established to strengthen the communications between the customers and the Group in the provision of excellent customer service towards market penetration and expansion.

Chairman's Statement and Management Discussion and Analysis

Suppliers

We firmly believe that our suppliers are equally important in building high-quality business. We proactively communicate with our suppliers to ensure they are committed to delivering high-quality and sustainable products and services.

Shareholders

One of the corporate goals of the Group is to enhance corporate value to Shareholders. The Group is poised to foster business developments for achieving the sustainability of earnings growth and rewarding Shareholders taking into account capital adequacy levels, liquidity positions and business expansion needs of the Group.

POSSIBLE RISKS AND UNCERTAINTIES

The Group has reviewed the possible risks and uncertainties which may affect its business, financial condition, operations and prospects based on its risk management and internal control systems and considered that the major risks and uncertainties that may affect the Group include (i) fluctuations of fair value gain or loss on financial assets, foreign exchange and investment properties; (ii) changes in market interest rates may expose the Group to high interest expense on its net debt obligations carrying floating interest rates; (iii) credit risk and recoverability of provision of finance which may incur bad debts during the downturn of economy; and (iv) the uncertainties of fiscal, political and monetary policy developments would contribute partly to the high volatility of global markets which may directly affect the performance of the Group. In response to the above mentioned possible risks, the Group has a series of risk mitigation controls and risk management policies to cope with the possible risks and has serious scrutiny over the selection of quality customers. The Group has formed various committees to develop and review strategies, policies and guidelines on risk control; which enable the Group to monitor and respond to risk effectively and promptly.

APPRECIATION

On behalf of the Board, I wish to express my gratitude to our customers and Shareholders for their continued support and all our staff members for their hard work and dedicated service.

Ng Hung Sang

Chairman

Hong Kong, 25 March 2025

Directors' Biographical Details

EXECUTIVE DIRECTORS

Mr. Ng Hung Sang, aged 75, is an Executive Director, the Chairman and a member of the Executive Committee of the Company. He is actively involved in the overall corporate policies, strategic planning and business development of the Group. He is also an executive director and the chairman of South China Holdings Company Limited, a company whose shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (stock code: 00413). He also holds several directorships in certain subsidiaries of the Group. He holds a Master's degree in Marketing from Lancaster University in the United Kingdom and is a fellow member of the Chartered Institute of Management Accountants. He was appointed as a Director of the Company on 7 December 1988. He is the father of Ms. Ng Yuk Mui Jessica, an Executive Director, the Executive Vice Chairman and Chief Executive Officer and a member of the Executive Committee of the Company and Mr. Ng Yuk Yeung Paul, an Executive Director and a member of the Executive Committee of the Company. He is a director of companies which have an interest in the shares or underlying shares of the Company and is required to disclose to the Company under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance.

Ms. Cheung Choi Ngor, aged 71, is an Executive Director, the Vice Chairman and a member of the Executive Committee of the Company. She is also an executive director, the vice chairman and the co-chief executive officer of South China Holdings Company Limited, a company whose shares are listed on the Main Board of the Stock Exchange (stock code: 00413). She also holds several directorships in certain subsidiaries of the Group. She holds a Master's degree in business administration from University of Illinois in the United States of America. She is a member of 10th, 11th and 12th National Committee of the Chinese People's Political Consultative Conference. She was appointed as a Director of the Company on 7 December 1988. She is a director of company which has an interest in the underlying shares of the Company and is required to disclose to the Company under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance.

Ms. Ng Yuk Mui Jessica, aged 46, is an Executive Director, the Executive Vice Chairman, Chief Executive Officer and a member of the Executive Committee of the Company. She is also a non-executive director of South China Holdings Company Limited (stock code: 00413) and i-CABLE Communications Limited (stock code: 01097), both companies' shares are listed on the Main Board of the Stock Exchange. She is the executive vice chairman of South China Media Limited. She also holds several directorships in certain subsidiaries of the Group. She holds a Bachelor's degree in Law from King's College London, University of London in the United Kingdom and was admitted to the Hong Kong Bar in 2006. She is an associate member of the Chartered Institute of Management Accountants and a member of the 12th Hebei Provincial Committee of the Chinese People's Political Consultative Conference and a standing committee member of the 13th Hebei Provincial Committee of the Chinese People's Political Consultative Conference. She was appointed as a Director of the Company on 12 November 2015. She is the daughter of Mr. Ng Hung Sang, an Executive Director, the Chairman, a member of the Executive Committee and a substantial shareholder of the Company and is the elder sister of Mr. Ng Yuk Yeung Paul, an Executive Director and a member of the Executive Committee of the Company.

EXECUTIVE DIRECTORS (Continued)

Mr. Ng Yuk Yeung Paul, aged 43, is an Executive Director and a member of the Executive Committee of the Company. He is also an executive director, the executive vice chairman, the co-chief executive officer and a member of the executive committee of South China Holdings Company Limited, a company whose shares are listed on the Main Board of the Stock Exchange (stock code: 00413). He is an independent non-executive director of China Rongzhong Financial Holdings Company Limited, a company whose shares are listed on the Main Board of the Stock Exchange (stock code: 03963). He also holds several directorships in certain subsidiaries of the Company. He graduated in Law from Corpus Christi College, University of Cambridge (the "University") in the United Kingdom and is a Scholar of the University. He is an associate member of the Chartered Institute of Management Accountants and a member of the 13th and 14th National Committee of the Chinese People's Political Consultative Conference and is a standing member of the 11th, 12th and 13th Liaoning Provincial Committee of the Chinese People's Political Consultative Conference. He was the winner of the Young Industrialist Awards of Hong Kong 2017. He has extensive experience in the financial services, property development, OEM toys manufacturing, tourism and media businesses. He was appointed as a Director of the Company on 1 February 2023. He is the son of Mr. Ng Hung Sang, an Executive Director, the Chairman, a member of the Executive Committee and a substantial shareholder of the Company, and is the younger brother of Ms. Ng Yuk Mui Jessica, an Executive Director, Executive Vice Chairman, Chief Executive Officer and a member of the Executive Committee of the Company. He is a director of company which has an interest in the underlying shares of the Company and is required to disclose to the Company under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mrs. Tse Wong Siu Yin Elizabeth, aged 67, is an Independent Non-executive Director, a member of the Audit Committee and the chairman of the Remuneration and Nomination Committee of the Company. She retired as an independent non-executive director of South China Holdings Company Limited, a company whose shares are listed on the Main Board of the Stock Exchange (stock code: 00413) in June 2024. She is also the chairman of the Hong Kong Flower Retailers Association, the convenor of Youth Skills Competition in Floristry of Vocational Training Council, the vice convenor of the Environmental Services Industry of Employees Retraining Board and a member of the judge panel of Hong Kong Flower Show. She received an award of the Hundred Outstanding Women Entrepreneur in China in 2009. She holds a Bachelor's degree of Science from the University of Western Ontario in Canada. She was appointed as a Director of the Company on 25 November 1992.

Directors' Biographical Details

INDEPENDENT NON-EXECUTIVE DIRECTORS *(Continued)*

Mr. Tung Woon Cheung Eric, aged 54, is an Independent Non-executive Director, the chairman of the Audit Committee and a member of the Remuneration and Nomination Committee of the Company. He is an executive director, company secretary and authorised representative of Beijing Enterprises Holdings Limited, a company whose shares are listed on the Main Board of the Stock Exchange (stock code: 00392); an executive director, the chief financial officer and company secretary of Beijing Enterprises Water Group Limited, a company whose shares are listed on the Main Board of the Stock Exchange (stock code: 00371); an independent non-executive director of GR Life Style Company Limited, a company whose shares are listed on the Main Board of the Stock Exchange (stock code: 00108); an independent non-executive director of Jinke Smart Services Group Co., Ltd., a company whose H shares are listed on the Main Board of the Stock Exchange (stock code: 09666); and the company secretary of Biosino Bio-Technology and Science Incorporation, a company whose shares are listed on GEM of the Stock Exchange (stock code: 08247). He graduated from York University, Toronto, Canada with a bachelor's honours degree in administrative studies. He is a Certified Public Accountant of Hong Kong Institute of Certified Public Accountants and a U.S. Certified Public Accountant of The American Institute of Certified Public Accountants. He was appointed as a Director of the Company on 21 September 2004.

Ms. Li Yuen Yu Alice, aged 55, is an Independent Non-executive Director, a member of the Audit Committee and the Remuneration and Nomination Committee of the Company. She retired as a non-executive director of South China Holdings Company Limited, a company whose shares are listed on the Main Board of the Stock Exchange (stock code: 00413) in June 2024. She is a director of Cheng & Cheng Limited, Certified Public Accountants in Hong Kong. She received her Accounting degree from Monash University, Australia in 1994 and was admitted as a Certified Public Accountant in Australia and in Hong Kong in 1997 and 1998 respectively. She is a fellow member of the Taxation Institute of Hong Kong. She was appointed as a Director of the Company on 27 June 2024.

Directors' Report

The directors (the “Directors”) of South China Financial Holdings Limited (the “Company”) have pleasure in submitting their annual report together with the audited consolidated financial statements of the Company and its subsidiaries (collectively the “Group”) for the year ended 31 December 2024.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Company is an investment holding company. The principal activities of the subsidiaries consist of securities, commodities and bullion, broking and trading, margin financing, provision of corporate advisory and underwriting services, asset and wealth management, property investment and investment holding.

During the year ended 31 December 2024, the Group ceased the operation of media publications and financial public relation services (the “Discontinued Operation”). Details of the Discontinued Operation are set out in note 12 to the financial statements.

Further discussion and analysis of these activities as required by Schedule 5 to the Hong Kong Companies Ordinance, including a discussion of the possible risks and uncertainties to which the Group is facing and an indication of likely future developments in the Group’s business, can be found in the section headed “Chairman’s Statement and Management Discussion and Analysis” in this annual report. This discussion forms part of this Directors’ Report.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The board of Directors (the “Board”) has overall responsibility for the Group’s environmental, social and governance (“ESG”) strategy and reporting. The Board is responsible for the Group’s ESG risk management and internal control systems to ensure that the ESG strategies and reporting requirements are met.

In addition, discussion on the Group’s environmental policies and performance are contained in the section headed “Environmental, Social and Governance Report” in this annual report.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 December 2024 and the financial position of the Group at that date are set out in the financial statements on pages 65 to 176 of this annual report.

No interim dividend was paid (2023: Nil). The Board does not recommend the payment of a final dividend for the year ended 31 December 2024 (2023: Nil).

Directors' Report

DIVIDEND POLICY

The Company has adopted a dividend policy (the “Dividend Policy”), pursuant to which the Company may declare and distribute dividends to the shareholders of the Company (the “Shareholders”).

1. Objectives

The Dividend Policy sets out the guidelines for the Board to determine (i) whether dividends are to be declared and paid; and (ii) the amount of dividend to be paid to the Shareholders.

It is the policy of the Company to distribute its net profits by way of dividends to the Shareholders after retaining adequate reserves for future growth as return to the Shareholders' investment.

2. Basic Criteria

In deciding to propose a dividend and in determining the dividend amount, the Board shall take into account the actual and expected financial results of the Group, business performance and strategies, financial and economic factors, capital commitments, liquidity position and any other factors that the Board considers appropriate.

Subject to the conditions and factors set out above, dividends may be proposed and/or declared by the Board for a financial year or period as interim dividend, final dividend, special dividend and any distribution of net profits that the Board considers appropriate.

Payment of dividend by the Company is also subject to any criteria and restrictions under the Hong Kong laws and the Company's Articles of Association.

3. Form of Dividend

The Company may declare and pay dividends by way of cash or scrip or by other means that the Board considers appropriate.

4. Approval of Dividend

The Board may from time to time determine and pay to the Company's shareholders such interim dividends as it considers appropriate.

The Board may recommend the payment of final dividends which are required to be approved by the Shareholders of the Company in general meetings.

5. Approval of the Dividend Policy

The Dividend Policy has been reviewed by the audit committee (the “Audit Committee”) of the Company and approved by the Board. In the event of any amendment of any provision of the Dividend Policy, it shall be reviewed and commented by the Audit Committee and then all such reviewed and commented amendments shall be submitted to the Board for consideration and approval.

DONATION

During the year ended 31 December 2024, no charitable and other donations was made by the Group (2023: HK\$141,000).

DISTRIBUTABLE RESERVES

As at 31 December 2024, the Company has no reserves available for distribution.

FIVE YEAR FINANCIAL SUMMARY

A summary of the results, assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the audited consolidated financial statements and restated/reclassified as appropriate, is set out on pages 177 and 178 of this annual report.

SHARE CAPITAL AND EQUITY-LINKED AGREEMENT

Details of movements in the ordinary shares, share options and share awards (if any) of the Company during the year are set out in notes 34, 35 and 24 to the financial statements.

Save as disclosed under the sections headed "Share Option Scheme" and "Employee's Share Award Scheme", no equity-linked agreements were entered into during the year or subsisted at the ended of the year.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

MAJOR CUSTOMERS AND SUPPLIERS

During the year ended 31 December 2024, the aggregate turnover attributable to the Group's five largest customers and the aggregate purchases from the Group's five largest suppliers accounted for less than 30% of the total turnover and purchases, respectively, for the year.

DIRECTORS

The Directors during the year and up to the date of this Directors' Report were:

Executive Directors:

Mr. Ng Hung Sang (*Chairman*)

Ms. Cheung Choi Ngor (*Vice Chairman*)

Ms. Ng Yuk Mui Jessica (*Executive Vice Chairman and Chief Executive Officer*)

Mr. Ng Yuk Yeung Paul

Directors' Report

Independent Non-executive Directors:

Mrs. Tse Wong Siu Yin Elizabeth

Hon. Raymond Arthur William Sears, K.C. (retired on 27 June 2024)

Mr. Tung Woon Cheung Eric

Mr. Lam Douglas Tak Yip, SC (retired on 27 June 2024)

Ms. Li Yuen Yu Alice (appointed on 27 June 2024)

A full list of the name of the directors of the Group's subsidiaries can be found on the Company's website at www.sctrade.com.

In accordance with Article 99 of the Articles of Association of the Company, any Director appointed by the Directors from time to time either to fill a casual vacancy or as an addition to the Board shall hold office only until the next following general meeting of the Company, and shall then be eligible for re-election at the general meeting, as such Ms. Li Yuen Yu Alice will retire from office and, being eligible, offer herself for re-election at the forthcoming annual general meeting of the Company (the "2025 AGM").

In accordance with Article 116 of the Articles of Association of the Company, Ms. Cheung Choi Ngor and Mrs. Tse Wong Siu Yin Elizabeth will retire from office by rotation, and being eligible, offer themselves for re-election at the 2025 AGM. Save as disclosed, all other remaining Directors continue in office.

CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received confirmation of independence pursuant to Rule 3.13 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") from each of the Independent Non-executive Directors, namely Mrs. Tse Wong Siu Yin Elizabeth, Mr. Tung Woon Cheung Eric and Ms. Li Yuen Yu Alice and considers all the Independent Non-executive Directors to be independent.

DIRECTORS' BIOGRAPHIES

Biographical details of the Directors up to the date hereof are set out in the section headed "Directors' Biographical Details" in this annual report.

DIRECTORS' SERVICE CONTRACTS

No directors proposed for re-election at the 2025 AGM has an unexpired service contract with the Company and/or its subsidiaries, which is not determinable by the relevant employer within one year without payment of compensation (other than statutory compensation).

DIRECTORS' REMUNERATION

The remuneration payable to each of Executive Directors was determined by the Remuneration and Nomination Committee with reference to the prevailing market practice, the Company's remuneration policy, the respective Directors' duties and responsibilities and their contributions to the Group. The Board considers and, where it thinks fit, approves the remuneration of the Non-executive Directors as recommended by the Remuneration and Nomination Committee based on the abovementioned factors. No Director shall be involved in the decision of his or her own remuneration.

Details of the remuneration of the Directors for the year ended 31 December 2024 are set out in note 9 to the financial statements.

SHARE OPTION SCHEME

The Company adopted a share option scheme at the extraordinary general meeting on 9 August 2022 (the “2022 Share Option Scheme”), which shall be valid and effective for a period of ten (10) years commencing on the date on which it became effective 11 August 2022 for the purpose of providing incentive or rewards to eligible participants for their contribution to the Group and to enable the Group to attract and retain employees of appropriate qualifications and with necessary experience to work for the Group. The share options granted under the above schemes are unlisted. Further details of the 2022 Share Option Scheme are disclosed in note 35 to the financial statements.

Saved as disclosed below, no share options were granted, exercised, cancelled or lapsed in accordance with the terms of the 2022 Share Option Scheme during the year ended 31 December 2024. The movements of the outstanding share options granted under the 2022 Share Option Scheme during the year ended 31 December 2024 are as follows:

Name or category of participant	Number of share options				Date of grant of share options	Exercise period of share options	Number of ordinary shares issuable upon the exercise of share options (Note 1)	Exercise price per share (Note 2)
	Balance as at 1 January 2024	Granted/ Exercised/ Cancelled during the year	Lapsed during the year	Balance as at 31 December 2024				
Directors and their associates								
Ms. Ng Yuk Mui Jessica	3,012,770	–	–	3,012,770	29/09/2022	30/09/2022 to 29/09/2032	3,012,770	HK\$0.30
Mr. Pun Chee Hang Kelvin (Note 3)	3,012,770	–	(3,012,770)	–	29/09/2022	30/09/2022 to 29/09/2032	–	HK\$0.30
Mr. Ng Yuk Yeung Paul	3,012,770	–	–	3,012,770	29/09/2022	30/09/2022 to 29/09/2032	3,012,770	HK\$0.30
Mrs. Ng Cheng Nga Yu Emmi (Note 4)	3,012,770	–	–	3,012,770	29/09/2022	30/09/2022 to 29/09/2032	3,012,770	HK\$0.30
Employees	6,025,540	–	–	6,025,540	29/09/2022	30/09/2022 to 29/09/2032	6,025,540	HK\$0.30
Total	18,076,620	–	(3,012,770)	15,063,850			15,063,850	

Notes:

- Representing approximately 5.0% of total issued shares of the Company as at 31 December 2024.
- The closing price of shares of the Company as stated in the Stock Exchange's daily quotations sheet immediately before the date of grant of share options was HK\$0.30.
- Mr. Pun Chee Hang Kelvin is the spouse of Ms. Ng Yuk Mui Jessica.
- Mrs. Ng Cheng Nga Yu Emmi is the spouse of Mr. Ng Yuk Yeung Paul.

Directors' Report

As at 31 December 2024 and the date of the Annual Report, there are 15,063,857 share options available for granting under the 2022 Share Option Scheme. Upon exercise of the said share options, 15,063,857 shares of the Company will be issued, representing approximately 5.0% of the total issued shares of the Company as at the date of the Annual Report.

EMPLOYEES' SHARE AWARD SCHEME

The Company adopted a share award scheme on 10 June 2015 (the "Share Award Scheme"), which shall be valid and effective for a term of fifteen (15) years commencing on 10 June 2015. Pursuant to the terms and the conditions of the Share Award Scheme, the Company shall settle a sum up to and not exceeding HK\$20 million for the purchase of shares of the Company and/or other shares listed on the Main Board or GEM of the Stock Exchange from market. Such shares shall form part of the capital of the trust fund set up for the Share Award Scheme. The Board may, from time to time, select employees for participation in the Share Award Scheme and cause to be paid an amount to the trustee from the Company's resources for the purpose of purchase of shares as referred to in the above. Details of the Share Award Scheme are as follows:

1. Purpose of the Share Award Scheme:

- (i) to recognize the contributions by certain employees and to give incentives thereto in order to retain them for the continual operation and development of the Group; and
- (ii) to attract suitable personnel for further development of the Group.

2. Participants of Share Award Scheme:

The Board may, from time to time, select any employee (including without limitation any connected person of the Company as defined under the Listing Rules) of the Group for participation in the Share Award Scheme (the "Selected Employee").

3. Total number of shares available for issue under the Share Award Scheme:

Since the date of adoption of the Share Award Scheme and up to the date of Annual Report, the Company has granted a total of 8,000 shares of South China Holdings Company Limited ("SCHC"), a company listed on the Stock Exchange to the Selected Employee.

As at the date of the Annual Report, 49,992,000 SCHC shares were available for being granted to Selected Employees.

4. Maximum entitlement of each Selected Employee under the Share Award Scheme:

No maximum entitlement of each Selected Employee was set.

5. Exercisable period under the Share Award Scheme:

No exercise period for the awarded SCHC shares was set.

6. Vesting period of the Share Award Scheme:

The vesting period of the awarded SCHC shares shall be determined by the Board at the time of grant of such shares.

In respect of a Selected Employee who died or retired at his/her normal retirement date or earlier by agreement with the Company or any subsidiary of the Company at any time prior to a vesting date, all the awarded SCHC shares and all income derived from the awarded SCHC shares of the Selected Employee shall be deemed to be vested on the date immediately prior to his/her death or retirement at his/her normal retirement date or earlier by agreement with the Company or any subsidiary of the Company.

7. Acceptance price:

No amount is payable on acceptance of the grant of the awarded SCHC shares under the Share Award Scheme.

8. Basis of determining the purchase price of awarded shares:

The purchase price of each awarded SCHC share shall be determined by the Board at the time of grant of the awarded SCHC shares to each Selected Employee under the Share Award Scheme.

9. Remaining life of the Share Award Scheme:

Subject to any early termination as may be determined by the Board pursuant to the terms of the Share Award Scheme, the Share Award Scheme shall be valid and effective for a term of fifteen (15) years commencing on the Date of Adoption of the Share Award Scheme. The remaining life of the Share Award Scheme shall be approximately five and a half (5.5) years.

10. Voting rights of unvested shares of the Share Award Scheme:

The trustee shall not exercise the voting rights of the awarded SCHC shares as all such shares are held under the trust constituted by the trust deed dated 10 June 2015 entered into between the Company and the trustee.

Since the adoption of the Share Award Scheme and up to 31 December 2024, no share of the Company was held by the trustee nor awarded to any Selected Employee under the Share Award Scheme. The existing awarded SCHC shares are not subject to Chapter 17 of the Listing Rules as all such awarded shares are not the Company's shares.

Directors' Report

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the section “Share Option Scheme” above, at no time during the year was the Company, or any of its subsidiaries or fellow subsidiaries, a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors, the chief executives or any of their spouses or children under the age of 18, was granted any right to subscribe for the equity or debt securities of the Company or any other body corporate nor had exercised any such right.

RETIREMENT SCHEMES

Details of the retirement schemes of the Group are set out in note 2.4 to the financial statements.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Details of the transactions during the year between the Group and connected persons (as defined in the Listing Rules) in which a Director has beneficial interest are set out in the section headed “Connected Transaction” of this Directors' Report and related party transactions as disclosed in note 40 to the financial statements.

Save as disclosed above, no transaction, arrangement or contract of significance to the business of the Group to which the Company, or any of its subsidiaries or fellow subsidiaries was a party and in which a Director or any connected entity thereof had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

MANAGEMENT CONTRACT

The Company did not enter into any contract by which a person undertakes the management and administration of the whole or any substantial part of the business of the Company and there was no such contract subsisted at any time during the year.

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

As at 31 December 2024, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong (the “SFO”) as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Codes”) as set out in Appendix C3 of the Listing Rules were as follow:

(i) Long positions in ordinary shares of the Company

Name of Director	Capacity	Number of ordinary shares			Total Interests	Approximate percentage of total interests to total issued ordinary shares (Note 4)
		Personal interests	Family interests	Corporate interests		
Mr. Ng Hung Sang ("Mr. Ng")	Beneficial owner/ Interests of controlled corporations	11,609,264	–	77,328,343 (Note 1)	88,937,607	29.52%
Ms. Cheung Choi Ngor	Beneficial owner	13,598,311	–	–	13,598,311	4.51%
Mr. Ng Yuk Yeung Paul ("Mr. Paul Ng")	Beneficial owner	12,198,000	–	–	12,198,000	4.05%

(ii) Long positions in underlying shares of the Company

Name of Director	Capacity	Number of underlying shares			Total Interests	Approximate percentage of total interests to total issued ordinary shares (Note 4)
		Personal interests	Family interests	Corporate interests		
Mr. Ng	Interests of controlled corporations	–	–	508,022,727 (Note 2)	508,022,727	168.62%
Ms. Ng Yuk Mui Jessica ("Ms. Jessica Ng")	Beneficial owner/ Interests of spouse	3,012,770	–	–	3,012,770	1.00%
Mr. Paul Ng	Beneficial owner/ Interests of spouse	3,012,770	3,012,770	–	6,025,540 (Note 3)	2.00%

Notes:

- The 77,328,343 shares of the Company held by Mr. Ng through controlled corporations included 23,526,030 shares held by Fung Shing Group Limited ("Fung Shing"), 44,623,680 shares held by Parkfield Holdings Limited ("Parkfield"), 1,999,872 shares held by Ronastar Investments Limited ("Ronastar") and 7,178,761 shares held by Uni-spark Investments Limited ("Uni-spark"). Fung Shing, Parkfield and Ronastar are directly wholly-owned by Mr. Ng. Uni-spark is indirect wholly-owned by Mr. Ng.
 - Comprising (i) principal amount of HK\$50,000,000 convertible bonds at the conversion price of HK\$0.22 per conversion share issued by the Company to Total Grace Investments Limited ("Total Grace"), a company wholly-owned by Mr. Ng on 30 June 2020 (the "CB 2020"); and (ii) principal amount of HK\$89,840,000 convertible bonds at the conversion price of HK\$0.32 per conversion share issued by the Company to Thousand China Investments Limited ("Thousand China"), a company indirect wholly-owned by South China Holdings Company Limited ("SCHC") of which Mr. Ng is the chairman of the board of directors, an executive director and a controlling shareholder of SCHC on 13 January 2023 (the "CB 2023").
- Assuming (i) CB 2020 are exercised in full; and (ii) there is no other change to the total number of issued shares of the Company, a total of 227,272,727 new ordinary shares will be allotted and issued to Total Grace, representing approximately 75.44% of the total number of issued shares of the Company and approximately 43.00% of the total number of issued shares of the Company as enlarged by the allotment and issue of the conversion shares as at 31 December 2024.
- Assuming (i) CB 2023 are exercised in full; and (ii) there is no other change to the total number of issued shares of the Company, a total of 280,750,000 new ordinary shares will be allotted and issued to Thousand China, representing approximately 93.19% of the total number of issued shares of the Company and approximately 48.24% of the total number of issued shares of the Company as enlarged by the allotment and issue of the conversion shares as at 31 December 2024.
- The underlying shares held by Mr. Paul Ng and his spouse were the share options granted to them on 29 September 2022 under the share option scheme adopted by the Company on 9 August 2022. For more details, please refer to the section headed "Share Option Scheme" in the Directors' Report.
 - These percentages are calculated on the basis of 301,277,070 ordinary shares in issue as at 31 December 2024.

Directors' Report

Saved as disclosed above, none of the Directors and chief executives of the Company or any of their spouse or children under eighteen years of age had interests or short positions in the shares, underlying shares or debentures of the Company, or any of its holding company, subsidiaries or other associated corporations, as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company pursuant to the Model Code as at 31 December 2024.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 December 2024, the interests and short positions of every persons, other than a Director or Chief Executive of the Company, in the shares and underlying shares of the Company, being 5% or more of the Company's issued share capital, as recorded in the register kept by the Company under section 336 of the SFO were as follows:

Long position in the ordinary shares and underlying shares

Name of Shareholder	Capacity	Beneficial interests	Family interests	Corporate interests	Total	Approximate percentage of total issued ordinary shares (Note 6)
Ms. Ng Lai King Pamela (Note 1)	Interest of spouse	–	596,960,334	–	596,960,334	198.14%
Parkfield Holdings Limited (Note 2)	Beneficial owner	44,623,680	–	–	44,623,680	14.81%
Fung Shing Group Limited (Note 3)	Beneficial owner	23,526,030	–	–	23,526,030	7.81%
Total Grace Investments Limited ("Total Grace") (Note 4)	Beneficial owner	227,272,727	–	–	227,272,727	75.44%
Thousand China Investments Limited ("Thousand China") (Note 5)	Beneficial owner	280,750,000	–	–	280,750,000	93.19%

Notes:

- Ms. Ng Lai King Pamela is the spouse of Mr. Ng. By virtue of the SFO, Ms. Ng Lai King Pamela is deemed to be interested in the 88,937,607 shares and 508,022,727 underlying shares which Mr. Ng is interested in.
- Parkfield Holdings Limited is a company wholly-owned by Mr. Ng.
- Fung Shing Group Limited is a company wholly-owned by Mr. Ng.
- Total Grace is a company wholly-owned by Mr. Ng which holds the CB 2020. Assuming (i) CB 2020 are exercised in full; and (ii) there is no other change to the total number of issued shares of the Company, a total of 227,272,727 new ordinary shares will be allotted and issued to Total Grace, representing approximately 75.44% of the total number of issued shares of the Company and approximately 43.00% of the total number of issued shares of the Company as enlarged by the allotment and issue of the conversion shares as at 31 December 2024.
- Thousand China (a company indirect wholly-owned by South China Holdings Company Limited ("SCHC")) of which Mr. Ng is the chairman of the board of directors, an executive director and a controlling shareholder of SCHC)) holds CB 2023. Assuming (i) CB 2023 are exercised in full; and (ii) there is no other change to the total number of issued shares of the Company, a total of 280,750,000 new ordinary shares will be allotted and issued to Thousand China, representing approximately 93.19% of the total number of issued shares of the Company and approximately 48.24% of the total number of issued shares of the Company as enlarged by the allotment and issue of the conversion shares as at 31 December 2024.
- These percentages are calculated on the basis of 301,277,070 ordinary shares in issue as at 31 December 2024.

Save as disclosed above, no person, other than the Directors and chief executive of the Company, whose interests are set out in the section headed “Directors’ and Chief Executives’ Interests and Short Positions in Shares, Underlying Shares and Debentures” in the above, had registered an interest or short position in the shares or underlying shares of the company that was required to be recorded pursuant to section 336 of the SFO as at 31 December 2024.

DIRECTORS’ INTERESTS IN A COMPETING BUSINESS

As at 31 December 2024, none of the Directors or his or her respective close associates was considered to have an interest in a business which competed or was likely to compete, enter directly or indirectly, with the business of the Group or any other conflicts of interests with the Group other than those business to which the Directors and his or her close associates were appointed to represent the interests of the Company and/or the Group.

CHANGES IN INFORMATION IN RESPECT OF DIRECTORS

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in information of the Directors of the Company since the publication of the Company’s 2024 interim report are set out below:

Mr. Tung Woon Cheung Eric, an independent non-executive director of the Company has been appointed as an executive director, company secretary and authorized representative of Beijing Enterprises Holdings Limited, a company whose shares are listed on the Main Board of the Stock Exchange (stock code: 00392) with effect from 1 January 2025.

INDEMNITY OF DIRECTORS

Pursuant to the Company’s Articles of Association, every Director shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities incurred or sustained by him as a Director in defending any proceedings in which judgement is given in his favour, or in which he is acquitted. The Company has taken out directors’ and officers’ liability insurance to protect the Directors against potential costs and liabilities arising from the claims brought against them, if any.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained the prescribed public float under the Listing Rules throughout the year and up to the date of this report.

CONNECTED AND RELATED PARTY TRANSACTION

Save as disclosed in this annual report, during the year ended 31 December 2024, the Company had no connected transactions or continuing connected transactions which fell to be disclosed in accordance with the provisions under Chapter 14A of the Listing Rules in relation to the disclosure of connected transactions and continuing connected transactions. The Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

Details of the related party transactions undertaken by the Group during the year are set out in note 40 to the consolidated financial statements.

Directors' Report

During the year, the Group had the following connected transaction, details of the which were disclosed in compliance with the requirements of Chapter 14A of the Listing Rules.

1. On 31 May 2024, Media Bonus Limited (as vendor), an indirect wholly-owned subsidiary of the Company, Four Seas Travel Group (BVI) Limited (as purchaser) ("Four Seas Travel"), Capital Publishing Limited and Capital Publishing Management Limited (collectively, the "Target Companies"), an indirect wholly-owned subsidiaries of the Company entered into a sale and purchase agreement (the "Agreement"), pursuant to which the vendor agreed to sell the entire issued share capital of each of the Target Companies (the "Sale Shares") and the purchaser agreed to acquire the Sale Shares at the total consideration of HK\$1, subject to and in accordance with the terms and conditions of the Agreement. Details of the transaction were set out in the announcement of the Company dated 31 May 2024.

Mr. Ng Yuk Yeung Paul, an executive Director of the Company, holds 100% of the issued share capital of Four Seas Travel. Accordingly, the transaction constituted connected transaction for the Company under Chapter 14A of the Listing Rules.

2. On 26 June 2024, South China Finance And Management Limited (as vendor), a wholly-owned subsidiary of the Company and JK Ventures Limited (as the purchaser) entered into a sale and purchase agreement, pursuant to which the vendor agreed to sell and the purchaser agreed to acquire the respective trademarks, content archives and website properties in related to JESSICA at the total consideration of HK\$320,000.

Ms. Ng Yuk Mui Jessica, an executive Director of the Company, holds 50% of the issued share capital and a director of JK Ventures Limited. Accordingly, the transaction constituted connected transaction for the Company under Chapter 14A of the Listing Rules.

CORPORATE GOVERNANCE

The corporate governance principles and practices are set out in the Corporate Governance Report in this annual report.

AUDITOR

Messrs. Ernst & Young will retire and, being eligible, will offer themselves for re-appointment at the forthcoming annual general meeting of the Company.

EVENTS AFTER THE REPORTING PERIOD

There is no significant event subsequent to 31 December 2024.

On behalf of the Board

Ng Hung Sang

Chairman

Hong Kong, 25 March 2025

Corporate Governance Report

CORPORATE GOVERNANCE PRACTICES

The Company is committed to the establishment of good corporate governance practices and procedures. The corporate governance principles of the Company emphasize accountability and transparency to the shareholders of the Company (the “Shareholders”). Periodic review will be made to the corporate governance practices to comply with the regulatory requirements.

CULTURES AND VALUES

A healthy corporate culture across the Group is integral to attain its vision and strategy. It is the Board’s role to foster a corporate culture with the following core principles and to ensure that the Company’s vision, values and business strategies are aligned to it.

Strong governance underpins a healthy culture, and the Board should demonstrate good practice in the boardroom and promote good corporate governance throughout the Group’s business. The Company must demonstrate openness and accountability, and should engage constructively with its shareholders and stakeholders.

1. Integrity and code of conduct

The Group strives to maintain high standards of business ethics and corporate governance across all our activities and operations. The Directors, management and staff are all required to act lawfully, ethically and responsibly, and the required standards and norms are explicitly set out in the training materials for all new staff and embedded in various policies such as the Group’s employee handbook (including therein the Group’s code of conduct), the anti-corruption policy and the whistleblowing policy of the Group. Trainings are conducted from time to time to reinforce the required standards in respect of ethics and integrity.

2. Commitment

The Group believes that the culture of commitment to workforce development, workplace safety and health, diversity, and sustainability is one where people have a feeling of commitment and emotional engagement with the Group’s mission. This sets the tone for a strong, productive workforce that attracts, develops, and retains the best talent and produces the highest quality work. Moreover, the Company’s strategy in the business development and management are to achieve long-term, steady and sustainable growth, while having due considerations from environment, social and governance aspects.

Corporate Governance Report

MODEL CODE FOR 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 of the Listing Rules as its code of conduct regarding the directors’ securities transaction. In addition, the board of directors (the “Board”) of the Company has established similar guidelines for relevant employees who are likely to possess inside information in relation to the Company, its subsidiaries or its securities.

Specific enquiries were made to all executive directors (the “Executive Directors”), non-executive directors (the “Non-executive Directors”) and independent non-executive directors (the “Independent Non-executive Directors”) of the Company (collectively, the “Directors”) who confirmed that they had complied with the required standard set out in the Model Code regarding securities transactions by Directors during the year ended 31 December 2024.

CORPORATE GOVERNANCE CODE

Throughout the year ended 31 December 2024, the Company had complied with all the applicable code provisions as set out in the Corporate Governance Code (the “CG Code”) contained in Appendix C1 of the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), with the exception of code provisions C.1.6 and F.2.2 of the CG Code.

Under the code provision C.1.6 of the CG Code, independent non-executive directors and other non-executive directors should attend general meetings to gain and develop a balanced understanding of the views of shareholders. Mrs. Tse Wong Siu Yin Elizabeth, Hon. Raymond Arthur William Sears, K.C. and Mr. Lam Douglas Tak Yip, SC were unable to attend the annual general meeting of the Company held on 27 June 2024 (the “2024 AGM”) due to their business engagements.

Under the code provision F.2.2 of the CG Code, the chairman of the board should attend the annual general meeting and invite the chairmen of the audit, remuneration, nomination and any other committees (as appropriate) to attend the annual general meeting. Mr. Ng Hung Sang (Chairman of the Board) and Mrs. Tse Wong Siu Yin Elizabeth (Chairman of Remuneration and Nomination Committee) were unable to attend the 2024 AGM due to their business engagements.

Ms. Cheung Choi Ngor, Vice Chairman of the Board took the chair of the 2024 AGM and made available to answer questions together with other attended Directors.

CORPORATE GOVERNANCE FUNCTIONS

The Board delegated the responsibilities of the corporate governance functions to the Audit Committee for compliance with the requirements of the CG Code. Under the terms of reference of the audit committee of the Company (the “Audit Committee”), it is responsible for carrying out at least the following:

1. to develop and review the Company’s policies and practices on corporate governance and make recommendations to the Board;
2. to review and monitor the training and continuous professional development of the Directors and senior management (if any);
3. to review and monitor the Company’s policies and practices on compliance with legal and regulatory requirements;
4. to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and the Directors; and
5. to review the Company’s compliance with the CG Code and disclosure in this Corporate Governance Report.

During the year ended 31 December 2024 and up to the date of this annual report, the Audit Committee has reviewed and performed the aforesaid corporate governance functions.

BOARD OF DIRECTORS

The Board is responsible for the overall leadership and control of the Company and its subsidiaries (collectively, the “Group”), and is collectively responsible for promoting the Group’s success by directing and supervising its affairs. In addition, the Board should take decisions objectively in the best interests of the Group. Day-to-day management of the business of the Group including implementation of strategies has been delegated to the executive committee of the Company (the “Executive Committee”) which comprises all Executive Directors. The Executive Committee reports its work and business decisions to the Board periodically. In addition to the Executive Committee, the Audit Committee and the remuneration and nomination committee (the “Remuneration and Nomination Committee”) have been established with their respective specific written terms of reference.

The chairman of the Board (the “Chairman”) has encouraged all Directors to make a full and active contribution to the Board’s affairs and take the lead to ensure that it acts in the best interests of the Group. The Chairman has also encouraged Directors with different views to voice their concerns, allow sufficient time for discussion of issues and ensure that the Board decisions fairly reflect the Board’s consensus.

Every Director was given sufficient time and attention to the Group’s affairs during the year ended 31 December 2024.

Corporate Governance Report

The Company has arranged the Directors appropriate insurance coverage in respect of any legal action against any of them.

During the year under review, the Board was provided with (i) sufficient explanation and information to enable it to make an informed assessment of financial and other information put before it for approval, and (ii) monthly updates giving a balanced and understandable assessment of the Group's performance, position and prospects in sufficient detail.

Composition of the Board

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

Executive Directors

Mr. Ng Hung Sang (*Chairman*)

Ms. Cheung Choi Ngor (*Vice Chairman*)

Ms. Ng Yuk Mui Jessica (*Executive Vice Chairman and Chief Executive Officer*)

Mr. Ng Yuk Yeung Paul

Independent Non-executive Directors

Mrs. Tse Wong Siu Yin Elizabeth

Hon. Raymond Arthur William Sears, K.C. (retired on 27 June 2024)

Mr. Tung Woon Cheung Eric

Mr. Lam Douglas Tak Yip, SC (retired on 27 June 2024)

Ms. Li Yuen Yu Alice (appointed on 27 June 2024)

The biographical details of the Directors and the relevant relationships amongst them, if any, are set out in section headed "Directors' Biographical Details" of this annual report. The Company has maintained updated list of Directors identifying their roles and functions and whether they are Independent Non-executive Directors on the websites of the Stock Exchange and the Company. Independent Non-executive Directors are also identified in all corporate communications that disclose the names of Directors of the Company.

The Board composition is reviewed regularly to ensure that it has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the businesses of the Group. A balanced composition of Executive Directors and Non-executive Directors (including Independent Non-executive Directors) is maintained to enable the Board to exercise independent judgment effectively.

Ms. Li Yuen Yu Alice was appointed as Director of the Company during the year ended 31 December 2024 and she had obtained the legal advice on 10 July 2024 referred to in Rule 3.09D of the Listing Rules and had confirmed that she understood her obligations as a director of the Company.

Chairman and Chief Executive

Mr. Ng Hung Sang served as the Chairman throughout the year, who is responsible for providing leadership and management of the Board apart from taking primary responsibility for ensuring good corporate governance practices and procedures are established. The role of the Chairman is separate from that of the chief executive for achieving a clear division of separate responsibility and a balance of power and authority which in turn avoid concentrating of power in any one individual. Ms. Cheung Choi Ngor, the vice chairman and Ms. Ng Yuk Mui Jessica, the executive vice chairman, have taken up the role of chief executive, who are responsible for the day-to-day management of the business of the Group.

The Chairman has delegated the responsibility for drawing up the agenda for each Board meeting to the Company Secretary. With the assistance of the Executive Directors and the Company Secretary, the Chairman seeks to ensure that all Directors are properly briefed on issues arising at board meetings and have received adequate and reliable information in a timely manner.

Board Diversity

The Company is committed to equality of opportunity and does not discriminate on the grounds of race, gender, age, disability, nationality or any other factors. It also recognizes and embraces the benefits of diversity in Board members. The Company has adopted a board diversity policy (the “Board Diversity Policy”) since August 2013.

(i) Measurable objectives

Under the Board Diversity Policy, a range of diversity perspectives including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service are taken into account when considering the nomination of candidates for directorship, and all Board appointments are based on meritocracy.

Candidates are considered against objective criteria, having due regard for the benefits of diversity on the Board and the ultimate decision is based on merit and contribution that the selected candidates will bring to the Board. The Remuneration and Nomination Committee monitors the implementation of the Board Diversity Policy and review the same as appropriate. The Remuneration and Nomination Committee will discuss any revisions that may be required, and recommend any such revisions to the Board for consideration and approval.

The appointment of Directors is recommended by the Remuneration and Nomination Committee and approved by the Board based on the formal written procedures and policy for the appointment of new directors. When selecting potential candidates for directorship, their skills, experience, expertise, devotion of time and conflicts of interests are the key factors to consider.

Corporate Governance Report

(ii) Implementation and Monitoring

The Remuneration and Nomination Committee reviewing the Board's composition under diversified perspectives, and monitored the implementation of the Board Diversity Policy annually.

As at the date of this report, the Board's composition under diversified perspectives was summarized as follows:

	Designation	Gender	Age Group	Length of Service
7	Independent Non-executive Directors	Male	71 or above	More than 20 years
6			61–70	
5				
4	Executive Directors	Female	51–60	0–20 years
3			41–50	
2				
1				

The Remuneration and Nomination Committee had reviewed the Board Diversity Policy on an annual basis to ensure its implementation and effectiveness and considered that the Group achieved the Board Diversity Policy.

Board Evaluation

The Company established the Board evaluation in the form of a questionnaire to ensure independent views and inputs are available to the Board. The Board reviewed the implementation and effectiveness of the Board evaluation on an annual basis.

Board and Board Committee Meetings

The Board meets at least four (4) times a year. At least fourteen (14) days' notice is given to all Directors for each regular Board meeting. All Directors are given the opportunity to include matters for discussion in the agenda for the regular Board meeting. Agenda and Board papers are sent to all Directors at least three (3) days before the date on which each regular Board meeting (or other agreed period).

Directors can attend meetings in person or through other means of electronic communication in accordance with the articles of association of the Company (the "Articles of Association").

The Company Secretary ensures that the procedures and all applicable rules and regulations are complied with. Minutes of Board meetings and meetings of Board committees have recorded in sufficient detail the matters considered and decisions reached, including any concerns raised or dissenting views expressed by the Directors. Draft and final versions of minutes are circulated to the Board or Board committees for comments and records respectively within a reasonable time after each meeting is held.

Corporate Governance Report

Minutes of Board meetings and meetings of Board committees are kept by the Company Secretary and are available for inspection at any time on reasonable notice by any Director.

If a matter to be considered by the Board involves conflict of interests of any substantial or controlling shareholder of the Company or a Director and if the Board considers that the matter is material, it would be dealt with by a physical meeting rather than a written resolution of the Directors.

The Board ensures that there are sufficient Independent Non-executive Directors (who, and whose close associates, have no material interests in the transaction) participating in discussing and voting on the resolution for the transaction at the Board meeting.

Attendance at Board Meetings

Four (4) Board meetings, three (3) Audit Committee meetings, one (1) Remuneration and Nomination Committee meeting and one (1) 2024 AGM were held during the year ended 31 December 2024. The attendance records of all Directors for these meetings are set out below:

Name of Directors	Number of meetings attended/ Number of meetings eligible to attend			2024 AGM (Note 1)
	Board Meeting	Audit Committee Meeting	Remuneration and Nomination Committee Meeting	
Executive Directors				
Mr. Ng Hung Sang (Chairman)	3/4	N/A	N/A	0/1
Ms. Cheung Choi Ngor (Vice Chairman)	4/4	N/A	N/A	1/1
Ms. Ng Yuk Mui Jessica (Executive Vice Chairman and Chief Executive Officer)	4/4	N/A	N/A	1/1
Mr. Ng Yuk Yeung Paul	3/4	N/A	N/A	1/1
Independent Non-executive Directors				
Mrs. Tse Wong Siu Yin Elizabeth	4/4	3/3	1/1	0/1
Hon. Raymond Arthur William Sears, K.C. (retired on 27 June 2024)	1/1	3/3	1/1	0/1
Mr. Tung Woon Cheung Eric	4/4	3/3	1/1	1/1
Mr. Lam Douglas Tak Yip, SC (retired on 27 June 2024)	0/1	N/A	0/1	0/1
Ms. Li Yuen Yu Alice (appointed on 27 June 2024)	3/3	2/2	N/A	N/A

Notes:

- 2024 AGM was held on 27 June 2024.
- N/A: not applicable

Corporate Governance Report

Access to Information

The Directors may seek independent professional advice in appropriate circumstance, at the Company's expense. The Company will, upon request, provide separate independent professional advice to Directors to assist them to discharge their duties to the Company.

The Board or Board committee is supplied with relevant information by the Company's senior management pertaining to matters to be brought before the Board or Board committee for the decision as well as reports relating to the operational and financial performance of the Group before the Board or Board committee meeting. All such information supplied is complete and reliable. In the event that a Director does not rely purely on the information provided voluntarily by the Company's senior management, such Director has the right to separately and independently access to the Company's senior management to make further enquiries where necessary.

Directors are entitled to have access to Board papers and related materials in a form and quality sufficient to enable the Board to make informed decisions on matters placed before it. A prompt and full response to a Director's enquiries is given if possible.

Appointments and re-election of Directors

All Non-executive Directors (including Independent Non-executive Directors) are appointed for a specific term of three (3) years, subject to re-election.

Pursuant to the Articles of Association, all newly appointed Directors (including Non-executive Directors) shall hold office only until the next following annual general meeting after his appointment (in the case of filling a casual vacancy) or until the next following annual general meeting (in the case of an addition to the Board), and shall be eligible for re-election at that meeting.

All Directors, including those appointed for a specific term, are subject to retirement by rotation at least once every three (3) years.

Pursuant to Code Provision B.2.3, any further appointment of an independent non-executive director serving more than nine years should be subject to a separate resolution to be approved by the shareholders of the Company. Notwithstanding that Mrs. Tse Wong Siu Yin Elizabeth ("Mrs. Tse") and Mr. Tung Woon Cheung Eric ("Mr. Tung") have served as an Independent Non-executive Directors of the Company for more than nine years, (i) the Board has assessed and reviewed their annual confirmation of independence under Rule 3.13 of the Listing Rules and affirmed that all of them remains independent; (ii) the remuneration and nomination committee of the Company has assessed and is satisfied with the independence of Mrs. Tse and Mr. Tung; and (iii) the Board considers that Mrs. Tse and Mr. Tung remains independent of management and free of any relationship which could materially interfere with the exercise of their independent judgement. Despite the length of service of Mrs. Tse and Mr. Tung, the Company believes that they will continue to make their independent judgements in all related matters for the benefit of the Company and the Shareholders as a whole.

Independent Non-executive Directors

During the year ended 31 December 2024, the Board all the time met the requirements of the Listing Rules of having at least three (3) Independent Non-executive Directors, and the number of which representing at least one-third of the Board, with at least one (1) of them possessing appropriate professional qualifications or related financial management expertise as required under Rule 3.10(2) of the Listing Rules. The views of the Independent Non-executive Directors carry weight in the Board's decisions, and their participation helps the Board exercise independent judgment, make decisions and act objectively in the interests of the Company and the Shareholders as a whole.

The Company has received from each Independent Non-executive Director a written annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Company considers that all Independent Non-executive Directors are independent pursuant to Rule 3.13 of the Listing Rules.

During the year under review, the Chairman met once with the Independent Non-executive Directors without the presence of other Directors.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board is responsible for evaluating and determining the nature and extent of risks it is willing to take in achieving the Group's strategic objectives, ensuring that the Group establishes and maintains appropriate and effective risk management and internal control systems, and also reviewing their effectiveness to safeguard the interests of shareholders, customers and employees, and the Group's assets. Such systems are designed to manage rather than to eliminate the risks of failure to achieve business objectives of the Group, and can only provide reasonable, but not absolute assurance against material misstatement or loss.

Process used to Identify, Evaluate and Manage Significant Risks

The Board oversees management in the design, implementation and monitoring of the risk management and internal control systems, and management provides a confirmation to the Board on the effectiveness of these systems. Management, under the supervision of the Board, has established an on-going process for developing a group risk register, identifying, evaluating and managing the significant risks faced by the Group. This process includes enhancing the risk management and internal control systems from time to time in response to the changes of business environment or regulatory requirements.

Management assists the Board in the implementation of the Group's policies and procedures, and limits within the Board's approved risk appetite by identifying and assessing the significant risks faced, and designing, operating and monitoring internal control measures to mitigate these risks. Management reviews the adequacy and effectiveness of risk management and internal control systems on an on-going basis and report to the Board at least once a year on significant risks identified, particularly new or changing risks, risk levels and corresponding risk mitigation measures. The review covers all material controls, including financial, operational and compliance controls. The Board also reviews the adequacy of resources, staff qualifications and experience, training programmes and budget of the Group's accounting, internal audit and financial reporting functions.

Corporate Governance Report

Internal Audit Function

The Group Internal Audit Department checks for compliance with statutory or regulatory requirements, internal policies and procedures, and reviews the work flows for ensuring their efficiency and effectiveness. It also formulates audit plan periodically, agrees the same with the Audit Committee and highlights any significant findings and recommendations to the Audit Committee and the Board. The audit plan covers key controls of the major business units on a risk-based basis. The Internal Audit Department also conducts ad-hoc reviews in light of concerns expressed by management or the Audit Committee from time to time. The Audit Committee performs on-going review of the internal audit function with particular emphasis on the scope and quality of the audit works and independence of the function.

The Board has received a confirmation from management on the adequacy and effectiveness of the Group's risk management and internal control systems and is satisfied that these systems are in place for the year under review. No significant control failings or material deficiencies have been identified during the year and thus do not result in unforeseen outcomes or contingencies that have had, could have had, or may in the future have a material impact on the Group's financial performance or condition.

Handling and Dissemination of Inside Information

The Company regulates the handling and dissemination of inside information as set out in the Policy on Disclosure of Inside Information to ensure compliance with the disclosure obligations under the Listing Rules and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance. Director, manager, secretary, or any other persons involved in the management of the Company who become aware of any inside information should promptly bring it to the attention of the Company Secretary of the Company who will assess the likely impact of any event that may impact the price or trading volume of the shares of the Company and decide whether the relevant information is considered as inside information which is required to be disclosed as soon as reasonably practicable.

Corporate Governance Policy

The Board adopted a corporate governance policy and procedure (the "Corporate Governance Policy") of which including, among other things, whistleblowing and complaint (the "Whistleblowing Policy") and anti-fraud and anti-corruption policy (the "Anti-Fraud Policy") on 30 June 2022.

(i) Whistleblowing Policy

The Whistleblowing Policy aims to (i) provide a confidential channel and guidance on reporting complaints or improprieties; and (ii) handle the reports with care for protection for the whistleblower against any victimization or unfair disciplinary action for any genuine report made.

No incident of fraud or misconduct that has material effect on the Group's financial statements or overall operations for the year ended 31 December 2024 has been discovered.

(ii) Anti-Fraud Policy

The Group is committed to upholding high standard of business integrity and transparency in all business activities. Any form of fraud or corruption is strictly prohibited. The Anti-Fraud Policy aims at detection, prevention and deterrence of any fraudulent and corruption activities. The Anti-Fraud Policy sets out the standard of conduct to which all employees of the Group shall strictly adhere to.

The Corporate Governance Policy is reviewed annually by the Audit Committee to ensure its effectiveness and align with the applicable laws and regulations as well as the industry best practice.

RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Board should present a balanced, clear and understandable assessment in the annual, interim and quarterly reports of the Company and other financial disclosures required under the Listing Rules, and report to regulators as well as information required to be disclosed pursuant to applicable statutory requirements.

The Board has acknowledged its responsibility for the preparation of the consolidated financial statements of the Company for the year ended 31 December 2024. In preparing the financial statements for the year, the Company's senior management provided sufficient explanation and information to the Board for making an informed assessment of financial and other information put before it for approval. In addition, the Board should prepare the financial statements on a going concern basis, with supporting assumptions or qualifications as necessary. The Board was not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The statement by the external auditor of the Company about its reporting responsibilities in the financial statements of the Group is set out in the Independent Auditor's Report from pages 59 to 64 of this annual report.

AUDITOR'S REMUNERATION

The fees paid/payable to the external auditor of the Company for the year ended 31 December 2024 in respect of the audit and non-audit services provided to the Company and its subsidiaries amounted to HK\$2,130,000. No fee paid/payable to the external auditors of the Company in respect of non-audit services for the year ended 31 December 2024.

AUDIT COMMITTEE

The Board has established an Audit Committee with written terms of reference that complies with the CG Code, which has been published on the respective websites of the Stock Exchange and the Company. The Audit Committee currently consists of three (3) Independent Non-executive Directors, namely Mr. Tung Woon Cheung Eric (Chairman of the Audit Committee), Mrs. Tse Wong Siu Yin Elizabeth and Ms. Li Yuen Yu Alice.

Corporate Governance Report

The principal roles and functions of the Audit Committee include but are not limited to:

1. to be primarily responsible for making recommendations to the Board on the appointment, reappointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor, and any questions of its resignation or dismissal;
2. to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards. The Audit Committee should discuss with the auditor the nature and scope of the audit and reporting obligations before the audit commences;
3. to develop and implement policy on engaging an external auditor to supply non-audit services;
4. to monitor the integrity of the Company's financial statements and the annual report and accounts, half-year report and, if prepared for publication, quarterly reports, and to review significant financial reporting judgments contained in them, and the members of the Audit Committee should liaise with the Board and the Company's senior management (if any) and the Audit Committee must meet with the Company's external auditor at least twice a year;
5. to review the Company's financial controls, and unless expressly addressed by the Board itself, to review the Company's risk management and internal control systems;
6. to discuss the risk management and internal control systems with the management to ensure that the management has performed its duty to have effective systems;
7. to consider major investigation findings on risk management and internal control matters as delegated by the Board or on its own initiative and management's response to these findings;
8. to ensure co-ordination between the internal and external auditors, and to ensure that the internal audit function is adequately resourced and has appropriate standing within the Company, and to review and monitor its effectiveness;
9. to review the Group's financial and accounting policies and practices;
10. to review the external auditor's management letter, any material queries raised by the auditor to the management about accounting records, financial accounts or systems of control and management's response;
11. to ensure that the Board will provide a timely response to the issues raised in the external auditor's management letter;
12. to report to the Board on the matters in the CG Code; and
13. to consider other topics, as defined by the Board.

During the year under review, the Audit Committee met with the Company's senior management and the external auditor twice, where relevant, to review the accounting principles and practices adopted by the Group and discussed auditing, internal controls and financial reporting matters, and performed the following major works:

1. reviewed whistleblowing policy and system for employees and parties dealing with the Company to raise complaints, in confidence, to the Audit Committee about improprieties or irregularities relating to the Company and/or the Directors, the Company's senior management, employees or advisers.
2. reviewed the appointment and remuneration of Ernst & Young, the external auditor of the Company and its non-audit services provided to the Group.
3. reviewed the audit plans, scopes, methods and reporting formats proposed by Ernst & Young.
4. reviewed the internal and external audit reports, and the response of the Company's senior management to the reported findings.
5. reviewed the interim and annual financial statements, reports, and results announcement of the Group for the year under review prior to publication.
6. reviewed the internal audit reports on risk management and internal control system.
7. reviewed the Company's policies and practices on corporate governance.
8. after due deliberation, recommended the appropriate outcomes of the above reviews for the Board's approval.

There were two (2) private sessions between the Audit Committee and the external auditor without the presence of management in the Audit Committee meetings held in 2024.

REMUNERATION AND NOMINATION COMMITTEE

The Board has established the Remuneration and Nomination Committee with written terms of reference that complies with the CG Code, which has been published on the respective websites of the Stock Exchange and the Company. The Remuneration and Nomination Committee currently consists of three (3) Independent Non-executive Directors, namely Mrs. Tse Wong Siu Yin Elizabeth (chairman of the Remuneration and Nomination Committee), Mr. Tung Woon Cheung Eric and Ms. Li Yuen Yu Alice.

Corporate Governance Report

The principal roles and functions of the Remuneration and Nomination Committee include but are not limited to:

Remuneration function

1. to make recommendations to the Board on the Company's policy and structure for all Directors' and the senior management's (if any) remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;
2. to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objective;
3. to determine, with delegated responsibility, the remuneration packages of individual Executive Director and the senior management (if any). This should include benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment;
4. to make recommendations to the Board on the remuneration of non-executive directors;
5. to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group;
6. to review and approve compensation payable to Executive Directors and senior management (if any) for any loss or termination of office or appointment to ensure that it is consistent with contractual terms or otherwise fair and not excessive;
7. to review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that they are consistent with contractual terms or are otherwise reasonable and appropriate;
8. to ensure that no Director or any of their associates is involved in deciding that director's own remuneration;
9. to review annually and/or approve matters relating to share schemes under Chapter 17 of the Listing Rules, including any grant of options or awards to directors or senior management (if any);

Nomination function

10. to review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;
11. to identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships;

12. to assess the independence of the Independent Non-executive Directors;
13. to make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the Chairman and the chief executive; and
14. to monitor the implementation of the Board Diversity Policy, review the Board Diversity Policy, as appropriate and make relevant recommendations to the Board for consideration and approval.

During the year under review, the Remuneration and Nomination Committee had performed the following major works:

1. Made recommendations to the Board on the remuneration packages of individual Executive Directors.
2. Reviewed the remuneration of Non-executive Directors (including Independent Non-executive Directors).
3. Considered and made recommendations to the Board for the appointment of Ms. Li Yuen Yu Alice as independent non-executive director, a member of audit committee and remuneration and nomination committee of the Company.
4. Reviewed the Group's remuneration policy.
5. Reviewed the structure, size and diversity of the Board.
6. Reviewed the confirmation of independence by the Independent Non-executive Directors.
7. Reviewed the re-election of the retiring Directors at the 2024 AGM held on 27 June 2024.
8. Reviewed the Nomination Policy and Board Diversity Policy.
9. Reviewed the 2022 Share Option Scheme and Employees' Share Award Scheme of the Company.
10. After due deliberation, recommended the appropriate outcomes of the above reviews for the Board's approval.

The Remuneration and Nomination Committee may consult with the Chairman about its proposals relating to the remuneration of other executive Directors.

The Remuneration and Nomination Committee reviews the remuneration package annually, taking into consideration of market practice, competitive market position and individual performance.

The Remuneration and Nomination Committee has adopted the model described in code provision E.1.2(c)(ii) of the CG Code to make recommendations to the Board on the remuneration packages of Executive Directors and the Company's senior management.

Corporate Governance Report

The remuneration of each of the Non-executive Directors and Independent Non-executive Directors is determined by the Board under the recommendation of the Remuneration and Nomination Committee by reference to such Director's duties and responsibilities in the Group, time involvement and the prevailing market conditions.

NOMINATION POLICY

Objectives

The nomination policy (the "Nomination Policy") aims to provide the key selection criteria and principles for the Remuneration and Nomination Committee of the Company to identify and evaluate a candidate for recommendation to the Board for selection and appointment of a director of the Company, whether as an additional director or for replacement or otherwise.

Selection Criteria

The Remuneration and Nomination Committee shall consider a number of the factors in assessing the suitability of a proposed candidate to the Board, including but not limited to the following:

1. reputation for integrity;
2. balance of skill, experience, expertise and personal qualities that will be the best complement of the relevant business sectors of the Company and the overall effectiveness of the Board;
3. capability to devote adequate time for participation in meetings of the Board and all committees as delegated by the Board and attention to the Company's businesses, and commitment to the role;
4. diversity in all aspects, including but not limited to gender, age, cultural, educational and professional background, skills, knowledge and experience;
5. compliance with the criteria of independence as prescribed under Rule 3.13 of the Listing Rules of the Stock Exchange for the appointment of an independent non-executive director; and
6. any other relevant factors as may be determined by the Remuneration and Nomination Committee or the Board from time to time.

Nomination Procedures

1. If the Board determines that an additional or replacement director is required, the Board will notify the Remuneration and Nomination Committee the criteria and deploy various channels (including but not limited to referral from the current directors and shareholders) to source directorship candidates.
2. The Remuneration and Nomination Committee may propose to the Board a candidate recommended or offered for nomination by a shareholder of the Company for election to the Board and the appointment or re-appointment of Directors and succession plan for Directors are subject to the final approval of the Board.

3. On making recommendation, the Remuneration and Nomination Committee may submit the candidate's personal profile and a proposal to the Board for consideration. The proposal must clearly indicate the nominating intention; and the candidate's consent to be nominated and biographical details that are required to be disclosed under the Listing Rules, including the information and/or confirmation required under Rule 13.51(2) of the Listing Rules, subject to any amendments as may be made by the Stock Exchange from time to time.
4. The Board shall observe its Board Diversity Policy and shall, subject to merit and suitability, continue in its endeavours to introduce more diversity into the Board, taking into account professional experience and qualifications, gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service and any other factors that the Board might consider relevant and applicable from time to time towards achieving diversity of the Board.
5. Any eligible shareholder of the Company who desires to nominate a person to stand for election as a Director at a general meeting must lodge a written nomination of the candidate together with such person's consent to be nominated and biographical details to the attention of the Board within the lodgment period as more particularly set out in the circular to the shareholders of the Company.
6. Where a retiring Director, being eligible, offers himself for re-election, the Board shall consider and, if considered appropriate, recommend such retiring Director to stand for re-election at a general meeting. A circular containing the requisite information on such retiring Director will be sent to shareholders prior to a general meeting in accordance with the Listing Rules.

Monitoring and Review and Amendment of this Policy

1. The Remuneration and Nomination Committee will from time to time review the Nomination Policy and monitor its implementation to ensure its effectiveness and compliance with regulatory requirements and good corporate governance practice.
2. The Nomination Policy has been approved by the Board. Any subsequent amendment of the Nomination Policy shall be reviewed by the Remuneration and Nomination Committee and approved by the Board.

DIRECTORS' CONTINUOUS PROFESSIONAL DEVELOPMENT

Every newly appointed Director should receive a formal, comprehensive and tailored induction on appointment for ensuring that he has a proper understanding of the business and operations of the Group and that he is fully aware of his duties and responsibilities as a Director under applicable statute and common law, the Listing Rules, legal and other regulatory requirements as well as the Company's business and governance policies.

All Directors are provided with regular updates on the performance and financial position of the Group to enable the Board as a whole and each Director to discharge their duties. In addition, updates on the latest developments regarding the Listing Rules and other applicable regulatory requirements are provided to each Director to ensure compliance and enhance his awareness of good corporate governance practices.

Corporate Governance Report

All Directors should participate in continuous professional development to develop and refresh their knowledge and skills for ensuring that their contribution to the Board remains informed and relevant. According to the training records maintained by the Company, the types of training received by the Directors during the year ended 31 December 2024 are summarized as follows:

Training on corporate governance, legal and regulatory requirements and other relevant topics

Executive Directors

Mr. Ng Hung Sang (Chairman)	✓
Ms. Cheung Choi Ngor (Vice Chairman)	✓
Ms. Ng Yuk Mui Jessica (Executive Vice Chairman and Chief Executive Officer)	✓
Mr. Ng Yuk Yeung Paul	✓

Independent Non-executive Directors

Mrs. Tse Wong Siu Yin Elizabeth	✓
Hon. Raymond Arthur William Sears, K.C. (retired on 27 June 2024)	✓
Mr. Tung Woon Cheung Eric	✓
Mr. Lam Douglas Tak Yip, SC (retired on 27 June 2024)	✓
Ms. Li Yuen Yu Alice (appointed on 27 June 2024)	✓

COMPANY SECRETARY

Mr. Watt Ka Po James (“Mr. Watt”) has been appointed as the company secretary of the Company (the “Company Secretary”) pursuant to Rule 3.28 of the Listing Rules.

The Board has acknowledged that a company secretary plays a key role in advising the Company on corporate governance and other regulatory compliance matters. For discharging the aforesaid matters effectively and professionally, the Company Secretary must keep up-to-date with regulatory and legal developments relevant to the Company by means of continuous training and professional development. In addition, the Company Secretary has been regarded as a crucial conduit of communications between the Board and the senior management; the Company and the Shareholders; and the Company and the regulators.

Mr. Watt has complied with Rule 3.29 of the Listing Rules by taking no less than fifteen (15) hours of relevant professional training during the year under review.

COMMUNICATION WITH SHAREHOLDERS

The Company uses general meeting, annual report, interim report, announcement, circular and its website as communication tools to keep the Shareholders informed of the matters of significance and latest development of the Group.

Shareholders are provided with contact details of the Company to enable them to make enquiries with respect to the Company’s affairs. Shareholders can also send their enquiries to the Company through these channels or contact Union Registrars Limited, the share registrar of the Company, in case of enquiries about shareholdings.

Annual general meeting is one of the channels on which the Directors meet with the Shareholders whose views can be addressed to the Board directly. At the annual general meeting, a separate resolution will be proposed by the chairman in respect of each substantially separate issue, and voting on each resolution will be conducted by poll. The chairman of the annual general meeting ensures that an explanation is provided of the detailed procedures for conducting voting by poll and answers any questions from the Shareholders. The notice of annual general meeting is distributed to the Shareholders at least twenty (20) clear business days prior to the annual general meeting. The accompanying circular sets out the details of each proposed resolution and other relevant information as required under the Listing Rules. Voting results are posted on the websites of the Stock Exchange and the Company respectively on the day of the annual general meeting.

Executive Directors, members of the Audit Committee and the Remuneration and Nomination Committee and the external auditor will be available to attend the annual general meeting to answer questions from the Shareholders and to gain and develop a balanced understanding of the views of the Shareholders.

The Company has adopted a dividend policy, details of which are disclosed in the section headed “Dividend Policy” in the Directors’ Report of this annual report.

To promote effective communication, the Company maintains the website of www.sctrade.com, where up-to-date information on the Company’s business operations and developments, financial information, corporate governance practices and other information are available for public access. Latest information of the Group including annual and interim reports, announcements and other corporate communications which will be sent to the Shareholders and/or published are updated on the websites of the Stock Exchange and the Company on a timely basis. The Company has assessed the above communication channels with the Shareholders and considered that they were effective for the year ended 31 December 2024.

SHAREHOLDERS’ RIGHTS

Procedures for Shareholders to Convene an Extraordinary General Meeting

Shareholder(s) holding at least 5% of the total voting rights of all the shareholders of the Company can make a request to convene a general meeting pursuant to Section 566 of the Companies Ordinance of Hong Kong, Chapter 622 (the “Companies Ordinance”). The request must state the general nature of the business to be dealt with at the meeting, and may be sent to the Company in hard copy form or in electronic form and must be authenticated by the person or persons making it. Besides, Section 580 of the Companies Ordinance provides that shareholder(s) representing at least 2.5% of the total voting rights of all shareholders of the Company or at least 50 shareholders can request the Company to circulate a statement, which may be sent to the Company in hard copy form or in electronic form, and must be authenticated by the person or persons making it and received by the Company at least seven (7) days before the general meeting to which it relates.

Corporate Governance Report

Procedures for Shareholders to send enquiries to the Board

The Shareholders may send their enquiries, in written form, to the Board by addressing them to the Company Secretary at the Company's registered office at 28th Floor, Bank of China Tower, 1 Garden Road, Central, Hong Kong.

Procedures for putting forward proposals at a shareholders' meeting

There is no provision allowing the Shareholders to make proposals or move resolutions at the annual general meeting under the Articles of Association. The Shareholders who wish to make proposals or move a resolution may, however, convene an extraordinary general meeting in accordance with the "Procedures for Shareholders to Convene an Extraordinary General Meeting" set out above.

CONSTITUTIONAL DOCUMENTS

During the year ended 31 December 2024, there was no change in the Company's constitutional documents. The Articles of Associations of the Company are available on the websites of the Stock Exchange and the Company.

INVESTOR RELATIONS

The Company keeps on promoting good investor relations and enhancing communication with the Shareholders and potential investors of the Company. The website of the Company contains the latest data and information of the Group so that the Shareholders, the investors and the public can get the information about the Company in a timely manner. The Company's website address is www.sctrade.com.

Environmental, Social and Governance Report

South China Financial Holdings Limited and its subsidiaries (collectively, the “Group”) are committed to play our role that drives the awareness of Environmental, Social and Governance (“ESG”) matters. In 2024, the Group continued our ESG strategy towards meeting our ESG key performance indicators (“KPIs”).

The Group hereby presents this ESG report for the year ended 31 December 2024 in accordance with requirements set out in Appendix C2 (Environmental, Social and Governance Reporting Guide) of the Listing Rules.

REPORTING PRINCIPLES

This ESG report is prepared in accordance with the following standards:

1. Materiality

This ESG Report provides key ESG issues which are identified as important to both the shareholders and investors of the Company.

2. Quantitative

Quantitative KPIs with comparative data accompanied by narrative explanations on the purposes and impacts were disclosed for evaluation of the effectiveness ESG policies and related systems.

3. Balance

The information is presented without the inappropriate use of selections, omissions or other forms of manipulation that would influence a decision or judgment by the reader.

4. Consistency

The Group used consistent methodologies in this ESG Report for achieving meaningful comparison of its ESG performance over time.

During the year under review, the Group continued to focus on two ESG subject areas: (1) Environmental; and (2) Social, and to strive to balance the impacts of environmental protection and social responsibility in the Group’s strategic plans for the purpose of driving sustainable value for the Group’s stakeholders and the communities in which the operations of the Group are located.

The Board takes ultimate responsibility for sustainable development at the Group. The Board is tasked with formulating policies and strategies and also ensuring ESG risks are integrated into the Group’s risk management mechanisms and long-term business plans. To ensure effective implementation of the Group’s ESG initiatives, the Board continues to provide direction and maintain oversight over the material ESG matters with the help of the management team. All sustainability disclosure, policies, goals and targets are reviewed and endorsed by the Board. The ESG targets and performance are also assessed by the Board on regular basis.

Environmental, Social and Governance Report

Risk management is crucial for maintaining the Group's stable daily operation and quick response to the changing environment. With the support of the relevant business unit managers, the Board identifies and assesses the key risks, and formulates strategies and measures to mitigate such relevant risk exposures. A risk register is prepared to facilitate the management of key risks of the Group, including those relating to ESG, which will be reviewed by the Board or any committee delegated by the Board as part of the risk management and internal control process.

The material aspects under the two ESG subject areas: 1. Environmental; and 2. Social are set out as follows:

1. ENVIRONMENTAL

1.1 Emissions:

Environmental protection plays a crucial role for a corporation's sustainability. It is the strategy of the Group to keep reducing the environmental impact from its operations, and to promote environmental protection within the Group, its marketplace and the communities in which the Group's operations are located. Notwithstanding the nature of business of the Group does not consume much energy and cause severe air and water pollution, the Group keeps minimizing the environmental impacts from its operations by means of:

(a) Control of emission of greenhouse gases ("GHG"):

The Group has encouraged employees to (a) use environmentally-friendly public transportation, e.g. MTR and trams for local travelling; (b) use video/audio conferences for business meetings for reducing the frequency of business travel by air so as to reduce direct and indirect emissions of GHG; and (c) use electronic messages, especially internal communications, for the purpose of reduction of paper consumption which in turn will be helpful for reduction of indirect emission of GHG.

Paper consumption is another main source of indirect GHG emissions. The Group has continuously implemented such guides as "Energy Efficiency of Lightings, Air Conditioning and Office Machines Services Guide" and "Recycle Paper and Toner Cartridge Services Guide" to manage the efficient use of resources in the Group's daily operations. In addition, the Group has implemented administrative measure to reduce paper consumption, e.g. e-leave system (application and approval of leave), e-pay slip (salary payment notification), e-internal communications, e-reports, printing on duplex mode, paperless storage and regular waster paper collection for recycling etc. In addition, the Group has encouraged its customers to use e-statements. For giving greater efforts in reduction of GHG emissions, the Group has arranged an independent recycling paper collector to collect used papers from the offices of the Group at regular intervals.

Environmental, Social and Governance Report

Emission summary:

Indicators	2024	2023
Total GHG emissions (tonnes) ^(Note 1)	119.05	132.09
Direct GHG emissions (tonnes) (Scope 1):		
– Company cars ^(Note 2)	19.97	22.70
Indirect GHG emissions (tonnes) (Scope 2):		
– Electricity	86.44	98.09
Other indirect GHG emissions (tonnes) (Scope 3):		
– Business travel ^(Note 3)	7.42	7.18
– Paper consumption	5.86	7.85
GHG emissions avoided by recycling of used papers (tonnes)	0.64	3.73

Notes:

1. Total GHG emissions decreased by approximately 9% due to reduction in consumption of electricity.
2. It is based on kilometers travelled and liters of gasoline consumed.
3. It is based on the International Civil Aviation Organization Carbon Emissions Calculator.

(b) Control of production of hazardous and non-hazardous wastes:

In view of the nature of the Group's operations, it did not generate any hazardous wastes. Areas are designated in the offices of the Group for disposal of electronic equipment. The Group will arrange an independent third party collector to collect all scrapped electronic equipment for proper treatment. Water consumption during the year under review was approximately 0 m³ and the total fee paid was nil. The management fee of each of the leased premises paid to the respective building management includes charges for water supply and discharge.

Waste summary:

Indicators	2024	2023
Electronic equipment (pieces)	0	1

Environmental, Social and Governance Report

1.2 Use of Resources:

- (a) Fuel (unleaded petrol) consumption and electricity consumption is respectively the main source of direct and indirect energy consumption. Both fuel and electricity consumptions are the main sources of GHG emissions. The Group issued an e-notice of “Save Our World and Build our Green Office” to all employees for promoting awareness of saving of water, energy and paper at work. In addition, an office of the Group has been using LED energy saving light tubes during the year under review. The results achieved by such improvements are reflected in the energy consumption summary below:

Energy consumption summary:

Indicators	2024	2023
Total energy consumption (kWh)	196,623	213,341
Direct energy consumption (unleaded petrol) (kWh)	65,647	69,094
Indirect emissions (electricity) (kWh)	130,976	144,247
Expenses on energy consumption (HK\$)	372,700	430,784

- (b) The Group is committed to conserving clean water. “Save Water” labels are placed in such water consumption areas as pantries and lavatories to remind employees not to waste water. As mentioned above, the Group is operating in several leased office premises of which the respective building management is responsible for both water consumption and discharge, and data in relation to volume of water consumed and discharged would not be provided for any occupants. The management fee of each of the leased premises paid to the respective building management includes charges for water supply and discharge.
- (c) The Group engages various regulated activities, e.g. securities, commodities and bullion broking and trading; margin financing and money lending; asset and wealth management; provision of corporate advisory and underwriting services; property investment; and investment holding. All businesses of the Group do not involve packaging materials.

1.3 The Environmental and Natural Resources:

Environmental protection is a continuous process, including management of energy and water consumption, and waste production. During the year under review, such environmental protection measures as using energy saving fluorescent tubes and LED light tubes in office areas; and a notice of “Environmental Initiative and Cost Saving” to all employees to keep office area temperature at 25°C was issued, which would be monitored and reviewed regularly pursuant to the environmental and legal requirements.

1.4 Climate Change:

Climate change is one of the biggest challenges faced by the globe nowadays. In view of the nature of business of the Group, we do have any direct impact of climate change but it could negatively affect the clients of the Group, which in turn would affect us.

The Group recognises the importance of the identification and mitigation of significant climate-related issues. These are the physical risks and transitional risks we have identified:

(a) Physical Risks

(i) Acute Physical Risk

High frequency and severity of weather events deeply disrupt business operations of the Group. Insurances should be in place to manage any physical risks.

(ii) Chronic Physical Risk

The Group acknowledges the chronic physical risks arisen from longer-term changes in climate. The temperature changes may affect the Group’s businesses, e.g. forestry and carbon credit trading, all the chronic physical risks had been taken into consideration in the Board’s business and investment decisions.

(b) Transition Risks

Extensive policy, legal, technological, and consumption behavior changes will take place to mitigate and adapt to climate change. All such changes would lead to increase in costs.

The Group has formulated the Climate Change Policy which sets out the general guidelines for each business unit of the Group to follow.

2. SOCIAL

EMPLOYMENT AND LABOUR PRACTICES

2.1 Employment:

“People Oriented” is the Group’s persistent notion. In conformity with the principle of harmonious sustainable development, the Group continuously invests its available resources in providing a supportive, comfortable and healthy workplace for employees, and in fostering a caring community in the working environment.

The Group recognizes that attracting competent talents is important for its sustainable growth, so it is committed to providing fair and competitive remuneration package in form of salary and fringe benefits, e.g. personal and life insurance, paid leave and education sponsorship etc. apart from those mandatory employment-related benefits. It is the policy that salary of employees will be reviewed on an annual basis in December, and the eligible employees will be subject to performance appraisal evaluation to be carried out by the respective department heads and then endorsed by such employees, and all such evaluations are subject to the final approval by the relevant executive director or to whom that the director delegates. The Group Human Resources Department will provide a guideline of salary range of each category in light of the current market rate to each department head for reference for ensuring that the salary for each category of the Group remains competitive. In addition, the Group is committed to compliance with the code provisions set out in Appendix C1 of the Listing Rules, regarding of remuneration of directors and senior management.

In order to provide a framework and guidance for ensuring (a) fairness in recruitment; (b) maximization of diversity of applicants; and (c) high caliber candidates are attracted and selected by taking into account of equal opportunities, anti-discrimination, non-harassment and prohibition of child and forced labour, such policies as “Recruitment Policy”, “Equal Opportunities and Anti-Discrimination Policy” and “Code of Conduct” have been in force.

An orientation training will be provided for all newcomers by the Human Resources Department to (a) provide basic understanding of the Group’s background, organization structures and business objectives; (b) safeguard the agreed employment terms and conditions, e.g. working hours, probation period, rest periods, termination of employment, other fringe benefits; and adherence to the relevant policies, systems and procedures etc.. Staff Handbook and the aforesaid policies are available in the Group’s intranet folder (paperless for upholding of environmental protection) for reference at any time by the employees.

The Group explicitly opposes any discrimination on the grounds of age, gender, marital status, pregnancy, family status, race, nationality, religion and disability, and from time to time observes the provisions of such relevant laws as Employment Ordinance, Chapter 52, Employees’ Compensation Ordinance, Chapter 282, Sex Discrimination Ordinance, Chapter 480 in Hong Kong, Disability Discrimination Ordinance, Chapter 487 and Race Discrimination Ordinance, Chapter 602.

Environmental, Social and Governance Report

The Group had 62 employees as at 31 December 2024 of which 36 male and 26 female. Indicators of employment type of each gender, employees' age group of each gender, geographical region of employment of each gender and turnover rate of each gender during the years of 2024 and 2023 are as follows:

(a) Employment type and gender:

Number of employees:	2024		2023	
	Male	Female	Male	Female
Management and Department Head	4	2	15	10
Managerial	7	4	14	7
Supervisory	8	4	8	9
General Staff	17	16	43	40
	36	26	80	66

(b) Employees' age group and gender:

Number of employees:	2024		2023	
	Male	Female	Male	Female
18–below 30	2	2	7	7
30–below 50	17	11	43	35
50 and over	17	13	30	24
	36	26	80	66

(c) Geographical region and gender:

Number of employees:	2024		2023	
	Male	Female	Male	Female
Hong Kong	32	21	73	61
PRC	3	5	6	5
Others	1	0	1	0
	36	26	80	66

Environmental, Social and Governance Report

(d) Employee turnover rate:

(i) Employees' age group and gender

Number of employees:	2024		2023	
	Male	Female	Male	Female
18–below 30	0	2	3	10
30–below 50	24	10	27	26
50 and over	16	13	13	8
	40	25	43	44

(ii) Geographical region:

Number of employees:	2024		2023	
	Male	Female	Male	Female
Hong Kong	38	25	43	44
PRC	1	0	0	0
Others	1	0	0	0
	40	25	43	44

2.2 Health and Safety:

The Group is committed to providing employees a safety and healthy working environment by reference to such occupational safety and health publications issued by Occupational Safety and Health Council as Office Lighting, Design of Office Station, Office Stretching Exercises, Work Stress, Work Postures, Correct Use of Display Screen Equipment and OSH Guides for Computer Workstation.

All office premises of the Group are well-equipped with typical safety facilities, e.g. first-aid boxes, fire exits, fire extinguishers, fire detectors and sprinklers and emergency lights. In addition, employees are encouraged to participate to annual fire drill for emergency evacuation organized by the building management.

The Group Human Resources Department oversees the occupational health and safety matters. All occupational health and safety-related accidents must be reported to the Group Human Resources Department which will report all serious injuries and occupational diseases to the Board or any committee delegated by the Board as and when necessary. Employees have been notified that any potential or suspected occupational health and safety-related issues may be notified to the Group Human Resources Department by means of email to the designated email address. The Group Human Resources Department will carry out investigation and remedial actions as and when necessary.

Environmental, Social and Governance Report

The Group did not have any work-related fatalities in the past three years including year 2024.

Number of reportable injuries, reportable occupational diseases and lost days due to work-related injury and occupational diseases are as follows:

Number of cases and lost days:	2024	2023	2022
Number of reportable injuries ^(Note 1)	2	2	0
Number of reportable occupational diseases ^(Note 2)	0	0	0
Number of lost days due to reportable injuries	0	4	0
Number of lost days due to occupational diseases	0	0	0

Notes:

1. Any work-related injury resulting in incapacity, which is required to notify the Commissioner for Labour pursuant to the Employees' Compensation Ordinance in Hong Kong.
2. Any occupational disease resulting in incapacity, which is required to notify the Commissioner for Labour pursuant to the Employees' Compensation Ordinance.

2.3 Development and Training:

For sustainable development of the Group and its employees, Employees Training and Development Policy continued playing a key role during the year under review. The Group has arranged in-house training courses, e.g. induction orientation and on-the-job trainings, and other training courses and seminars conducted by third party providers in light of the employees' job requirements and the business objectives of the Group.

For compliance with the continuous professional training ("CPT") requirements for both corporations and persons carrying on regulated activities set out by the Securities and Futures Commission ("SFC"), the Group is committed to evaluate its training programs annually and to make commensurate adjustments, if necessary, to cater for the training needs of the relevant employees. In development of the training programs, such factors as the Group's size, organizational structure, risk management system, scope of business activities, regulatory framework and market development are taken into consideration.

For compliance with Anti-Money Laundering and Counter-Terrorist Financing Ordinance, Chapter 615, and the Guideline on Anti-Money Laundering and Counter-Financing of Terrorism issued by the SFC ("AML/CFT Guideline"), the Group provided appropriate AML/CFT training to the relevant employees, including but not limited to introduction to the background to AML/CFT and the importance placed on AML/CFT by the Group to all new employees during the year under review. Annual CPT training on AML/CFT was conducted on 18 December 2024.

Environmental, Social and Governance Report

Performance appraisal evaluation is an interactive exercise between an employee and his/her department head, which involves appraising an employee's past performance and identifying the employee's areas for improvement and enhancement for fulfillment of the agreed objectives. The Group encourages and supports employees to improve and enhance their knowledge and skills that are attributable to achievement of the agreed objectives by granting study and examination leave.

Number of employees trained by employment type and gender during the years of 2024 and 2023 are as follows:

Number of employees:	2024		2023	
	Male	Female	Male	Female
Management and Department Head	3	1	6	1
Managerial	4	0	11	4
Supervisory	3	1	3	1
General Staff	9	8	27	15
	19	10	47	21

Average training hours completed per employee by employment type and gender during the years of 2024 and 2023 are as follows:

Number of training hours per employee:	2024		2023	
	Male	Female	Male	Female
Management and Department Head	10.67	1.00	3.17	1.00
Managerial	12.75	0.00	3.41	1.10
Supervisory	13.67	10.00	4.17	5.00
General Staff	20.11	15.20	3.28	4.80

2.4 Labour Standards:

The Group strictly complies with the Employment Ordinance in respect of employment in Hong Kong. As per the Recruitment Policy, employment of child and forced labour is strictly prohibited. In addition, all such illegal means as retention of identity cards or passports, intimidation, coercion and undue pressure are strictly prohibited. It is the policy that all employees are aged 18 and above. It is a standard procedure in screening stage that all interviewees are required to present their identity cards for inspection for ascertaining their identities, ages and validity of employment status. No employment offer will be made to any candidates whose ages are below 18. In the event that any irregularities in ages, identities and/or validities of employment status is subsequently found, employment with all such concerned candidates will be immediately terminated, and the Group will report such incident to the relevant authorities as soon as possible.

No child labour was hired or subsequently found in both 2024 and 2023.

2.5 Supply Chain Management:

Due to the nature of the industries, the financial service business of the Group did not have any significant suppliers. The media business of the Group of which including publication of various financial related magazines is responsible for fostering all current key suppliers (a) to comply with all applicable laws and regulations in respect of their employment and operations, including occupational health and safety, environmental protection, and statutory maintenance of relevant records of documentation; (b) not to engage any corruption and take any undue advantage to obtain or retain business; (c) to protect intellectual property rights and safeguard customers' personal information; (d) not to engage any child and forced labour; and (e) not to discriminate age, gender, marital status, pregnancy, family status, race, nationality, religion and disability in employment, for the purpose of managing the supply chain in a socially and environmentally responsible manner. In the event of any violation of such business integrity as corruption or extortion, the media business group will take all appropriate actions for safeguarding its interest, including immediate termination of contract with the supplier in default.

Number of key suppliers by geographical regions during the years of 2024 and 2023 is as follows:

Number of key suppliers:	2024	2023
Hong Kong	1	1

The Group will continue to communicate and stress those environmental issues to its supplier(s). Supplier's service or product with minimal adverse environmental impacts would be one of the significant factors for the Group to consider and select new supplier.

Environmental, Social and Governance Report

2.6 Product Responsibility:

The Group is committed to maintain quality of its regulated activities by compliance with such prevailing guidelines and codes issued by the SFC as “Code of Conduct for Persons Licensed by or Registered with the SFC”, “Corporate Finance Adviser Code of Conduct”, “AML/CFT Guideline”, “Fit and Proper Guidelines”, “Guidelines on Competence”, “Licensing Handbook” and “Guidelines on Continuous Professional Training”.

To safeguard and maintain the Group’s quality of service in provision of regulated activities, the Group’s Compliance Department is responsible for handling all complaints (all other non-regulated service complaints, especially corruption or malpractice in nature, are handled by the Group’s Internal Audit Department as more detailed set forth in paragraph 2.7 hereinbelow). Complainants may raise their complaints by means of email, facsimile, letter and telephone. The Group’s Compliance Department is responsible for collection of all basic information of the complainant, including names and contact details, and the matter of complaint, and for carrying out investigation after basic review and evaluation and at the same time notifying the relevant department head. The outcome of evaluation (if no investigation is required) or of investigation will notify the complainant on a strict confidential basis.

The engagement of regulated activities, property investment and media publications are not subject to any recall for safety and health reasons, and the Group did not receive complaints from clients.

With respect to the media business, the Group from time to time observes the provisions of Copyright Ordinance, Chapter 528, and respects intellectual property rights. As per the Information Technology Policy, employees are not allowed to install any unauthorized or unlicensed software into their working computers provided by the Group. Use of any materials which are in violation of the relevant law is strictly prohibited.

The Group respects privacy rights of its stakeholders, and a privacy policy statement is published on its website (www.sctrade.com). All personal data collected, processed, used, disclosed and retained are subject to the Personal Data Privacy Policy which is prepared by reference to Personal Data (Privacy) Ordinance, Chapter 486. Personal Information Collection Statement (PICS) will be provided for all candidates pertaining to employment, which sets out the purposes of personal data collection, disclosure, retention and storage. In addition, the Group is obliged to safeguard the personal data of its stakeholders and to use such data for specific purpose, e.g. verifying identity and checking creditability for provision of goods and services.

2.7 Anti-corruption:

The Group is committed to conducting its business activities legally and ethically, and zero-tolerance on any form of corruption or malpractice, such as bribery, money laundering, extortion or fraud. Anti-bribery Policy, Anti-Fraud Policy, Compliance Manual and AML Manual are the main tools for safeguarding against corruption and malpractice. In addition, Code of Conduct stipulates no bribes, kickbacks or advantages solicited from or given to any person for any purposes, the way of handling gifts and other benefits valued at more than HK\$500, and no violation of any applicable laws and ethical standards. The Group Internal Audit Department is responsible for reviewing and auditing the business activities.

During the year under review, there were no confirmed incidents in relation to corruption, and no suppliers' contracts were terminated or not renewed due to corruption.

In addition, the Group encourages its stakeholders to report its employees' misconduct by reference to the Corporate Governance Policy & Procedure which is set out on the Company's website (www.sctrade.com). Any complainant may raise his/her complaints against inappropriate and unlawful behavior or malpractice of any Group's employees (including its contractors and consultants) on confidential base, directly to the Group Internal Audit Department, without the fear of incrimination. The Group Internal Audit Department will review and evaluate the complaints, and then determine the mode of investigation. If the alleged misconduct, malpractice or irregularity is confirmed, a report prepared by the Group Internal Audit Department will then be circulated to the relevant department head and the Group Human Resources Department for the purpose of consideration and determination of any remedial and disciplinary actions to be taken. A summary of complaints received, results of such complaints and the actions taken will be made available to the Board on an annual basis, if any.

The Group plans to host regular trainings delivered by representatives from regulators and professionals to all Directors and employees in regards to anti-corruption policies and procedures so to maintain employees' awareness on anti-corruption best practices.

COMMUNITY

2.8 Community Investment

As a responsible corporate citizen, the Group uses its expertise and resources to support the communities in which it operates in such manner as helping people in need and organizing charitable events and donating funds raised by such events to local charities etc.

The Company has been conferred an award of “Caring Company” logo by The Hong Kong Council of Social Services, marking the recognition of the Group’s continuous contribution to the Hong Kong community.

During the year under review, the Group arranged “Food Distribution” for providing food to the underprivileged. In addition, the Group encourages employees to participate in organ donation organized by Department for Health.

The Group is a supporter for developing a healthy and green community, so it will not only continuously dedicate its efforts to protect the environment by controlling emissions of GHG, consumption of energy and water and waste production etc. but also participates in different events to contribute positivity to the communities in which it operates. The Group was accredited the Green Logo by Hong Kong Green Organizations and will continue to participate in different environmental activities to spread the message of environmental friendly.

The specific record of the resources spent on community support was not available in this reporting year. Looking forward, the Group will continue to deliver on its commitments to social responsibility and respond to the needs of the communities through alternative ways.

Independent Auditor's Report



To the members of South China Financial Holdings Limited
(Incorporated in Hong Kong with limited liability)

OPINION

We have audited the consolidated financial statements of South China Financial Holdings Limited (the “Company”) and its subsidiaries (the “Group”) set out on pages 65 to 176, 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 Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing (“HKSA”) issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor’s responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA’s *Code of Ethics for Professional Accountants* (the “Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

EMPHASIS OF MATTER

We draw attention to note 2.1 to the consolidated financial statements, which indicates that the Group incurred a net loss of HK\$295.1 million and recorded a net cash used in operating activities of HK\$46.0 million during the year ended 31 December 2024 and as at 31 December 2024, the Group had net current liabilities of HK\$116.3 million and cash and cash equivalents of HK\$36.7 million while its total interest-bearing bank and other borrowings of HK\$225.4 million, of which HK\$187.4 million was classified as current liabilities. These conditions, along with other matters as set forth in note 2.1 to the consolidated financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Group’s ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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.

Independent Auditor's Report

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 matters

How our audit addressed the key audit matters

Impairment assessment of margin loans receivable

As at 31 December 2024, gross margin loans receivable and related impairment amounted to HK\$97.9 million and HK\$52.8 million, respectively.

The measurement of expected credit losses ("ECLs") requires the application of significant judgement which includes the identification of exposures with a significant deterioration in credit quality, and assumptions used in the ECLs models (for exposures assessed individually or collectively), such as the value of collateral, which principally comprised listed securities, with reference to the quoted prices, and the expected future cash flows.

The margin loans receivable arising from securities trading were significant in size. The Group calculated the ECLs considering provision rates based on loan-to-value percentage, past due for groupings of various customer segments that have similar loss patterns, estimates of probability of default and loss given default.

The accounting policies and disclosures about impairment of margin loans receivable are included in notes 2.4, 3, 21 and 43 to the financial statements.

We obtained an understanding of the Group's credit risk management and practices, and assessed the Group's methodologies and assumptions used for estimating the impairment of margin loans receivable.

Our procedures to assess the Group's impairment included the followings:

- We tested the appropriateness of the Group's determination of significant increase in credit risk and the basis for classification of exposures into the 3 stages. Our testing included the checking to loan overdue information, loan-to-value percentage or other related information, and considering the stage classification determined by the Group.
- We assessed the design, implementation and operating effectiveness of the key internal controls over the approval, recording and monitoring of loans receivable from margin clients and collateral shortfalls and valuation procedures.
- We identified collateral shortfalls by comparing the carrying amount of individual loans receivable to the value of collateral with reference to the publicly available market prices on a sample basis.
- We evaluated the reasonableness of probability of default and loss given default with reference to external sources and the value of collateral.

We also assessed the adequacy of the Group's disclosures in relation to credit risk.

Key audit matters

How our audit addressed the key audit matters

Valuation of investment properties

The Group owns investment properties in Hong Kong which were valued at HK\$286.0 million as at 31 December 2024. Significant judgement is required to estimate the fair value of the investment properties, to reflect the market conditions at the end of the reporting period. The market comparison approach by reference to recent sales prices of comparable properties is used in the valuation of investment properties. Management engaged an independent professionally qualified valuer to estimate the fair value of investment properties at the end of the reporting period.

The accounting policies and disclosures about valuation of investment properties are included in notes 2.4, 3 and 15 to the financial statements.

We evaluated the objectivity, independence and competence of the valuer. We also involved our internal valuation specialist to assist us in assessing the methodology and assumptions adopted in the valuation for estimating the fair value of the investment properties and performed benchmarking of the value of investment properties held by the Group to other comparable properties.

We also assessed the adequacy of the related disclosures in the notes to the financial statements.

Impairment of land use rights

As at 31 December 2024, the Group's rights of use mainly comprised the leasehold forestry land use rights (the "Forestry Land Use Rights") through acquisition of Genius Year Limited and its subsidiaries on 13 January 2023. The Forestry Land Use Rights were recorded as right-of-use assets in the statement of financial position and its carrying amount as at 31 December 2024 was amounted to HK\$84.6 million.

Impairment assessment is performed by assessing the recoverable amount of the Forestry Land Use Rights which was determined based on fair value less cost to sell. Management engaged an independent professionally qualified valuer to estimate the fair value of the Forestry Land Use Rights at the end of the reporting period.

Significant judgement is required to estimate the fair value of the Forestry Land Use Rights to reflect the market conditions at the end of the reporting period. The market comparison approach by reference to recent sales prices of comparable land is used in the valuation of Forestry Land Use Rights.

The accounting policies and disclosures about impairment of land use rights are included in notes 2.4, 3 and 16 to the financial statements.

We evaluated the objectivity, independence and competence of the valuer.

We also involved our internal valuation specialist to assist us in assessing the methodology and assumptions adopted in the valuation for estimating the fair value of the right-of-use assets and performed benchmarking of the value of right-of-use assets held by the Group to other comparable forestry land.

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 HKFRSs issued by the HKICPA and 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 405 of the Hong Kong Companies Ordinance, 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.

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

As part of an audit in accordance with HKSA's, 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.
- 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.

Independent Auditor's Report

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

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 Wu Ka Lai, Cary.

Ernst & Young

Certified Public Accountants
27/F, One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong

25 March 2025

Consolidated Statement of Profit or Loss

Year ended 31 December 2024

	Notes	2024 HK\$'000	2023 HK\$'000 (restated)
CONTINUING OPERATIONS			
REVENUE	5	36,799	42,830
Other income		1,521	1,367
Fair value loss on investment properties		(223,400)	—
Fair value loss on financial assets at fair value through profit or loss, net		(3,647)	(7,232)
Fair value loss on convertible bonds		(12,349)	(8,670)
Impairment of loans and trade receivables, net		(5,669)	(7,525)
Other operating expenses	6	(72,489)	(88,407)
Loss from operating activities		(279,234)	(67,637)
Finance costs	8	(13,513)	(14,737)
LOSS BEFORE TAX FROM CONTINUING OPERATIONS	7	(292,747)	(82,374)
Income tax credit	11	—	3,635
LOSS FOR THE YEAR FROM CONTINUING OPERATIONS		(292,747)	(78,739)
DISCONTINUED OPERATIONS			
Net loss for the year from discontinued operations	12	(2,309)	(61,259)
LOSS FOR THE YEAR		(295,056)	(139,998)
Attributable to:			
Equity holders of the Company			
— For loss from continuing operations		(292,747)	(78,739)
— For loss from discontinued operations		(2,309)	(60,159)
		(295,056)	(138,898)
Non-controlling interests			
— For loss from discontinued operations		—	(1,100)
		(295,056)	(139,998)
LOSS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	13		
Basic and diluted			
— For loss for the year		(HK97.9 cents)	(HK46.1 cents)
— For loss from continuing operations		(HK97.2 cents)	(HK26.1 cents)

Consolidated Statement of Financial Position

31 December 2024

	Notes	2024 HK\$'000	2023 HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment	14	1,422	2,586
Investment properties	15	286,000	509,400
Right-of-use assets	16	84,640	86,918
Intangible assets	18	1,100	999
Other assets	19	5,861	6,607
Debt investments at fair value through other comprehensive income	22	3,050	3,620
Total non-current assets		382,073	610,130
CURRENT ASSETS			
Financial assets at fair value through profit or loss	24	39,651	46,996
Loans receivable	21	45,100	50,148
Trade receivables	25	38,081	42,573
Prepayments, other receivables and other assets	26	10,408	13,821
Cash held on behalf of clients	28	298,460	293,615
Cash and bank balances	27	36,745	52,031
Total current assets		468,445	499,184

Consolidated Statement of Financial Position

31 December 2024

	Notes	2024 HK\$'000	2023 HK\$'000
CURRENT LIABILITIES			
Client deposits	29	313,132	300,109
Trade payables	30	25,791	43,597
Other payables and accruals	31	57,868	58,682
Deposits received		504	999
Interest-bearing bank and other borrowings	32	187,387	204,108
Tax payable		16	16
Total current liabilities		584,698	607,511
NET CURRENT LIABILITIES		(116,253)	(108,327)
TOTAL ASSETS LESS CURRENT LIABILITIES		265,820	501,803
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	32	38,000	135,390
Convertible bonds	33	132,442	120,093
Deposits received		1,515	1,061
Deferred tax liabilities	23	17,679	23,800
Total non-current liabilities		189,636	280,344
Net assets		76,184	221,459
EQUITY			
Equity attributable to equity holders of the Company			
Share capital	34	1,085,474	1,085,474
Reserves	36	(1,009,290)	(864,015)
Total equity		76,184	221,459

On behalf of the Board

Ng Yuk Mui Jessica
Director

Cheung Choi Ngor
Director

Consolidated Statement of Changes in Equity

Year ended 31 December 2024

	Attributable to equity holders of the Company									
	Share capital	Other reserve	Property revaluation reserve [#]	Fair value reserve of financial assets at fair value through other comprehensive income	Share option reserve	Exchange fluctuation reserve	Accumulated losses	Total	Non-controlling interests	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2023	1,085,474	–	120,145	3,360	2,988	1,390	(880,657)	332,700	1,752	334,452
Loss for the year	–	–	–	–	–	–	(138,898)	(138,898)	(1,100)	(139,998)
Other comprehensive (loss)/income for the year	–	–	–	(100)	–	140	–	40	(698)	(658)
Total comprehensive loss for the year	–	–	–	(100)	–	140	(138,898)	(138,858)	(1,798)	(140,656)
Issuance of equity-settled convertible bonds (notes 33 and 38(b))	–	27,617	–	–	–	–	–	27,617	–	27,617
Dissolution of a subsidiary	–	–	–	–	–	–	–	–	46	46
At 31 December 2023 and 1 January 2024	1,085,474	27,617	120,145	3,260	2,988	1,530	(1,019,555)	221,459	–	221,459
Loss for the year	–	–	–	–	–	–	(295,056)	(295,056)	–	(295,056)
Other comprehensive income/(loss) for the year	–	–	6,121	(570)	–	150	–	5,701	–	5,701
Total comprehensive income/(loss) for the year	–	–	6,121	(570)	–	150	(295,056)	(289,355)	–	(289,355)
Contributions from a substantial shareholder and directors (note 32(iii)(a)(b))	–	144,080	–	–	–	–	–	144,080	–	144,080
Transfer of share option reserve upon forfeiture of share options (note 35)	–	–	–	–	(559)	–	559	–	–	–
At 31 December 2024	1,085,474	171,697*	126,266*	2,690*	2,429*	1,680*	(1,314,052)*	76,184	–	76,184

[#] The property revaluation reserve arose from a change in use from owner-occupied properties to investment properties carried at fair value on 30 June 2012.

^{*} These reserve accounts comprised the debit consolidated reserves of HK\$1,009,290,000 (2023: HK\$864,015,000) in the consolidated statement of financial position.

~ For the year ended 31 December 2024, the movement in other reserve represented the waiver of the loans due to a substantial shareholder and directors of the Company amounted to HK\$144,080,000. For the year ended 31 December 2023, the movement in other reserve represented the equity component of convertible bonds issued to settle the consideration of the Group's acquisition of the entire interest in Genius Year Limited and its subsidiaries on 13 January 2023.

Consolidated Statement of Comprehensive Income

Year ended 31 December 2024

	Note	2024 HK\$'000	2023 HK\$'000
LOSS FOR THE YEAR		(295,056)	(139,998)
OTHER COMPREHENSIVE INCOME/(LOSS)			
Other comprehensive income/(loss) for the year, net of tax	37	5,701	(658)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(289,355)	(140,656)
Attributable to:			
Equity holders of the Company		(289,355)	(138,858)
Non-controlling interests		—	(1,798)
		(289,355)	(140,656)

Consolidated Statement of Cash Flows

Year ended 31 December 2024

	Notes	2024 HK\$'000	2023 HK\$'000 (restated)
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax			
From continuing operations		(292,747)	(82,374)
From a discontinued operation		(2,309)	(61,259)
Adjustments for:			
Finance costs	8,12	13,672	15,063
Dividend income from listed investments	5	(139)	(487)
Fair value loss on investment properties		223,400	—
Fair value loss on financial assets at fair value through profit or loss, net		3,647	7,232
Fair value loss on convertible bonds		12,349	8,670
Depreciation of property, plant and equipment	14	1,288	2,023
Depreciation of right-of-use assets	16	1,832	2,696
Amortisation of intangible assets	18	70	1,016
Gain on disposal of subsidiaries	7	(3,095)	—
Gain on dissolution of subsidiaries	7	—	(204)
Impairment of loans and trade receivables, net		5,669	7,585
Impairment of property, plant and equipment, goodwill and intangible assets	12	—	39,943
Gain on disposal of items of property, plant and equipment		—	(23)
		(36,363)	(60,119)
Decrease in financial assets at fair value through profit or loss		3,698	68,059
Decrease in inventories		—	9,170
(Increase)/decrease in loans receivable		(109)	32,398
Decrease/(increase) in trade receivables		1,670	(3,148)
Decrease in prepayments, other receivables and other assets		98	7,163
(Increase)/decrease in cash held on behalf of clients		(4,845)	74,376
Increase/(decrease) in client deposits		13,023	(75,850)
Decrease in trade payables		(13,509)	(3,640)
Increase in other payables and accruals		4,009	27,823
Cash (used in)/generated from operations		(32,328)	76,232
Interest paid		(13,658)	(15,019)
Hong Kong profits tax refund		—	125
Overseas taxes paid		—	(119)

Consolidated Statement of Cash Flows

Year ended 31 December 2024

	Notes	2024 HK\$'000	2023 HK\$'000 (restated)
Net cash flows (used in)/from operating activities		(45,986)	61,219
CASH FLOWS FROM INVESTING ACTIVITIES			
Dividend income received from listed investments		139	487
Acquisition of subsidiaries	38(b)	—	38
Disposal of subsidiaries	38(a)	(424)	—
Purchases of items of property, plant and equipment	14	(141)	(1,777)
Purchases of items of intangible assets	18	(171)	—
Proceeds from disposal of items of property, plant and equipment		—	80
Decrease/(increase) in other assets		746	(762)
Net cash flows from/(used in) investing activities		149	(1,934)
CASH FLOWS FROM FINANCING ACTIVITIES			
New bank and other borrowings	38(d)	55,880	23,300
Repayment of bank and other borrowings	38(d)	(27,841)	(82,631)
Lease payments	38(d)	(288)	(838)
Net cash flows from/(used in) financing activities		27,751	(60,169)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(18,086)	(884)
Cash and cash equivalents at beginning of year		52,031	52,931
Effect of foreign exchange rate changes, net		596	(16)
CASH AND CASH EQUIVALENTS AT END OF YEAR		34,541	52,031
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and cash equivalents as stated in the consolidated statement of financial position	27,32		
— attributable to continuing operations			
Cash and bank balances		36,733	51,727
Bank overdrafts		(2,204)	—
— attributable to a discontinued operation		12	304
Cash and cash equivalents as stated in the consolidated statement of cash flows		34,541	52,031

Notes to Financial Statements

1. CORPORATE AND GROUP INFORMATION

South China Financial Holdings Limited is a limited liability company incorporated in Hong Kong. The registered office of the Company is located at 28th Floor, Bank of China Tower, 1 Garden Road, Central, Hong Kong.

During the year, the Group was involved in the following principal activities:

- securities, commodities and bullion broking and trading
- margin financing and money lending
- asset and wealth management
- provision of corporate advisory and underwriting services
- property investment
- investment holding

During the year ended 31 December 2024, the Group ceased the operation of media publications and financial public relation services (the “Media Business”) and during the year ended 31 December 2023, the Group ceased the operation of the sales of jewellery products (the “Jewellery Business”). Details of these discontinued operations are set out in note 12 to the financial statements.

Information about subsidiaries

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

Name	Place of incorporation/ registration and business	Issued ordinary/ paid up share capital	Percentage of equity attributable to the Company	Principal activities
Polyluck Trading Limited [#]	Hong Kong	HK\$2	100	Property investment
South China Bullion Company Limited	Hong Kong	HK\$55,000,000	100	Bullion dealing
South China Capital Limited	Hong Kong	HK\$35,000,000	100	Provision of corporate advisory services
South China Commodities Limited	Hong Kong	HK\$91,000,000	100	Commodities broking
South China Carbon Resources Management Limited [#]	Hong Kong	HK\$1	100	Carbon trading related operation
South China Finance and Management Limited	Hong Kong	HK\$2	100	Share dealing and provision of management services

1. CORPORATE AND GROUP INFORMATION (Continued)**Information about subsidiaries** (Continued)

Name	Place of incorporation/ registration and business	Issued ordinary/ paid up share capital	Percentage of equity attributable to the Company	Principal activities
South China Investment Management Limited	Hong Kong	HK\$10,000,001	100	Asset management
South China Research Limited	Hong Kong	HK\$900,000	100	Research publication
South China Securities Limited	Hong Kong	HK\$383,000,000	100	Securities broking, margin financing and provision of underwriting services
South China Wealth Management Limited	Hong Kong	HK\$18,000,000	100	Insurance broking
武漢港洋林業發展有限公司 ^{#^}	PRC/ Mainland China	RMB1,000,000	100	Woods plantation and carbon trading related operation
武漢華峰農林發展有限公司 ^{#^}	PRC/ Mainland China	RMB8,010,330	100	Woods plantation and carbon trading related operation

[#] Indirectly held by the Company

[^] Registered as wholly-foreign-owned enterprises under PRC law

Except for the indirectly held subsidiaries listed above, all principal subsidiaries are directly held by the Company.

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 net 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 Financial Statements

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the Hong Kong Companies Ordinance. The financial statements have been prepared under the historical cost convention, except for investment properties, debt investments, financial assets at fair value through profit or loss and convertible bonds which have been measured at fair value. 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

During the year ended 31 December 2024, the Group incurred a net loss of HK\$295,056,000 and recorded a net cash used in operating activities of HK\$45,986,000. In addition, as at 31 December 2024, the Group’s current liabilities exceeded its current assets by HK\$116,253,000 and had cash and cash equivalents of HK\$36,745,000 while its total interest-bearing bank and other borrowings amounted to HK\$225,387,000, of which HK\$187,387,000 was classified as current liabilities. Further, the Group’s ability to operate as a going concern depends on the continuing financial support from the Company’s substantial shareholder and a director of which an aggregate of HK\$55,880,000 of loans with these related parties were drawn down during the year ended 31 December 2024. These conditions indicate the existence of a material uncertainty relating to going concern.

In view of these circumstances, the Directors of the Company (the “Directors”) have given careful consideration of the liquidity requirement for the Group’s operations, the performance of the Group and available sources of financing in assessing whether the Group will have sufficient funds to fulfill its financial obligations and to continue as a going concern. The Directors undertaken number of plans and measures to improve the Group’s liquidity and financial position, including:

- (a) Subsequent to 31 December 2024, one of the Group’s revolving bank facilities in an amount of HK\$145,000,000 was renewed. The Group will continue to actively negotiate with its banks in a timely manner such that the facilities and bank borrowings will continue to be made available to the Group. Based on the Group’s relationship with the banks and its historical record of successfully renewal of the banking facilities, the Directors believe that the relevant lenders will not exercise their rights to request the Group for immediate repayment of any significant borrowings;

2. ACCOUNTING POLICIES (Continued)

2.1 BASIS OF PREPARATION (Continued)

Going concern basis (Continued)

- (b) As at 31 December 2024, a director of the Company, who is also a substantial shareholder of the Company (the “Substantial Shareholder”), has provided an unsecured interest free loan facility of HK\$50,000,000 to the Group to finance its operation with a maturity date on 31 December 2026. Another director of the Company has also provided an unsecured interest-bearing facilities of HK\$50,000,000 to the Group;
- (c) The convertible bondholders of the Company have confirmed in writing that they will not request redemption nor conversion of the convertible bonds into the Company’s shares before their maturity in January 2026 and June 2026. The Group will also proactively engaged in discussion with the bondholders for the extension of the maturity dates or renewal of these convertible bonds; and
- (d) The Directors are considering various alternatives to strengthen the capital base of the Group including but not limited to, cost restructuring, seeking new investment and business opportunities.

The Directors have reviewed the Group’s cash flow projections prepared by management which cover a period of not less than twelve months from 31 December 2024. Based on the cash flow projections and taking into account reasonably the financial resources available including the available banking facilities and the credit facilities provided by the Substantial Shareholder and a director of the Company, the internally generated funds from operations, and cash and bank balances of the Group, the Directors are of the opinion that 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 consider it is appropriate to prepare the consolidated financial statement on a going concern basis.

Notwithstanding the above, significant uncertainties exist as to whether the Group is able to achieve its plans and measures as described above.

Should the Group be unable to achieve the above-mentioned plans and measures and operate as a going concern, adjustments would have to be made to write down the carrying values of the Group’s 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. The effects of these adjustments have not been reflected in these consolidated financial statements.

Notes to Financial Statements

2. ACCOUNTING POLICIES (Continued)

2.1 BASIS OF PREPARATION (Continued)

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as 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 (that is, existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. 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; and
- (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 the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and 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.

2. ACCOUNTING POLICIES (Continued)

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised HKFRSs 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 HKFRSs 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.

Notes to Financial Statements

2. ACCOUNTING POLICIES (Continued)

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements. The Group intends to apply these new and revised HKFRSs, 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 9 and HKFRS 7	<i>Contracts Referencing Nature-dependent Electricity</i> ²
Amendments to HKFRS 10 and HKAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate 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 7</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 HKFRSs 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 HKFRSs. HKFRS 18 and the consequential amendments to other HKFRSs 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. ACCOUNTING POLICIES (Continued)

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING 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 HKFRSs. 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 HKFRSs. 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. and assessing the impact of HKFRS 18 on the presentation and disclosure of the Group's 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 9 and HKFRS 7 Contracts Referencing Nature — dependent Electricity only apply to contracts that reference nature-dependent electricity and clarify the application of the 'own-use' requirements for in-scope contracts. The amendments to HKFRS 9 will now allow an entity designating a contract referencing nature-dependent electricity as the hedging instrument in a hedge of forecast electricity transactions, to designate a variable nominal amount of forecast electricity transactions as the hedged item. HKFRS 7 has been amended to require disclosures relating to contracts that have been excluded from the scope of HKFRS 9 as a result of the amendments. In such cases, an entity must disclose in a single note:

- Information about the contractual features that expose the entity to variability in an underlying amount of electricity and the risk that the entity would be required to buy electricity during a delivery interval where it cannot use it.
- Information about unrecognised contractual commitments arising from such contracts.
- Qualitative and quantitative information about the effects on the entity's financial performance for the reporting period interval where it cannot use it.

Notes to Financial Statements

2. ACCOUNTING POLICIES (Continued)

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

(Continued)

The HKFRS 7 disclosure amendments must be applied when the HKFRS 9 amendments are applied. The clarifications regarding the ‘own use’ requirements must be applied retrospectively without using hindsight, but the guidance permits hedge accounting to be applied prospectively to new hedging relationships designated on or after the date of initial application. The amendment 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. ACCOUNTING POLICIES (Continued)

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING 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.

Notes to Financial Statements

2. ACCOUNTING POLICIES (Continued)

2.4. MATERIAL ACCOUNTING POLICIES

Investments in associates

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.

The Group's investments in associates 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 is included in the consolidated statement of profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate, 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 are eliminated to the extent of the Group's investments in the associates, except where unrealised losses provide evidence of an impairment of the assets transferred.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

2. ACCOUNTING POLICIES (Continued)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Business combinations and goodwill (Continued)

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

Fair value measurement

The Group measures its investment properties, equity investments, debt investments, financial assets of fair value through profit or loss, derivative financial instruments and convertible bonds 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.

Notes to Financial Statements

2. ACCOUNTING POLICIES (Continued)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Fair value measurement (Continued)

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.

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, investment properties, goodwill, deferred tax assets and financial assets), 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.

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 statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

2. ACCOUNTING POLICIES (Continued)**2.4 MATERIAL ACCOUNTING POLICIES** (Continued)**Impairment of non-financial assets** (Continued)

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 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 statement of profit or loss in the period in which it arises.

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);

Notes to Financial Statements

2. ACCOUNTING POLICIES (Continued)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Related parties (Continued)

(b) (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.

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. 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.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of 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	Over the lease terms
Furniture and equipment	10% to 25%
Motor vehicles	20%
Machinery	20%

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 statement of 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.

2. ACCOUNTING POLICIES *(Continued)***2.4 MATERIAL ACCOUNTING POLICIES** *(Continued)***Investment properties**

Investment properties are interests in land and buildings (including right-of-use assets) held to earn rental income and/or for capital appreciation. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of the reporting period.

Gains or losses arising from changes in the fair values of investment properties are included in the statement of profit or loss in the year in which they arise.

Any gains or losses on the retirement or disposal of an investment property are recognised in the statement of profit or loss in the year of the retirement or disposal.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. 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.

Trademarks, customer relationships and subscription databases

Purchased trademarks, customer relationships and subscription databases are stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives of 3 to 13 years.

Trading rights

Trading rights, representing eligibility rights to trade on or through The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and Hong Kong Futures Exchange Limited (the “Futures Exchange”), have indefinite useful lives and are tested for impairment annually either individually or at the cash-generating unit level. Such trading rights are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assessment continued to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

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.

Notes to Financial Statements

2. ACCOUNTING POLICIES (Continued)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Leases (Continued)

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.

(a) *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. 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 as follows:

Leased properties	2 to 56 years
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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.

(b) *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.

The Group's lease liabilities are included in interest-bearing bank and other borrowings.

2. ACCOUNTING POLICIES (Continued)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Leases (Continued)

Group as a lessee (Continued)

(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of office properties (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 that is 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 terms and is included in revenue in the statement of 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 the statement of profit or loss so as to provide a constant periodic rate of return over the lease terms.

Notes to Financial Statements

2. ACCOUNTING POLICIES (Continued)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

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.

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 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 statement of profit or loss when the asset is derecognised, modified or impaired.

2. ACCOUNTING POLICIES (Continued)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Investments and other financial assets (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 statement of profit or loss. Dividends are recognised as other income in the statement of 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 statement of 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 statement of profit or loss when the right of payment has been established.

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 (that is, 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.

Notes to Financial Statements

2. ACCOUNTING POLICIES (Continued)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Derecognition of financial assets (Continued)

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).

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.

2. ACCOUNTING POLICIES (Continued)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Impairment of financial assets (Continued)

General approach (Continued)

For debt investments at fair value through other comprehensive income, the Group applies the low credit risk simplification. At each reporting date, the Group evaluates whether the debt investments are considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the external credit ratings of the debt investments. In addition, the Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

For financial assets, except for margin loans receivable included in loans receivable, the Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due. The Group considers these financial assets 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.

For margin loans receivable, the Group considers that there has been a significant increase in credit risk when clients cannot meet margin call requirement and uses the loan-to-collateral value (“LTV”) to make its assessment. The Group considers that a margin loans receivable is in default when payments under the margin call requirement are not settled. However, in certain cases, the Group may also consider a margin loan receivable to be in default when there is a margin shortfall which indicates that the Group is unlikely to receive the outstanding contractual amounts in full when taking into account the pledged securities held by the Group. A margin loans receivable 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 |
| Stage2 | — 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 |
| Stage3 | — 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 |

Notes to Financial Statements

2. ACCOUNTING POLICIES (Continued)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Impairment of financial assets (Continued)

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.

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 or payables, 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.

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 statement of profit or loss. The net fair value gain or loss recognised in the statement of profit or loss does not include any interest charged on these financial liabilities.

2. ACCOUNTING POLICIES (Continued)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Financial liabilities (Continued)

Financial liabilities at fair value through profit or loss (Continued)

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 statement of 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 statement of profit or loss. The net fair value gain or loss recognised in the statement of profit or loss does not include any interest charged on these financial liabilities.

Financial liabilities at amortised cost (trade and other payables, and borrowings)

After initial recognition, trade and other payables, and interest-bearing 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 statement of 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 statement of 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 statement of profit or loss.

Notes to Financial Statements

2. ACCOUNTING POLICIES (Continued)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

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.

Derivative financial instruments

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. Any gains or losses arising from changes in fair value of derivatives are taken directly to the statement of profit or loss.

Cash and cash equivalents

Cash and cash equivalents in the 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, are 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 bank balances comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

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 statement of profit or loss.

2. ACCOUNTING POLICIES (Continued)**2.4 MATERIAL ACCOUNTING POLICIES** (Continued)**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 interests in subsidiaries and associates, 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.

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 interests in subsidiaries and associates, 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.

Notes to Financial Statements

2. ACCOUNTING POLICIES (Continued)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Income tax (Continued)

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.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Borrowing costs

All borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Revenue recognition

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. ACCOUNTING POLICIES (Continued)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Revenue recognition (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.

(a) Provision of brokerage services

Revenue from the provision of brokerage services is recognised at a point in time when the customer has obtained control of the service, generally when the trades are executed.

(b) Provision of services

Revenue from the provision of consultancy and financial advisory services is recognised at a point in time when all the relevant duties of a financial advisor as stated in the contract are completed.

Revenue from handling fee is recognised at a point in time when the customer has obtained control of the service, generally when the services are rendered.

(c) Provision of media publications and financial public relation services

Revenue from advertising and circulation is recognised at a point in time when control of the asset or service is transferred to the customer, generally on delivery of magazines or publication of advertisements.

Revenue from the provision of services is recognised over time as the services are provided.

Notes to Financial Statements

2. ACCOUNTING POLICIES (Continued)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Revenue recognition (Continued)

Revenue from contracts with customers (Continued)

(d) Sale of jewellery products

Revenue from the sale of jewellery products is recognised at a point in time when control of the asset is transferred to the customer, generally on delivery of the jewellery products.

Revenue from other sources

Rental income is recognised on a time proportion basis over the lease terms.

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.

Contract assets

If the Group performs by transferring goods or services to a customer before being unconditionally entitled to the consideration under the contract terms, a contract asset is recognised for the earned consideration that is conditional. Contract assets are subject to impairment assessment, details of which are included in the accounting policies for impairment of financial assets. They are reclassified to trade receivables when the right to the consideration becomes unconditional.

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e. transfer control of the related goods or services to the customer).

Employee benefits

Paid leave carried forward

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

2. ACCOUNTING POLICIES (Continued)**2.4 MATERIAL ACCOUNTING POLICIES** (Continued)**Employee benefits** (Continued)***Pension scheme***

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the “MPF Scheme”) under the Mandatory Provident Fund Schemes Ordinance in Hong Kong for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees’ relevant income and are charged to the statement of 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, except for the Group’s employer voluntary contributions, which are refunded to the Group when the employee leaves employment prior to the contributions vesting fully, in accordance with the rules of the MPF Scheme.

The employees of the Group’s subsidiaries which operate in Mainland China are required to participate in central pension schemes operated by the local municipal governments. These subsidiaries are required to contribute a certain percentage of their payroll costs to the central pension schemes. The contributions are charged to the statement of profit or loss as they become payable in accordance with the rules of the central pension schemes.

Share-based payments

The Company operates a share options scheme and a share award scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group’s operations. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments (“equity-settled transactions”).

In respect of share options, the cost of equity-settled transactions with employees for grants after 11 August 2023 is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a trinomial model, further details of which are given in note 35 to the financial statements.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of the reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group’s best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Notes to Financial Statements

2. ACCOUNTING POLICIES (Continued)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Employee benefits (Continued)

Share-based payments (Continued)

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph. The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

Equity-settled share-based payment transactions (other than employees)

For equity-settled share-based payment transactions other than employees, the entity shall measure the goods or services received, and the corresponding increase in equity, directly, at the fair value of the goods or services received, unless that fair value cannot be estimated reliably. If the entity cannot estimate reliably the fair value of the goods or services received, the entity shall measure their value, and the corresponding increase in equity, indirectly, by reference to the fair value of the equity instruments granted.

2. ACCOUNTING POLICIES (Continued)**2.4 MATERIAL ACCOUNTING POLICIES** (Continued)**Employee benefits** (Continued)***Equity-settled share-based payment transactions (other than employees)*** (Continued)

If an entity has granted the counterparty the right to choose whether a share-based payment transaction is settled in cash or by issuing equity instruments, the entity has granted a compound financial instrument, which includes a debt component (i.e. the counterparty's right to demand payment in cash) and an equity component (i.e. the counterparty's right to demand settlement in equity instruments rather than in cash). For transactions with parties other than employees, in which the fair value of the goods or services received is measured directly, the entity shall measure the equity component of the compound financial instrument as the difference between the fair value of the goods or services received and the fair value of the debt component, at the date when the goods or services are received. The liability component of the compound financial instruments is measured at the end of each reporting period up to and including the settlement date, with changes in fair value recognised in the statement of profit or loss.

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 statement of 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 (that is, 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.

Notes to Financial Statements

2. ACCOUNTING POLICIES (Continued)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Foreign currencies (Continued)

The functional currencies of certain overseas subsidiaries 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 statements 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 exchange fluctuation reserve, except to the extent that the differences are attributable to non-controlling interest. On disposal of a foreign operation, the cumulative amount in the reserve relating to that particular foreign operation is recognised in the statement of profit or loss.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into Hong Kong dollars at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into Hong Kong dollars at the weighted average exchange rates for the year.

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 revenue, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about 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.

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 requires judgement, in particular, the estimation of the amount and timing of future cash flows and 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.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)**Estimation uncertainty** (Continued)***Impairment allowances on financial assets*** (Continued)

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 also, forward-looking analysis.

Impairment of goodwill and intangible assets

The Group determines whether goodwill and intangible assets are impaired at least on an annual basis. This requires an estimation of the value-in-use of the cash-generating units to which the goodwill and intangible assets are allocated. Estimating the value-in-use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill and intangible assets at 31 December 2024 were nil and HK\$1,100,000 (2023: nil and HK\$999,000) respectively. Further details are given in notes 17 and 18 to the financial statements.

Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets (including the right-of-use assets and property, plant and equipment) at the end of each reporting period. Indefinite life intangible assets are tested for impairment annually and at other times when such an indicator exists. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less cost of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value-in-use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Estimation of fair value of investment properties

Investment properties are carried in the statement of financial position at their fair value. The fair value was based on valuation of these properties conducted by an independent firm of professionally qualified valuers using property valuation techniques which involve making assumptions on certain market conditions. Favourable or unfavourable changes to these assumptions would result in changes in the fair value of the Group's investment properties and the corresponding adjustments to the gain or loss recognised in the statement of profit or loss.

Notes to Financial Statements

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their services. The Group has the following reportable operating segments:

- (a) the broking segment engages in securities, commodities and futures contracts broking;
- (b) the trading and investment segment engages in securities, forex, bullion and futures contracts trading and investment holding;
- (c) the margin financing and money lending segment engages in the provision of margin, mortgage and personal loan financing and finance lease operations;
- (d) the asset and wealth management segment engages in insurance broking and asset management;
- (e) the corporate advisory and underwriting segment engages in the provision of corporate advisory and underwriting services;
- (f) the property investment segment; and
- (g) the other business segment engages in the provision of clearing and custodian services, woods plantation and carbon trading related operation.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is measured consistently with the Group's loss before tax from continuing operations except that non-lease-related finance costs relating to the Group's treasury function, head office and corporate expenses are excluded from such measurement.

Segment assets exclude unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude deferred tax liabilities and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

Intersegment transactions are conducted with reference to the prices charged to third parties at the then prevailing market prices.

4. OPERATING SEGMENT INFORMATION (Continued)

Year ended 31 December 2024

	Broking HK\$'000	Trading and investment HK\$'000	Margin financing and money lending HK\$'000	Asset and wealth management HK\$'000	Corporate advisory and underwriting HK\$'000	Property investment HK\$'000	Other business HK\$'000	Consolidated HK\$'000
Segment revenue: (note 5)								
Revenue from external customers	10,814	(623)	14,572	2,796	1,710	6,800	730	36,799
Segment results:	(18,402)	(10,108)	(307)	(6,628)	(840)	(221,432)	(2,917)	(260,634)
Reconciliation:								
Corporate and other unallocated expenses, net [#]								(18,614)
Finance costs (other than interest on lease liabilities)								(13,499)
Loss before tax from continuing operations								(292,747)
Segment assets:	374,325	39,057	45,069	4,319	1,457	286,448	85,904	836,579
Reconciliation:								
Corporate and other unallocated assets								12,566
Discontinued operation								1,373
Total assets								850,518
Segment liabilities:	(337,984)	(2,354)	(31,463)	(177)	(253)	(2,303)	(441)	(374,975)
Reconciliation:								
Corporate and other unallocated liabilities								(389,939)
Discontinued operation								(9,420)
Total liabilities								(774,334)
Other segment information:								
Fair value loss on financial assets at fair value through profit or loss, net	–	3,647	–	–	–	–	–	3,647
Impairment of loans and trade receivables, net	512	–	5,157	–	–	–	–	5,669
Depreciation and amortisation	1,555	–	–	–	–	–	1,633	3,188
Capital expenditure*	122	–	–	–	–	–	19	141

Notes to Financial Statements

4. OPERATING SEGMENT INFORMATION (Continued)

Year ended 31 December 2023 (restated)

	Broking HK\$'000	Trading and investment HK\$'000	Margin financing and money lending HK\$'000	Asset and wealth management HK\$'000	Corporate advisory and underwriting HK\$'000	Property investment HK\$'000	Other business HK\$'000	Consolidated HK\$'000
Segment revenue: (note 5)								
Revenue from external customers	11,377	35	12,937	11,047	1,441	5,595	398	42,830
Segment results:	(20,799)	(14,358)	(6,290)	(3,009)	72	(1,352)	(5,234)	(50,970)
Reconciliation:								
Corporate and other unallocated expense, net [#]								(16,690)
Finance costs (other than interest on lease liabilities)								(14,714)
Loss before tax from continuing operations								(82,374)
Segment assets:	385,466	44,691	50,349	4,059	1,761	509,792	87,958	1,084,076
Reconciliation:								
Corporate and other unallocated assets								16,452
Discontinued operation								8,786
Total assets								1,109,314
Segment liabilities:	(338,038)	(150)	(38,978)	(177)	(285)	(2,480)	(542)	(380,650)
Reconciliation:								
Corporate and other unallocated liabilities								(482,339)
Discontinued operation								(24,866)
Total liabilities								(887,855)
Other segment information:								
Fair value loss on financial assets at fair value through profit or loss, net	–	7,232	–	–	–	–	–	7,232
Impairment of loans and trade receivables, net	416	–	7,109	–	–	–	–	7,525
Depreciation and amortisation	1,437	–	2	–	–	–	1,572	3,011
Capital expenditure*	1,090	–	–	–	–	–	687	1,777

* Capital expenditure consists of additions to property, plant and equipment.

[#] Corporate and other unallocated expenses include fair value loss on financial assets at fair value through profit or loss designated for the Group's Employees' Share Award Scheme amounting to HK\$300,000 (2023: HK\$150,000) during the year.

4. OPERATING SEGMENT INFORMATION (Continued)**Geographical information****(a) Revenue from external customers**

	2024 HK\$'000	2023 HK\$'000 (restated)
Hong Kong	36,069	42,577
Mainland China	730	253
	36,799	42,830

The revenue information of continuing operations above is based on the locations of the customers.

(b) Non-current assets

	2024 HK\$'000	2023 HK\$'000
Hong Kong	294,445	519,922
Other jurisdictions	84,578	86,588
	379,023	606,510

The non-current asset information above is based on the locations of the assets and excludes debt investments at fair value through other comprehensive income.

Notes to Financial Statements

5. REVENUE

An analysis of revenue from continuing operations is as follows:

	2024 HK\$'000	2023 HK\$'000 (restated)
Revenue from contracts with customers:		
Commission and brokerage income	10,354	17,263
Rendering of services	2,440	1,839
Handling fee income	2,334	3,433
	15,128	22,535
Revenue from other sources:		
(Loss)/profit on the trading of securities, funds, bonds, bullion and future contracts, net	(106)	1,027
Interest income from loans and trade receivables	5,167	6,814
Interest income from banks and financial institutions	9,671	6,372
Dividend income from listed investments	139	487
Gross rental income	6,800	5,595
	21,671	20,295
	36,799	42,830

5. REVENUE (Continued)**Revenue from contracts with customers****(i) Disaggregated revenue information****For the year ended 31 December 2024**

	Broking HK\$'000	Asset and wealth management HK\$'000	Corporate advisory and underwriting HK\$'000	Other business HK\$'000	Total HK\$'000
Types of goods or services					
Commission and brokerage income	8,377	1,977	–	–	10,354
Handling fee income	2,167	167	–	–	2,334
Corporate advisory income	–	–	1,710	–	1,710
Other business income	–	–	–	730	730
Total revenue from contracts with customers	10,544	2,144	1,710	730	15,128
Geographical markets					
Hong Kong	10,544	2,144	1,710	–	14,398
Mainland China	–	–	–	730	730
Total revenue from contracts with customers	10,544	2,144	1,710	730	15,128

Notes to Financial Statements

5. REVENUE (Continued)

Revenue from contracts with customers (Continued)

(i) Disaggregated revenue information (Continued)

For the year ended 31 December 2023 (restated)

	Broking HK\$'000	Asset and wealth management HK\$'000	Corporate advisory and underwriting HK\$'000	Other business HK\$'000	Total HK\$'000
Types of goods or services					
Commission and brokerage income	9,220	8,043	–	–	17,263
Handling fee income	1,878	1,555	–	–	3,433
Corporate advisory income	–	–	1,441	–	1,441
Other business income	–	–	–	398	398
Total revenue from contracts with customers	11,098	9,598	1,441	398	22,535
Geographical markets					
Hong Kong	11,098	9,598	1,441	145	22,282
Mainland China	–	–	–	253	253
Total revenue from contracts with customers	11,098	9,598	1,441	398	22,535

(ii) Performance obligations

Information about the Group's performance obligations is summarised below:

Commission and brokerage income

The performance obligation is satisfied at a point in time when the customer has obtained control of the service, generally when the trade is executed. Commission and broking income are generally due within two days after the trade date.

Rendering of services

The performance obligation is satisfied over time or at a point in time as services are rendered.

6. OTHER OPERATING EXPENSES

An analysis of other operating expenses from continuing operations is as follows:

	2024 HK\$'000	2023 HK\$'000 (restated)
Cost of services provided	4,044	7,566
Depreciation of property, plant and equipment	1,286	1,169
Depreciation of right-of-use assets	1,832	1,773
Amortisation of intangible assets	70	69
Auditor's remuneration	2,130	2,050
Lease payments not included in the measurement of lease liabilities	7,865	8,304
Employee benefit expense (including directors' remuneration (note 9)):		
Wages, salaries and benefits in kind	31,813	40,644
Pension scheme contributions, net	1,153	1,385
	32,966	42,029
Interest expense for margin financing and money lending operations	2,758	3,639
Direct operating expenses arising from rental-earning investment properties	1,925	2,394
Communication expenses	7,855	7,976
Management and professional fees	942	945
Marketing and promotional fee	113	643
Others	8,703	9,850
	72,489	88,407

Notes to Financial Statements

7. LOSS BEFORE TAX

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

	Notes	2024 HK\$'000	2023 HK\$'000 (restated)
Foreign exchange differences, net		19	2
Impairment of loans receivable, net	21	5,157	7,109
Impairment of trade receivables, net	25	512	416
Gain on disposal of subsidiaries	38(a)	(3,095)	—
Gain on dissolution of subsidiaries		—	(204)

8. FINANCE COSTS

An analysis of finance costs from continuing operations is as follows:

	2024 HK\$'000	2023 HK\$'000 (restated)
Interest on bank loans, overdrafts and other borrowings	13,499	14,714
Interest on lease liabilities	14	23
	13,513	14,737

9. DIRECTORS' REMUNERATION AND SENIOR MANAGEMENT'S REMUNERATION

Directors' and senior management's remuneration for the year, disclosed pursuant to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and 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:

	Group	
	2024	2023
	HK\$'000	HK\$'000
Fees	458	576
Other emoluments:		
Salaries, allowances and benefits in kind	2,401	2,400
Pension scheme contributions	18	18
	2,419	2,418
	2,877	2,994

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the year were as follows:

	2024	2023
	HK\$'000	HK\$'000
Hon. Raymond Arthur William Sears K.C. (Retired on 27 June 2024)	117	240
Mr. Tung Woon Cheung Eric	100	100
Mrs. Tse Wong Siu Yin Elizabeth	100	100
Mr. Lam Douglas Tak Yip, SC (Retired on 27 June 2024)	49	97
Ms. Li Yuen Yu Alice (Appointed on 27 June 2024)	52	—
	418	537

There were no other emoluments payable to the independent non-executive directors during the year (2023: Nil).

Notes to Financial Statements

9. DIRECTORS' REMUNERATION AND SENIOR MANAGEMENT'S REMUNERATION (Continued)

(b) Executive directors

	Fees HK\$'000	Salaries, allowances and benefits in kind HK\$'000	Equity- settled share option expenses HK\$'000	Pension scheme contributions HK\$'000
2024				
Executive directors:				
Mr. Ng Hung Sang	10	—	—	—
Ms. Ng Yuk Mui Jessica	10	2,401	—	18
Mr. Ng Yuk Yeung Paul	10	—	—	—
Ms. Cheung Choi Ngor	10	—	—	—
	40	2,401	—	18
2023				
Executive directors:				
Mr. Ng Hung Sang	10	—	—	—
Ms. Ng Yuk Mui Jessica	10	2,400	—	18
Mr. Ng Yuk Yeung Paul	9	—	—	—
Ms. Cheung Choi Ngor	10	—	—	—
	39	2,400	—	18

There was no arrangement under which a director waived or agreed to waive any remuneration during the year.

10. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year include one (2023: one) director, details of whose remuneration are disclosed in note 9 above. Details of the remuneration for the year of the remaining four (2023: four) non-director highest paid employees are as follows:

	2024 HK\$'000	2023 HK\$'000
Salaries, allowances and benefits in kind	5,828	6,239
Pension scheme contributions	69	72
	5,897	6,311

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

	Number of employees	
	2024	2023
Below HK\$1,000,000	1	—
HK\$1,000,001 to HK\$1,500,000	2	3
HK\$1,500,001 to HK\$2,000,000	—	—
HK\$2,000,001 to HK\$2,500,000	1	1
	4	4

Notes to Financial Statements

11. INCOME TAX

No provision for the Hong Kong profits tax has been made as the Group either had no estimated assessable profit or had available tax losses carried forward to offset the assessable profits arising in Hong Kong during the year (2023: Nil). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

	2024 HK\$'000	2023 HK\$'000
Deferred (note 23)	—	(3,635)
Total tax credit for the year from continuing operations	—	(3,635)

A reconciliation of the tax credit applicable to loss before tax from continuing operations at the statutory rate in Hong Kong where the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rate, and a reconciliation of the statutory tax rate to the effective tax rate, are as follows:

	2024 HK\$'000	%	2023 HK\$'000 (restated)	% (restated)
Loss before tax from continuing operations	(292,747)		(82,374)	
Tax at the statutory tax rate	(48,303)	16.5	(13,592)	16.5
Higher tax rates on profit arising elsewhere	(198)	0.1	(251)	0.3
Income not subject to tax	—	—	(3,699)	4.5
Expenses not deductible for tax	37,343	(12.8)	10	—
Tax losses not recognised	11,204	(3.8)	13,901	(16.9)
Tax losses utilised from previous periods	(46)	—	(7)	—
Others	—	—	3	—
Tax credit at the Group's effective rate	—	—	(3,635)	4.4

12. DISCONTINUED OPERATIONS

For the year ended 31 December 2024

During the year ended 31 December 2024, the Group decided to cease the Media Business after periodic performance assessment and for better allocation of the Group's resources.

Starting from April 2024, the Group has ceased the publishing of and distribution of the magazines namely "Marie Claire" and "JESSICA" and the respective trademarks, content archives and website properties in related to JESSICA have been disposed to JK Ventures Limited, which is 50% owned by Ms. Ng Yuk Mui Jessica, a director of the Company for a consideration of HK\$320,000. In September 2024, the Group disposed of the entire share capital of ZYC Holding Group Limited (formerly name as Jessica Limited) and ZYC Holding No.1 Limited (the "ZYC Target Companies") to an independent third party for a consideration of HK\$1. The ZYC Target Companies were mainly involved in the media publication and financial public relation services particularly in publishing and distribution of the magazine namely "Marie Claire" and "JESSICA".

In June 2024, the Group disposed the entire share capital of Capital Publishing Limited and Capital Publishing Management Limited (the "Capital Target Companies") to Four Seas Travel Group (BVI) Limited ("Four Sea Travel"), which is wholly owned by Mr. Ng Yuk Yeung Paul, a director of the Company for consideration of HK\$1. The Capital Target Companies were mainly involved in the media publication and financial public relation services particularly in publishing and distribution of the magazine namely "Capital 資本雜誌 CEO 資本才俊 Entrepreneur 資本企業家".

For the year ended 31 December 2023

Nanjing South China Baoqing Jewellery Co., Ltd., a non-wholly-owned subsidiary of the Company ("Nanjing Baoqing"), was principally engaged in the Jewellery Business in Nanjing, the PRC. Pursuant to a shareholders' resolution of Nanjing Baoqing approved in April 2023, the Group decided to cease the Jewellery Business after periodic performance assessment and for better allocation of the Group's resources. The Group ceased to carry out any business of the Jewellery Business thereafter and Nanjing Baoqing was dissolved in November 2023.

The Media Business and the Jewellery Business (collectively the "Discontinued Businesses") were classified as discontinued operations and the profit or loss of the corresponding year was then re-presented. With the Discontinued Businesses being re-presented as discontinued operations, they were no longer included in the operating segment information.

Notes to Financial Statements

12. DISCONTINUED OPERATIONS (Continued)

The results of the Discontinued Businesses for the years ended 31 December 2024 and 2023 are presented as below:

	2024		2023 (restated)		
	Media HK\$'000	Total HK\$'000	Media HK\$'000	Jewellery HK\$'000	Total HK\$'000
Revenue	5,066	5,066	24,955	11,211	36,166
Other revenue	3,548	3,548	1,050	204	1,254
Cost of inventories sold	—	—	—	(9,591)	(9,591)
Other operating expenses	(10,764)	(10,764)	(84,308)	(4,454)	(88,762)
Finance costs	(159)	(159)	(216)	(110)	(326)
Loss for the year from discontinued operations	(2,309)	(2,309)	(58,519)	(2,740)	(61,259)
Attributable to:					
Equity holders of the Company	(2,309)	(2,309)	(58,519)	(1,640)	(60,159)
Non-controlling interests	—	—	—	(1,100)	(1,100)
Loss for the year from discontinued operations	(2,309)	(2,309)	(58,519)	(2,740)	(61,259)
The net cash flows incurred by the Discontinued Businesses are as follows:					
Operating activities	3,151	3,151	444	6,376	6,820
Investing activities	(443)	(443)	—	—	—
Financing activities	(3,000)	(3,000)	(453)	(6,690)	(7,143)
Net cash outflow, before foreign exchange impact	(292)	(292)	(9)	(314)	(323)

For the year ended 31 December 2023, other operating expenses of the Media Business included impairment of goodwill and impairment of intangible assets amounting to HK\$36,020,000 and HK\$2,262,000, respectively.

12. DISCONTINUED OPERATIONS (Continued)

The calculation of basic and diluted loss per share from a discontinued operation are based on:

	2024		2023 (restated)		
	Media HK\$'000	Total HK\$'000	Media HK\$'000	Jewellery HK\$'000	Total HK\$'000
Loss attributable to ordinary equity holders of the Company from discontinued operations	(2,309)	(2,309)	(58,519)	(1,640)	(60,159)
Weighted average number of ordinary shares in issue during the year used in the basic and diluted loss per share calculation	301,277,070	301,277,070	301,277,070	301,277,070	301,277,070
Loss per share basic and diluted, from discontinued operations	(0.7)	(0.7)	(19.5)	(0.5)	(20.0)

13. LOSS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The calculation of the basic loss per share amount is based on the loss for the year attributable to equity holders of the Company of HK\$295,056,000 (2023: HK\$138,898,000) and the weighted average number of 301,277,070 (2023: 301,277,070) ordinary shares outstanding during the year.

The calculation of the basic loss per share amount from continuing operations is based on the loss for the year from continuing operations attributable to equity holders of the Company of HK\$292,747,000 (2023 (restated): HK\$78,739,000) and the weighted average number of 301,277,070 (2023: 301,277,070) ordinary shares outstanding during the year.

No adjustment has been made to the basic loss per share amount presented for the years ended 31 December 2024 and 2023 in respect of a dilution as the impact of the convertible bonds and share options outstanding during the years had an anti-dilutive effect on the basic loss per share amount presented.

Notes to Financial Statements

14. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK\$'000	Furniture and equipment HK\$'000	Motor vehicles HK\$'000	Machinery HK\$'000	Total HK\$'000
At 31 December 2024					
At 31 December 2023 and 1 January 2024:					
Cost	26,977	72,724	1,493	182	101,376
Accumulated depreciation and impairment	(25,710)	(72,173)	(725)	(182)	(98,790)
Net carrying amount	1,267	551	768	–	2,586
At 1 January 2024, net of accumulated depreciation	1,267	551	768	–	2,586
Additions	–	141	–	–	141
Disposal of subsidiaries (note 38(a))	–	(17)	–	–	(17)
Depreciation provided during the year	(1,089)	(38)	(161)	–	(1,288)
At 31 December 2024, net of accumulated depreciation	178	637	607	–	1,422
At 31 December 2024:					
Cost	17,349	48,229	808	182	66,568
Accumulated depreciation	(17,171)	(47,592)	(201)	(182)	(65,146)
Net carrying amount	178	637	607	–	1,422

14. PROPERTY, PLANT AND EQUIPMENT (Continued)

	Leasehold improvements HK\$'000	Furniture and equipment HK\$'000	Motor vehicles HK\$'000	Machinery HK\$'000	Total HK\$'000
At 31 December 2023					
At 1 January 2023:					
Cost	26,717	72,349	4,299	261	103,626
Accumulated depreciation	(25,270)	(69,282)	(4,269)	(251)	(99,072)
Net carrying amount	1,447	3,067	30	10	4,554
At 1 January 2023, net of accumulated depreciation	1,447	3,067	30	10	4,554
Additions	260	710	807	–	1,777
Acquisition of subsidiaries (note 38(b))	–	1	–	–	1
Impairment*	(233)	(1,428)	–	–	(1,661)
Disposals	–	(19)	(29)	(9)	(57)
Depreciation provided during the year	(207)	(1,776)	(40)	–	(2,023)
Exchange realignment	–	(4)	–	(1)	(5)
At 31 December 2023, net of accumulated depreciation and impairment	1,267	551	768	–	2,586
At 31 December 2023:					
Cost	26,977	72,724	1,493	182	101,376
Accumulated depreciation and impairment	(25,710)	(72,173)	(725)	(182)	(98,790)
Net carrying amount	1,267	551	768	–	2,586

* As at 31 December 2023, in light of intensified competition which resulted in dismal performance of the Capital Group and the Lifestyle Group and unfavourable prospects of the cash-generating units ("CGU"), it was concluded that the value-in-use of the Capital Group and the Lifestyle Group CGUs were lower than their carrying amount. As a result of this analysis, the Group recognised a full impairment against the remaining property, plant and equipment of HK\$1,661,000 for the year ended 31 December 2023.

Notes to Financial Statements

15. INVESTMENT PROPERTIES

	2024 HK\$'000	2023 HK\$'000
Carrying amount as at 1 January	509,400	509,400
Net loss from a fair value adjustment	(223,400)	—
Carrying amount at 31 December	286,000	509,400

The Group's investment properties consist of commercial office premises in Hong Kong. The Directors have determined that the investment properties consist of one class of asset, that is, commercial, based on the nature, characteristics and risks of these properties. The Group's investment properties were revalued on 31 December 2024 based on valuations performed by Ravia Global Appraisal Advisory Limited, independent professionally qualified valuers, at HK\$286,000,000. Each year, the Group's management decides to appoint which external valuer to be responsible for the external valuations of the Group's properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Group's management has discussions with the valuer on the valuation assumptions and valuation results twice a year when the valuation is performed for interim and annual financial reporting.

The investment properties are leased to third parties under operating leases, further details of which are included in note 16 to the financial statements.

On 31 December 2024, the Group's investment properties with a carrying value of HK\$286,000,000 (2023: HK\$509,400,000) were pledged to secure general banking facilities granted to the Group (note 32).

Details of the Group's investment properties are as follows:

Location	Existing use
26th Floor, Tower one, Lippo Centre, 89 Queensway, Admiralty, Hong Kong	Office building

15. INVESTMENT PROPERTIES (Continued)**Fair value hierarchy**

The following table illustrates the fair value measurement hierarchy of the Group's investment properties:

	Fair value measurement as at 31 December using significant unobservable inputs (Level 3)	
	2024	2023
	HK\$'000	HK\$'000
Recurring fair value measurement for:		
Commercial properties	286,000	509,400

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 (2023: Nil).

The fair value of investment properties is determined using the market comparison approach by reference to recent sales prices of comparable properties on a price per square foot basis. Below is a summary of the significant inputs to the valuation of investment properties:

	2024	2023
	HK\$19,474	HK\$34,686
Price per square foot		

A significant increase/decrease in the price per square foot would result in a significant increase/decrease in the fair value of the investment properties.

Notes to Financial Statements

16. LEASES

The Group as a lessee

The Group has lease contracts for its office properties and leasehold forestry land use rights, with lease terms between 2 and 56 years.

(a) *Right-of-use assets*

The carrying amount of the Group's right-of-use assets and the movements during the year are as follows:

	Leased properties	
	2024 HK\$'000	2023 HK\$'000
At 1 January	86,918	1,443
Additions	—	538
Acquisition of subsidiaries (note 38(b))	—	88,435
Disposal due to early termination	—	(492)
Depreciation charge	(1,832)	(2,696)
Exchange realignment	(446)	(310)
At 31 December	84,640	86,918

(b) *Lease liabilities*

The carrying amount of lease liabilities (included under interest-bearing bank and other borrowings) and the movements during the year are as follows:

	2024 HK\$'000	2023 HK\$'000
Carrying amount at 1 January	345	1,293
New leases	—	538
Accretion of interest recognised during the year	14	44
Payments	(288)	(838)
Disposals	—	(669)
Exchange realignment	—	(23)
Carrying amount at 31 December	71	345
Analysed into:		
Current portion	71	273
Non-current portion	—	72
	71	345

The maturity analysis of lease liabilities is disclosed in note 43 to the financial statements.

16. LEASES (Continued)**The Group as a lessee** (Continued)*(c) The amounts recognised in profit or loss in relation to leases are as follows:*

	2024	2023
	HK\$'000	HK\$'000
Interest on lease liabilities	14	44
Depreciation charge of right-of-use assets	1,832	2,696
Expense relating to short-term leases and other leases with remaining lease terms ended on or before 31 December and other lease payments not included in the measurement of lease liabilities (included in other operating expenses of continuing and discontinued operations)	8,234	9,225
Total amount recognised in profit or loss of continuing and discontinued operations	10,080	11,965

(d) The total cash outflow for leases is disclosed in note 38(e) to the financial statements.**The Group as a lessor**

The Group leases its investment properties (note 15) consisting of commercial office premises in Hong Kong under operating lease arrangements. The terms of the leases generally require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions. Rental income recognised by the Group during the year was HK\$6,800,000 (2023: HK\$5,595,000), details of which are included in note 5 to the financial statements.

At the end of the reporting period, the undiscounted lease payments receivable by the Group in future periods under non-cancellable operating leases with its tenants are as follows:

	2024	2023
	HK\$'000	HK\$'000
Within one year	6,134	4,813
After one year but within two years	1,927	2,160
After two years but within three years	—	270
	8,061	7,243

Notes to Financial Statements

17. GOODWILL

	2024 HK\$'000	2023 HK\$'000
Cost at 1 January, net of accumulated impairment	—	36,020
Impairment during the year	—	(36,020)
At 31 December	—	—
At 31 December:		
Cost	—	90,299
Accumulated impairment	—	(90,299)
Net carrying amount	—	—

Impairment testing of goodwill and intangible assets

As at 31 December 2023, goodwill and intangible assets acquired through business combinations are allocated to the following CGUs for impairment testing:

- Capital Group CGU; and
- Lifestyle Group CGU.

The carrying amounts of goodwill and intangible assets, net of impairment, allocated to each of the CGUs are as follows:

	Capital Group CGU HK\$'000	Lifestyle Group CGU HK\$'000	Total HK\$'000
At 31 December 2023			
Carrying amount of goodwill	—	—	—
Carrying amount of intangible assets	—	—	—

As at 31 December 2023, in light of intensified competition which resulted in dismal performance of the Capital Group and the Lifestyle Group and unfavourable prospects of the CGUs, it was concluded that the value-in-use of the Capital Group and the Lifestyle Group CGUs were lower than their carrying amount. As a result of this analysis, the Group recognised a full impairment against the remaining goodwill of HK\$36,020,000 and intangible assets of HK\$2,262,000 (note 18) for the year ended 31 December 2023.

18. INTANGIBLE ASSETS

	Trademarks HK\$'000	Trading rights HK\$'000 (note 1)	Customer relationships HK\$'000	Subscription databases HK\$'000	Total HK\$'000
31 December 2024					
Cost at 1 January 2024, net of accumulated amortisation and impairment	163	836	–	–	999
Additions	171	–	–	–	171
Amortisation provided during the year	(70)	–	–	–	(70)
At 31 December 2024	264	836	–	–	1,100
At 31 December 2024:					
Cost	852	836	–	–	1,688
Accumulated amortisation and impairment	(588)	–	–	–	(588)
Net carrying amount	264	836	–	–	1,100

	Trademarks HK\$'000	Trading rights HK\$'000 (note 1)	Customer relationships HK\$'000	Subscription databases HK\$'000	Total HK\$'000
31 December 2023					
Cost at 1 January 2023, net of accumulated amortisation and impairment	3,211	836	225	5	4,277
Amortisation provided during the year	(786)	–	(225)	(5)	(1,016)
Impairment during the year	(2,262)	–	–	–	(2,262)
At 31 December 2023	163	836	–	–	999
At 31 December 2023:					
Cost	7,997	836	6,303	81	15,217
Accumulated amortisation and Impairment	(7,834)	–	(6,303)	(81)	(14,218)
Net carrying amount	163	836	–	–	999

Note 1: The trading rights have no expiry dates and, in the opinion of the Directors, have indefinite useful lives.

As at 31 December 2023, in light of intensified competition which resulted in dismal performance of the Capital Group and the Lifestyle Group and unfavorable prospects of the CGUs, it was concluded that the value-in-use of the trademarks of the Capital Group and the Lifestyle Group CGUs were lower than their carrying amount. As a result of this analysis, the Group recognised an impairment against intangible assets of HK\$2,262,000 for the year ended 31 December 2023.

Notes to Financial Statements

18. INTANGIBLE ASSETS (Continued)

Pursuant to the restructuring of the Stock Exchange and the Futures Exchange effective on 6 March 2000, the Group received four Stock Exchange Trading Rights, five Futures Exchange Trading Rights and 10,187,500 ordinary shares of HK\$1 each in Hong Kong Exchanges and Clearing Limited (the “HKEC Shares”) in exchange for its four shares previously held in the Stock Exchange and five shares previously held in the Futures Exchange.

The carrying costs of the previously held shares in the Stock Exchange and the Futures Exchange have been apportioned to the Stock Exchange Trading Rights, the Futures Exchange Trading Rights and the HKEC Shares on the basis of the respective estimated fair values on 6 March 2000.

As at 31 December 2024 and 2023, the recoverable amounts of the trading rights with indefinite useful life have been determined based on fair value less costs of disposal for the cash-generating unit to which the trading rights belong.

During the year ended 31 December 2024, no impairment was provided on trading rights as the recoverable amount exceeded their carrying amount (2023: Nil).

19. OTHER ASSETS

	2024 HK\$'000	2023 HK\$'000
Membership in Chinese Gold and Silver Exchange	1,280	1,280
Statutory deposits in respect of securities and commodities dealings	4,581	5,327
	5,861	6,607

Other assets are non-interest-bearing and have no fixed terms of repayment.

20. INVESTMENTS IN ASSOCIATES

	2024 HK\$'000	2023 HK\$'000
Share of net assets	1,115	1,115
Provision for impairment [#]	(1,115)	(1,115)
	—	—

[#] In prior years, full provisions were recognised for investments in associates with aggregate carrying amounts of HK\$1,804,000 because the recoverable amounts were expected to be zero.

Particulars of the associates are as follows:

Name	Registered capital	Place of incorporation/ registration and business	Percentage of ownership interest attributable to the group	Principal activities
上海華威創富股權 投資管理有限公司	RMB20,000,000	PRC/ Mainland China	50	Dormant and in process of liquidation

The above associate is indirectly held by the Company and has been accounted for using the equity method in these financial statements.

嘉田文化發展(天津)有限公司, an associate indirectly held by the Company, was deregistered on 25 June 2023.

Notes to Financial Statements

21. LOANS RECEIVABLE

The Group's loans receivable mainly arose from the margin financing and money lending operations during the year.

Loans receivable bear interest at rates with credit periods mutually agreed between the contracting parties. Each customer has a credit limit. The Group maintains strict control over its outstanding loans receivable, and a credit control department has been established to monitor potential credit risk. Margin loans receivable are secured by the pledge of customers' securities as collateral while mortgage loans receivables are secured by the pledge of customers' properties. Overdue balances are reviewed regularly by senior management and are handled closely by the credit control department. The Group's loans receivable relates to a large number of diversified customers and there is no significant concentration of credit risk.

	2024	2023
	HK\$'000	HK\$'000
Loans receivable		
— Margin loans receivable	97,948	97,729
— Mortgage loans receivable	215	215
— Other loans receivable	6,582	6,611
	104,745	104,555
Impairment	(59,645)	(54,407)
Portion classified as current assets	45,100	50,148
Market value of collateral at 31 December	144,718	155,430

At the end of the reporting period, certain listed equity securities provided by clients of approximately HK\$49,589,000 (2023: HK\$60,140,000) were pledged as collateral to banks to secure banking facilities granted to the Group (note 32).

21. LOANS RECEIVABLE (Continued)

The loans receivable at the end of the reporting period are analysed by the remaining period to the contractual maturity date as follows:

	2024 HK\$'000	2023 HK\$'000
Repayable:		
On demand	45,100	49,903
Within 3 months to 1 year	—	245
	45,100	50,148

Loans receivable are categorised into excellent, good and individually impaired. Excellent refers to exposures which margin obligation can be met and payment of interest and principal is not in doubt, with good quality and liquidity of collateral. Good refers to exposures which principal and interest are partially or fully secured and the loan receivable are past due between 1 and 3 months. Individually impaired refers to exposures which loss, partial or full, has incurred and with insufficient collateral.

As at 31 December 2024, the Group held certain listed equity securities of clients with the carrying amount of HK\$8,532,000 (2023: HK\$9,564,000) as collateral over these individually impaired loans receivable. For the gross carrying amount under stage 1, all the balances are covered by the collateral.

Analysis of the gross carrying amount as at 31 December 2024 and 31 December 2023 by the Group's internal credit rating and year-end classification is as follows:

2024

Internal rating grade	12-month ECL (Stage 1) HK\$'000	Lifetime ECL not credit- impaired (Stage 2) HK\$'000	Lifetime ECL credit- impaired (Stage 3) HK\$'000	Total HK\$'000
Excellent	23,515	—	—	23,515
Good	—	13,393	—	13,393
Individually impaired	—	—	67,837	67,837
	23,515	13,393	67,837	104,745

Notes to Financial Statements

21. LOANS RECEIVABLE (Continued)

2023

	12-month ECL (Stage 1) HK\$'000	Lifetime ECL not credit- impaired (Stage 2) HK\$'000	Lifetime ECL credit- impaired (Stage 3) HK\$'000	Total HK\$'000
Internal rating grade				
Excellent	33,570	—	—	33,570
Good	—	13,326	—	13,326
Individually impaired	—	—	57,659	57,659
	33,570	13,326	57,659	104,555

The movements in the expected credit loss (“ECL”) impairment allowance on loans receivable are as follows:

	12-month ECL (Stage 1) HK\$'000	Lifetime ECL not credit- impaired (Stage 2) HK\$'000	Lifetime ECL credit- impaired (Stage 3) HK\$'000	Total HK\$'000
ECL allowance as at 1 January 2023	5,551	—	41,658	47,209
Loss allowance recognised	587	—	6,522	7,109
Loss allowance written back	—	—	89	89
ECL allowance as at 31 December 2023	6,138	—	48,269	54,407
ECL allowance as at 31 December 2023 and as at 1 January 2024	6,138	—	48,269	54,407
Loss allowance recognised	—	—	5,157	5,157
Loss allowance written back	—	—	81	81
Transfer to Stage 3	(6,138)	—	6,138	—
ECL allowance as at 31 December 2024	—	—	59,645	59,645
2024 ECL rate	—	—	87.92%	56.94%
2023 ECL rate	18.28%	—	83.71%	52.04%

21. LOANS RECEIVABLE (Continued)**Mortgage loans receivable**

In general, mortgage loans are granted on a secured basis with sufficient amount of collateral provided by the borrower. The main types of collateral obtained are mortgages over residential properties or commercial properties.

As at 31 December 2023, in respect of secured mortgage loans to customers with the carrying amount of HK\$215,000, the fair value of collateral of such mortgage loans can be objectively ascertained to cover the outstanding amount of the loan balances based on quoted prices of collateral.

22. DEBT INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2024 HK\$'000	2023 HK\$'000
Debt investments at fair value through other comprehensive income		
Club debentures, at fair value	3,050	3,620

Notes to Financial Statements

23. DEFERRED TAX

The movements in deferred tax liabilities and assets during the year are as follows:

Deferred tax liabilities

	Losses available for offsetting against future taxable profits HK\$'000	Depreciation allowance in excess of related depreciation HK\$'000	Fair value adjustments arising from transfer of owner-occupied properties to investment properties HK\$'000	Fair value adjustments arising from acquisitions of subsidiaries HK\$'000	Total HK\$'000
At 1 January 2023	(4,366)	6,270	23,800	1,731	27,435
Deferred tax credited to profit or loss during the year (note 11)	(1,904)	–	–	(1,731)	(3,635)
At 31 December 2023 and 1 January 2024	(6,270)	6,270	23,800	–	23,800
Deferred tax credited to property revaluation reserve (note 37)	–	–	(6,121)	–	(6,121)
At 31 December 2024	(6,270)	6,270	17,679	–	17,679

Deferred tax assets have not been recognised in respect of the following items:

	2024 HK\$'000	2023 HK\$'000
Tax losses	1,270,242	1,745,545

The above tax losses of the Group included tax losses arising in Hong Kong of HK\$1,264,693,000 (2023: HK\$1,741,844,000), subject to the agreement by the IRD, that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. The Group also has tax losses arising in Mainland China of HK\$5,549,000 (2023: HK\$3,701,000) that will expire in one to five years for offsetting against future taxable profits. Deferred tax assets have not been recognised in respect of these items as it is not considered probable that taxable profits will be available against which the above items can be utilised.

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. For the Group, the applicable rate is 5%. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008.

23. DEFERRED TAX (Continued)

At 31 December 2024, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in Mainland China. These subsidiaries have recorded accumulated losses since 1 January 2008.

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

24. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2024 HK\$'000	2023 HK\$'000
Listed equity investments, at market value	39,651	46,996

The financial assets at the end of the reporting period were classified as:

	2024 HK\$'000	2023 HK\$'000
Held for trading	37,751	44,796
Designated upon initial recognition (note)	1,900	2,200
	39,651	46,996

Note:

On 10 June 2015, the board approved the establishment of the Company's Employees' Share Award Scheme (the "Share Award Scheme"). Pursuant to the rules of the Share Award Scheme, the Company has set up a trust (the "Trust") to hold the shares purchased by the Group pursuant to the terms of the Share Award Scheme before transferring to employees upon vesting.

In 2015, the Group purchased certain shares of South China Holdings Company Limited, a company listed on The Stock Exchange of Hong Kong Limited, which is also a connected party of the Company, at a total consideration of HK\$11,800,000. The Group designated these shares as financial assets at fair value through profit or loss upon initial recognition, as they are managed and their performance is evaluated on a fair value basis, which will be awarded to employees of the Group under the Share Award Scheme.

Notes to Financial Statements

25. TRADE RECEIVABLES

	2024 HK\$'000	2023 HK\$'000
Trade receivable		
— Clearing houses, brokers and dealers	36,140	36,927
— Cash and custodian receivables	4,445	3,670
— Other trade receivables	645	9,401
	41,230	49,998
Impairment	(3,149)	(7,425)
	38,081	42,573

The Group's trade receivables arose from securities and commodities dealings, insurance broking, the provision of corporate advisory and underwriting services and Media Business during the year.

The Group allows a credit period up to the respective settlement dates of securities, bullion and commodities transactions (normally two business days after the respective trade dates for Hong Kong stocks) or a credit period mutually agreed between the contracting parties. For the year ended 31 December 2023, the credit period for Media Business was generally one month, extending up to four months for major customers. The Group did not charge any interest on overdue trade receivables of Media Business. The credit period for corporate advisory services is generally within two weeks. The Group's trading terms with its jewellery retail customers are mainly on cash, mobile payment and credit card settlement. The Group maintains strict control over its outstanding receivables and a credit control department has been established to monitor the potential credit risk. Overdue balances are reviewed regularly by senior management and are handled closely by the credit control department. The Group's trade receivables relate to a large number of diversified customers, and there is no significant concentration of credit risk. Overdue trade receivables bear interest by reference to the prime rate except that overdue receivables in respect of corporate advisory services are non-interest-bearing.

25. TRADE RECEIVABLES (Continued)

An ageing analysis of the Group's trade receivables at the end of the reporting period, based on the settlement due date and net of loss allowance, is as follows:

	2024 HK\$'000	2023 HK\$'000
Current to 90 days	37,435	40,562
Over 90 days	646	2,011
	38,081	42,573

The movement in the loss allowance for impairment of trade receivables are as follows:

	2024 HK\$'000	2023 HK\$'000
At 1 January	7,425	7,009
Impairment losses recognised		
— from continuing operations (note 7)	512	416
— from discontinued operations	—	60
Amount written off as uncollectible	(4,788)	(60)
At 31 December	3,149	7,425

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, customer type and rating, and coverage by letters of credit or other forms of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off if past due for more than one year and are not subject to enforcement activity.

Notes to Financial Statements

25. TRADE RECEIVABLES (Continued)

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

As at 31 December 2024

	Past due less than 90 days	Past due over 90 days	Total
Expected credit loss rate	0.46%	82.16%	7.64%
Gross carrying amount (HK\$'000)	37,609	3,621	41,230
Expected credit losses (HK\$'000)	174	2,975	3,149

As at 31 December 2023

	Past due less than 90 days	Past due over 90 days	Total
Expected credit loss rate	0.29%	78.42%	14.85%
Gross carrying amount (HK\$'000)	40,680	9,318	49,998
Expected credit losses (HK\$'000)	118	7,307	7,425

26. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	2024 HK\$'000	2023 HK\$'000
Prepayments	1,563	1,506
Deposits	1,235	1,452
Other receivables	8,029	11,282
Impairment	(419)	(419)
	10,408	13,821

The financial assets included in the above balances relate to receivables for which there was no recent history of default and past due amounts.

26. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS (Continued)

During the year ended 31 December 2024, other receivables with gross carrying amount of HK\$419,000 (2023: HK\$419,000) is considered to be “doubtful” based on the significant increase in credit risk. Except for the above amount classified at stage 3, the credit quality of the financial assets is considered to be “normal” and is classified at stage 1.

The movement in the loss allowance for impairment of other receivables is as follows:

	2024 HK\$'000	2023 HK\$'000
At 1 January and 31 December	419	419

Particulars of amounts due from related companies included in other receivables, disclosed pursuant to section 383(1)(d) of the Hong Kong Companies Ordinance and Part 3 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, are as follows:

Name	At 31 December 2024 HK\$'000	Maximum amount outstanding during the year HK\$'000	At 31 December 2023 HK\$'000	Maximum amount outstanding during the year HK\$'000	At 1 January 2023 HK\$'000
South China Financial Credits Limited (“SCFCL”) [#]	1,333	1,333	1,333	1,365	1,365
South China Strategic Limited (“SCSL”) [*]	N/A	N/A	N/A	813	813
	1,333		1,333		2,178

[#] SCFCL is a subsidiary of South China Assets Holdings Limited (“SCAH”), certain directors of which are also the directors of the Company.

^{*} SCSL is a subsidiary of South China Holdings Company Limited (“SCHC”), certain directors of which are also the directors of the Company.

The amounts are unsecured, non-interest-bearing and are repayable on demand.

Notes to Financial Statements

27. CASH AND BANK BALANCES

	2024 HK\$'000	2023 HK\$'000
Cash and bank balances	36,745	52,031

At the end of the reporting period, the cash and bank balances of the Group denominated in Renminbi (“RMB”) amounted to HK\$896,000 (2023: HK\$831,000) was held in Mainland China and was not freely convertible into other currencies. However, under Mainland China’s Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

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. Bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

28. CASH HELD ON BEHALF OF CLIENTS

The Group maintains segregated trust accounts with licensed banks to hold securities, futures and forex clients’ monies arising from its normal course of business. The Group has classified the clients’ monies as “Cash held on behalf of clients” under the current assets section of the consolidated statement of financial position and recognised the corresponding accounts payable to respective clients on the grounds that the Group is liable for any loss or misappropriation of the clients’ monies. The Group is not allowed to use the clients’ monies to settle its own obligations.

29. CLIENT DEPOSITS

The Group’s client deposits arose from securities and commodities dealings business.

The client deposits are unsecured, bear interest at the bank deposit savings rate or rates that are mutually agreed and are repayable on demand.

Included in client deposits as at 31 December 2024 are deposits from directors, the directors’ close family members and companies in which certain directors have beneficial interests totalling HK\$1,240,000 (2023: HK\$5,128,000), which are subject to similar terms offered by the Group to its major clients.

30. TRADE PAYABLES

The Group's trade payables arose from securities, bullion, commodities dealings and Media Business during the year.

An ageing analysis of the Group's trade payables at the end of the reporting period, based on the settlement due date, is as follows:

	2024 HK\$'000	2023 HK\$'000
Within 1 to 3 months	24,724	38,647
Over 3 months	1,067	4,950
	25,791	43,597

The trade payables are non-interest-bearing and repayable on the settlement day of the relevant trades or upon demand from customers.

In respect of Media Business, the credit period granted by the creditors ranges from 0 to 90 days and the trade payables are non-interest-bearing.

31. OTHER PAYABLES AND ACCRUALS

	Note	2024 HK\$'000	2023 HK\$'000
Other payables	(a)	52,561	47,461
Accruals		5,307	11,221
		57,868	58,682

Note:

- (a) Other payables are non-interest-bearing and repayable on demand. Included in other payables are (i) an amount of HK\$15,617,000 (2023: HK\$15,336,000) due to a related company, South China Asset Holdings Limited, (ii) an amount of HK\$1,847,000 (2023: HK\$2,270,000) due to a related company, South China Media Limited, (iii) an amount of HK\$26,234,000 (2023: HK\$14,155,000) due to a related Company, SCSL which is a subsidiary of SCHC, (iv) an amount of Nil (2023: HK\$4,233,000) due to a related Company, Copthorne Holdings Corporation which is a subsidiary of SCHC and (v) an amount of HK\$5,054,000 (2023: Nil) due to a related company, Four Sea Travel which are unsecured, interest-free and repayable on demand.

Notes to Financial Statements

32. INTEREST-BEARING BANK AND OTHER BORROWINGS

	2024			2023		
	Effective interest rate (%)	Maturity	HK\$'000	Effective interest rate (%)	Maturity	HK\$'000
Current						
Lease liabilities (note 16(b))	6.63%	2025	71	6.63%	2024	273
Bank overdrafts — unsecured	N/A	On demand	2,204	N/A	N/A	—
Bank loans — secured	HIBOR +1.60% to HIBOR +2.25%	On demand	176,000	HIBOR +1.60% to HIBOR +2.25%	On demand	183,500
	HIBOR +2.5% to HIBOR +2.6%	2025	9,112	HIBOR +2.5% to HIBOR +2.6%	2024	17,335
Bank loans — unsecured	N/A	N/A	—	HIBOR +3.5% to HIBOR +3.75%	On demand	3,000
			<u>187,387</u>			<u>204,108</u>
Non-current						
Lease liabilities (note 16(b))	N/A	N/A	—	6.63%	2025	72
Bank loans — secured	HIBOR +2.5% to HIBOR +2.6%	2026–2028	36,400	HIBOR +2.5% to HIBOR +2.6%	2025–2028	45,518
Other loans from directors and a substantial shareholder — unsecured (note 40(b))	Prime Rate	2026	1,600	Prime Rate	2025–2026	89,800
			<u>38,000</u>			<u>135,390</u>
			<u>225,387</u>			<u>339,498</u>

32. INTEREST-BEARING BANK AND OTHER BORROWINGS (Continued)

	2024 HK\$'000	2023 HK\$'000
Analysed into:		
Bank loans and overdrafts repayable:		
Within one year or on demand	187,316	203,835
In the second year	7,800	9,118
In the third to fifth years, inclusive	28,600	36,400
	223,716	249,353
Other borrowings repayable:		
Within one year or on demand	71	273
In the second year	1,600	23,672
In the third to fifth years, inclusive	—	66,200
	1,671	90,145
	225,387	339,498

Notes:

- (i) HIBOR represents the Hong Kong Interbank Offered Rate and Prime Rate represents Hong Kong Dollar Best Lending Rate.
- (ii) Certain of the Group's bank loans are secured by the Group's:
 - (a) Investment properties situated in Hong Kong, which had a fair value at the end of the reporting period of approximately HK\$286,000,000 (2023: HK\$509,400,000) (note 15); and
 - (b) Listed equity investments belonging to clients totalling approximately HK\$49,589,000 (2023: HK\$60,140,000) were pledged to banks to secure bank loans granted to a subsidiary of the Group at the end of the reporting period (note 21).
- (iii) The Group's other loans classified under non-current liabilities comprised:
 - (a) an unsecured interest-bearing loan facility with final maturity date on 31 December 2026 provided by the Substantial Shareholder. As at 31 December 2024, an aggregate amount of HK\$121,500,000 (2023: HK\$66,200,000) was utilised by the Group which bears an effective interest rate of 5.3% (2023: 5.9%). As at 31 December 2024, the Substantial Shareholder confirmed in writing to waive the entire outstanding loans amounted to HK\$121,500,000 and the accrued interest from the dates of drawdown up to 31 December 2024;
 - (b) an unsecured interest-bearing loan facility of HK\$50,000,000 provided by a director of the Company. As at 31 December 2024, an aggregate loan amount of HK\$22,580,000 (2023: HK\$23,600,000) was utilised by the Group which bears an effective interest rate of 5.3% (2023: 5.9%). As at 31 December 2024, the director confirmed in writing to waive the entire outstanding loans amounted to HK\$22,580,000 and the accrued interest from the dates of drawdown up to 31 December 2024; and
 - (c) an unsecured interest-bearing loan facility of HK\$1,600,000 provided by a director of the Company. As at 31 December 2024, an aggregate loan amount of HK\$1,600,000 was utilised by the Group which bears an effective interest rate of 5.3%. The director confirmed in writing to waive the interest for the year ended 31 December 2024 and not to demand repayment of the amount due thereto for not less than twelve months from the approval date of these financial statements.

Further details are set out in note 40(b) to the financial statements.

- (iv) At 31 December 2024 and 2023, all borrowings were denominated in Hong Kong dollars.

Notes to Financial Statements

33. CONVERTIBLE BONDS

On 7 April 2020, the Company entered into the conditional subscription agreement with Total Grace Investments Limited (“Total Grace”), a company beneficially owned by the Substantial Shareholder, in relation to, among others, the issue of the convertible bonds (the “CB 2020”) in an aggregate principal amount of HK\$50,000,000 at the conversion price of HK\$0.22 per share. The CB 2020 in an aggregate principal amount of HK\$50,000,000 were issued by the Company to Total Grace on 30 June 2020. The CB 2020 were designated upon initial recognition as at fair value through profit or loss.

The CB 2020 have a maturity date of 3 years from the date of issue and interest-free. The CB 2020 contain a right to convert at a maximum of 227,272,727 shares of the Company at the conversion price of HK\$0.22 per share. Unless previously converted or purchased or redeemed, the Company would redeem the convertible bonds on the maturity date at the redemption amount, which was 100% of the principal amount of the CB 2020 then outstanding. In addition, Total Grace has the right to request the Company to redeem the CB 2020 in cash or convert into the Company’s shares at any time before the maturity date.

On 16 May 2022, the Company and Total Grace entered into the supplemental agreement, pursuant to which the Company and Total Grace conditionally agreed to extend the maturity date by three (3) years from 30 June 2023 to 30 June 2026 by way of execution of the amendment deed.

As at the end of the reporting period, Total Grace confirmed to continue to hold the CB 2020 and not demand for conversion of the CB 2020 to ordinary shares of the Company nor demand for repayment of the amount due to it for not less than twelve months from the approval date of these financial statements. Accordingly, the CB 2020 were classified under non-current liabilities as at 31 December 2024 and 31 December 2023.

On 13 September 2022, the Group entered into a conditional sale and purchase agreement with Thousand China Investments Limited (“Thousand China”), an indirect wholly-owned subsidiary of SCHC to acquire the entire share capital of Genius Year Limited and its subsidiaries. The consideration would be settled by way of the convertible bonds (the “CB 2023”) with a nominal value of HK\$89,840,000 to be issued by the Company upon completion (the “Acquisition”). The Acquisition was subsequently completed on 13 January 2023. Further details are set out in note 38(b) to the financial statements.

The debt component of the CB 2023 was recognised at fair value through profit or loss and the equity component of the CB 2023 was recognised in other reserve of the Company. The CB 2023 has a maturity of 3 years from the date of issue and bears interest of 1% per annum. The CB 2023 contains a right to convert at a maximum of 280,750,000 shares of the Company at the conversion price of HK\$0.32 per share. Subject to the terms and conditions of the CB 2023, Thousand China has the right to convert the CB 2023 into the Shares subject to mutual agreement in writing between Thousand China and the Company at any time during the period commencing from the date of issue of the CB 2023 up to the fifth business days prior to the maturity date by complying with the relevant procedures set out in the terms and conditions of the CB 2023.

33. CONVERTIBLE BONDS (Continued)

As at the end of the reporting period, Thousand China confirmed to continue to hold the CB 2023 and not to demand for conversion of the CB2023 to ordinary shares of the Company nor demand for repayment of the amount due to it for not less than twelve months from the approval date of these financial statements. Accordingly, the CB 2023 were classified under non-current liabilities as at 31 December 2024.

The movements of the convertible bonds during the year are as follows:

	2024 HK\$'000	2023 HK\$'000
As at 1 January	120,093	50,000
Fair value of convertible bonds issued during the year (note 38(b))	—	89,040
Equity-settled element recognised as other reserve upon issuance	—	(27,617)
Loss from change in fair value	12,349	8,670
As at 31 December	132,442	120,093

The following table illustrates the fair value measurement hierarchy of the Group's convertible bonds:

	Fair value measurement as at 31 December using significant unobservable inputs (Level 3)	
	2024 HK\$'000	2023 HK\$'000
Fair value measurement for convertible bonds:		
CB 2020	50,000	50,000
CB 2023	82,442	70,093
	132,442	120,093

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 (2023: Nil).

Notes to Financial Statements

33. CONVERTIBLE BONDS (Continued)

The fair value of convertible bonds are determined by using Hull Binomial Tree model and below is a summary of significant unobservable inputs to the valuation of convertible bonds:

	CB 2023		CB 2020	
	2024	2023	2024	2023
Risk free rate	3.60%	3.52%	3.43%	3.20%
Volatility	96.48%	84.33%	89.68%	74.36%
Discount rate	11.84%	14.65%	13.5%	21.61%

A significant increase/decrease in the above key assumptions would result in a significant increase/decrease in the fair value of the convertible bonds.

34. SHARE CAPITAL

Shares

	2024 HK\$'000	2023 HK\$'000
Issued and fully paid:		
301,277,070 (2023: 301,277,070) ordinary shares	1,085,474	1,085,474

35. SHARE OPTION SCHEME

The Company operates a share option scheme (the "Scheme") which became effective on 11 August 2023. Under the Scheme, the directors of the Company may grant options to eligible persons to subscribe for the Company's shares subject to the terms and conditions stipulated therein. Unless otherwise cancelled or amended, the Scheme will be valid and effective for a period of 10 years commencing on the date on which it became effective.

The directors and employees of the Company and its subsidiaries are entitled to participate in the Scheme operated by the Company. Details of the Scheme are as follows:

(1) Purpose of the Scheme

In order to provide incentives or rewards to the participants for their contribution to the Group and to enable the Group to attract and retain employees with relevant qualifications and experience to work for the Group, the shareholders of the Company approved the adoption of the Scheme at the extraordinary general meeting held on 9 August 2022.

35. SHARE OPTION SCHEME *(Continued)***(2) Participants of the Scheme**

According to the Scheme, the board may, at its discretion, grant share options to any person in any of the following classes of participants:

- i. any executive director, employee or proposed employee (whether full time or part time) of any member of the Group;
- ii. any non-executive director (including any independent non-executive director) of any member of the Group;
- iii. any business partner, agent, consultant, contractor or representatives of any member of the Group;
- iv. any supplier of goods or services to any member of the Group;
- v. any customer of any member of the Group;
- vi. any person or entity that provides research, development or other technological support or any advisory, consultancy, professional or other services to any member of the Group;
- vii. any other group or classes of participants from time to time determined by the directors of the Company as having contributed or may contribute to the long-term development and growth of any member of the Group (including any discretionary object of a participant which is a discretionary trust); and
- viii. any company wholly owned by one or more persons belonging to any of the above classes of participants.

(3) Total number of shares available for issue under the Scheme

The maximum number of shares in respect of which share options may be granted under the Scheme and any other share option scheme of the Company shall not exceed 10% of the total number of shares in issue as at the date of approval of the Scheme, that is, a total of 30,127,707 shares. Options which lapsed in accordance with the terms of the Scheme or any other share option scheme of the Company under which such options are granted shall not be counted for the purpose of calculating whether the above-mentioned scheme mandate limit has been exceeded.

There were 3,012,770 share options lapsed under the Scheme during the year ended 31 December 2024 (2023: Nil).

35. SHARE OPTION SCHEME (Continued)

(4) Maximum entitlement of each participant under the Scheme

No participant shall be granted an option if the total number of shares issued and to be issued upon exercise of the options granted and to be granted (including both exercised, cancelled and outstanding options) in any 12-month period up to and including the date of such further grant representing in aggregate over 1% of the total number of shares issued, such further grant shall be separately approved by the shareholders of the Company in general meeting with the proposed grantee and his close associates (or his associates if the proposed grantee is a connected person) abstaining from voting.

Any grant of share option to a director, chief executive or substantial shareholder of the Company or any of their respective associates under the Scheme must be approved by the independent non-executive directors of the Company (excluding any independent non-executive director who is the Grantee of the Option).

Where any grant of options to a substantial shareholder of the Company or an independent non-executive director or any of their respective associates, would result in the shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person(s) in the 12-month period up to and including the date of such grant:

- (i) representing in aggregate over 0.1% of the shares in issue; and
- (ii) having an aggregate value, based on the closing price of the shares at the date of each grant, in excess of HK\$5 million,

such further grant of options by the Board must be approved by the independent shareholders in a general meeting.

The grantee, his associates and all core connected persons of the Company must abstain from voting in favour at such general meeting.

35. SHARE OPTION SCHEME *(Continued)***(5) Period within which the option may be exercised by the grantee under the Scheme**

The Board may in its absolute discretion determine, save that such period shall not be more than ten (10) years from the date of grant of option and the Board may provide restrictions on the exercise of an option during the period an option may be exercised (including but not limited to the imposition of a minimum period an option must be held before it can be exercised).

(6) Vesting period of options granted under the Scheme

There is no specific requirement under the Scheme that an option must be held for any minimum period before it can be exercised. However, the terms of the Scheme provide that the Board has the discretion to impose a minimum period at the time of grant of any particular option.

(7) Amount payable upon acceptance of the option and the period within which payment must be made

An amount of HK\$1.00 for each lot of share options granted is payable upon acceptance of the options within 28 days from the date of offer of the options.

(8) Basis of determining the exercise price of the option granted

The exercise price is determined by the Board, and shall be at least the highest of: (i) the closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheet on the date of grant; and (ii) the average closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheets for the five (5) trading days immediately preceding the date of grant.

(9) Remaining life of the Scheme

Subject to early termination of the Scheme pursuant to the terms thereof, the Scheme shall be valid and effective for a period of ten (10) years commencing on the date on which it became effective on 11 August 2022.

Notes to Financial Statements

35. SHARE OPTION SCHEME (Continued)

Particulars of the outstanding share options granted under the Scheme and the movements of such share options during the year are as follows:

Name or category of participant	Number of share options			Outstanding as at 31 December 2024 (Note 1)	Number of ordinary shares issuable upon the exercise of the outstanding share options	Exercise price per share HK\$	Date of grant of share options	Exercise period of share options
	Outstanding as at 1 January 2023, 31 December 2023 and 1 January 2024	Granted/ exercised during the year	Lapsed during the year					
Directors and their associates	12,051,080	–	(3,012,770)	9,038,310	9,038,310	0.3	29/09/2022	30/09/2022 – 29/09/2032
Employees	6,025,540	–	–	6,025,540	6,025,540	0.3	29/09/2022	30/09/2022 – 29/09/2032
Total	18,076,620	–	(3,012,770)	15,063,850	15,063,850			

Note 1: 3,012,770 share options were lapsed during the year ended 31 December 2024. No share options were granted or exercised and no share option expenses were recognised during the year ended 31 December 2024.

The fair value of the share options granted to (i) directors and their associates and (ii) employees during the year ended 31 December 2022 was HK\$2,236,000 (HK18.55 cents each) and HK\$752,000 (HK12.49 cents each) respectively.

The fair value of equity-settled share options granted during the year ended 31 December 2022, was estimated as at the date of grant using a binomial model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

	2022
Share price (at grant date)	HK\$0.3
Exercise price	HK\$0.3
Expected volatility	76.36%
Expected dividend yield	Nil
Risk-free interest rate	3.655%
Expected life of options	10 years
Early exercise multiple	2.2 to 2.8
Weighted average share price (HK\$ per share)	HK\$0.3
Exit rate	0% to 20.56%

The expected life of the options is based on the historical data over the past three years and is not necessarily indicative of the exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

35. SHARE OPTION SCHEME (Continued)

No other feature of the options granted was incorporated into the measurement of fair value.

At the end of the reporting period, the Company had 15,063,850 (2023: 18,076,620) share options outstanding under the Scheme. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 15,063,850 (2023: 18,076,620) additional ordinary shares of the Company and additional share capital of HK\$4,519,000 (2023: HK\$5,423,000) (before issue expenses).

At the date of approval of these financial statements, the Company had 15,063,850 share options outstanding under the Scheme, which represented approximately 5% of the Company's shares in issue as at that date.

36. RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on page 68 of the financial statements.

37. OTHER COMPREHENSIVE INCOME/LOSS FOR THE YEAR

	2024 HK\$'000	2023 HK\$'000
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Changes in fair value on debt investments at fair value through other comprehensive income	(570)	(100)
Reversal of deferred tax from property revaluation reserve	6,121	—
Exchange differences on translation of foreign operations	150	(558)
Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods	5,701	(658)
Other comprehensive income/(loss) for the year	5,701	(658)

38. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS**(a) Disposal of subsidiaries**

In September 2024, the Group disposed of the entire interests in the ZYC Target Companies to an independent third party for a consideration of HK\$1. The ZYC Target Companies were mainly involved in the media publication and financial public relation services particularly in publishing and distribution of the magazine namely "Marie Claire" and "JESSICA".

In June 2024, the Group disposed of the entire interests in the Capital Target Companies to Four Seas Travel Group (BVI) Limited, which is wholly owned by Mr. Ng Yuk Yeung Paul, a director of the Company for a consideration of HK\$1. The Capital Target Companies are mainly involved in the media publication and financial public relation services particularly in publishing and distribution of the magazine namely "Capital 資本雜誌 CEO 資本才俊 Entrepreneur 資本企業家".

Notes to Financial Statements

38. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

(a) Disposal of subsidiaries (Continued)

The net liabilities derecognised at the date of disposal were as follow:

	2024 HK\$'000
Net liabilities disposed of:	
Property, plant and equipment (note 14)	17
Trade receivable	2,310
Prepayment and other receivables	3,308
Cash and bank balances	424
Trade payables	(8,981)
Other payables and accruals	(3,857)
Amount due to a related party	(1,000)
	(7,779)
Net payables took up upon disposal	4,684
	(3,095)
Gain on disposal of subsidiaries	3,095
Satisfied by:	
Cash	HK\$1

An analysis of the net outflow of cash and cash equivalents in respect of the disposal of subsidiaries is as follows:

	2024 HK\$'000
Cash consideration	—
Cash and bank balances disposed of	(424)
Outflow of cash and cash equivalents in respect of the disposal of subsidiaries	(424)

38. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)**(b) Acquisition of subsidiaries**

On 13 January 2023, the Group acquired the entire share capital of Genius Year Limited and its subsidiaries (the “Genius Year Group”) from Thousand China, an indirect wholly-owned subsidiary of SCHC, with fair value of HK\$89,040,000. The consideration was settled by way of issuance of the CB 2023 with a nominal value of HK\$89,840,000. Genius Year Limited indirectly holds 100% interests in 65 parcels of forestry land situated in Chongyang County, Xianning City, Hubei Province, the PRC, with a total area of approximately 139,216 mu. Details of the Acquisition were disclosed in the Company’s published circular dated 16 December 2022.

The fair values of the identifiable assets and liabilities of the Genius Year Group as at the date of acquisition were as follows:

	2023 HK\$’000
Right-of-use assets	88,435
Property, plant and equipment	1
Prepayment, other receivable and other assets	646
Cash and bank balances	38
Other payables and accruals	(80)
Total identifiable net assets at fair value	89,040
Satisfied by issuance of CB 2023 at fair value (initial recognition) (note 33):	
— debt component	61,423
— equity component	27,617
	89,040

An analysis of the cash flows in respect of the Acquisition is as follow:

Cash consideration	—
Cash and bank balances acquired	38
Net inflow of cash and cash equivalents include in cash flows from investing activities	38

(c) Major non-cash transactions

During year ended 31 December 2023, the Group had non-cash additions to right-of-use assets and lease liabilities of HK\$538,000 and HK\$538,000 respectively in respect of lease arrangements for office properties.

Notes to Financial Statements

38. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

(d) Change in liabilities arising from financing activities

2024

	Notes	Interest-bearing bank and other borrowings less bank overdrafts HK\$'000	Convertible bonds HK\$'000
At 1 January 2024		339,498	120,093
Changes from financing cash flows			
— interest-bearing bank borrowings		(27,841)	—
— other borrowings		55,880	—
— lease payments		(288)	—
Interest expense	16	14	—
Waiver of other borrowings	32	(144,080)	—
Fair value change	33	—	12,349
At 31 December 2024		223,183	132,442

2023

	Notes	Interest-bearing bank and other borrowings less bank overdrafts HK\$'000	Convertible bonds HK\$'000
At 1 January 2023		399,777	50,000
Changes from financing cash flows			
— interest-bearing bank borrowings		(82,631)	—
— other borrowings		23,300	—
— lease payments		(838)	—
Foreign exchange movement		(23)	—
Interest expense	16	44	—
New leases	16	538	—
Early termination of leases	16	(669)	—
Convertible bonds issued — debt component	33,38(b)	—	61,423
Fair value change	33	—	8,670
At 31 December 2023		339,498	120,093

38. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)**(e) Total cash outflow for leases**

The total cash outflow for leases during the year ended 31 December 2024 included in the statement of cash flows within financing activities was HK\$288,000 (2023: HK\$838,000) and within operating activities was HK\$8,234,000 (2023: HK\$9,225,000) (note 16).

39. PLEDGE OF ASSETS

Details of the Group's assets pledged for the Group's bank loans are included in note 32 to the financial statements.

40. CONNECTED AND RELATED PARTY TRANSACTIONS

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

	Notes	2024 HK\$'000	2023 HK\$'000
Commission and brokerage income	(i)	718	737
Net interest expense arising from margin financing	(ii)	13	17
Rental and building management fee expenses	(iii)	9,499	10,762

The related party transactions also constitute exempted connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules.

Notes:

- i. Commission and brokerage income relating to the Group's securities broking business and the rate was determined by reference to commission and brokerage fees charged to third parties.
- ii. Interest expense related to the Group's margin financing business and the amount was calculated based on the Hong Kong dollar prime rate per annum and average bank saving rate respectively which is similar to the rate offered to the Group's major clients.
- iii. Rental and building management expenses relating to the leasing of the Group's office premises were charged on a cost reimbursement basis.

40. CONNECTED AND RELATED PARTY TRANSACTIONS (Continued)

(b) Other transactions with connected and related parties

- i. On 1 September 2022 and 31 December 2023, a shareholder standby facility was entered into between the Company and Mr. Ng Hung Sang (“Mr. Ng”), the Substantial Shareholder, whereby Mr. Ng agreed to grant a facility to the Group with the facility available for the period up to 31 December 2026. The facility is unsecured and bears interest at Hong Kong dollar prime rate. As at 31 December 2024, the aggregate outstanding loans drawdown amounted to HK\$121,500,000 (2023: HK\$66,200,000). As at 31 December 2024, Mr. Ng confirmed in writing to waive the entire outstanding loans amounted to HK\$121,500,000 and the accrued interest from the dates of drawdown up to 31 December 2024. The respective loan interest expense for the year waived by Mr. Ng amounted to HK\$5,026,000 (2023: HK\$2,604,000).

On 31 December 2024, Mr. Ng agreed to grant an unsecured interest free facility of HK\$50,000,000 to the Group to finance its operation with a maturity date on 31 December 2026.

- ii. On 27 January 2022, 28 February 2022, 16 March 2022, 25 March 2022, 31 March 2022, 26 April 2022, 29 June 2022, 28 November 2022 and 31 December 2023, a subsidiary of the Company entered into loan facilities with Ms. Ng Yuk Mui Jessica (“Ms. Ng”), a director of the Company, whereby Ms. Ng agreed to grant facilities for a total amount of HK\$50,000,000. The facility is unsecured and bears interest at Hong Kong dollar prime rate. As at 31 December 2024, the aggregated outstanding loans drawdown amounted to HK\$22,580,000 (2023: HK\$23,600,000). As at 31 December 2024, Ms. Ng confirmed in writing to waive the entire outstanding loans amounted to HK\$22,580,000 and the accrued interest from the dates of drawdown up to 31 December 2024. The respective loan interest expense for the year waived by Ms. Ng amounted to HK\$1,317,000 (2023: HK\$1,314,000).
- iii. On 6 March 2024, a subsidiary of the Company entered into loan facilities with Ms. Cheung Choi Ngor (“Ms. Cheung”), a director of the Company, whereby Ms. Cheung agreed to grant facilities for a total amount of HK\$1,600,000. The facility is unsecured and bears interest at Hong Kong dollar prime rate. As at 31 December 2024, the aggregated outstanding loan drawdown amounted to HK\$1,600,000. As at the end of the reporting period, Ms. Cheung confirmed to waive the interest for the years ended 31 December 2024 and not to demand for repayment of the amount due thereto for not less than twelve months from the approval date of these financial statements. The respective loan interest expense for the year waived by Ms. Cheung amounted to HK\$76,000.

40. CONNECTED AND RELATED PARTY TRANSACTIONS *(Continued)*

(b) Other transactions with connected and related parties *(Continued)*

- iv. On 13 January 2023, the Group acquired the entire share capital of Genius Year Limited and its subsidiaries from Thousand China, an indirect wholly-owned subsidiary of SCHC, with fair value of HK\$89,040,000 by way of issuance of CB 2023. Further details are set out in note 38(b) to the financial statements.
- v. On 31 May 2024, the Group disposed of the entire share capital of the Capital Target Companies to Four Sea Travel for a consideration of HK\$1. Four Sea Travel is wholly-owned by Mr. Ng Yuk Yeung Paul, who is a director of the Company. Details of the transaction are set out in note 12 to the financial statements.
- vi. On 26 June 2024, the Group disposed of the respective trademark, content archives and website properties related to JESSICA to JK Ventures Limited, which is 50% owned by Ms. Ng, a director of the Company for HK\$320,000. Further details are set out in note 12 to the financial statements.

(c) Compensation of key and senior management personnel of the Group:

The executive directors are the key and senior management personnel of the Group. Details of their remuneration are disclosed in note 9 to the financial statements.

Notes to Financial Statements

41. FINANCIAL INSTRUMENTS BY CATEGORY

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

2024

Financial assets

	Financial assets at fair value through profit or loss		Financial assets at fair value through other comprehensive income	Financial assets at amortised cost	Total
	Designated upon initial recognition	Mandatorily classified as such	Debt investments		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Other assets	–	–	–	5,861	5,861
Debt investments at fair value through other comprehensive income	–	–	3,050	–	3,050
Loans receivable	–	–	–	45,100	45,100
Trade receivables	–	–	–	38,081	38,081
Financial assets at fair value through profit or loss	1,900	37,751	–	–	39,651
Financial assets included in prepayments, other receivables and other assets	–	–	–	8,845	8,845
Cash held on behalf of clients	–	–	–	298,460	298,460
Cash and bank balances	–	–	–	36,745	36,745
	1,900	37,751	3,050	433,092	475,793

41. FINANCIAL INSTRUMENTS BY CATEGORY (Continued)**2024***Financial liabilities*

	Financial liabilities at fair value through profit or loss HK\$'000	Financial liabilities at amortised cost HK\$'000	Total HK\$'000
Client deposits	–	313,132	313,132
Trade payables	–	25,791	25,791
Financial liabilities included in other payables	–	52,561	52,561
Convertible bonds	132,442	–	132,442
Deposits received	–	2,019	2,019
Interest-bearing bank and other borrowings	–	225,387	225,387
	132,442	618,890	751,332

Notes to Financial Statements

41. FINANCIAL INSTRUMENTS BY CATEGORY (Continued)

2023

Financial assets

	Financial assets at fair value through profit or loss		Financial assets at fair value through other comprehensive income	Financial assets at amortised cost	Total
	Designated upon initial recognition HK\$'000	Mandatorily classified as such HK\$'000	Debt investments HK\$'000	HK\$'000	HK\$'000
Other assets	–	–	–	6,607	6,607
Debt investments at fair value through other comprehensive income	–	–	3,620	–	3,620
Loans receivable	–	–	–	50,148	50,148
Trade receivables	–	–	–	42,573	42,573
Financial assets at fair value through profit or loss	2,200	44,796	–	–	46,996
Financial assets included in prepayments, other receivables and other assets	–	–	–	12,315	12,315
Cash held on behalf of clients	–	–	–	293,615	293,615
Cash and bank balances	–	–	–	52,031	52,031
	2,200	44,796	3,620	457,289	507,905

41. FINANCIAL INSTRUMENTS BY CATEGORY (Continued)**2023*****Financial liabilities***

	Financial liabilities at fair value through profit or loss HK\$'000	Financial liabilities at amortised cost HK\$'000	Total HK\$'000
Client deposits	–	300,109	300,109
Trade payables	–	43,597	43,597
Financial liabilities included in other payables	–	47,461	47,461
Convertible bonds	120,093	–	120,093
Deposits received	–	2,060	2,060
Interest-bearing bank and other borrowings	–	339,498	339,498
	120,093	732,725	852,818

42. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and bank balances, cash held on behalf of clients, other assets, loans receivable, trade receivables, financial assets included in prepayments, other receivables and other assets, clients deposits, trade payables, financial liabilities included in other payables and accruals, deposits received, the current portion of interest-bearing bank and other borrowings and balances with subsidiaries approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group's corporate finance team is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The corporate finance team reports directly to the management. At each reporting date, the corporate finance team analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the management.

Notes to Financial Statements

42. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of the interest-bearing bank and other borrowings and deposits have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. Considering that the interest-bearing bank borrowings were either secured or short term, and other borrowings were granted by the Substantial Shareholder and other directors, the fair value disclosures were assessed to be insignificant to financial statement users.

The fair values of listed equity investments are based on quoted market prices. The fair values of unlisted debt investments which represented club debentures have been estimated based on market transaction prices. The fair values of derivative financial instruments are measured based on quoted market prices. The fair values of convertible bonds are estimated in accordance with generally accepted pricing models based on discounted cash flow analysis.

Fair value hierarchy

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

As at 31 December 2024

	Fair value measurement using			Total HK\$'000
	Quoted prices in active markets (Level 1) HK\$'000	Significant observable inputs (Level 2) HK\$'000	Significant unobservable inputs (Level 3) HK\$'000	
<i>Assets measured at fair value:</i>				
Debt investments at fair value through other comprehensive income	–	3,050	–	3,050
Financial assets at fair value through profit or loss	39,651	–	–	39,651
	39,651	3,050	–	42,701
<i>Liabilities measured at fair value:</i>				
Convertible bonds	–	–	132,442	132,442

42. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)**Fair value hierarchy** (Continued)

As at 31 December 2023

	Fair value measurement using			Total HK\$'000
	Quoted prices in active markets (Level 1) HK\$'000	Significant observable inputs (Level 2) HK\$'000	Significant unobservable inputs (Level 3) HK\$'000	
<i>Assets measured at fair value:</i>				
Debt investments at fair value through other comprehensive income	–	3,620	–	3,620
Financial assets at fair value through profit or loss	46,996	–	–	46,996
	46,996	3,620	–	50,616
<i>Liabilities measured at fair value:</i>				
Convertible bonds	–	–	120,093	120,093

During the year, there were no transfers of fair value measurement between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (2023: Nil).

Notes to Financial Statements

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise bank loans, convertible bonds, cash and short term deposits and listed equity investments. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as loans receivable, trade receivables and trade payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, credit risk, liquidity risk and equity price risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below:

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's net debt obligations with floating interest rates. The majority of the bank borrowings bear interest at interest rates with reference to the HIBOR whereas loans to customers bear interest at interest rates with reference to the prime rate. As the prime rate in Hong Kong basically changes in line with the HIBOR, the Group's exposure to the risk of changes in market interest rates is minimal.

The following table demonstrates the sensitivity to a reasonably possible change in the Hong Kong dollar interest rate, with all other variables held constant, of the Group's loss before tax (through the impact on floating rate net borrowings).

	Change in basis points	Change in loss before tax HK\$'000
2024		
Hong Kong dollar	50	1,119
2023		
Hong Kong dollar	50	1,247

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant. For transactions that are not denominated in the functional currency of the relevant operating unit, the Group does not offer credit terms without the specific approval of the Head of Credit Control.

The Group's concentration of credit risk is mainly in Hong Kong by geographical location. The Group's credit risk exposure is spread over a number of counterparties and customers. Hence, it has no significant concentration of credit risk by a single debtor.

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)**Credit risk** (Continued)**Maximum exposure and year-end staging**

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December. The amounts presented are gross carrying amounts for financial assets and the exposure to credit risk for the financial guarantee contracts.

As at 31 December 2024

	12-month ECLs	Lifetime ECLs			
	Stage 1 HK\$'000	Stage 2 HK\$'000	Stage 3 HK\$'000	Simplified approach HK\$'000	Total HK\$'000
Other assets					
— Normal**	5,861	—	—	—	5,861
Debt investments at fair value through other comprehensive income					
— Normal**	3,050	—	—	—	3,050
Loans receivable	23,515	13,393	67,837	—	104,745
Trade receivables*	—	—	—	41,230	41,230
Financial assets included in prepayments, other receivables and other assets	8,845	—	419	—	9,264
Cash held on behalf of clients					
— Not yet past due	298,460	—	—	—	298,460
Cash and bank balances					
— Not yet past due	36,745	—	—	—	36,745
	376,476	13,393	68,256	41,230	499,355

Notes to Financial Statements

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Credit risk (Continued)

Maximum exposure and year-end staging (Continued)

As at 31 December 2023

	12-month ECLs	Lifetime ECLs			
	Stage 1 HK\$'000	Stage 2 HK\$'000	Stage 3 HK\$'000	Simplified approach HK\$'000	Total HK\$'000
Other assets					
— Normal**	6,607	—	—	—	6,607
Debt investments at fair value through other comprehensive income					
— Normal**	3,620	—	—	—	3,620
Loans receivable	33,570	13,326	57,659	—	104,555
Trade receivables*	—	—	—	49,998	49,998
Financial assets included in prepayments, other receivables and other assets	12,315	—	419	—	12,734
Cash held on behalf of clients					
— Not yet past due	293,615	—	—	—	293,615
Cash and bank balances					
— Not yet past due	52,031	—	—	—	52,031
	401,758	13,326	58,078	49,998	523,160

* For trade receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 25 to the financial statements.

** The credit quality of the financial assets is considered to be “normal” when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be “doubtful”.

Further quantitative data in respect of the Group’s exposure to credit risk arising from loans receivables, trade receivables and financial assets included in prepayments, other receivables and other assets are disclosed in notes 21, 25 and 26 to the financial statements, respectively.

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)**Liquidity risk**

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets (e.g., loans and trade receivables) and projected cash flows from operations.

The Group's borrowings from banks during the year are mainly for the provision of financing and loans to customers for their purchases and continuous holding of securities. The maturity of bank borrowings of the Group usually ranges from overnight to one month, and they are either rolled over or repaid by the Group's own funding. In addition, for those clients who are unable to settle their settlement obligations or margin deficits, the Group may dispose of the securities collateral pledged by the customers to the Group. The Group always ensures that the securities collateral pledged by customers are able to be realised in the market within a reasonable period of time.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans and other borrowings.

The maturity profile of the Group's financial liabilities at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

			2024		
	On demand	Less than	3 to less	1 to	Total
	HK\$'000	3 months	than	5 years	HK\$'000
	HK\$'000	HK\$'000	12 months	HK\$'000	HK\$'000
Client deposits	313,132	–	–	–	313,132
Convertible bonds*	–	–	–	142,533	142,533
Lease liabilities	–	72	–	–	72
Interest-bearing bank and other borrowings (excluding lease liabilities)	178,204	2,110	9,825	42,436	232,575
Trade payables	–	25,791	–	–	25,791
Financial liabilities included in other payables and accruals	–	57,868	–	–	57,868
Deposits received	–	–	504	1,515	2,019
	491,336	85,841	10,329	186,484	773,990

* On 31 December 2024, the bondholders confirmed to continue to hold the convertible bonds; and not to demand for conversions of the convertible bonds to ordinary shares of the Company nor demand for repayment of the amounts due thereto before their maturity in January 2026 and June 2026.

Notes to Financial Statements

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Liquidity risk (Continued)

		2023			
		Less than	3 to less	1 to	Total
	On demand	3 months	12 months	5 years	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Client deposits	300,109	—	—	—	300,109
Convertible bonds*	—	—	—	142,533	142,533
Lease liabilities	—	72	216	72	360
Interest-bearing bank and other borrowings (excluding lease liabilities)	186,500	3,051	16,605	142,996	349,152
Trade payables	—	43,597	—	—	43,597
Financial liabilities included in other payables and accruals	—	58,682	—	—	58,682
Deposits received	—	435	564	1,061	2,060
	486,609	105,837	17,385	286,662	896,493

* On 31 December 2023, Total Grace confirmed to continue to hold the CB2020; and not to demand for conversions of the CB2020 to ordinary shares of the Company nor demand for repayment of the amount due thereto for not less than twelve months from 31 December 2023.

Equity price risk

Equity price risk is the risk that the fair values of equity securities decrease as a result of changes in the levels of equity indices and the value of individual securities. The Group was exposed to equity price risk arising from individual equity investments classified as financial assets at fair value through profit or loss (note 24) at the end of the reporting period. The Group's listed investments are listed on the Stock Exchange and are valued at quoted market prices at the end of the reporting period.

The following table demonstrates the sensitivity to every 10% change in the fair value of the equity investments, with all other variables held constant and before any impact on tax, based on their carrying amounts at the end of the reporting period. For the purpose of this analysis, for the equity investments designated at fair value through other comprehensive income, the impact is deemed to be on the fair value reserve.

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)**Equity price risk** (Continued)

	Carrying amount of equity investments HK\$'000	Change in loss before tax HK\$'000	Change in equity* HK\$'000
2024			
Investments listed in:			
Hong Kong — Mandatorily designated	37,751	3,775	—
— Designated upon initial recognition	1,900	190	—
2023			
Investments listed in:			
Hong Kong — Mandatorily designated	44,796	4,480	—
— Designated upon initial recognition	2,200	220	—

* Excluding accumulated losses

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

Notes to Financial Statements

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Capital management (Continued)

Certain subsidiaries of the Group are regulated by the Securities and Futures Commission (the “SFC”) and are required to comply with certain minimum capital requirements according to the rules of the SFC. The Group has established a compliance department which is operated by experienced compliance officers and is monitored by management. The principal roles of the legal and compliance department are to monitor the daily financial status and to review internal control of the Group regularly to ensure that the Company’s regulated subsidiaries are in compliance with related regulations. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2024 and 2023.

The Group monitors capital using a gearing ratio, which is net debt divided by capital plus net debt. Net debt is interest-bearing bank borrowings, other borrowings and convertible bonds, less cash and bank balances. Capital represents total equity. The gearing ratios at the end of the reporting periods were as follows:

	2024 HK\$'000	2023 HK\$'000
Interest-bearing bank and other borrowings (note 32)	225,387	339,498
Convertible bonds (note 33)	132,442	120,093
Less: Cash and bank balances	(36,745)	(52,031)
Net debt	321,084	407,560
Capital	76,184	221,459
Capital and net debt	397,268	629,019
Gearing ratio	80.8%	64.8%

44. OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The following tables represent details of financial instruments subject to offsetting:

	2024					
	Gross amounts of recognised financial assets	Gross amounts of recognised financial liabilities set off in the statement of financial position	Net amounts of financial assets presented in the statement of financial position	Related amounts not set off in the statement of financial position		
				Financial instruments	Cash collateral pledged	
Assets	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	Net amount HK\$'000
Trade receivables	49,176	(11,095)	38,081	–	–	38,081

	2024					
	Gross amounts of recognised financial assets set off in the statement of financial position	Gross amounts of recognised financial liabilities presented in the statement of financial position	Net amounts of financial liabilities presented in the statement of financial position	Related amounts not set off in the statement of financial position		
				Financial instruments	Cash collateral pledged	
Liabilities	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	Net amount HK\$'000
Trade payables	36,886	(11,095)	25,791	–	–	25,791

Notes to Financial Statements

44. OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES (Continued)

2023						
Assets	Gross amounts of recognised financial liabilities set off in the statement of financial position	Gross amounts of recognised financial assets set off in the statement of financial position	Net amounts of financial assets presented in the statement of financial position	Related amounts not set off in the statement of financial position		Net amount
	Gross amounts of recognised financial assets HK\$'000	Gross amounts of recognised financial liabilities HK\$'000	Net amounts of financial assets presented in the statement of financial position HK\$'000	Financial instruments HK\$'000	Cash collateral pledged HK\$'000	
Trade receivables	46,869	(4,296)	42,573	–	–	42,573

2023						
Liabilities	Gross amounts of recognised financial liabilities set off in the statement of financial position	Gross amounts of recognised financial assets set off in the statement of financial position	Net amounts of financial liabilities presented in the statement of financial position	Related amounts not set off in the statement of financial position		Net amount
	Gross amounts of recognised financial liabilities HK\$'000	Gross amounts of recognised financial assets set off in the statement of financial position HK\$'000	Net amounts of financial liabilities presented in the statement of financial position HK\$'000	Financial instruments HK\$'000	Cash collateral pledged HK\$'000	
Trade payables	47,893	(4,296)	43,597	–	–	43,597

45. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	Note	2024 HK\$'000	2023 HK\$'000
NON-CURRENT ASSETS			
Interests in subsidiaries		216,910	408,834
Intangible assets		264	162
Total non-current assets		217,174	408,996
CURRENT ASSETS			
Prepayments, other receivables and other assets		151	151
Cash and bank balances		308	334
Total current assets		459	485
CURRENT LIABILITIES			
Other payables		332	332
Total current liabilities		332	332
NET CURRENT ASSETS		127	153
TOTAL ASSETS LESS CURRENT LIABILITIES		217,301	409,149
NON-CURRENT LIABILITIES			
Other borrowings		—	66,200
Convertible bonds		132,442	120,093
Amounts due to subsidiaries		9,374	9,374
Total non-current liabilities		141,816	195,667
Net assets		75,485	213,482
EQUITY			
Share capital		1,085,474	1,085,474
Reserves	(a)	(1,009,989)	(871,992)
Total equity		75,485	213,482

On behalf of the Board

Ng Yuk Mui Jessica
Director

Cheung Choi Ngor
Director

Notes to Financial Statements

45. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

Note:

- (a) A summary of the Company's reserves is as follows:

	Other reserve HK\$'000	Share option reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 31 December 2022 and at 1 January 2023	–	2,988	(762,581)	(759,593)
Total comprehensive loss for the year	–	–	(140,016)	(140,016)
Issuance of equity-settled convertible bonds (notes 33 and 38(b))	27,617	–	–	27,617
At 31 December 2023 and at 1 January 2024	27,617	2,988	(902,597)	(871,992)
Total comprehensive loss for the year	–	–	(259,497)	(259,497)
Contributions from the Substantial Shareholder by waiver of loans (note 32(iii)(a))	121,500	–	–	121,500
Transfer of share option reserve upon forfeiture of share options (note 35)	–	(559)	559	–
At 31 December 2024	149,117	2,429	(1,161,535)	(1,009,989)

The share option reserve comprises the fair value of share options granted which are yet to be exercised, as further explained in the accounting policy for share-based payment transactions in note 2.4 to the financial statements.

46. COMPARATIVE FIGURES

The comparative statement of profit or loss has been re-presented as if the operations discontinued during the current year had been discontinued at the beginning of the comparative period (note 12).

47. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 25 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 years, as extracted from the published audited financial statements, is set out below. This summary does not form part of the audited financial statements.

RESULTS

		Year ended 31 December			
	2024 HK\$'000	2023 HK\$'000 (restated)	2022 HK\$'000 (restated)	2021 HK\$'000 (restated)	2020 HK\$'000 (restated)
Revenue					
— continuing operations	36,799	42,830	18,881	54,389	42,732
— discontinued operations	5,066	36,166	49,483	52,472	46,757
	41,865	78,996	68,364	106,861	89,489
Loss for the year attributable to equity holders of the Company	(295,056)	(138,898)	(151,122)	(77,234)	(268,229)
		Year ended 31 December			
	2024	2023	2022	2021	2020
Loss per share (HK cents):					
Basic and diluted					
— For loss for the year	(97.9)	(46.1)	(50.2)	(25.6)	(89.0)

Five Year Financial Summary

ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS

	As at 31 December				
	2024 HK\$'000	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000	2020 HK\$'000
TOTAL ASSETS	850,518	1,109,314	1,267,532	1,612,131	1,996,912
TOTAL LIABILITIES	(774,334)	(887,855)	(933,080)	(1,124,893)	(1,431,508)
NON-CONTROLLING INTERESTS	—	—	(1,752)	(2,183)	(2,439)
	76,184	221,459	332,700	485,055	562,965