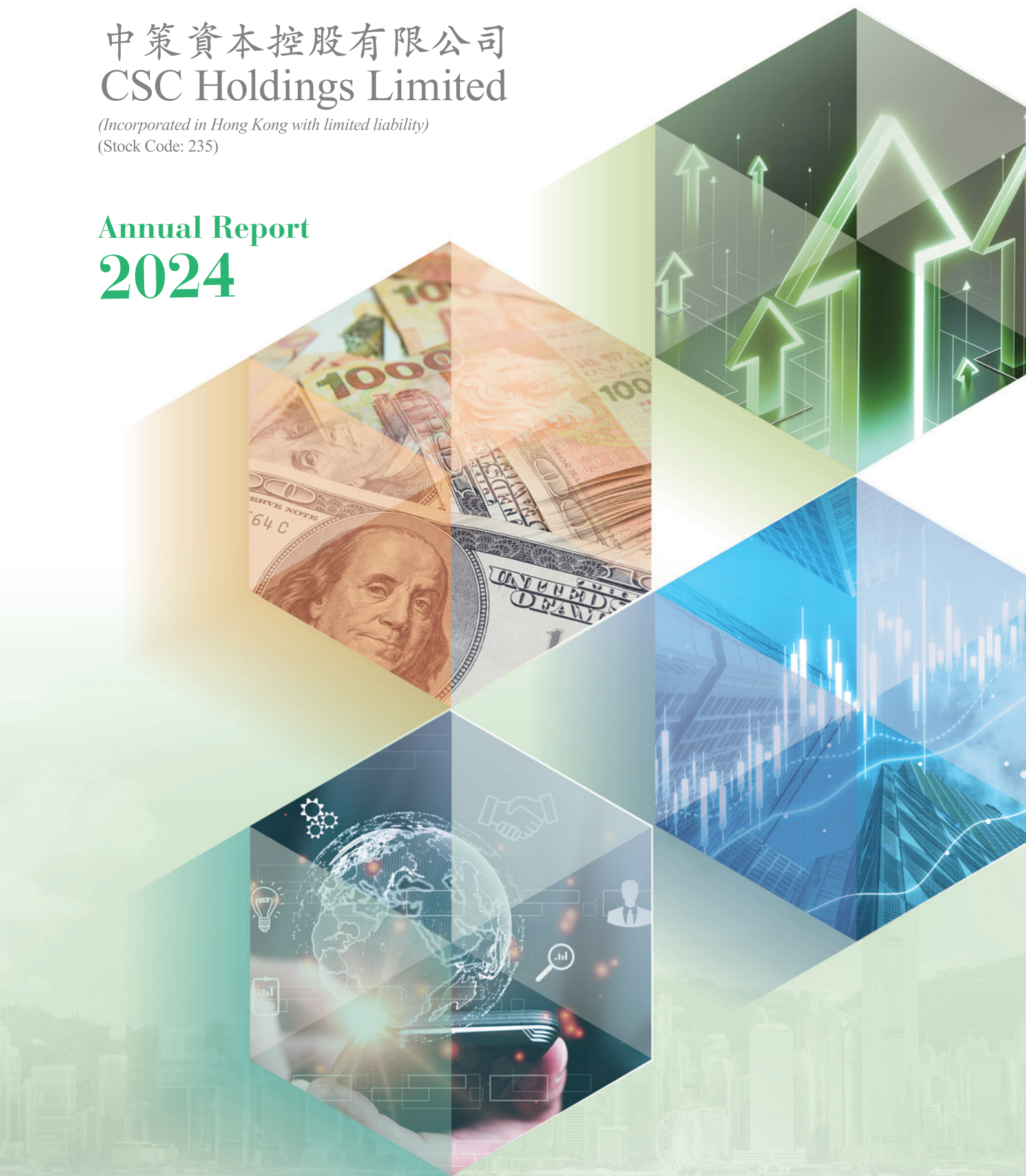




中策資本控股有限公司 CSC Holdings Limited

(Incorporated in Hong Kong with limited liability)
(Stock Code: 235)

Annual Report 2024





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Abbreviations

In this annual report, the following abbreviations have the following meanings unless otherwise specified:

“Board”	Board of Directors
“Company”	CSC Holdings Limited
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong Companies Ordinance”	Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Listing Rules”	Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
“Model Code”	Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules
“PRC”	People’s Republic of China
“RMB”	Renminbi
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“HK\$” and “HK cent(s)”	Hong Kong dollars and cent(s)
“US\$”	United States dollars
“%”	per cent.

The Chinese version of this annual report is a translation of the English version and is for reference only, in case of any discrepancies or inconsistencies between the English version and the Chinese version, the English version shall prevail.



BOARD OF DIRECTORS

Non-executive Director

Dr. Or Ching Fai *SBS, JP (Chairman)*

Executive Directors

Mr. Chow Man Wai, Tony *(Chief Executive Officer)*

Mr. Chow Kam Wah

Independent Non-executive Directors

Ms. Ma Yin Fan

Mr. Chow Yu Chun, Alexander

Mr. Leung Hoi Ying

Mr. Lam Kin Fung, Jeffrey *GBM, GBS, JP*

AUDIT COMMITTEE

Ms. Ma Yin Fan *(Chairlady)*

Mr. Chow Yu Chun, Alexander

Mr. Leung Hoi Ying

Mr. Lam Kin Fung, Jeffrey *GBM, GBS, JP*

REMUNERATION COMMITTEE

Mr. Chow Yu Chun, Alexander *(Chairman)*

Ms. Ma Yin Fan

Mr. Leung Hoi Ying

NOMINATION COMMITTEE

Dr. Or Ching Fai *SBS, JP (Chairman)*

Ms. Ma Yin Fan

Mr. Leung Hoi Ying

EXECUTIVE COMMITTEE

Mr. Chow Man Wai, Tony *(Chairman)*

Mr. Chow Kam Wah

INVESTMENT & CREDIT COMMITTEE

Mr. Chow Man Wai, Tony *(Chairman)*

Mr. Chow Kam Wah

COMPANY SECRETARY

Ms. Cheng Sze Wan

REGISTERED OFFICE

Rooms 3206-3210, 32nd Floor

China Resources Building

26 Harbour Road

Wanchai, Hong Kong

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited

Bank of China (Hong Kong) Limited

Hang Seng Bank Limited

Bank of Communications Co., Ltd., Hong Kong Branch

Bank of Communications (Hong Kong) Limited

LEGAL ADVISER

Reed Smith Richards Butler

AUDITOR

Deloitte Touche Tohmatsu

Certified Public Accountants

Registered Public Interest Entity Auditors

SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited

17/F, Far East Finance Centre

16 Harcourt Road

Hong Kong

TRADING OF SHARES

The Stock Exchange of Hong Kong Limited

(Stock Code: 235)

WEBSITE

<https://www.cscholdings.com>



Chairman's Statement

On behalf of the Board, I hereby to present to the shareholders the results of the Group for the year ended 31 December 2024 ("FY2024").

RESULTS

During FY2024, the Group continued to principally engage in the business of investment in securities, trading, money lending as well as securities brokerage.

The Group was confronted with challenging business conditions brought by slowing global economic growth. The pace of the economic recovery in Hong Kong has remained uneven amid an elevated interest rate environment and intensifying geopolitical tensions stemmed from the Russia-Ukraine war, China-US tensions and the outbreak of conflict in the Middle East. In view of these challenges and uncertainties, the Group continued to adopt a cautious and disciplined approach in managing its businesses throughout the year.

For FY2024, the Group recorded a decrease in revenue by 9% to HK\$65,193,000 (2023: HK\$71,886,000), mainly due to the decrease in interest income from the money lending operation, and a decrease in profit attributable to owners of the Company by 83% to HK\$4,509,000 (2023: HK\$26,788,000), mainly the combined effect of (i) the provision for impairment loss on loan receivables of HK\$10,646,000 (2023: reversal of HK\$10,263,000); (ii) the decrease in provision for impairment loss on other receivables to HK\$655,000 (2023: HK\$10,764,000); and (iii) the recognition of income tax expense of HK\$2,084,000 (2023: income tax credit of HK\$13,274,000). The basic earnings per share were HK0.02 cent (2023: HK0.13 cent).

The Group reported a total comprehensive income attributable to owners of the Company of HK\$4,884,000 (2023: HK\$20,591,000), which mainly included an exchange gain arising on translation of financial statements of the Group's foreign operations of HK\$375,000 (2023: a fair value loss on debt securities of HK\$17,659,000).

PROSPECTS

The Group is prudently optimistic about the prospects of its businesses in the medium to long term, as global economic activities have increased alongside the recovery and growth of the global economy, and the Hong Kong economy is on a stable recovery path. Nonetheless, ongoing geopolitical tensions and global trade wars may pose uncertainties in different markets. Looking forward, the management will continue to adopt a cautious and disciplined approach in managing the Group's businesses, as well as actively consider and explore various opportunities for investment projects that are expected to bring long-term benefits to the Group and to broaden the scope of investment according to the market conditions with an aim at enhancing shareholders' value.

As stated in the announcement of the Company dated 30 August 2024, a share purchase agreement has been entered into by the sellers and the buyer, an indirect wholly-owned subsidiary of the Company, in respect of the sale and purchase of the 26.8% of the issued and outstanding capital stock of Citystate Savings Bank, Inc., a thrift bank with its common shares listed on the Philippine Stock Exchange, Inc. It is the plan of the Company to leverage its experience on financial services to diversify its business and tap into the immense opportunities of the Southeast Asian financial markets.

Currently, the Company and the sellers, through Citystate Savings Bank, Inc. have submitted joint application to the Monetary Board of the Bangko Sentral ng Pilipinas for their review and approval of this acquisition. The procedure has been going positively and smoothly. The Company will publish announcement(s) to inform the shareholders of the progress of this transaction as and when appropriate.

Chairman's Statement



APPRECIATION

On behalf of the Board, I would like to express my sincere gratitude to all shareholders, investors, bankers, business associates and customers for their continuing support to the Group, to my fellow directors for their valuable services, and to all staff members for their hard work and dedications during the past year.

Dr. Or Ching Fai

Chairman

Hong Kong, 26 March 2025

Management Discussion and Analysis

BUSINESS REVIEW

During the year ended 31 December 2024 (“**FY2024**”), the Group continued to principally engage in the business of investment in securities, trading, money lending as well as securities brokerage.

The Group was confronted with challenging business conditions brought by slowing global economic growth. The pace of the economic recovery in Hong Kong has remained uneven amid an elevated interest rate environment and intensifying geopolitical tensions stemmed from the Russia-Ukraine war, China-US tensions and the outbreak of conflict in the Middle East. In view of these challenges and uncertainties, the Group continued to adopt a cautious and disciplined approach in managing its businesses throughout the year.

For FY2024, the Group recorded a decrease in revenue by 9% to HK\$65,193,000 (2023: HK\$71,886,000), mainly due to the decrease in interest income from the money lending operation, and a decrease in profit attributable to owners of the Company by 83% to HK\$4,509,000 (2023: HK\$26,788,000), mainly the combined effect of (i) the provision for impairment loss on loan receivables of HK\$10,646,000 (2023: reversal of HK\$10,263,000); (ii) the decrease in provision for impairment loss on other receivables to HK\$655,000 (2023: HK\$10,764,000); and (iii) the recognition of income tax expense of HK\$2,084,000 (2023: income tax credit of HK\$13,274,000). The basic earnings per share were HK0.02 cent (2023: HK0.13 cent).

Investment in Securities

The Group generally acquires securities listed on the Hong Kong Stock Exchange or other recognised stock exchanges and over-the-counter markets with good liquidity that can facilitate swift execution of securities transactions, and sometimes directly from target companies. For making investment or divestment decision on securities of individual target company, references will usually be made to the latest financial information, news and announcements issued by the target company, investment analysis reports that the Company has access to, as well as industry or macroeconomic news. When deciding on acquiring securities to be held for long-term purpose, particular emphasis will be placed on the past financial performance of the target company including its sales and profit growth, financial healthiness, dividend policy, business prospects, industry and macroeconomic outlook. When deciding on acquiring securities to be held other than for long-term purpose, in addition to the factors mentioned, references will also be made to prevailing market sentiments in different sectors of the investment markets. In terms of return, for long-term securities investments, the Company mainly emphasises on return of investment in the form of capital appreciation and dividend/interest income. For securities investments other than for long-term holding, the Company mainly emphasises on return of investment in the form of trading gains.

At 31 December 2024, the Group’s securities investments comprised (i) a financial asset at fair value through profit or loss (“**FVTPL**”) portfolio comprising equity securities listed in Hong Kong valued at HK\$7,108,000 (2023: HK\$9,912,000); and (ii) a debt instrument at fair value through other comprehensive income (“**FVTOCI**”) portfolio comprising debt securities listed on overseas stock exchange that were fully impaired (2023: valued at HK\$4,418,000). As a whole, the Group’s securities investments recorded a revenue of HK\$1,892,000 (2023: HK\$152,000) and a loss of HK\$6,959,000 (2023: HK\$26,543,000) for the current year.

Management Discussion and Analysis



Financial assets at FVTPL

At 31 December 2024, the Group held a financial asset at FVTPL portfolio amounting to HK\$7,108,000 measured at market/fair value. During FY2024, the portfolio generated a revenue of HK\$1,892,000 (2023: HK\$152,000) representing dividends from equity securities. The Group recognised a loss on financial assets at FVTPL of HK\$4,620,000 (2023: HK\$7,121,000) which represented the unrealised loss attributed to the decrease in fair value of the Group's listed equity securities portfolio at the year end.

The Group is committed to closely monitor the financial performance of its financial asset at FVTPL portfolio through making investment and divestment decisions on individual securities from time to time based on, amongst others, the internal assessments on prospects of the individual securities and publicly available information of the investee companies.

At 31 December 2024, the Group's financial asset at FVTPL portfolio of HK\$7,108,000 comprised mainly the equity securities of a property company listed on the Hong Kong Stock Exchange.

Debt instruments at FVTOCI

At 31 December 2024, the Group's debt instrument at FVTOCI portfolio was measured at market/fair value. During FY2024, the Group's debt instrument at FVTOCI portfolio did not generate any revenue (2023: nil). According to the contractual maturity profile of the debt securities, the debt instruments at FVTOCI were in default and thus fully impaired (2023: classified as current assets). During FY2024, the Group had not acquired or disposed of any debt securities.

At 31 December 2024, owing to a fall in market/fair value of the debt instruments, a fair value loss on the debt instrument at FVTOCI portfolio of HK\$4,418,000 (2023: HK\$17,659,000) was recognised as other comprehensive expense.

During FY2024, the Group recognised impairment loss of HK\$4,418,000 (2023: HK\$11,519,000) on debt instruments at FVTOCI as the credit risks of the debt instruments had been further increased since initial recognition. During FY2024, the expected loss given default of the debt instruments, which were corporate bonds issued by a property company based in the Mainland, had significantly increased owing to the continued defaults of the bond issuer in making interest and principal payments for its indebtedness upon maturity date. As the Group expected the deterioration of the financial position of this bond issuer would ultimately further affect the collection of contractual cash flows from its bonds, a further provision for impairment loss on debt instruments at FVTOCI of HK\$4,418,000 was recognised in profit or loss with a corresponding adjustment to other comprehensive income.

The Group performs impairment assessment on the debt instruments held under the expected credit loss ("ECL") model. The measurement of ECL is a function of the probability of default and loss given default (i.e., the magnitude of the loss if there is a default), with the assessments of the probability of default and loss given default are based on historical data and forward-looking information. In determining the ECL on the Group's debt instruments for the year, the management had taken into account factors including the defaults of the bond issuer in making payments of interest and principal for its indebtedness, and forward-looking information including the future macroeconomic conditions affecting the operations of the bond issuer. There was no change in the method used in determining the impairment loss on debt instruments at FVTOCI from the prior financial year.



Management Discussion and Analysis

At 31 December 2024, the Group's debt instrument at FVTOCI portfolio comprised the debt securities of a Mainland based property company, which were fully-impaired.

Trading

During FY2024, the Group's trading operation did not generate any revenue (2023: nil) as its commodities trading activities with customers in Europe remained temporary halted, mainly due to volatile market conditions, particularly in terms of pricing. The profit of the operation of HK\$10,181,000 (2023: HK\$11,010,000) represented mainly the interest income earned from the cash deposit reserved for pledging as security for bank credit facilities. The Group remains committed to the development of its trading business and has been consistently sourcing and evaluating business opportunities. The management will continue to closely follow the market conditions of the global commodity market, and will step up its effort in proactively seizing business opportunities with a view to improving the results of the operation.

Money Lending

The Group's money lending business is conducted through CS Credit Limited, U Credit (HK) Limited and Chap Yik Limited, all are wholly-owned subsidiaries of the Company, and are licensed to conduct money lending activities under the Money Lenders Ordinance. The Group aims to make loans that could be covered by sufficient collateral, preferably commercial and residential properties in Hong Kong, and to borrowers with good credit history. The Group has a stable source of loan deals from its own business network and its marketing agents. For FY2024, the operation recorded a decrease in revenue by 17% to HK\$51,944,000 (2023: HK\$62,530,000) and a decrease in profit by 34% to HK\$45,959,000 (2023: HK\$69,917,000). The decrease in revenue was mainly due to the lower average amount of performing loans advanced to borrowers during FY2024 and the decrease in profit was mainly attributed to the provision for impairment loss on loan receivables of HK\$10,646,000 (2023: reversal of HK\$10,263,000).

The Group performs impairment assessment on loan receivables under the ECL model. The measurement of ECL is a function of the probability of default, the loss given default (i.e., the magnitude of the loss if there is a default) and the exposure at default (i.e., the magnitude of the loss after accounting for the value of the collateral if there is a default). The assessment of the probability of default and loss given default are based on historical data and forward-looking information, whilst the valuations of the properties and assets pledged to the Group as collateral are, where appropriate, performed by independent professional valuers engaged by the Group at each reporting date for the purpose of determining ECL. In accordance with the Group's loan impairment policy, the amount of ECL is updated at each reporting date to reflect the changes in credit risk on loan receivables since initial recognition. At the year end, the impairment allowance recognised primarily represented the credit risk involved in collectability of certain default and non-default loans determined under the Group's loan impairment policy, with reference to factors including the credit history and financial conditions of the borrowers, the ageing of the overdue balances, the realisation value of the collateral pledged to the Group, and forward-looking information including the future macroeconomic conditions affecting the borrowers.

Management Discussion and Analysis



The Group has a system in place to closely monitor the recoverability of its loan portfolio, its credit monitoring measures include regular collateral value review against market information and regular communication with the borrowers of their financial positions, through which the Group will be able to keep updated with the latest credit profile and risk associated with each individual borrower and could take appropriate actions for loan recovery at the earliest time. If circumstances require, the Group will commence legal actions against the borrowers for recovery of the overdue loans and take possession of the collateral pledged. At 31 December 2024, the balance of impairment allowance decreased by 25% or HK\$120,301,000 to HK\$365,835,000 (2023: HK\$486,136,000), which comprised a sum of HK\$21,560,000 being impairment provision for the current year, a sum of HK\$10,914,000 being reversal of impairment provision owing to settlement of loans and improvement in credit quality of the borrowers, and a sum of HK\$140,165,000 being written off as the related loans were fully-impaired. There was been no change in the method used in determining the impairment allowance on loan receivables from the prior financial year.

The gross carrying amount of the Group's loan portfolio decreased by 29% or HK\$363,285,000 to HK\$890,083,000 (2023: HK\$1,253,368,000) was mainly a result of loan repayments from borrowers. The net carrying amount of the loan portfolio, after impairment allowance, amounted to HK\$524,248,000 (2023: HK\$767,232,000) at the year end, and details of the portfolio are as follows:

Category of borrowers	Approximate weighting to the carrying amount of the Group's loan portfolio %	Interest rate per annum %	Maturity
Individual	39.49	10.375-13.00	Within one year
Corporate	18.29	8.00-18.00	Within one year
Corporate	42.22	8.50-10.00	Over one year but within two years
	<u>100.00</u>		

At 31 December 2024, 98% (2023: 99%) of the carrying amount of the loan portfolio (after impairment allowance) was secured by collateral including properties in Hong Kong, listed equity securities and debt securities, with the remaining 2% (2023: 1%) being unsecured. At the year end, the loans made to all borrowers were term loans of which an amount of HK\$302,902,000 (2023: HK\$640,230,000) was due within one year, HK\$221,346,000 (2023: HK\$7,797,000) was due over one year but within two years and no loan (2023: HK\$119,205,000) was due over two years but within three years. The loan(s) made to the largest borrower and the five largest borrowers represented 22% (2023: 39%) and 66% (2023: 86%) respectively of the Group's loan portfolio (on a net of impairment allowance basis) at the year end. At 31 December 2024, loans were granted to 18 (2023: 16) borrowers who are Hong Kong residents and companies incorporated in Hong Kong, British Virgin Islands, Cayman Islands and Seychelles.

The Group has clear credit policies, guidelines, controls and procedures in place which cover every aspect of a lending process including (i) information verification; (ii) credit assessment; (iii) execution of loan documentation; (iv) continuous loan monitoring; and (v) collection, recovery and enforcement. Before granting loans to potential customers, the Group performs credit assessment process to assess the potential borrowers' credit quality individually and defines the credit limits granted to the borrowers. The credit assessment process encompasses detailed assessment on the credit history and financial background of the borrowers, as well as the value and characteristics of the collateral to be pledged. The credit limit of loans successfully granted to the borrowers will be subject to regular credit review by the management as part of the ongoing loan monitoring process.

Management Discussion and Analysis



The following is a summary of the key internal controls of the Group's money lending operation:

Information Verification

Information provided by the loan applicant including financial statements and income proof will be checked and verified by the designated loan officer, where appropriate, legal, credit and bankruptcy search on the loan applicant, and land search and site visit on the property offered as collateral, will be conducted.

Credit Assessment

Detailed assessment on the credit history and financial background of the loan applicant, as well as the value and characteristics of the collateral to be pledged, will be conducted. There will be credit assessment including analysis on the repayment ability and credit history of the loan applicant, and analysis on the potential recovery upon realisation of the collateral. The credit assessment process will be conducted by the designated loan officer and reviewed by the designated loan manager.

Execution of Loan Documentation

If a loan application is approved by the respective board of directors of the Group's money lending subsidiaries, the designated loan officer and loan manager will arrange preparation and proper execution of the loan documentation, usually with the support of professional lawyers.

Continuous Loan Monitoring

There will be continuous monitoring on the repayments from borrower, regular communication with the borrower, and regular review on credit limit of the loan granted and market value of the collateral pledged performed by the designated loan officer and manager.

Collection, Recovery and Enforcement

Reminder and legal demand letter will be issued to the borrower if there is overdue repayment. Where appropriate, legal action will be initiated against the borrower for recovery of the amount due and taking possession of the collateral pledged.

All loans will be granted under the approval of the respective board of directors of the Group's money lending subsidiaries and with the endorsement from the Company's Investment & Credit Committee.

Management Discussion and Analysis



Securities Brokerage

The Group's securities brokerage business is conducted through CS Wealth Securities Limited, a wholly-owned subsidiary of the Company licensed by the Hong Kong Securities and Futures Commission to engage in dealing in securities activities (i.e., Type 1 regulated activity). For FY2024, the overall revenue of the operation increased by 23% to HK\$11,357,000 (2023: HK\$9,204,000), and its profit increased slightly by HK\$9,000 to HK\$9,649,000 (2023: HK\$9,640,000). The increase in revenue of the operation was the combined effect of the decrease in brokerage commission income by 39% to HK\$1,146,000 (2023: HK\$1,889,000), largely due to the decreased volume of customers' trade, and the increase in interest income from margin financing by 40% to HK\$10,211,000 (2023: HK\$7,315,000), mainly due to the higher average amount of margin loans advanced to clients during the year. During the year, the bank interest income decreased by 54% to HK\$2,033,000 (2023: HK\$4,422,000), which partly offset the increase in revenue. As such, the profit of the operation recorded a slight increase during the year.

In 2022, the Group acquired an asset management company which is licensed by the Hong Kong Securities and Futures Commission to engage in advising on securities and asset management activities (i.e., Type 4 and 9 regulated activities). It is the plan that this company will engage in fund management activities for equity, fixed income as well as alternative investments, which are activities expected to create synergies with the Group's securities brokerage operation.

Overall Results

For FY2024, the Group recorded a decrease in profit attributable to owners of the Company by 83% to HK\$4,509,000 (2023: HK\$26,788,000) and basic earnings per share of HK0.02 cent (2023: HK0.13 cent). The Group reported a total comprehensive income attributable to owners of the Company of HK\$4,884,000 (2023: HK\$20,591,000), which mainly included an exchange gain arising on translation of financial statements of the Group's foreign operations of HK\$375,000 (2023: a fair value loss on debt securities of HK\$17,659,000). The profit results recorded by the Group were mainly due to the profits recorded by the Group's money lending, securities brokerage and trading operation of HK\$45,959,000 (2023: HK\$69,917,000), HK\$9,649,000 (2023: HK\$9,640,000) and HK\$10,181,000 (2023: HK\$11,010,000) respectively, though the profits were partly offset by the loss results of the investment in securities operation of HK\$6,959,000 (2023: HK\$26,543,000).

FINANCIAL REVIEW

Liquidity, Financial Resources and Capital Structure

For FY2024, the Group financed its businesses mainly by funds generated from operations and shareholders' funds. At the year end, the Group had current assets of HK\$2,008,692,000 (2023: HK\$2,094,897,000) and liquid assets comprising bank balances and cash (excluding clients' money held relating to the Group's securities brokerage business) as well as listed financial assets at FVTPL totalling HK\$1,503,754,000 (2023: HK\$1,302,603,000). The Group's current ratio, calculated based on current assets over current liabilities of HK\$38,927,000 (2023: HK\$40,818,000), was at a strong ratio of about 51.6 (2023: 51.3).



Management Discussion and Analysis

At 31 December 2024, the Group's trade and other receivables amounted to HK\$179,267,000 (2023: HK\$127,183,000), which mainly comprised trade receivables from margin clients of the securities brokerage business of HK\$164,890,000 (2023: HK\$106,293,000). At the year end, since the market value of the securities pledged by the clients to the Group as collateral for margin financing amounted to HK\$705,964,000 (2023: HK\$528,386,000) exceeded the margin client receivables on an individual basis, no impairment loss allowance was provided on these receivables accordingly. At the year end, the Group had deferred tax assets amounting to HK\$4,476,000 (2023: HK\$6,276,000), which were principally related to the allowance for ECL of loan receivables at the year end.

At 31 December 2024, the equity attributable to owners of the Company amounted to HK\$2,216,612,000 (2023: HK\$2,211,728,000) and was equivalent to an amount of approximately HK10.87 cents (2023: HK10.85 cents) per share of the Company. The increase in equity attributable to owners of the Company of HK\$4,884,000 was mainly due to the profit earned by the Group during the year.

The Group's gearing ratio, calculated on the basis of total liabilities of HK\$54,052,000 (2023: HK\$66,601,000) divided by equity attributable to owners of the Company of HK\$2,216,612,000 (2023: HK\$2,211,728,000), was at a low level of about 2% (2023: 3%).

The increase in the Group's finance costs to HK\$1,493,000 (2023: HK\$898,000) was mainly a result of the recognition of interest on lease liabilities of a lease for the whole current year in contrast to the recognition of the same in only part of the prior year.

With the amount of liquid assets on hand, the management is of the view that the Group has sufficient financial resources to meet its ongoing operational requirements.

Foreign Currency Management

The monetary assets and liabilities as well as business transactions of the Group are mainly denominated in Hong Kong dollars or United States dollars. During FY2024, the Group had not experienced any significant exposure to exchange rate fluctuations, as such, the Group had not entered into any foreign currency forward contracts, currency swaps or other financial derivatives for hedging purposes.

Contingent Liability

At 31 December 2024, the Group had no significant contingent liability (2023: nil).

Pledge of Assets

At 31 December 2024, the Group had not pledged any assets (2023: nil).

Capital Commitment

At 31 December 2024, the Group had no significant capital commitment (2023: nil).

Management Discussion and Analysis



HUMAN RESOURCES AND REMUNERATION POLICY

At 31 December 2024, the Group had 48 (2023: 56) employees including directors of the Company, 43 (2023: 51) employees were stationed in Hong Kong and 5 (2023: 5) employees were stationed in the Philippines. Staff costs (including directors' emoluments) for the year amounted to HK\$39,811,000 (2023: HK\$33,427,000). The remuneration packages for directors and staff are normally reviewed annually and are structured by reference to prevailing market terms and individual competence, performance and experience.

The Group operates a Mandatory Provident Fund Scheme (the **"MPF Scheme"**) for its employees in Hong Kong. The Group's contributions to the MPF Scheme are calculated as a percentage of the employees' relevant income and vest fully and immediately with the employees, thus there are no forfeited contributions available to the Group to reduce the existing level of contributions to the MPF Scheme.

The Group does not have an established retirement plan for its employees in the Philippines but conforms to the minimum regulatory benefit under the Retirement Pay Law (Republic Act No. 7641) in providing a retirement benefit equal to at least one-half (1/2) of monthly salary for every year of credited service. The regulatory benefit is paid in a lump sum upon retirement of an eligible employee.

The Group provides other employee benefits including medical insurance, training subsidy, discretionary bonus and participation in the Company's share option scheme.

PRINCIPAL RISK AND UNCERTAINTIES

The Group is principally engaged in the business of investment in securities, trading, money lending as well as securities brokerage. The financial position, operations, businesses and prospects of the Group and its individual business segment are affected by the following significant risk and uncertainty factors:

Business Risk

The global economic conditions and the state of international financial and investment markets, including the economy, financial and investment markets of the US, Mainland China and Hong Kong, of which the Group has no control, have significant influences on the businesses and financial performance of the Group. The management policy to mitigate this risk is to diversify the Group's businesses and to diversify its investments (where possible) within the same business.

Market Risk

The Group's money lending, trading as well as securities brokerage businesses are all operating in a very competitive environment that put pressure on the revenue and profitability of these businesses. The management policy to mitigate this risk is to continue to put effort in enlarging the market share and enhancing the market competitiveness of these businesses by various means.



Management Discussion and Analysis

Financial Risk

The Group is exposed to financial risks relating to interest rate, securities price, foreign currency, credit and liquidity risk in its ordinary course of business. Further details of such risks and relevant management policies are set out in Note 33 to the consolidated financial statements.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

As far as the Board and the management are aware, the Group has complied in material respects with the relevant laws and regulations that have significant impact on the businesses and operations of the Group. During FY2024, there was no material breach of or non-compliance with the applicable laws and regulations by the Group.

RELATIONSHIP WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

The Group understands the importance of maintaining good relationships with its employees, customers and suppliers to meet its immediate and long-term business goals. During FY2024, there were no significant disputes between the Group and its employees, customers and suppliers.

Biographical Details of Directors

The biographical details of Directors at 26 March 2025, the date of this annual report, are set out below:

NON-EXECUTIVE DIRECTOR

Dr. Or Ching Fai SBS, JP (“Dr. Or”), Chairman

Aged 75, joined the Company as Executive Director and the Chief Executive Officer in November 2009 and was appointed the Chairman of the Board in March 2012. Dr. Or stepped down from his position as Chief Executive Officer in January 2018 and was re-designated as Non-executive Director in April 2018. Dr. Or is the Chairman of the Nomination Committee and is also a director of certain subsidiaries of the Company. Dr. Or graduated from The University of Hong Kong in 1972 and was conferred an Honorary Doctor of Social Science by the City University of Hong Kong in November 2014. Dr. Or is an independent non-executive director of Chow Tai Fook Jewellery Group Limited (HKEX stock code: 1929), Regina Miracle International (Holdings) Limited (HKEX stock code: 2199) and Playmates Holdings Limited (HKEX stock code: 635). He was the former vice chairman and chief executive of Hang Seng Bank Limited (HKEX stock code: 11), the former chairman of Hang Seng Life Limited and a director of The Hongkong and Shanghai Banking Corporation Limited, Cathay Pacific Airways Limited (HKEX stock code: 293) and Hutchison Whampoa Limited (former HKEX stock code: 13 (delisted)) until his retirement in May 2009. Dr. Or was also the chairman and non-executive director of Esprit Holdings Limited (HKEX stock code: 330), the former vice chairman and independent non-executive director of G-Resources Group Limited (HKEX stock code: 1051), an independent non-executive director of Industrial and Commercial Bank of China Limited (HKEX stock code: 1398) and Television Broadcasts Limited (HKEX stock code: 511), and the former deputy chairman and non-executive director of Aquis Entertainment Limited (former ASX stock code: AQS (delisted)) (a company previously listed on Australian Securities Exchange Limited). All the aforementioned companies with HKEX stock code are/was listed on the Main Board of the Hong Kong Stock Exchange.

EXECUTIVE DIRECTORS

Mr. Chow Man Wai, Tony (“Mr. Tony Chow”), Chief Executive Officer

Aged 54, joined the Group in July 2020 and was appointed as Executive Director and the Chief Executive Officer in December 2020 and September 2024 respectively. Mr. Tony Chow is the Chairman of the Executive Committee and the Investment & Credit Committee. He is also a director of certain subsidiaries of the Company. Mr. Tony Chow holds a Bachelor of Commerce degree from Concordia University in Montreal, Canada. Mr. Tony Chow held various senior positions with different financial institutions prior joining the Group, he was a senior executive of China Life Insurance (Overseas) Company Limited and the chief executive officer of China Life Insurance (Singapore) Pte. Ltd., he was primarily responsible for the strategic development and business management of life insurance business in Hong Kong and was responsible for the operation of the Singapore entity. He has over 25 years of experience in the financial industry in various countries.



Biographical Details of Directors

EXECUTIVE DIRECTORS (continued)

Mr. Chow Kam Wah (“Mr. KW Chow”)

Aged 62, joined the Company as Executive Director in July 2007. Mr. KW Chow is a member of the Executive Committee and the Investment & Credit Committee. He is also a director of certain subsidiaries of the Company. Mr. KW Chow holds a master’s degree in accountancy from The Hong Kong Polytechnic University. He has over 30 years of managerial experience in finance and accounting. Mr. KW Chow is a certified practising accountant of the CPA Australia.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. Ma Yin Fan (“Ms. Ma”)

Aged 61, joined the Company as Independent Non-executive Director in September 2007. Ms. Ma is the Chairlady of the Audit Committee and a member of the Remuneration Committee and the Nomination Committee. Ms. Ma obtained a bachelor’s degree with honours in accounting from Middlesex University in the United Kingdom. She is also awarded the Master of Business Administration and Master in Professional Accounting degree from Heriot-Watt University in the United Kingdom and The Hong Kong Polytechnic University respectively. Ms. Ma is a CPA (Practising) in Hong Kong and has been working in the auditing, accounting and taxation areas with more than 20 years of professional experience. She is the principal of Messrs. Ma Yin Fan & Company CPAs. Ms. Ma is a fellow of the Hong Kong Institute of Certified Public Accountants, the Institute of Chartered Accountants in the England and Wales, The Taxation Institute of Hong Kong, the Association of Chartered Certified Accountants, and a chartered secretary, chartered governance professional and fellow of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom.

Mr. Chow Yu Chun, Alexander (“Mr. Alexander Chow”)

Aged 78, joined the Company as Independent Non-executive Director in March 2011. Mr. Alexander Chow is the Chairman of the Remuneration Committee and a member of the Audit Committee. He has over 35 years of experience in commercial, financial and investment management in Hong Kong and Mainland China. Mr. Alexander Chow is an independent non-executive director of Symphony Holdings Limited (HKEX stock code: 1223), a company listed on the Main Board of the Hong Kong Stock Exchange.

Mr. Leung Hoi Ying (“Mr. Leung”)

Aged 74, joined the Company as Independent Non-executive Director in September 2007. Mr. Leung is a member of the Audit Committee, the Remuneration Committee and the Nomination Committee. Mr. Leung graduated from Guangdong Foreign Trade School in the PRC. He has over 15 years of experience in trading business and business development.

Biographical Details of Directors



INDEPENDENT NON-EXECUTIVE DIRECTORS (continued)

Mr. Lam Kin Fung, Jeffrey GBM, GBS, JP ("Mr. Lam")

Aged 73, joined the Company as Independent Non-executive Director in December 2020. Mr. Lam is a member of the Audit Committee. Mr. Lam holds a Bachelor Degree in mechanical engineering from Tufts University in the United States. He has over 40 years of experience in the toy industry and is currently the managing director of Forward Winsome Industries Limited which is engaged in toy manufacturing. Mr. Lam holds a number of other public and community service positions including being a non-official member of the Executive Council and a member of the Legislative Council of the Hong Kong Special Administrative Region and a general committee member of the Hong Kong General Chamber of Commerce. He was the former chairman of the Assessment Committee of Mega Events Fund and Independent Commission Against Corruption (ICAC) Complaints Committee, and was a member of the National Committee of the Chinese People's Political Consultative Conference, and Fight Crime Committee. He was also a director of the Hong Kong Mortgage Corporation Limited. Mr. Lam is an independent non-executive director of Chow Tai Fook Jewellery Group Limited (HKEX stock code: 1929), China Overseas Grand Oceans Group Limited (HKEX stock code: 81), Wynn Macau, Limited (HKEX stock code: 1128), CWT International Limited (HKEX stock code: 521), i-CABLE Communications Limited (HKEX stock code: 1097), Wing Tai Properties Limited (HKEX stock code: 369), Analogue Holdings Limited (HKEX stock code: 1977), C C Land Holdings Limited (HKEX stock code: 1224) and Golden Resources Development International Limited (HKEX stock code: 677). All the aforementioned companies are listed on the Main Board of the Hong Kong Stock Exchange.



Report of the Directors

The Directors are pleased to present their report and the audited consolidated financial statements of the Company for the year ended 31 December 2024.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Company acts as an investment holding company. The principal activities of its principal subsidiaries are set out in Note 36 to the consolidated financial statements.

Further discussion and analysis of the Group's activities as required by Schedule 5 to the Hong Kong Companies Ordinance, including a discussion of the review of the Group's businesses, the principal risks and uncertainties the Group facing, the particulars of important events affecting the Group that have occurred since the end of the financial year, an indication of likely future developments in the Group's businesses, the performance of the Group during the year with reference to key financial performance indicators, the key relationships with employees, customers and suppliers, and the compliance with laws and regulations, can be found in the "Chairman's Statement" and "Management Discussion and Analysis" sections set out on pages 4 to 14 of this annual report, and the "Corporate Governance Report" set out on pages 25 to 39 of this annual report. These discussions form part of this directors' report. In addition, discussions on the Group's environmental policies and performance are contained in the "Environmental, Social and Governance Report" on pages 40 to 64 of this annual report.

RESULTS

The results of the Group for the year ended 31 December 2024 are set out in the consolidated statement of profit or loss and other comprehensive income on page 70.

FINAL DIVIDEND

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

FIVE-YEAR FINANCIAL SUMMARY

A summary of the published results and assets and liabilities of the Group for the last five financial years, as extracted from the audited consolidated financial statements of the Company, is set out on page 132. The summary does not form part of the audited consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment of the Group during the year are set out in Note 17 to the consolidated financial statements.



SHARE CAPITAL

Details of the Company's share capital are set out in Note 29 to the consolidated financial statements.

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

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

DISTRIBUTABLE RESERVE

As at 31 December 2024, the Company had no reserve available for distribution to shareholders.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, revenue from the Group's five largest customers accounted for approximately 75% of the revenue for the year and revenue from the largest customer accounted for approximately 32%. The Group's five largest suppliers accounted for less than 30% of the total purchases for the year.

None of the directors or any of their associates or any shareholders (which, to the best knowledge of the directors, own more than 5% of the Company's issued shares) had any beneficial interest in the Group's five largest customers or suppliers during the year.

Report of the Directors

DIRECTORS

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

Non-executive Director:

Dr. Or Ching Fai

Executive Directors:

Mr. Sue Ka Lok (*resigned on 24 September 2024*)

Mr. Chow Man Wai, Tony

Mr. Chow Kam Wah

Independent Non-executive Directors:

Ms. Ma Yin Fan

Mr. Chow Yu Chun, Alexander

Mr. Leung Hoi Ying

Mr. Lam Kin Fung, Jeffrey

In accordance with Article 116 of the Company's Articles of Association, Mr. Chow Man Wai, Tony, Ms. Ma Yin Fan and Mr. Chow Yu Chun, Alexander will retire by rotation at the forthcoming annual general meeting of the Company (the "**2025 AGM**"). Mr. Chow Yu Chun, Alexander will not offer himself for re-election and will therefore retire at the 2025 AGM whereas Mr. Chow Man Wai, Tony and Ms. Ma Yin Fan, being eligible, will offer themselves for re-election at the 2025 AGM.

The list of directors of the subsidiaries of the Company during the year and up to the date of this annual report is kept at the Company's registered office and available for inspection by shareholders of the Company during office hours.

PERMITTED INDEMNITY PROVISION

Pursuant to the Company's Articles of Association, subject to the statutes, every director shall be indemnified out of the assets of the Company against all losses and liabilities which he/she may sustain or incur in or about the execution of his/her office or otherwise in relation thereto. The Company has arranged appropriate directors' and officers' liability insurance coverage for the directors and other officers of the Company during the year.

DIRECTORS' SERVICE CONTRACTS

None of the directors being proposed for re-election at the 2025 AGM has a service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.



DIRECTORS' REMUNERATION

Details of the directors' remuneration are set out in Note 13 to the consolidated financial statements.

UPDATE ON DIRECTORS' INFORMATION

The following is updated information of directors of the Company required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules:

- Following the appointment of Mr. Chow Man Wai, Tony ("**Mr. Tony Chow**") as the Chief Executive Officer of the Company on 24 September 2024, the director's remuneration of Mr. Tony Chow has been increased to HK\$2,184,000 per annum under his service contract with a subsidiary of the Company with effect from 1 November 2024. The revised remuneration was recommended by the Remuneration Committee and approved by the Board.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save for the related party disclosures in Note 34 to the consolidated financial statements, no other transactions, arrangements or contracts of significance to which the Company or any of its subsidiaries was a party and in which a Director or an entity connected with a Director has or had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

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

As at 31 December 2024, none of the directors or chief executive of the Company had registered an interest or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) that was required to be recorded pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save for the share option scheme of the Company disclosed in Note 31 to the consolidated financial statements, at no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the directors of the Company 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 of the Company or their spouse or minor children had any rights to subscribe for the securities of the Company, or had exercised any such rights during the year.

Report of the Directors

SHARE OPTION SCHEME

Details of the share option scheme of the Company are set out in Note 31 to the consolidated financial statements.

INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS DISCLOSEABLE UNDER THE SFO

As at 31 December 2024, the following interests of more than 5% of the issued shares of the Company were recorded in the register of interests required to be kept by the Company pursuant to section 336 of the SFO:

Long positions in the shares of the Company:

Name of shareholder	Capacity and nature of interest	Number of shares held	Approximate percentage of the Company's issued shares (Note (i))
Dr. Cheng Kar-Shun, Henry <i>GBM, GBS</i> ("Dr. Cheng")	Interest of controlled corporation	3,397,540,000 (Note (ii))	16.67%
Courage Star Global Limited ("Courage Star")	Beneficial owner	3,397,540,000 (Note (ii))	16.67%
Mr. Suen Cho Hung, Paul ("Mr. Suen")	Interest of controlled corporation	1,680,000,000 (Note (iii))	8.24%
Pioneer Success Development Limited ("Pioneer Success")	Beneficial owner	1,680,000,000 (Note (iii))	8.24%

Notes:

- (i) The approximate percentage of the Company's issued shares was calculated on the basis of 20,385,253,835 shares of the Company in issue as at 31 December 2024.
- (ii) These shares were held by Courage Star, a company which was wholly owned by Dr. Cheng. Accordingly, Dr. Cheng was deemed to be interested in 3,397,540,000 shares of the Company under the SFO.
- (iii) These shares were held by Pioneer Success, a company which was wholly owned by Mr. Suen. Accordingly, Mr. Suen was deemed to be interested in 1,680,000,000 shares of the Company under the SFO.

The interests of Dr. Cheng and Courage Star in 3,397,540,000 shares of the Company referred to in Note (ii) above related to the same parcel of shares.

The interests of Mr. Suen and Pioneer Success in 1,680,000,000 shares of the Company referred to in Note (iii) above related to the same parcel of shares.

Save as disclosed above, the Company had not been notified of any other relevant interests or short positions in the shares and underlying shares of the Company as at 31 December 2024 as required to be recorded pursuant to section 336 of the SFO.



CONNECTED TRANSACTIONS

The related party disclosures in Note 34 to the consolidated financial statements fall under the scope of “Connected Transactions” or “Continuing Connected Transactions” under Chapter 14A of the Listing Rules but are exempted from reporting, annual review, announcement or independent shareholders’ approval requirements.

REMUNERATION POLICY

The Group remunerates its employees based on their competence, performance, experience and prevailing market terms. Other employee benefits include provident fund scheme, medical insurance, share option scheme as well as discretionary bonus.

EQUITY-LINKED AGREEMENTS

Save for the share option scheme of the Company as disclosed in Note 31 to the consolidated financial statements, no equity-linked agreements were entered into by the Group, or existed during the year.

MANAGEMENT CONTRACTS

No contract concerning the management and administration of the whole or any substantial part of any business of the Company was entered into or existed during the year.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company’s total issued shares is held by the public as at 23 April 2025, being the latest practicable date before printing of this annual report.

AUDIT COMMITTEE

The audited consolidated financial statements of the Company for the year ended 31 December 2024 have been reviewed by the Audit Committee and duly approved by the Board under the recommendation of the Audit Committee.



Report of the Directors

AUDITOR

The consolidated financial statements of the Company for the year ended 31 December 2024 have been audited by Deloitte Touche Tohmatsu.

A resolution will be proposed at the 2025 AGM to re-appoint Deloitte Touche Tohmatsu as the auditor of the Company.

On behalf of the Board

Dr. Or Ching Fai

Chairman

Hong Kong, 26 March 2025

Corporate Governance Report



The Company has recognised the importance of transparency and accountability, and believes that shareholders can benefit from good corporate governance. The Company aims to achieve good standard of corporate governance.

CORPORATE GOVERNANCE

The Company had complied with all the applicable code provisions of the Corporate Governance Code (the “CG Code”) set out in Appendix C1 to the Listing Rules for the year ended 31 December 2024.

DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted the Model Code as its own code of conduct regarding securities transactions by directors of the Company. Having made specific enquiry with the directors, all of them confirmed that they had complied with the required standards set out in the Model Code during the year ended 31 December 2024.

CULTURE AND VALUES

A healthy corporate culture across the Group is vital for the Company to achieve its vision and mission towards sustainable growth. 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.

(i) Culture of Integrity

The Group strives to maintain high standards of business ethics and corporate governance across all its activities and operations. Directors, management and staff are all required to act lawfully, ethically and responsibly, and the required standards and norms are included in the induction materials for all new staff and embedded in various policies such as the whistleblowing policy and the anti-fraud and counter-corruption policy of the Group. Training are conducted from time to time to reinforce the required standards in respect of ethics and integrity.

(ii) Commitment

The Group fosters the culture of commitment to workforce development, workplace safety and health, diversity and sustainability and guides the behaviours of its employees to 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 of work. Moreover, the Company’s strategy in business development and management is to achieve long-term, steady and sustainable growth, while having due consideration to the environmental, social and governance aspects.



Corporate Governance Report

BOARD OF DIRECTORS

The Board formulates the overall strategy of the Group, monitors its financial performance and maintains effective oversight over the management. The Board members are fully committed to their roles and have acted in good faith to maximize the shareholders' value in the long run, and have aligned the Group's goals and directions with the prevailing economic and market conditions. Daily operations and administration are delegated to the management.

The Board met regularly throughout the year to discuss the overall strategy as well as the operation and financial performance of the Group. The directors are kept informed on a timely basis of major changes that may affect the Group's businesses, including changes of relevant rules and regulations. The directors can, upon reasonable request, seek independent professional advice in appropriate circumstances, at the Company's expenses. The Board shall resolve to provide separate appropriate independent professional advice to the directors to assist the relevant directors to discharge their duties.

As at 26 March 2025, the date of this annual report, the Board comprises seven directors, one is Non-executive Director, namely Dr. Or Ching Fai ("**Dr. Or**"), the Chairman of the Board (the "**Chairman**"), two are Executive Directors, namely Mr. Chow Man Wai, Tony, the Chief Executive Officer (the "**CEO**") of the Company and Mr. Chow Kam Wah, and four are Independent Non-executive Directors, namely Ms. Ma Yin Fan, Mr. Chow Yu Chun, Alexander, Mr. Leung Hoi Ying and Mr. Lam Kin Fung, Jeffrey ("**Mr. Lam**"). The directors are considered to have a balance of skill and experience appropriate for the requirements of the Group's businesses. The Company has received from each of the independent non-executive directors an annual confirmation of his/her independence. The Company considers all the independent non-executive directors are independent in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules. Biographical details of the directors are set out under the section headed "Biographical Details of Directors" on pages 15 to 17 of this annual report.

Both Dr. Or and Mr. Lam are independent non-executive directors of Chow Tai Fook Jewellery Group Limited (HKEX stock code: 1929). Save for the aforesaid, there is no other financial, business, family or other material/relevant relationship between the Chairman and the CEO and among the members of the Board.

The Company will provide a comprehensive, formal and tailored induction to each newly appointed director on his/her first appointment in order to enable him/her to have an appropriate understanding of the businesses and operations of the Group and that he/she is fully aware of his/her responsibilities and obligations under the Listing Rules and the relevant regulatory requirements.

All directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills, and are continually updated on the developments in the statutory and regulatory regime and the Group's business environment to facilitate the discharge of their responsibilities. The Company has provided timely technical updates, including the briefing on the amendments on the Listing Rules and the news releases published by the Hong Kong Stock Exchange, to the directors. In-house briefing and professional development for directors are arranged where necessary.



BOARD OF DIRECTORS (continued)

The Directors have participated in continuous professional development by attending seminars, in-house briefings or reading materials on the related areas to develop and refresh their knowledge and skills. For the year ended 31 December 2024, all the Directors (including Dr. Or Ching Fai (Chairman), Mr. Chow Man Wai, Tony (CEO), Mr. Chow Kam Wah, Ms. Ma Yin Fan, Mr. Chow Yu Chun, Alexander, Mr. Leung Hoi Ying and Mr. Lam Kin Fung, Jeffrey) have complied with Code Provision C.1.4 of the CG Code and have provided the Company with their respective training records pursuant to the CG Code.

The current Board comprises male and female directors with diverse backgrounds and/or extensive experience in the Group's businesses. The Board also has a balanced composition of executive and non-executive directors so that there is a strong independent element in the Board's composition, which allows the effective exercise of independent judgement. The Board appreciates the contributions from the non-executive director and independent non-executive directors in bringing his/her own relevant expertise to the Board. The Board has established mechanisms to ensure independent views are available to the Board. The summary of the mechanism is set out below:

(i) Composition

The Board ensures the appointment of at least three independent non-executive directors and at least one-third of its members being independent non-executive directors (or such higher threshold as may be required by the Listing Rules from time to time), with at least one independent non-executive director possessing appropriate professional qualifications, or accounting or related financial management expertise. Further, independent non-executive directors will be appointed to the Board committees as required under the Listing Rules and as far as practicable to ensure independent views are available.

(ii) Independence Assessment

The Nomination Committee strictly adheres to the nomination policy with regard to the nomination and appointment of independent non-executive directors, and is mandated to assess annually the independence of independent non-executive directors to ensure that they can continually exercise independent judgement.

(iii) Board Decision Making

Directors (including independent non-executive directors) are entitled to seek further information from the management on the matters to be discussed at Board meetings and, where necessary, independent advice from external professional advisers at the Company's expense. A director (including independent non-executive director) who has a material interest in a contract, transaction or arrangement shall not vote or be counted in the quorum on any Board resolution approving the same.

Corporate Governance Report

BOARD OF DIRECTORS (continued)

During the year ended 31 December 2024, four regular Board meetings and the annual general meeting of the Company (the “2024 AGM”) were held and the attendance of each director is set out below:

	Number of attendance	
	Board Meetings	2024 AGM
Non-executive Director		
Dr. Or Ching Fai	4/4	1/1
Executive Directors		
Mr. Sue Ka Lok (<i>resigned on 24 September 2024</i>)	3/3	1/1
Mr. Chow Man Wai, Tony	4/4	1/1
Mr. Chow Kam Wah	4/4	0/1
Independent Non-executive Directors		
Ms. Ma Yin Fan	4/4	1/1
Mr. Chow Yu Chun, Alexander	4/4	1/1
Mr. Leung Hoi Ying	4/4	1/1
Mr. Lam Kin Fung, Jeffrey	4/4	1/1

CHAIRMAN AND CHIEF EXECUTIVE

The Group adopts a dual leadership structure in which the role of the Chairman is separated from that of the CEO. The Chairman is responsible for overseeing all Board functions, while the executive directors and management are under the leadership of the CEO to oversee the day-to-day operations of the Group and implement the strategies and policies approved by the Board.

The position of Chairman is currently held by Dr. Or Ching Fai and the position of CEO is currently held by Mr. Chow Man Wai, Tony.

TERM OF APPOINTMENT OF NON-EXECUTIVE DIRECTORS

All the Non-executive Directors (including Independent Non-executive Directors) are appointed for a specific term and shall determine upon expiry subject to renewal by mutual agreement prior to the expiry of the term. All the Non-executive Directors (including Independent Non-executive Directors) are subject to retirement by rotation and re-election at least once every three years at the annual general meetings of the Company as governed by the Company’s Articles of Association.



REMUNERATION COMMITTEE

The Remuneration Committee has specific written terms of reference that is in compliance with the CG Code. As at the date of this annual report, the Remuneration Committee comprises three Independent Non-executive Directors, namely Mr. Chow Yu Chun, Alexander, Ms. Ma Yin Fan and Mr. Leung Hoi Ying. Mr. Chow Yu Chun, Alexander is the Chairman of the Remuneration Committee.

The Remuneration Committee is mainly responsible for formulating the remuneration policy, reviewing and recommending to the Board the annual remuneration policy and the remuneration of the directors. The overriding objective of the remuneration policy is to ensure that the Group is able to attract, retain and motivate a high-caliber team which is essential to the success of the Group. The full terms of reference are available on the Company's website and the website of Hong Kong Exchanges and Clearing Limited.

The Remuneration Committee met one time during the year ended 31 December 2024 to review and make recommendations to the Board on the remuneration packages for directors. The attendance of each member is set out below:

Members	Number of attendance
Mr. Chow Yu Chun, Alexander	1/1
Ms. Ma Yin Fan	1/1
Mr. Leung Hoi Ying	1/1

In addition, the payment in lieu of annual leave of Directors and the review of Director's remuneration for Mr. Chow Man Wai, Tony were also considered and approved by the Remuneration Committee by way of the written resolutions.

NOMINATION COMMITTEE

The Nomination Committee has specific written terms of reference that is in compliance with the CG Code. As at the date of this annual report, the Nomination Committee comprises three members, including one Non-executive Director, namely Dr. Or Ching Fai, and two Independent Non-executive Directors, namely Ms. Ma Yin Fan and Mr. Leung Hoi Ying. Dr. Or Ching Fai is the Chairman of the Nomination Committee.

The Nomination Committee is mainly responsible for identifying potential directors and making recommendations to the Board on the appointment or re-appointment of directors of the Company. Potential new directors are selected on the basis of their qualifications, skills and experience that he/she could add value to the management through his/her contributions in the relevant strategic business areas. The full terms of reference are available on the Company's website and the website of Hong Kong Exchanges and Clearing Limited.

Corporate Governance Report

NOMINATION COMMITTEE (continued)

The Nomination Committee met one time during the year ended 31 December 2024 to review the board diversity policy of the Company (the “**Board Diversity Policy**”), the independence of independent non-executive directors, the structure, size and composition of the Board, and review and make recommendation to the Board on the re-election of directors. The attendance of each member is set out below:

Members	Number of attendance
Dr. Or Ching Fai	1/1
Ms. Ma Yin Fan	1/1
Mr. Leung Hoi Ying	1/1

In addition, the change of Chief Executive Officer of the Company was also considered and approved by the Nomination Committee by way of a written resolution.

BOARD DIVERSITY POLICY

The Company recognises the benefits of having a diverse Board to enhance the quality of its performance and has adopted the Board Diversity Policy. The Board Diversity Policy sets out that in determining the optimum composition of the Board, differences in skills, regional and industry experience, background, race, gender and other qualities of directors shall be considered. All Board appointments are made on merits, in the context of the skills and experience the Board as a whole requires, with due regard to the benefits of diversity of the Board, and the Nomination Committee shall review and assess the Board composition and its effectiveness on an annual basis. When there is a vacancy on Board, the Nomination Committee will recommend suitable candidates for appointment to the Board on merits, based on the terms of reference of the Nomination Committee, with due regard to the Company’s own circumstances.

The Board currently has one female director and considered gender diversity in respect of the Board is satisfactory. The Company will continue to enhance female representation and achieve an appropriate balance of gender diversity with reference to the shareholders’ expectation and international and local recommended best practices. The Company will also ensure that there is gender diversity when recruiting staff and is committed to provide career development opportunities for female staff. It is expected that the Company will have a pipeline of female senior management and potential successors to the Board in the future.



NOMINATION POLICY

The Board has adopted a nomination policy (the “**Nomination Policy**”) setting out the principles which guide the Nomination Committee to identify and evaluate a candidate for nomination to (i) the Board for appointment; and (ii) the shareholders for election as a director of the Company. According to the Nomination Policy, in assessing the suitability of a proposed candidate, the Board shall take into account, among others, the following factors: (i) qualifications, professional experience, skills and knowledge relevant to the businesses of the Group; (ii) commitment in respect of available time and relevant interest; (iii) diversity perspectives set out in the Board Diversity Policy; (iv) in case of independent non-executive directors, regulatory requirements for appointment of independent non-executive directors and the independence criteria set out in the Listing Rules; and (v) any other factors that the Board considers appropriate.

For filling a casual vacancy or as an addition to the existing Board, the Nomination Committee shall make recommendations for the Board’s consideration and approval. For proposing candidates to stand for election at a general meeting, the Nomination Committee shall make nominations to the Board for its consideration and recommendation. On making recommendation, the Nomination Committee may submit to the Board for consideration a proposal comprising, inter alia, the personal profile of the proposed candidate, which contains at least the candidate’s information required to be disclosed under Rule 13.51 of the Listing Rules. The Board shall be vested with power to make the final decision on all matters relating to the recommendation of candidates (i) for appointment; and (ii) for standing for election at a general meeting as a director of the Company.

The Nomination Committee had reviewed the diversity of the Board during the year ended 31 December 2024 and will review the Board Diversity Policy and the Nomination Policy from time to time to ensure that the policies will be implemented effectively.

AUDITOR AND AUDITOR’S REMUNERATION

The statement of the external auditor of the Company about their responsibilities on the Company’s consolidated financial statements for the year ended 31 December 2024 is set out in the “Independent Auditor’s Report” on pages 65 to 69 of this annual report.

For the year ended 31 December 2024, the remuneration payable to the Company’s auditor, Deloitte Touche Tohmatsu, for the provision of audit services amounted to HK\$1,689,000. During the year, a sum of HK\$360,000 was paid as remuneration to Deloitte Touche Tohmatsu for performing a review on the Company’s condensed consolidated financial statements for the six months ended 30 June 2024.

AUDIT COMMITTEE

The Audit Committee has specific written terms of reference that is in compliance with the CG Code. As at the date of this annual report, the Audit Committee comprises four Independent Non-executive Directors, namely Ms. Ma Yin Fan, Mr. Chow Yu Chun, Alexander, Mr. Leung Hoi Ying and Mr. Lam Kin Fung, Jeffrey, who among themselves possess a wealth of management experience in the accounting profession and/or commercial fields. Ms. Ma Yin Fan is the Chairlady of the Audit Committee.

Corporate Governance Report

AUDIT COMMITTEE (continued)

The Audit Committee is mainly responsible for reviewing the financial statements of the Company, reviewing the risk management and internal control systems of the Group and meeting with the auditor of the Company for audit matters. Any findings and recommendations of the Audit Committee will be submitted to the Board for consideration.

The Audit Committee is authorised by the Board to investigate any activity within its terms of reference. It is authorised to seek any information it requires from the management. It is also authorised to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers necessary. The full terms of reference are available on the Company's website and the website of Hong Kong Exchanges and Clearing Limited.

The Audit Committee met two times during the year ended 31 December 2024 and the attendance of each member is set out below:

Members	Number of attendance
Ms. Ma Yin Fan	2/2
Mr. Chow Yu Chun, Alexander	2/2
Mr. Leung Hoi Ying	2/2
Mr. Lam Kin Fung, Jeffrey	2/2

The following is a summary of work performed by the Audit Committee during the year:

1. reviewed and discussed the audited consolidated financial statements of the Company for the year ended 31 December 2023 and recommended the same to the Board for approval;
2. reviewed and discussed the unaudited condensed consolidated financial statements of the Company for the six months ended 30 June 2024 and recommended the same to the Board for approval;
3. reviewed and discussed with the management and the auditor of the Company the accounting policies and practices which may have significant impact on the consolidated financial statements of the Company and the scope of the audit;
4. reviewed reports from the auditor of the Company regarding their audit on the Company's consolidated financial statements for the year ended 31 December 2023 and their review on the Company's condensed consolidated financial statements for the six months ended 30 June 2024;
5. reviewed the effectiveness of the risk management and internal control systems of the Group;
6. reviewed and made recommendations to the Board on the letter of independence assessment of the Company's auditor; and
7. reviewed and approved the remuneration and the terms of engagement of the Company's auditor; and reviewed and made recommendations to the Board on the re-appointment of the Company's auditor.

EXECUTIVE COMMITTEE

The Executive Committee has been established since 31 March 2016. As at the date of this annual report, the Executive Committee comprises two Executive Directors, namely Mr. Chow Man Wai, Tony and Mr. Chow Kam Wah. Mr. Chow Man Wai, Tony is the Chairman of the Executive Committee. The Executive Committee is mainly responsible for overseeing the management and the administrative functions of the day-to-day operations of the Group and handling such other matters as delegated by the Board from time to time. The full terms of reference are available on the Company's website and the website of Hong Kong Exchanges and Clearing Limited. The Executive Committee will meet as and when necessary to discuss the operating affairs of the Group.

INVESTMENT AND CREDIT COMMITTEE

The Investment & Credit Committee has been established since 31 March 2016. As at the date of this annual report, the Investment & Credit Committee comprises two Executive Directors, namely Mr. Chow Man Wai, Tony and Mr. Chow Kam Wah. Mr. Chow Man Wai, Tony is the Chairman of the Investment & Credit Committee. The Investment & Credit Committee is mainly responsible for overseeing and monitoring the activities of securities investments and the money lending operation of the Group and handling such other matters relating to securities investments and the money lending operation as delegated by the Board from time to time. The full terms of reference are available on the Company's website and the website of Hong Kong Exchanges and Clearing Limited. The Investment & Credit Committee will meet as and when necessary to discuss the activities of securities investments and the money lending operation of the Group.

DIRECTORS' RESPONSIBILITIES FOR CONSOLIDATED FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the consolidated financial statements for the year ended 31 December 2024, which give a true and fair view of the state of affairs of the Company and of the Group at that date and of the Group's results and cash flows for the year then ended, and are properly prepared on a going concern basis in accordance with the statutory requirements and applicable accounting standards.



Corporate Governance Report

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for determining the policy for corporate governance of the Company and performing corporate governance duties as set out below:

1. to develop and review the Group's policies and practices on corporate governance and make recommendations;
2. to review and monitor the training and continuous professional development of directors and senior management;
3. to review and monitor the Group's policies and practices on compliance with all legal and regulatory requirements;
4. to develop, review and monitor the code of conduct and compliance manual applicable to the employees and directors of the Group; and
5. to review the Group's compliance with the CG Code and its disclosure requirements in the corporate governance report.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board has the overall responsibilities for maintaining sound and effective risk management and internal control and reviewing their effectiveness to safeguard the shareholders' interests and the Group's assets at least annually. The risk management and internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable but not absolute assurance against material misstatement or loss. The review covers financial, operational and compliance controls of the selected key operations of the Group.

The Company has taken risk management as a core part of its business activities and operations. The Company has taken steps to build a comprehensive risk management system that is aligned with the strategies and operations of the Group by standardizing its risk management procedures, and adopting qualitative and quantitative measures to identify, evaluate and mitigate the identified significant risks (including environmental, social and governance ("ESG") risks). Furthermore, the Company has increased the level of synergy between risk management and internal audit by identifying potential risks (including ESG risks) through reviewing the internal control system, policies and/or procedures relating to the Group's business operations so as to promote its risk control capabilities.



RISK MANAGEMENT AND INTERNAL CONTROL (continued)

Risk Management System

The Group has adopted a risk management system which manages the risk associated with its businesses and operations. The system comprises the following phases:

- Identification: identify ownership of risks, business objectives and risks that could affect the achievement of objectives;
- Evaluation: analyse the likelihood and impact of risks and evaluate the risk portfolio accordingly; and
- Management: consider the risk exposures, ensure effective communication to the Board and monitor the residual risks on an on-going basis.

Internal Control System

The Company has in place an internal control system which enables the Group to achieve objectives regarding effectiveness and efficiency of operations, reliability of financial reporting and compliance with applicable laws and regulations. The components of the framework are shown as follows:

- Control environment: a set of standards, processes and structures that provide the basis for carrying out internal control across the Group;
- Risk assessment: a dynamic and iterative process for identifying and analysing risks to achieve the Group's objectives, forming a basis for determining how risks should be managed;
- Control activities: actions established by policies and procedures to help ensure that management directives to mitigate risks for the achievement of objectives are carried out;
- Information and communication: internal and external communications to provide the Group with the information needed to carry out day-to-day controls; and
- Monitoring: ongoing and separate evaluations to ascertain whether each component of the internal control system is present and functioning.



Corporate Governance Report

RISK MANAGEMENT AND INTERNAL CONTROL (continued)

During the year, the Group had engaged an independent professional firm to provide risk management and internal control assessment services to assist the Board and the Audit Committee to assess the risk management and internal control systems of the Group. The review comprised conducting interviews with the relevant management members and key process owners, and performing walkthrough tests to identify major risks and significant deficiencies, and making recommendations for improvements on the internal control system to the Audit Committee and the Board. The Audit Committee, together with the Board, had reviewed, considered and discussed the findings and recommendations of the Internal Control Assessment Report prepared by the independent professional firm for the year ended 31 December 2024 (the “ICA Report”). Having considered the recommendations in the ICA Report, the Group has adopted the recommended measures to improve its internal control system. The Board had also reviewed the adequacy of resources, staff qualifications and experience, training programmes and budget of the Group’s accounting and financial reporting function, as well as those relating to the Group’s ESG performance and reporting for the year ended 31 December 2024. After the review, the Board is of the opinion that the Group has adequate financial and human resources for its accounting and financial reporting function, as well as those relating to the Group’s ESG performance and reporting. In addition, having considered the Enterprise Risk Management Advisory Report and the ICA Report prepared by the independent professional firm, the Board is not aware of any significant risk management and internal control weaknesses or inconsistencies with the Group’s risk management and internal control policies, and considers the existing risk management and internal control systems of the Group are effective and adequate. The Company has complied with the relevant code provisions of the CG Code relating to risk management and internal control.

HANDLING AND DISSEMINATION OF INSIDE INFORMATION

The Company has put in place a policy on handling and dissemination of inside information which sets out the procedures and internal controls for handling and dissemination of inside information in a timely manner and in such way to avoid placing any person in a privileged dealing position. The inside information policy also provides guidelines to employees of the Group to ensure proper safeguards exists to prevent the Company from breaching the statutory and the Listing Rules disclosure requirements. The Company has appropriate internal control and reporting systems to identify and assess potential inside information. Dissemination of inside information of the Company shall be conducted by publishing the relevant information on the websites of the Company and Hong Kong Exchanges and Clearing Limited, according to the requirements of the Listing Rules, in a timely manner.



ANTI-FRAUD AND COUNTER-CORRUPTION POLICY

The Group is committed to protecting its reputation, revenues, assets and information from any attempt of fraud, corruption, deceit or related improper conduct by employees or third parties. The Board adopted an anti-fraud and counter-corruption policy (the “**Anti-Corruption Policy**”) in August 2022. The Anti-Corruption Policy is to outline the Company’s expectations and requirements relating to the prevention, detection, reporting and investigation of any suspected fraud, corruption and other similar irregularities. It sets out the specific behavioural guidelines that the Group’s personnel and business partners must follow to combat corruption. It also demonstrates the Group’s commitment to the practice of ethical business conduct and the compliance of the anti-corruption laws and regulations that apply to its operations. In line with this commitment and to ensure transparency in the Group’s practices, the Anti-Corruption Policy has been prepared as a guide to all employees of the Group and third parties dealing with the Group. Every employee, officer and member of the Board must act with the utmost integrity, defined not only by the applicable laws and regulations, but also by the determination to do the right thing in all circumstances. The Audit Committee has the overall responsibility for the implementation, monitoring and periodic review of this Anti-Corruption Policy to align with the applicable laws and regulations as well as the industry best practice.

WHISTLEBLOWING POLICY

The Group is committed to high standard of openness, probity and accountability. The Board adopted a whistleblowing policy (the “**Whistleblowing Policy**”) in August 2022. The Whistleblowing Policy forms an important part of effective risk management and internal control systems. The purpose of the Whistleblowing Policy is to (i) encourage and assist any employee(s) of the Group or third parties (e.g. customers, suppliers etc.) to raise the concern and disclose related information confidentially; (ii) provide reporting channels and guidance on whistleblowing to employees or third parties to raise the concern rather than neglecting it; and (iii) reveal suspected fraud, malpractice or misconduct before these activities cause disruption or loss to the Group. The nature, status and results of the complaints received under the Whistleblowing Policy are reported to the chairman of the Audit Committee. The Audit Committee has the overall responsibility for overseeing and implementing this Whistleblowing Policy, and is responsible for monitoring and reviewing the effectiveness of this policy and the actions resulting from the investigation.

External parties who wish to obtain more information, or to report their concerns on the subject matters of the Anti-Corruption Policy and Whistleblowing Policy could contact us by email to acchairman@cscholdings.com or by mail to The Chairlady of the Audit Committee of CSC Holdings Limited at Rooms 3206-3210, 32nd Floor, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong.

COMPANY SECRETARY

Following the resignation of Mr. Sue Ka Lok as Company Secretary, Ms. Cheng Sze Wan (“**Ms. Cheng**”) was appointed as Company Secretary on 24 September 2024. Ms. Cheng is a chartered secretary and chartered governance professional, and an associate of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom. Ms. Cheng had taken no less than 15 hours of the relevant professional training during the year ended 31 December 2024.

Corporate Governance Report

SHAREHOLDER RIGHTS

General Meetings

The annual general meeting (the “AGM”) of the Company provides a forum for communication between the shareholders and the Board. The notice of the AGM is despatched to all shareholders at least 21 days prior to such AGM. The chairmen of all Board committees are invited to attend the AGM. The chairman of the Board and the chairmen of all the Board committees, or in their absence, other members of the respective committees, are available to answer questions at the AGM. The auditor of the Company is also invited to attend the AGM to answer questions about the conduct of the audit, the preparation and content of the auditor’s report, the accounting policies and the auditor’s independence.

Under Section 566 of the Hong Kong Companies Ordinance, shareholders representing at least 5% of the total voting rights of all the shareholders having a right to vote at the general meetings are entitled to send a request to the Company to convene a general meeting. Such requisition must state the general nature of the business to be dealt with at the meeting and may include the text of a resolution that may properly be moved and is intended to be moved at the meeting. The request may be sent to the Company in hard copy form or in electronic form and must be authenticated by the shareholder(s) making it and deposited at the registered office of the Company. Besides, in relation to an annual general meeting which a company is required to hold, Section 615 of the Hong Kong Companies Ordinance provide that shareholders representing at least 2.5% of the total voting rights of all the shareholders having a right to vote on the resolution at the annual general meeting or at least 50 shareholders having a right to vote on the resolution at the annual general meeting, may request the Company to circulate a notice of the resolution for consideration at the annual general meeting, by sending a request, which must be authenticated by the shareholders making it, in a hard copy form or electronic form. Such request must be deposited at the registered office of the Company not later than six weeks before the relevant annual general meeting or if later, when the notice of annual general meeting is despatched.

Procedures for Shareholders to propose a person for election as a director of the Company

According to the Articles of Association of the Company, no person, other than a retiring Director, shall, unless recommended by the Directors for election, be eligible for election to the office of Director at any general meeting, unless notice in writing of the intention to propose that person for election as a Director and notice in writing by that person of his willingness to be elected shall have been given to the Company at the Company’s registered office at Rooms 3206-3210, 32nd Floor, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong at least 7 days before the date of the general meeting. Such period for lodgment of the notices shall commence no earlier than the day after the despatch of the notice of the meeting convened for such election and end no later than 7 days prior to the date of such meeting, provided that such period shall be at least 7 days.



INVESTOR RELATIONS

Communication Channels

As a channel to further promote effective communication, the Group maintains a website at <https://www.cscholdings.com> where the Company's annual and interim reports, notices, announcements and circulars are posted.

A printed copy of the Articles of Association of the Company has been published on the websites of the Company and Hong Kong Exchanges and Clearing Limited. There had been no changes in the Company's constitutional documents during the year ended 31 December 2024.

Enquiries may be put to the Board through the Company Secretary at Rooms 3206–3210, 32nd Floor, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong.

Shareholders Communication Policy

The Company has established a shareholders communication policy with the objective of ensuring that the Company's shareholders, both individual and institutional, and, in appropriate circumstances, the investment community at large, are provided with ready, equal and timely access to balanced and understandable information about the Company (including its financial performance, strategic goals and plans, material developments, governance and risk profile), in order to enable the shareholders to exercise their rights in an informed manner, and to allow the shareholders and the investment community to engage actively with the Company.

The Company has established several channels to communicate with the shareholders including the Company's website, shareholders meetings and investment market communications. The Board has reviewed the shareholders communication policy for the year ended 31 December 2024 and is of the view that the shareholders communication policy is effective and adequately implemented.

DIVIDEND POLICY

According to the dividend policy adopted by the Company, in deciding whether to propose a dividend and in determining the dividend amount, the Board shall take into account, among others, the following factors: (i) the actual and expected financial performance of the Group; (ii) the retained earnings and distributable reserves of the Group; (iii) the expected working capital requirements and future expansion plans of the Group; (iv) the liquidity position of the Group; and (v) any other factors that the Board deems appropriate. The declaration and payment of dividends by the Company shall be determined at the sole and absolute discretion of the Board and is also subject to compliance with all applicable laws and regulations including the Hong Kong Companies Ordinance and the Company's Articles of Association.



Environmental, Social and Governance Report

INTRODUCTION

CSC Holdings Limited and its subsidiaries are principally engaged in the business of investment in securities, trading, money lending as well as securities brokerage.

This Environmental, Social and Governance Report (“**ESG Report**”) summarises the environmental, social and governance (“**ESG**”) initiatives, plans and performance of the Group in relation to environmental protection, labour practices, business operations, supply chain management and other ESG aspects. The Group focuses on the expectation and concern of its stakeholders, and demonstrates its commitment to sustainable development in this report.

BOARD STATEMENT

The Board is pleased to present the ESG Report of the Group, which reviews the Group’s ESG initiatives, plans, performance, as well as its sustainable development in respect of environmental protection, labour practices, business operations, supply chain management and other ESG aspects. As a responsible corporate, the Group views ESG commitments as part of its responsibilities and is committed to incorporating ESG considerations into its decision-making process.

The ESG Governance Structure

The Group has developed a framework to ensure ESG governance is aligned with its strategic business growth, while advocating for the integration of ESG aspects into its business operations. The structure of ESG governance mainly comprises two components, namely the Board and the ESG working taskforce (the “**Taskforce**”).

The Board holds the overall responsibility for the Group’s ESG strategies and reporting, as well as overseeing and managing its ESG-related issues. The Board reviews the Group’s ESG-related risks and opportunities, performance, goals and targets, and policies regularly with the assistance of the Taskforce. Based on the recommendations from the Taskforce, the Board also reviews the progress made towards achieving the ESG-related goals and targets, as well as the effectiveness of the management approach and strategy adopted in achieving them. In addition, the Board is responsible to ensure the effectiveness of the Group’s internal control system under an annual assessment process, through which the precision and accuracy of the information disclosed in the ESG reports are assured.

The Taskforce, comprising management and employees from the relevant departments, has the responsibility for data collection, monitoring the Group’s ESG performance, prioritising the material ESG issues, reviewing the Group’s ESG-related policies, and preparing the ESG reports which will be presented to the Board for consideration. The Taskforce reports to the Board and reviews the ESG performance of the Group from time to time, covering environmental protection, labour practices, business operations, supply chain management and other ESG aspects. The Taskforce also makes recommendations to the Board on setting ESG-related goals and targets in relation to the Group’s businesses, as well as the management approach and strategy in achieving them.

Environmental, Social and Governance Report



REPORTING SCOPE

The management of the Group has discussed and identified the reporting scope of ESG-related matters based on the materiality principle and after having considered the Group's core business and main revenue source. The ESG Report covers the Group's operations in Hong Kong, which includes investment in securities, trading, money lending and securities brokerage, which in aggregate generating 100% of the Group's revenue for the year ended 31 December 2024 ("FY2024"); and the operations of a new subsidiary in the Philippines, which did not generate revenue for FY2024. The ESG Report serves to provide details of the Group's ESG policies and initiatives of its businesses.

The ESG key performance indicator ("KPI") data is gathered from the subsidiaries that are under the Group's direct operational control. The KPIs are shown in the ESG Report and are supplemented by explanatory notes to establish benchmarks. The Group will extend the scope of disclosures when and where applicable.

REPORTING PERIOD

The ESG Report illustrates the ESG performance, challenges, initiatives and plan of the Group during FY2024 as well as the comparative data for the year ended 31 December 2023 ("FY2023"), where appropriate.

REPORTING FRAMEWORK

The ESG Report has been prepared in accordance with the Environmental, Social and Governance Reporting Code (the "**ESG Reporting Code**") set out in Appendix C2 to the Listing Rules and based on the reporting principles of materiality, quantitative and consistency. Information relating to the Group's corporate governance practices is set out in the "Corporate Governance Report" of this annual report.

During the preparation of the ESG Report, the Group has applied the following reporting principles which are set out in the ESG Reporting Code:

Materiality: Materiality assessment is conducted to identify material issues during FY2024, thereby adopting the confirmed material issues as the focus for the preparation of the ESG Report. The materiality of issues are reviewed and confirmed by the Board and the Taskforce. Further details of "Materiality Assessment" are set out in the section below.

Quantitative: The standards and methodologies used in the calculation of relevant data in the ESG Report, as well as the applicable assumptions are disclosed. The KPIs are supplemented by explanatory notes to establish benchmarks where appropriate.

Consistency: The approach adopted in preparing the ESG Report is substantially consistent with the one adopted in FY2023, and explanations are provided for data with changes in the scope of disclosure or calculation methodologies. During FY2024, the reporting scope of the ESG Report has changed as mentioned in the section headed "Reporting Scope" above. If there are any other changes that may affect the comparison with the previous reports, the Group will provide explanatory notes to the corresponding section thereof.

The ESG Report has undergone the internal review process of the Group's management and has been approved by the Board.

Environmental, Social and Governance Report

CONTACT US

The Group welcomes all questions, feedback and suggestions from stakeholders. Please feel free to contact us via the following ways:

Address : Rooms 3206-3210, 32nd Floor, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong
 Tel : (852) 2586 2666
 Fax : (852) 2586 2669
 Email : info@csholdings.com

STAKEHOLDER ENGAGEMENT

The Group values opinions and feedback from the stakeholders in regard to the Group's businesses and ESG aspects, as their expectations and concerns steer the Group towards sustainability, allowing the Group to formulate ESG strategies accordingly and appropriately. Throughout FY2024, the Group has kept close communications with its key stakeholders, including but not limited to shareholders, employees, customers, suppliers, and the government and regulatory authorities, by utilising a variety of engagement methods and communication channels, as listed below:

Stakeholders	Communication Channels	Expectations and Concerns
Shareholders	<ul style="list-style-type: none"> Financial reports Annual general meetings and other shareholder meetings Corporate website Announcements and circulars 	<ul style="list-style-type: none"> Stability in business operations Financial performance Compliance with local laws and regulations Information transparency Risk management
Employees	<ul style="list-style-type: none"> Staff meetings Performance appraisals Posters Electronic correspondences Employment contract 	<ul style="list-style-type: none"> Remuneration, compensation and benefits Employees' rights and interests Occupational health and safety Career development and training Employee promotion mechanism
Customers	<ul style="list-style-type: none"> Corporate website Face-to-face meetings 	<ul style="list-style-type: none"> Provision of quality products and services Protection of customers' interest and privacy Protection of intellectual property Compliance with local laws and regulations
Suppliers	<ul style="list-style-type: none"> Supplier assessments Regular meetings 	<ul style="list-style-type: none"> Business integrity Fair and open procurement Sustainable development of supply chain
The government and regulatory authorities	<ul style="list-style-type: none"> Statutory filings and notifications Seminars 	<ul style="list-style-type: none"> Compliance with local laws and regulations Completion of tax obligations

Environmental, Social and Governance Report



MATERIALITY ASSESSMENT

Materiality assessment is the process of identifying, refining and assessing ESG issues that could affect the Group's businesses and its stakeholders. The results of materiality assessment are used to formulate strategy, set targets and determine the focus of the ESG Report. Materiality assessment enables the Group to analyse business risks and opportunities, which support the sustainable development of its businesses.

With the assistance of the Group's management and the Taskforce, a list of material ESG issues has been identified based on the Group's businesses, the ESG Reporting Code and the industry standard. To prioritise the identified material ESG issues, the Group conducted a materiality assessment survey during FY2024. Management and employees of different business units and departments were invited to evaluate the significance of the identified ESG issues to the stakeholders and the Group's businesses. Based on the results of the survey, the Group compiled the following materiality matrix. The results of the materiality assessment were reviewed by the Group's management and the Taskforce, and approved by the Board.

The materiality matrix which summarises the Group's material ESG issues is shown as below:

Materiality Matrix			
LEVEL OF INFLUENCE ON STAKEHOLDERS' ASSESSMENTS AND DECISIONS	High	<ul style="list-style-type: none"> Fair and Open Tendering Quality Assurance Customer Privacy Protection 	<ul style="list-style-type: none"> Anti-money Laundering and Counter-financing of Terrorism Anti-corruption Mechanism Customer Services and Satisfaction Business Ethics
		<ul style="list-style-type: none"> Protection of Intellectual Property Rights Promotion and Dismissal Diversity, Equal Opportunities and Anti-discrimination Community Investment Compensation and Other Benefits Advertising and Labelling Working Hours and Rest Periods Prevention of Child and Forced Labour Operational Health and Safety Management 	<ul style="list-style-type: none"> Recruitment and Remuneration Climate Change Mitigation and Adaptation
		<ul style="list-style-type: none"> Indoor Air Quality Water Consumption Waste Management 	<ul style="list-style-type: none"> Supply Chain Management Development and Training
Low		LEVEL OF SIGNIFICANCE ON THE GROUP'S SUSTAINABLE DEVELOPMENT	
		High	

The Group confirmed that it has established appropriate and effective management policies and internal control systems to address material ESG issues, and to ensure that the disclosed contents are in compliance with the requirements of the ESG Reporting Code.

Environmental, Social and Governance Report

A. ENVIRONMENTAL

A1. EMISSIONS

The Group is principally engaged in the business of investment in securities, trading, money lending and securities brokerage. Owing to the Group's business nature, its daily operations have minimal impact on the environment. However, the Group realises the potential indirect negative environmental impacts that may be associated with its business operations. To enhance decarbonisation and address stakeholders' concern as reflected by the identified material ESG issues, the Group has set environmental targets related to GHG emissions, waste management, energy consumption and water use. The Group continues to work on environmental protection and minimises its carbon footprint by reviewing the progress towards these targets and the effectiveness of its environmental protection measures regularly, in order to achieve long-term sustainability of the environment and community where it operates.

On 23 March 2024, the Group actively participated in the world's largest environmental protection campaign, Earth Hour Campaign 2024, responding to the call of the World Wide Fund for Nature and showing our support for the planet and fight against climate change by switching off all non-essential lightings for one hour. This action not only demonstrated the Group's commitment to environmental protection but also reflected its sense of responsibility as a corporate citizen.

During FY2024, the Group was not aware of any material non-compliance with environmental related laws and regulations that would have a significant impact on the Group, including but not limited to the Air Pollution Control Ordinance, Water Pollution Control Ordinance and Waste Disposal Ordinance.

Air Emissions

Although air emissions produced by the Group's business operations are insignificant, the Group has the relevant policies in place to further enhance the efficiency of fuel use. To reduce air emissions, which are mainly produced by vehicles and vessels of the Group, a monitoring system has been set up to track fuel consumption and responsible employees are urged to report and handle any irregularities appropriately. Other initiatives relating to mitigating air emissions are set out in the section below headed "Scope 1 – Direct GHG Emissions".

Summary of air emissions performance:

Air emissions	Unit	FY2024	FY2023
Nitrogen Oxides (NOx)	kg	1.04	1.13
Sulphur Oxides (SOx)	kg	0.13	0.17
Particulate Matter (PM)	kg	0.08	0.08

GHG Emissions

Gasoline consumption by vehicles and diesel used for vessels (Scope 1) and purchased electricity (Scope 2) accounted for the principal GHG emissions of the Group.

Environmental, Social and Governance Report



A. ENVIRONMENTAL (continued)

A1. EMISSIONS (continued)

GHG Emissions (continued)

Scope 1 – Direct GHG Emissions

To reduce direct GHG emissions from gasoline and diesel consumption in operations, the Group has set out guidelines to manage the use of fuel. The fuel-saving measures, as well as the emissions reduction measures are as follows:

- Plan routes ahead of time to optimise fuel consumption;
- Switch off the engine whenever the vehicle or vessel is idling;
- Service the vehicles or vessels to ensure optimal engine performance and fuel use on a regular basis; and
- Encourage employees to utilise public transportation where possible.

Scope 2 – Energy Indirect GHG Emissions

Purchased electricity accounted for the indirect GHG emissions of the Group. The Group has implemented measures to reduce energy consumption, the measures are set out in the section below headed “Energy Efficiency” under aspect A2.

For FY2024, the Group’s total GHG emissions decreased by 4.51%, whereas the emissions intensity per employee increased by 11.67% when compared to FY2023. This was mainly attributable to the decrease in the number of employees.

Summary of GHG emissions performance:

Indicator ¹	Unit ²	FY2024	FY2023
Scope 1 – Direct GHG emissions	tCO ₂ e	20.75	28.65
• Gasoline consumed by vehicles			
• Diesel consumed by vessels			
Scope 2 – Energy Indirect GHG emissions	tCO ₂ e	43.38	38.51
• Purchased electricity			
Total GHG emissions (Scope 1 and 2)	tCO ₂ e	64.13	67.16
Intensity³	tCO ₂ e/employee	1.34	1.20

Environmental, Social and Governance Report

A. ENVIRONMENTAL (continued)

A1. EMISSIONS (continued)

GHG Emissions (continued)

Notes:

1. GHG emissions data is presented in terms of carbon dioxide equivalent and is based on, but not limited to, "The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standards" issued by the World Resources Institute and the World Business Council for Sustainable Development, "How to prepare an ESG report – Appendix 2: Reporting Guidance on Environmental KPIs" issued by the Hong Kong Stock Exchange, the "Global Warming Potential Values" from the Sixth Assessment Report (AR6) of the Intergovernmental Panel on Climate Change (IPCC), the HK Electric Investments Sustainability Report 2023 and "List of Grid Emission Factors" (version 11.4) issued by the Institute for Global Environmental Strategies.
2. tCO₂e represents tonne of carbon dioxide equivalent.
3. As at 31 December 2024, the Group had 48 (2023: 56) employees including directors of the Company. The data is used for calculating intensity data per employee in the ESG Report.

Although the total GHG emissions intensity increased from 1.20 tCO₂e/employee in FY2023 to 1.34 tCO₂e/employee in FY2024 due to the increase in the use of vessel for business activities, the Group will strive to achieve its ongoing target of reducing the total GHG emissions intensity by the year ending 31 December 2025 ("FY2025"), using the total GHG emissions intensity of 1.76 tCO₂e/employee recorded in the year ended 31 December 2021 ("FY2021") (i.e., the baseline year) as benchmark. To achieve the target, the Group has implemented the relevant measures to reduce direct GHG emissions (as shown above), and energy indirect GHG emissions and other indirect GHG emissions (as shown below).

Waste Management

Hazardous Waste

Owing to the Group's business nature, no material hazardous waste had been produced by the Group during FY2024. Nevertheless, the Group has adopted the measures to encourage the recycling of office waste including ink cartridges, toner cartridges, electronic equipment and office supplies to minimise environmental impact.

During FY2024, the Group had disposed of 9.00 kg (2023: 16.50 kg) of ink cartridges which had been fully recycled. The total hazardous waste and waste intensity per employee decreased by 45.45% and 34.48% respectively compared to FY2023, which was mainly a result of the increased awareness of environmental protection to reduce unnecessary printout. The Group is thus on track to achieve its ongoing target of reducing the total hazardous waste intensity by FY2025, using the total hazardous waste intensity of 0.31 kg/employee recorded in FY2021 (i.e., the baseline year) as benchmark.

Environmental, Social and Governance Report

A. ENVIRONMENTAL (continued)

A1. EMISSIONS (continued)

Waste Management (continued)

Hazardous Waste (continued)

Summary of hazardous waste performance:

Category	Unit	FY2024	FY2023
Ink cartridges	kg	9.00	16.50
Total hazardous waste	kg	9.00	16.50
Intensity	kg/employee	0.19	0.29

Non-hazardous Waste

The Group recognises that the majority of non-hazardous waste produced is paper. Although the Group's operations do not generate a significant amount of non-hazardous waste, the Group endeavours to further reduce the waste produced by promoting the concept of "green office" to its employees. For FY2024, the total non-hazardous waste intensity remained at 0.01 tonne/employee as FY2023, thus the Group is on track to achieve its ongoing target of reducing the total non-hazardous waste intensity by FY2025, using the total non-hazardous waste intensity of 0.01 tonne/employee recorded in FY2021 (i.e., the baseline year) as benchmark. To achieve the target, the Group has implemented the following waste reduction measures:

- Re-use office paper;
- Encourage double-sided printing or photocopying;
- Print electronic correspondences only when necessary;
- Recycle outdated office supplies and electronic equipment; and
- Procure paper with Forest Stewardship Council (FSC) Recycled Label.

For FY2024, the Group's total non-hazardous waste remained relatively stable compared to FY2023, with only a minimal increase from 0.50 to 0.51 tonne, which was mainly attributable to the controlled paper usage maintained by the Group at similar levels in the past three years.

Summary of non-hazardous waste performance:

Category	Unit	FY2024	FY2023
Paper	tonne	0.51	0.50
Total non-hazardous waste	tonne	0.51	0.50
Intensity	tonne/employee	0.01	0.01

Environmental, Social and Governance Report



A. ENVIRONMENTAL (continued)

A1. EMISSIONS (continued)

Sewage Discharge

Owing to the Group's business nature, the Group's business activities do not consume a significant volume of water during its daily operations, therefore it does not produce a material amount of sewage. As wastewater produced by the Group will be discharged into a sewage pipe network connected to a regional water purification plant, the water consumed by the Group is considered as sewage discharged. Further details of water consumption are set out in the section below headed "Water Consumption" under aspect A2.

A2. USE OF RESOURCES

The Group upholds and promotes effective use of resources and is committed to optimising their use across business operations. The Group keeps track of the ESG-related KPIs through its internal monitoring programme on procurement and use of resources and establishes relevant policies and procedures in resources management.

Energy Efficiency

The energy consumed by the Group is mainly electricity consumption for daily operations, gasoline consumption for vehicles and diesel consumption for vessels. As the Group is determined to reduce energy consumption and adhere to the electricity-saving principle, a detailed internal energy reduction policy has been in place for all of the Group's subsidiaries and departments to follow. The total energy consumption intensity slightly increased from approximately 3.13 MWh/employee in FY2023 to approximately 3.15 MWh/employee in FY2024. This marginal increase was attributable to the expansion of business operations in the Philippines. The Group will continually strive to achieve the ongoing target of reducing the total energy consumption intensity by FY2025, using the total energy consumption intensity of 4.01 MWh/employee recorded in FY2021 (i.e., the baseline year) as benchmark. The Group strives to reduce energy consumption by adopting the following energy-saving measures:

- Design and operate lighting control systems based on actual need;
- Switch off unnecessary lightings and electrical appliances when not in use;
- Purchase energy-efficient equipment to replace retired equipment;
- Set all computer screens and printers to standby mode after a certain period; and
- Post eye-catching stickers of energy efficiency as a reminder to employees.

To reduce gasoline consumption for vehicles and diesel consumption for vessels, the Group has adopted a list of fuel-saving measures which are set out in the section above headed "Scope 1 – Direct GHG Emissions" under aspect A1.

Environmental, Social and Governance Report

A. ENVIRONMENTAL (continued)

A2. USE OF RESOURCES (continued)

Energy Efficiency (continued)

For FY2024, the Group's total energy consumption decreased by approximately 13.51%, whereas the consumption intensity per employee slightly increased by 0.64% compared to FY2023. The decrease in total energy consumption was mainly attributable to the reduction in gasoline consumption for vehicles and diesel consumption for vessels, despite an increase in electricity consumption.

Summary of energy consumption performance:

Type of energy	Unit ⁴	FY2024	FY2023
Direct energy consumption			
Gasoline	MWh	7.81	8.50
Diesel	MWh	76.08	107.60
Indirect energy consumption			
Electricity	MWh	67.53	58.98
Total energy consumption	MWh	151.42	175.08
Intensity	MWh/employee	3.15	3.13

Note:

4. MWh represents megawatt hour.

Water Consumption

Owing to the Group's business nature, the usage of water is only confined to water used by the employees at the Group's offices. Water consumption data only represents the consumption of drinking water per employee as the relevant data of other water usage is not available since the building management company of the Group's offices are responsible for the provision of water for other usage. As such, the target for water efficiency is not presented as water consumption data is limited.

Although the Group does not have full control over its water consumption, the Group aims to reduce water use through increasing employees' awareness on water conservation. To ensure the efficient use of water and achieve the relevant target, the Group has encouraged employees to reduce unnecessary water consumption in toilets and pantries, while also posting water-saving reminders in the office area to raise employees' awareness.

Environmental, Social and Governance Report

A. ENVIRONMENTAL (continued)

A2. USE OF RESOURCES (continued)

Water Consumption (continued)

For FY2024, the total water consumption of the Group decreased by approximately 13.95% compared to FY2023 which is mainly due to the decrease in the number of employees to 48 (2023: 56) individuals as at the end of FY2024, whilst the total water consumption intensity was at 0.05 m³/employee for both years.

Summary of water consumption performance:

Water consumption	Unit	FY2024	FY2023
Total water consumption	m ³	2.59	3.01
Intensity	m ³ /employee	0.05	0.05

Owing to the Group's business nature, the Group has not identified any issues in sourcing water that is fit for its purpose.

Use of Packaging Materials

Owing to the Group's business nature, the use of packaging material is not considered a material ESG aspect of the Group.

A3. THE ENVIRONMENT AND NATURAL RESOURCES

Although the core business of the Group has a remote impact on the environment and natural resources, the Group realises its responsibility in minimising any negative environmental impacts from its business operations as an ongoing commitment to good corporate social responsibility. The Group regularly assesses the environmental risks of its businesses, adopts preventive measures to reduce the risks, and ensures compliance with the relevant laws and regulations.

Indoor Air Quality

To ensure that the Group's working environment is pleasant, indoor air quality in its workplaces are regularly monitored and measured. During FY2024, the indoor air quality of the Group's offices was satisfactory. To improve indoor air quality, air purifying equipment is used in the Group's offices when considered appropriate and the air conditioning systems are cleaned periodically. These measures maintained the indoor air quality at a satisfactory level by filtering pollutants, contaminants and dust particles.

The Group believes that running an environmentally sustainable business model could greatly lower operational risk and in turn generates a more stable return to the Group and its shareholders. The Group is endeavoured to achieving this goal in the long term.

Environmental, Social and Governance Report



A. ENVIRONMENTAL (continued)

A4. CLIMATE CHANGE MITIGATION AND ADAPTATION

The Group recognises the importance of identification and mitigation of significant climate-related issues, therefore, the Group is committed to managing the potential climate-related risks which may impact the Group's business activities. The Group has an established enterprise risk management policy in identifying and mitigating different risks including the climate-related risks. During FY2024, the Group continued with its climate change assessment in identifying and mitigating potential risks that may arise from its business operations. These risks mainly stem from the following dimensions:

Physical Risks

The increase in frequency and severity of extreme weather events such as typhoons, storms and heavy rains can disrupt the Group's operations by causing floods, damages to power grid and communication infrastructure, and may hinder and injure the Group's employees during their work, or on the way going to work. These could result in temporary, permanent or partial halt of the Group's business operations, which expose the Group to risks associated with non-performance and delayed performance.

In addition, long-term effects such as the increase in global temperature may have critical impact on the Group's operations due to its reliance on electricity and internet service. Rising temperature may require more cooling systems or measures to lower the temperature at the Group's offices. These may increase the Group's costs of operation in the long term.

To better manage the above physical risks, the Group has formulated crisis response plans to reduce the potential negative impacts on its operations due to extreme weather events. When extreme weather events occurred or possibly happened, the management will react according to the plans and timely communicate with the employees about the work arrangements to ensure staff safety and operation continuity. The Group has also established contingency policies for staff to follow in case if any of the essential work arrangements become unavailable due to extreme weather events.

Transition Risks

The Group anticipates that there will be more stringent climate legislations and regulations to support the global vision of carbon neutrality. From a listed company's perspective, the Group acknowledges the increasing requirements of climate-related information disclosures. One example is the update of the Hong Kong Stock Exchange's ESG Reporting Code in respect of the significant climate-related impact disclosures by an issuer. Stricter environmental laws and regulations may expose enterprises to higher risks of claims and lawsuits, corporate reputation may also decline due to failure to meet the compliance requirements for climate change, an enterprise's related capital investment and compliance costs are thus expected to increase. In response to policy and legal risks as well as reputational risks, the Group regularly monitors existing and emerging trends, and policies and regulations relevant to climate change, and ensures that the management is aware of the changes to avoid unnecessary costs, non-compliance fines and reputational risks owing to delayed responses.

Environmental, Social and Governance Report

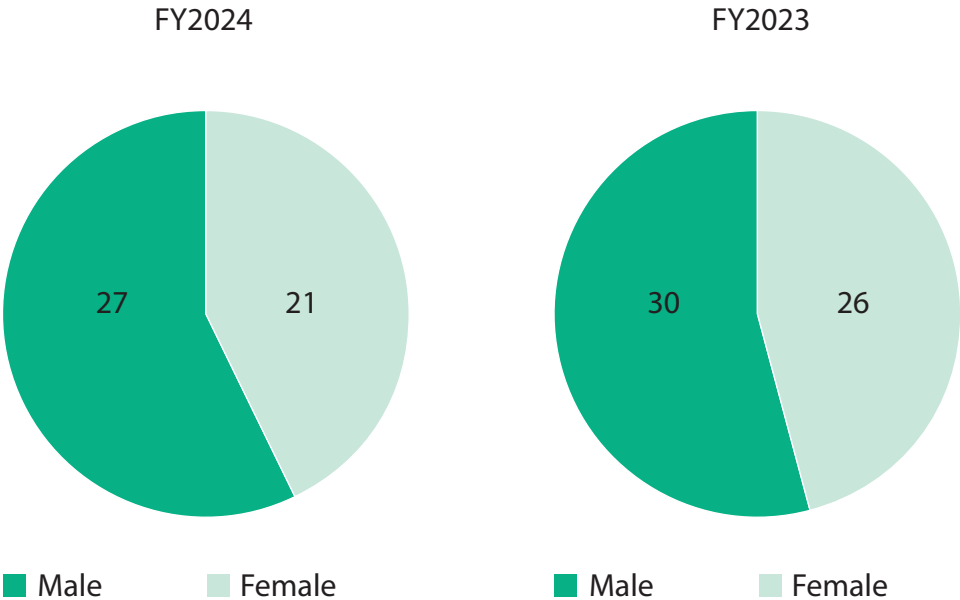
B. SOCIAL

B1. EMPLOYMENT

The Group acknowledges that human resources are fundamental to the sustainable business development and are one of its key competitive advantages. To implement and enhance the people-oriented management strategy, the Group has formulated relevant employment policies that are formally documented, including aspects of recruitment and remuneration, compensations, working hours and rest periods, diversity and equal opportunities, etc. to protect the rights of its employees. The Group's management regularly reviews employment standards to ensure the compliance with the most updated local laws and regulations.

During FY2024, the Group was not aware of any material non-compliance with employment related laws and regulations that would have a significant impact on the Group, including but not limited to the Employment Ordinance. As at 31 December 2024, the Group had a total of 48 (2023: 56) employees (including directors of the Company), with 43 employees based in Hong Kong, and 5 employees based in the Philippines. The demographics of the Group's workforce are as follows:

(i) Total Workforce by Gender



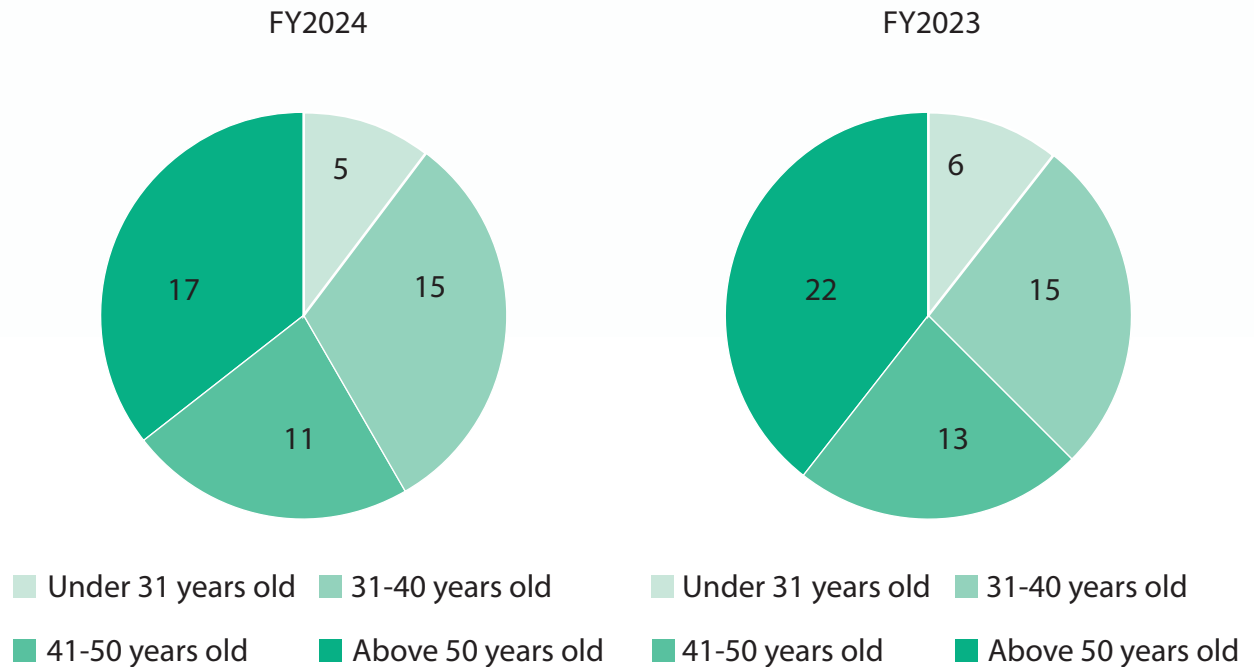
Environmental, Social and Governance Report



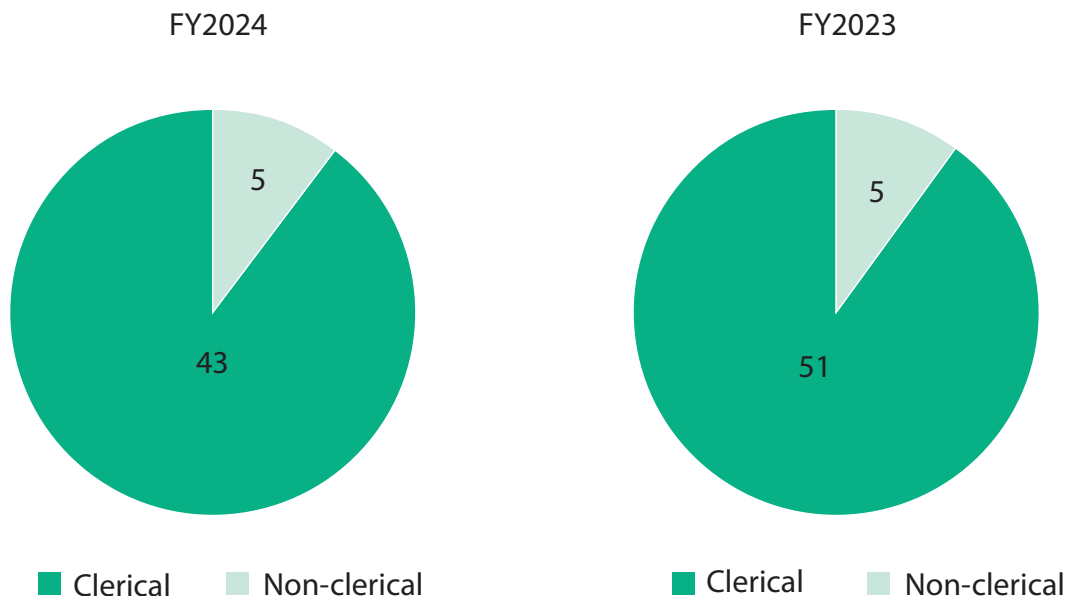
B. SOCIAL (continued)

B1. EMPLOYMENT (continued)

(ii) Total Workforce by Age Group



(iii) Total Workforce by Employment Type

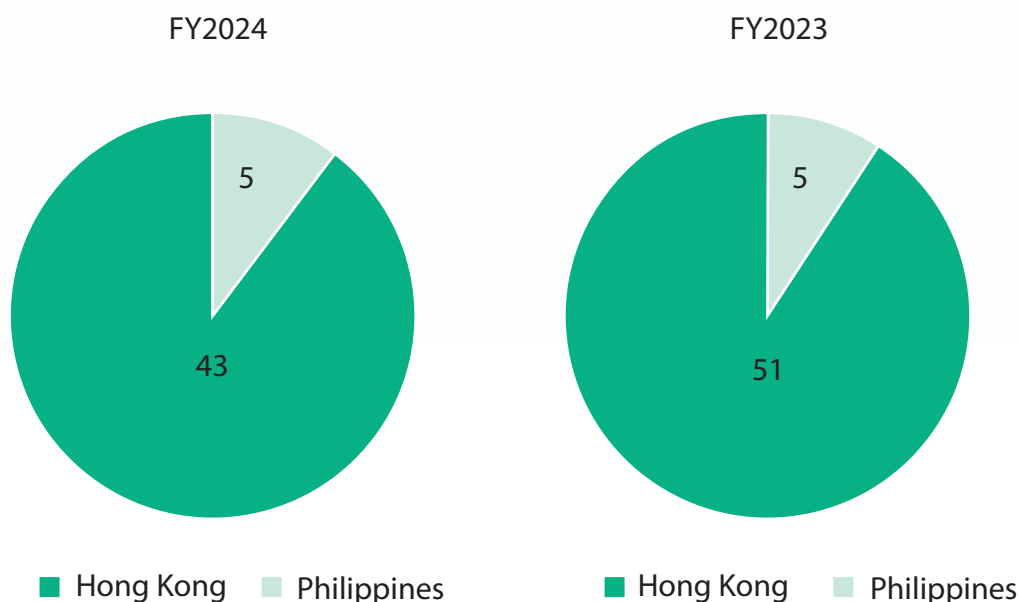


Environmental, Social and Governance Report

B. SOCIAL (continued)

B1. EMPLOYMENT (continued)

(iv) Total Workforce by Geographical Location



Recruitment and Remuneration

The Group recruits employees based on their experience and suitability for the positions, regardless of their age, religion, ethnicity, origin, gender identity, physical capability and marital status, etc. Candidates are assessed and chosen based on their ability and potential to fulfil the Group's current and future needs. The Group is committed to upholding a transparent and fair recruitment process, treating and evaluating the candidates in a fair and unprejudiced way.

To ensure fairness and transparency in salary adjustment and promotion appraisal, whether an employee warrants a salary adjustment or promotion will be determined by the Group's management by conducting a performance review on the employee. On the other hand, counselling services will be provided to those employees with below average performance. The Group's remuneration packages include annual leave, training subsidy, medical insurance, and discretionary bonus, etc.

Environmental, Social and Governance Report



B. SOCIAL (continued)

B1. EMPLOYMENT (continued)

Promotion and Dismissal

The promotion of employees depends on their performance, working ability, intrinsic potential, and the needs of the Group's entities. To protect the interests of both the employees and the Group, the basis and process for the management to determine promotion, transfer and demotion of employees have been clearly defined and can only be carried out with the appropriate approval.

Employment termination of employee was arranged in accordance with the Employment Ordinance or the relevant laws and regulations. An exit interview is conducted for every employment termination to understand the employee's concerns and appropriate retention measures could be implemented accordingly. This helps the Group to manage employee turnover in a better manner.

During FY2024, there was no dismissal and all employees left the Group voluntarily. The total number of employees leaving employment during FY2024 is 14 (2023: 12), and the total employee turnover rate is approximately 27%⁵ (2023: 23%).

The employee turnover rate by gender, age group, and geographical region⁶ are as follows:

	FY2024	FY2023
By Gender		
Male	14%	22%
Female	43%	24%
By Age Group		
Under 31	18%	–
31 – 40	7%	21%
41 – 50	50%	48%
Above 50	31%	14%
By Geographical Region		
Hong Kong	28%	20%
Philippines	20%	80%

Environmental, Social and Governance Report



B. SOCIAL (continued)

B1. EMPLOYMENT (continued)

Promotion and Dismissal (continued)

Notes:

5. The overall employee turnover rate is calculated by dividing the number of employees leaving employment during the reporting period by the average number of employees at the beginning and end of the reporting period.
6. The employee turnover rate by specific category is calculated by dividing the number of employees in the specified category leaving employment during the reporting period by the average number of employees in the specified category at the beginning and end of the reporting period.

Working Hours and Rest Periods

To facilitate employees' "work-life balance" and ensure employees to have enough rest, the Group adopts a five-day workweek. Employees are entitled to basic leaves such as sick leave, annual leave, maternity leave, paternity leave and marriage leave.

Compensation and Other Benefits

Performance bonuses and salary increments for employees are fairly assessed based on a list of criteria including work performance, seniority and contribution to the Group during the period concerned. Other benefits include medical insurance, subsidy for training course, and education and travelling allowance.

Diversity, Equal Opportunities and Anti-discrimination

The Group respects diversity and believes a varied workforce can bring holistic perspectives and insights. To maintain an embracing and collaborative workplace culture, the Group provides equal opportunities in all aspects of employment and ensure the workplace is free from discrimination, physical or verbal harassment against any individual because of his/her race, religion, colour, gender, physical or mental capability, age, place of origin, marital status, and sexual orientation. The Group also strives to ensure that complaints, afflictions and concerns, including whistleblowing, are dealt with promptly and confidentially. The Group has zero tolerance for sexual harassment or abuse in the workplace in any form.

Environmental, Social and Governance Report



B. SOCIAL (continued)

B2. HEALTH AND SAFETY

Owing to the Group's office-based operations where labour-intensive work is not required, the Group's businesses do not pose a significant threat to the health and safety of employees. Nonetheless, the Group is endeavoured to enhance occupational health and safety by raising awareness of employees in maintaining a proper posture during work by putting up posters or leaflets in visible areas in the office, and encouraging employees to do exercise regularly.

During FY2024, the Group was not aware of any material non-compliance with health and safety-related laws and regulations that would have a significant impact on the Group, including but not limited to the Occupational Safety and Health Ordinance. The Group had no reported work-related incident or work days lost due to work injury during FY2024. In the past three years (including FY2024), the Group had no occurrence of work-related fatalities, and the rate of work-related fatality was 0%.

Occupational Health and Safety Management

In pursuit of building an injury-free working environment and preventing physical impairment, the Group has formulated an internal safety policy ensuring a safe working environment whereas guidelines are issued in accordance with the relevant laws and regulations. Business Continuity Plan has been set in place in case of emergencies such as fire, electrical failure, flood and water damage. Loss or damage within the Group's offices and injuries at work are covered by various insurance policies.

B3. DEVELOPMENT AND TRAINING

The Group values and treasures its talents, who are the key to the continual success of the Group. The Group is committed to investing in its employees and facilitate their personal development. Employees are encouraged to attend internal and external training opportunities to refresh prior knowledge and acquire new knowledge, while directors and senior executives are encouraged to participate in external professional training.

To enhance and maintain the professionalism of its employees, especially for staff of the Group's securities brokerage subsidiary, which is highly regulated, all of its staff are encouraged to be well acquainted with the latest industry practice and knowledge, as well as the latest regulatory requirements and standards in conducting the subsidiary's operations.

Environmental, Social and Governance Report

B. SOCIAL (continued)

B3. DEVELOPMENT AND TRAINING (continued)

Echoing its initiative to invest its talent, the Group regularly provides training subsidy to the relevant employees for participating in professional training in the areas including securities brokerage, investment and financial analysis, finance, accounting, company secretarial practice, compliance, and laws and regulations. During FY2024, the Group's employees continued to participate in various external trainings courses including seminars held by Hong Kong Securities and Investment Institute, the Hong Kong Institute of Certified Public Accountants and The Hong Kong Chartered Governance Institute.

In addition, the Group provides induction training materials including handouts and onboard guidance to new recruits, and a guidebook set forth by The Hong Kong Institute of Directors together with other materials for new directors joining the Company. The induction materials to employees are updated regularly in response to the dynamic working environment. Materials such as updates, circulars and consultation papers issued by the Hong Kong Stock Exchange are also made available to directors and senior employees for them to keep abreast of the latest market and regulatory development. In addition to training materials provided by the Group, many of its employees are members of certifications that require external professional trainings on an annual basis.

During FY2024, 40% (2023: 38%) of the Group's employees were trained⁷ and an average of 6.50 hours (2023: 6.33 hours) per employee⁸ was recorded. The percentage of employees trained, percentage per breakdown of trained employees and the average training hours per employee, by gender and employee category⁹ are as follows:

	FY2024			FY2023		
	Percentage of employees trained ¹⁰	Percentage per breakdown of trained employees ¹¹	Average training hours per employee ¹²	Percentage of employees trained ¹⁰	Percentage per breakdown of trained employees ¹¹	Average training hours per employee ¹²
By Gender						
Male	44%	63%	9.88	50%	71%	8.75
Female	33%	37%	5.00	23%	29%	3.54
By Employee Category						
Management	59%	84%	8.93	58%	86%	9.15
Other Employees	14%	16%	3.38	12%	14%	2.84

Environmental, Social and Governance Report

B. SOCIAL (continued)

B3. DEVELOPMENT AND TRAINING (continued)

Notes:

7. The percentage of employees trained is calculated by dividing the total number of trained employees during the reporting period by the total number of employees at the end of the reporting period.
8. The average training hours per employee is calculated by dividing the total number of training hours during the reporting period by the total number of employees at the end of the reporting period.
9. The training data excludes employees who have left the Group during the reporting period.
10. The percentage of employees trained by category is calculated by dividing the number of trained employees in the specified category during the reporting period by the total number of employees in the specified category at the end of the reporting period.
11. The percentage per breakdown of trained employees by category is calculated by dividing the number of trained employees in the specified category during the reporting period by the total number of trained employees at the end of the reporting period.
12. The average training hours by category is calculated by dividing the total number of training hours for employees in the specified category during the reporting period by the number of employees in the specified category at the end of the reporting period.

B4. LABOUR STANDARDS

Prevention of Child and Forced Labour

Child and forced labour are strictly prohibited in accordance with the relevant laws and regulations. The Group's human resources department will ensure the identity documents are carefully checked in order to verify the personal data submitted by the candidates during the recruitment process. During the recruitment process, the Group collects personal data of the candidates to aid the selection of the suitable candidate. The Group's human resources department is responsible for checking the authenticity of personal information received against the original documents provided by the candidates. Any faulty information received will be reported to the relevant management and corrective actions will be taken.

The Group strictly complies with local laws and will not employ anyone before they reach the legal age to work as defined by the Labour Department in Hong Kong or the governing local authorities. The Group guarantees that no employee would be forced or persuaded to work against their will, experience any form of action of threatening and abuse, or subject to any type of coercion or punishment in workplaces.

During FY2024, the Group was not aware of any non-compliance with child and forced labour-related laws and regulations that would have an impact on the Group, including but not limited to the Employment Ordinance.

Environmental, Social and Governance Report

B. SOCIAL (continued)

B5. SUPPLY CHAIN MANAGEMENT

The Group aims at creating a sustainable supply chain and therefore expects all its suppliers and business partners to uphold a similar standard in respect of environmental issues and labour practices. To govern the supplier assessment process, the Group has formulated the relevant supplier management policies which are reviewed on an annual basis. For FY2024, there was a total of 8 (2023: 8) qualified suppliers and service providers. The distribution of suppliers is as follows:

Total Number of Suppliers	FY2024	FY2023
By Region		
Hong Kong	4	7
Overseas	4	1

To enhance suppliers' quality, the Group conducts its supplier assessment process in a structured and systematic manner. The evaluation criteria of a supplier include its service or product quality, performance on environmental issues, labour practice, commitment to social responsibilities and moral standards. Furthermore, the Group oversees business relationships with the suppliers in due care in pursuit of mitigating any issues that contradict the Group's performance standards on environmental and social issues, including legal compliance, workplace safety, mitigation of environmental impacts, protocols against sexual and gender discrimination, and protocols against harassment and abuse.

The evaluation process on suppliers is conducted periodically by the Group. If a supplier fails to meet the Group's performance standards, the Group will notify the supplier for the corrective action (if applicable) and will monitor and evaluate the subsequent actions of the supplier. To encourage suppliers to pursue sustainable development in their operations, the Group maintains close communication with its suppliers to share the latest knowledge on quality and safety of products, as well as good labour and environmental practices. The Group will also provide the necessary guidance to its suppliers on how to implement good environmental practices throughout the supply chain process, if appropriate. The Group's responsible employees perform close monitoring on the suppliers' business practices, and any observations of non-compliance will be reported immediately to the management. The supplier who continuously fails to meet the Group's requirements will be subject to termination to supply.

Fair and Open Tendering

The Group has developed a tendering procedure to engage suppliers in a fair and competitive manner under which the management is responsible for all the decision making during the tendering process. The Group strictly prohibits differentiation or discrimination on certain suppliers, and it monitors and prevents all kinds of business bribery in a serious manner. Employees or personnel having any direct or indirect interests associated with the suppliers would not be involved in any business negotiation process with the suppliers.

Environmental, Social and Governance Report



B. SOCIAL (continued)

B6. PRODUCT RESPONSIBILITY

The Group's goal is to provide the best products and services to its customers. The Group has controls in place to monitor the status and progress of all its business activities carrying out by different levels of staff, so as to ensure high quality products and services are delivered to its customers.

During FY2024, the Group was not aware of any non-compliance with any laws and regulations in relation to customers' privacy issues, compensation regarding health and safety, and advertisement and labelling for products and services provided that would have a significant impact on the Group, including but not limited to the Money Lenders Ordinance, Personal Data (Privacy) Ordinance and Securities and Futures Ordinance. In addition, the Group did not have any recorded product or service-related complaints, and was not aware of any product sold or shipped being recalled for safety and health reasons during FY2024.

Quality Assurance

The Group places great emphasis on maintaining its high service quality and strives to satisfy its customers through meeting or exceeding their expectations. To ensure the quality of the securities brokerage services provided and as required by the relevant rules of the Securities and Futures Commission, the Group keeps the telephone voice records with its customers and the relevant documentation records for 6 months and not less than 7 years respectively. A designated responsible officer is in charge of overseeing the execution of this quality assurance process through random and regular checking of the voice records to ensure that orders of the customers are properly and satisfactorily executed. For the Group's trading business, the trading activities have strictly complied with the relevant international standards.

Customer Services and Satisfaction

To provide high quality products or services to its customers, the Group has established good relationships with its customers through gathering and analysing their feedback, inquiries and complaints. By conducting studies and reviews on the information gathered, the Group is able to identify areas to improve its future products or services quality.

The Group has also formulated a set of policies and procedures to handle customers' feedback and complaints in a professional manner. Feedback or complaints will be reviewed by the Group's management when any product or service-related inquiry or complaint is received, and customers' satisfaction will be evaluated after the complaints are settled.

Environmental, Social and Governance Report



B. SOCIAL (continued)

B6. PRODUCT RESPONSIBILITY (continued)

Protection of Intellectual Property Rights

Although intellectual property rights are not considered a material ESG aspect of the Group owing to the nature of its business operations, the Group has established relevant practices to govern the information technology (“IT”) management within the Group. The IT Department is responsible for obtaining proper licenses for the software, hardware and information used in the Group’s daily business operations. Duplication or downloading of information, software and images from the internet must be approved by the relevant department head. Furthermore, the Group closely monitors the infringement actions in the market and prevents the arising of any infringement behaviour among the employees. The Group has monitoring procedures in place to ensure that intellectual property rights are not being infringed upon.

Customer Privacy Protection

During the course of provision of products and services, a wide range of sensitive information is entrusted to the Group by its customers. To ensure that the information is properly stored and managed, the Group has installed firewall, anti-virus and anti-spam solutions in its IT systems which will be routinely upgraded to prevent potential data leakage. Furthermore, the Group restricts employee access to sensitive customer data and allows access only to the relevant employees for carrying out their duties.

Advertising and Labelling

The Group strives to ensure that all the external promotion items, such as leaflets, brochures, press releases, etc. are clear, accurate, complete and in compliance with the relevant laws and regulations. Guidelines on the requirements for posting money lending business advertisement are formally documented in the relevant policies. To promote responsible money lending services, relevant employees are required to familiarise themselves with the related guidelines on proper money lending procedures. Any advertisement, whether in textual, audio or visual form, must contain a telephone hotline for handling customer complaints and a clear risk warning statement.

B7. ANTI-CORRUPTION

The Group believes that honesty, integrity and fair play are important for its reputation and business operations. The Group affirms its zero-tolerance policy towards dishonesty, disloyalty, corruption, fraud and all other related behaviours that severely violate professionalism and work ethics, and places high priority on integrity, honesty and fairness. The Group has established the Anti-Fraud and Counter-Corruption Policy to outline its expectations and requirements relating to the prevention, detection, reporting and investigation of any suspected fraud, corruption and other similar irregularities.

Environmental, Social and Governance Report



B. SOCIAL (continued)

B7. ANTI-CORRUPTION (continued)

The policies on corruption, bribery, extortion, fraud and money laundering are clearly stated in the Group's Code of Conduct handbook. Any advantage, including gift, loan, fee, reward, etc. in connection with work without permission is prohibited. The Group adopts zero-tolerance to all kind of corruption, frauds and other behaviours going against work ethics. Any employee breaching the said code will be disciplined, including termination of his/her employment, and may be prosecuted under the Prevention of Bribery Ordinance and other relevant laws.

During FY2024, the Group was not aware of any cases that constituted non-compliance with the laws and regulations related to bribery, fraud, extortion and money laundering that would have a significant impact on the Group, including but not limited to the Prevention of Bribery Ordinance. There were no concluded legal cases regarding any form of corruption practices brought against the Group or its employees during FY2024.

Anti-corruption Mechanism

The Group does not put up with any corruption, fraud and other behaviours going against work ethics. The Group values integrity, honesty and equality as essential and vital aspects when operating its businesses. The circumstances leading to the arise of potential conflict of interest and the employee code of ethics are clearly explained to all the Group's employees and they are advised of declaring any potential conflicts of interest and ethical issues when circumstances arise.

Disciplinary actions will be taken by the Group immediately if any employees are found to be involved in fraud-related activities which are detrimental to the Group's operations. Disciplinary actions on individuals are based on the level of severity, which include termination of employment and reporting to the relevant law enforcement and/or regulatory authorities for investigation.

Anti-money Laundering (AML) and Counter-financing of Terrorism (CFT)

The Group places great emphasis on AML and CFT issues. Apart from compliance with the relevant laws and regulations in relation to AML/CFT, the Group has established the relevant policies to help protect the financial integrity of its operations. The management will report to the Audit Committee directly if any unusual activities are spotted with indicators of AML/CFT.

Business Ethics

The Group strongly emphasizes on ethical standards and strict compliance with the relevant laws and regulations in its business operations. To achieve these goals, the Group has adopted and implemented relevant policies, guidelines and standards and revises them regularly to meet with changing circumstances. To ensure that all employees can perform their duties with high ethical standards and professionalism, the Group has arranged internal and external anti-corruption and corporate governance trainings and encouraged employees to actively learn about the latest development and future trends of global anti-money laundering activities. During FY2024, the Group's directors and employees had received a total of 10 hours and 8 hours (2023: 8 hours and 4 hours) of anti-corruption training respectively.

Environmental, Social and Governance Report

B. SOCIAL (continued)

B7. ANTI-CORRUPTION (continued)

Whistleblowing Channel

The Group forbids any misconduct such as corruption, bribery, extortion, fraud and money laundering. Any complaints on the possible breach of the Group's Code of Conduct, or suspected misconduct can be made directly to the directors of the Company, and will be treated promptly and fairly. Investigations against any suspicious or illegal behavior will be conducted to protect the Group's interests. The Group has established a confidentiality mechanism for the Audit Committee to protect the whistle-blowers against unfair dismissal or victimisation, in accordance with its Whistleblowing Policy. When criminality is suspected, a report will be made to the relevant regulators or law enforcement authorities.

B8. COMMUNITY INVESTMENT

The Group is committed to supporting the community by various means of social participation and contribution as part of its strategic development. As a responsible corporation, the Group strives to nurture a "give-back" culture within the corporation and inspire the sense of social responsibility of its employees by encouraging them to participate in charitable activities during their works and spare time.

The Group encourages its employee to actively participate in public conventions, conference, exhibitions and events with a particular focus on community investment, sponsorships and charitable contributions.

The Group will review annually its social performance, including sponsorship and donation activities, and the corresponding approval process.



TO THE SHAREHOLDERS OF CSC HOLDINGS LIMITED

中策資本控股有限公司

(Incorporated in Hong Kong with limited liability)

OPINION

We have audited the consolidated financial statements of CSC Holdings Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) set out on pages 70 to 131, which comprise the consolidated statement of financial position at 31 December 2024, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

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

BASIS FOR OPINION

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

KEY AUDIT MATTER

Key audit matter is the matter that, in our professional judgement, was of most significance in our audit of the consolidated financial statements of the current period. This matter was 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 this matter.

Independent Auditor's Report

KEY AUDIT MATTER (continued)

Key audit matter

Provision of expected credit loss ("ECL") and impairment assessment on loan receivables

We identified the provision of ECL and impairment assessment on loan receivables as a key audit matter due to management judgement required in making an assessment of the amount of the provision of ECL and impairment assessment for loan receivables arising from the money lending business.

As detailed in Note 21 to the consolidated financial statements, the Group's loan receivables at 31 December 2024, after impairment allowance of HK\$365,835,000, amounted to HK\$524,248,000. During the year ended 31 December 2024, impairment allowance of HK\$10,646,000 was provided.

In determining the impairment of loan receivables, the ECL of the loan receivables were assessed by the management taking into account of the credit loss experience, ageing of overdue balances, cash flows that are expected from the realisation of collateral, borrowers' repayment history and financial condition of borrowers as well as forward-looking information. The information about the ECL on the Group's loan receivables are disclosed in Note 33.

How our audit addressed the key audit matter

Our procedures in relation to management's impairment assessment of loan receivables included:

- Understanding and evaluating the entity's key controls on how the management estimates the credit loss allowance for loan receivables;
- Evaluating management's assessment of the internal credit rating of the loan receivables by reference to past due status, past collection history and financial condition of the borrowers; and
- Understanding management's basis and judgement in determining credit loss allowance on loan receivables at 31 December 2024, including the identification of credit-impaired loan receivables, estimated loss rates applied to each borrower, collateral pledged to the Group, the use of macroeconomic factors and relative weighting for forward-looking scenarios.

Independent Auditor's Report

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRS Accounting Standards 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 are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.



Independent Auditor's Report

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 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 HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSA's, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Independent Auditor's Report

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

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

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

We also provide those charged with governance 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 those charged with governance, 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 Chung Chin Cheung.

Deloitte Touche Tohmatsu
Certified Public Accountants

Hong Kong, 26 March 2025

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2024

	Notes	2024 HK\$'000	2023 HK\$'000
Revenue	5	65,193	71,886
Dividend income		1,892	152
Interest income		60,011	69,845
Commission, handling income and others		3,290	1,889
Other income	7	37,680	41,894
Other gain and loss, net	8	(34)	(2)
Staff costs	12	(39,811)	(33,427)
Other expenses		(34,603)	(46,798)
Loss on financial assets at fair value through profit or loss	9	(4,620)	(7,121)
Provision for impairment losses under expected credit loss model, net of reversal	12	(15,719)	(12,020)
Finance costs	10	(1,493)	(898)
Profit before tax		6,593	13,514
Income tax (expense) credit	11	(2,084)	13,274
Profit for the year attributable to owners of the Company	12	4,509	26,788
Other comprehensive (expense) income			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Fair value loss on debt instruments at fair value through other comprehensive income		(4,418)	(17,659)
Provision for impairment loss on debt instruments at fair value through other comprehensive income included in profit or loss	12	4,418	11,519
Exchange differences arising on translation of financial statements of foreign operations		375	(57)
Other comprehensive income (expense) for the year		375	(6,197)
Total comprehensive income for the year attributable to owners of the Company		4,884	20,591
Earnings per share attributable to owners of the Company			
– Basic	16	HK0.02 cent	HK0.13 cent

Consolidated Statement of Financial Position

At 31 December 2024

	Notes	2024 HK\$'000	2023 HK\$'000
Non-current assets			
Property, plant and equipment	17	4,891	7,595
Right-of-use assets	18	25,806	36,631
Goodwill	19	4,000	4,000
Club debentures	20	1,453	1,928
Loan receivables	21	221,346	127,002
Deferred tax assets	28	4,476	6,276
Total non-current assets		261,972	183,432
Current assets			
Debt instruments at fair value through other comprehensive income	22	–	4,418
Loan receivables	21	302,902	640,230
Trade and other receivables	23	179,267	127,183
Income tax recoverable		605	207
Financial assets at fair value through profit or loss	24	7,108	9,912
Bank balances and cash	25	1,518,810	1,312,947
Total current assets		2,008,692	2,094,897
Current liabilities			
Trade and other payables	26	28,918	27,888
Income tax payable		–	3,200
Lease liabilities	27	10,009	9,730
Total current liabilities		38,927	40,818
Net current assets		1,969,765	2,054,079
Total assets less current liabilities		2,231,737	2,237,511

Consolidated Statement of Financial Position

At 31 December 2024

	Notes	2024 HK\$'000	2023 HK\$'000
Non-current liability			
Lease liabilities	27	15,125	25,783
Net assets		2,216,612	2,211,728
Capital and reserves			
Share capital	29	3,216,110	3,216,110
Reserves		(999,498)	(1,004,382)
Total equity		2,216,612	2,211,728

The consolidated financial statements on pages 70 to 131 have been approved and authorised for issue by the Board on 26 March 2025 and are signed on its behalf by:

Dr. Or Ching Fai
Director

Chow Kam Wah
Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2024

	Share capital HK\$'000	Shareholder's contribution reserve HK\$'000	Investment revaluation reserve HK\$'000	Translation reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 January 2023	3,216,110	82,416	6,140	–	(1,113,529)	2,191,137
Profit for the year	–	–	–	–	26,788	26,788
Fair value loss on debt instruments at fair value through other comprehensive income	–	–	(17,659)	–	–	(17,659)
Provision for impairment loss on debt instruments at fair value through other comprehensive income	–	–	11,519	–	–	11,519
Exchange differences arising on translation of financial statements of foreign operations	–	–	–	(57)	–	(57)
Total comprehensive (expense) income for the year	–	–	(6,140)	(57)	26,788	20,591
At 31 December 2023	3,216,110	82,416	–	(57)	(1,086,741)	2,211,728
Profit for the year	–	–	–	–	4,509	4,509
Fair value loss on debt instruments at fair value through other comprehensive income	–	–	(4,418)	–	–	(4,418)
Provision for impairment loss on debt instruments at fair value through other comprehensive income	–	–	4,418	–	–	4,418
Exchange differences arising on translation of financial statements of foreign operations	–	–	–	375	–	375
Total comprehensive income for the year	–	–	–	375	4,509	4,884
At 31 December 2024	3,216,110	82,416	–	318	(1,082,232)	2,216,612

Consolidated Statement of Cash Flows

For the year ended 31 December 2024

	Notes	2024 HK\$'000	2023 HK\$'000
Operating activities			
Profit before tax		6,593	13,514
Adjustments for:			
Finance costs		1,493	898
Bank interest income		(37,527)	(38,269)
Interest income from money lending business		(49,800)	(62,530)
Interest income from securities margin financing business		(10,211)	(7,315)
Depreciation of property, plant and equipment	12	2,738	2,795
Depreciation of right-of-use assets	12	10,113	10,100
Dividend income from financial assets at fair value through profit or loss		(1,892)	(152)
Gain on disposal of property, plant and equipment		(10)	–
Gain on disposal of club debentures		(516)	–
Provision for impairment losses on loan receivables, debt instruments at fair value through other comprehensive income and other receivables, net of reversal	12	15,719	12,020
Unrealised loss on financial assets at fair value through profit or loss	9	4,620	7,121
Operating cash flows before movements in working capital		(58,680)	(61,818)
(Increase) decrease in trade and other receivables		(41,134)	2,691
Decrease in loan receivables		217,160	214,687
Increase (decrease) in trade and other payables		1,030	(10,011)
Increase in bank balances – client accounts		(1,908)	(3,623)
Cash from operations		116,468	141,926
Income tax paid		(4,024)	(2,613)
Income tax refunded		142	17,517
Interest received		101,111	157,056
Net cash from operating activities		213,697	313,886

Consolidated Statement of Cash Flows

For the year ended 31 December 2024

	Notes	2024 HK\$'000	2023 HK\$'000
Investing activities			
Proceeds from disposals of club debentures		991	–
Proceeds from disposals of property, plant and equipment		10	–
Dividend received		76	152
Purchase of property, plant and equipment	17	(35)	(44)
Net cash from investing activities		1,042	108
Financing activities			
Interest paid		(1,493)	(898)
Repayment of lease liabilities		(9,618)	(9,283)
Cash used in financing activities		(11,111)	(10,181)
Net increase in cash and cash equivalents		203,628	303,813
Cash and cash equivalents at the beginning of the year		1,292,691	988,928
Effect of foreign exchange rate changes		327	(50)
Cash and cash equivalents at the end of the year		1,496,646	1,292,691
Represented by:			
Bank balances and cash			
– General accounts and cash	25	1,496,646	1,292,691

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

1. GENERAL INFORMATION

CSC Holdings Limited is a public limited liability company incorporated in Hong Kong and its shares are listed on the Main Board of the Hong Kong Stock Exchange. The registered office and principal place of business of the Company is Rooms 3206-3210, 32nd Floor, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong.

The consolidated financial statements are presented in Hong Kong dollar ("HK\$"), which is also the functional currency of the Company and all values are rounded to the nearest thousand (HK\$'000) except otherwise indicated.

The Company is an investment holding company. The principal activities of its subsidiaries are set out in Note 36 to the consolidated financial statements.

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

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

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

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS (continued)

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

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

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

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

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

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

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

Except for the new HKFRS Accounting Standard mentioned below, the directors of the Company anticipate that the application of all amendments to HKFRS Accounting Standards will have no material impact on the consolidated financial statements of the Group in the foreseeable future.

HKFRS 18 “Presentation and Disclosure in Financial Statements” (“HKFRS 18”)

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

3.1 Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards issued by the HKICPA. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Listing Rules and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments that are measured at fair values at the end of each reporting period.

3.2 Material accounting policy information

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

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 listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information (continued)

Goodwill (continued)

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or group of cash-generating units) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. If the recoverable amount is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit (or group of cash-generating units).

Revenue from contracts with customers

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e., when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

Leases

The Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 "Leases" at inception of the contract. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessee

Right-of-use assets

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received; and
- any initial direct costs incurred by the Group.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information (continued)

Leases (continued)

The Group as a lessee (continued)

Right-of-use assets (continued)

Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information (continued)

Foreign currencies (continued)

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's operations are translated into the presentation currency of the Group (i.e., HK\$) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve.

Retirement benefit costs

Payments to the Mandatory Provident Fund Scheme ("MPF Scheme") are recognised as an expense when employees have rendered service entitling them to the contributions.

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS Accounting Standard requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries and annual leave) after deducting any amount already paid.

Taxation

Income tax expense represents the sum of the current and deferred income tax expense.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information (continued)

Taxation (continued)

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

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 profits will be available to allow all or part of the asset to be recovered.

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

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024



3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information (continued)

Property, plant and equipment

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes. Property, plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition. To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented as "right-of-use assets" in the consolidated statement of financial position.

Depreciation is recognised so as to write off the cost of assets over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Cash and cash equivalents

Bank balances and cash presented on the consolidated statement of financial position include:

- (a) cash, which comprises of cash on hand and demand deposits, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash; and
- (b) cash equivalents, which comprises of short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of bank balances and cash as defined above.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information (continued)

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15 "Revenue from Contracts with Customers" ("**HKFRS 15**"). Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss ("**FVTPL**") are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income and dividend income which are derived from the Group's ordinary course of business are presented as revenue.

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024



3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information (continued)

Financial instruments (continued)

Financial assets (continued)

Classification and subsequent measurement of financial assets (continued)

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income ("**FVTOCI**"):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost and debt instruments subsequently measured at FVTOCI. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information (continued)

Financial instruments (continued)

Financial assets (continued)

Classification and subsequent measurement of financial assets (continued)

(ii) Debt instruments classified as at FVTOCI

Subsequent changes in the carrying amounts for debt instruments classified as at FVTOCI as a result of interest income calculated using the effective interest method, are recognised in profit or loss. All other changes in the carrying amount of these debt instruments are recognised in other comprehensive income and accumulated under the heading of investment revaluation reserve. Impairment allowances are recognised in profit or loss with corresponding adjustment to other comprehensive income without reducing the carrying amounts of these debt instruments. When these debt instruments are derecognised, the cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss.

(iii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is included in the "loss on financial assets at fair value through profit or loss" line item.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established (provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably).

Impairment of financial assets

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets (including trade and other receivables, bank balances and cash, loan receivables and debt instruments at FVTOCI) which are subject to impairment assessment under HKFRS 9 "Financial Instruments" ("HKFRS 9"). The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024



3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("**12m ECL**") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables from contracts with customers.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

(i) Significant increase in credit risk (continued)

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

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

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

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collateral held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

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

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

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e., the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Lifetime ECL for trade receivables from contracts with customers are considered on a collective basis taking into consideration past due information and relevant credit information such as forward looking macroeconomic information.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortised cost of the financial asset.

Except for investments in debt instruments that are measured at FVTOCI, the Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables and loan receivables where the corresponding adjustment is recognised through a loss allowance account. For investments in debt instruments that are measured at FVTOCI, the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve without reducing the carrying amount of these debt instruments. Such amount represents the changes in the investment revaluation reserve in relation to accumulated loss allowance.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information (continued)

Financial instruments (continued)

Derecognition/modification of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss.

A modification of a financial asset occurs if the contractual cash flows are renegotiated or otherwise modified.

When the contractual terms of a financial asset are modified, the Group assesses whether the revised terms result in a substantial modification from original terms taking into account all relevant facts and circumstances including qualitative factors. If qualitative assessment is not conclusive, the Group considers the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received, and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial asset.

For non-substantial modifications of financial assets that do not result in derecognition, the carrying amount of the relevant financial assets will be calculated at the present value of the modified contractual cash flows discounted at the financial assets' original effective interest rate. Transaction costs or fees incurred are adjusted to the carrying amount of the modified financial assets and are amortised over the remaining term. Any adjustment to the carrying amount of the financial asset is recognised in profit or loss at the date of modification.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information (continued)

Financial instruments (continued)

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Financial liabilities at amortised cost

Financial liabilities (including trade and other payables) are subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

4. KEY SOURCE OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

The following is the key assumption concerning the future, and other key source of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

4. KEY SOURCE OF ESTIMATION UNCERTAINTY (continued)

Provision of ECL and impairment loss for loan receivables

The Group performed impairment assessment for loan receivables under ECL model on an individual basis. ECL for loan receivables are based on management's estimation of the amounts and timing of future cash flows collectible from the loan receivables, and the assessment of the existence of any significant increase in credit risk of the loan receivables since initial recognition, after taking into account the credit loss experience, ageing of overdue balances, cash flows that are expected from the realisation of collateral, borrowers' repayment history, financial condition of borrowers and the incorporation of forward-looking information, all of which involve a significant degree of management judgement.

The provision of ECL is sensitive to changes in estimates. The information about the Group's loan receivables and ECL are disclosed in Notes 21 and 33 respectively.

At 31 December 2024, the carrying amounts of loan receivables were HK\$524,248,000 (2023: HK\$767,232,000) with impairment allowance of HK\$10,646,000 being provided (2023: impairment allowance of HK\$10,263,000 being reversed) in profit or loss during the year.

5. REVENUE

An analysis of the Group's revenue for the year is as follows:

	2024 HK\$'000	2023 HK\$'000
Dividend income from financial assets at FVTPL	1,892	152
Interest income from securities margin financing business	10,211	7,315
Interest income from money lending business	49,800	62,530
Arrangement fee income from money lending business	2,144	–
Commission and handling income from securities brokerage business	1,146	1,889
	65,193	71,886

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

5. REVENUE (continued)

Disaggregation of revenue from contracts with customers and reconciliation of total revenue:

	Investment in securities HK\$'000	Money lending HK\$'000	Securities brokerage HK\$'000	Total HK\$'000
For the year ended 31 December 2024				
Types of goods and services				
Commission, handling income and others	–	2,144	1,146	3,290
Revenue from contracts with customers	–	2,144	1,146	3,290
Dividend income	1,892	–	–	1,892
Interest income	–	49,800	10,211	60,011
Total revenue	1,892	51,944	11,357	65,193

For the year ended 31 December 2023

Types of goods and services				
Commission, handling income and others	–	–	1,889	1,889
Revenue from contracts with customers	–	–	1,889	1,889
Dividend income	152	–	–	152
Interest income	–	62,530	7,315	69,845
Total revenue	152	62,530	9,204	71,886

During the years ended 31 December 2024 and 2023, the revenue is recognised at a point in time except for dividend income and interest income which fall outside the scope of HKFRS 15.

Brokerage commission income is recognised on a trade date basis when the relevant transactions are executed. Other service income is recognised when the related services are rendered.

6. SEGMENT INFORMATION

The following is an analysis of the Group's revenue and results by operating segments, based on information provided to the chief operating decision maker, for the purposes of allocating resources and assessment of segment performance. This is also the basis upon which the Group is arranged and organised.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

6. SEGMENT INFORMATION (continued)

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

1. Investment in securities
2. Trading
3. Money lending
4. Securities brokerage

Segment revenues and results

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

For the year ended 31 December 2024

	Investment in securities HK\$'000	Trading HK\$'000	Money lending HK\$'000	Securities brokerage HK\$'000	Total HK\$'000
Segment revenue					
External sales/sources	1,892	–	51,944	11,357	65,193
Results					
Segment results	(6,959)	10,181	45,959	9,649	58,830
Other income					17,555
Other gain and loss, net					(33)
Central administrative expenses					(68,266)
Finance costs					(1,493)
Profit before tax					6,593
Income tax expense					(2,084)
Profit for the year					4,509
Other segment information					
Loss on financial assets at FVTPL	(4,620)	–	–	–	(4,620)
Provision for impairment loss on debt instruments at FVTOCI	(4,418)	–	–	–	(4,418)
Provision for impairment loss on loan receivables	–	–	(10,646)	–	(10,646)
Provision for impairment loss on other receivables	–	–	(655)	–	(655)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

6. SEGMENT INFORMATION (continued)

Segment revenues and results (continued)

For the year ended 31 December 2023

	Investment in securities HK\$'000	Trading HK\$'000	Money lending HK\$'000	Securities brokerage HK\$'000	Total HK\$'000
Segment revenue					
External sales/sources	152	–	62,530	9,204	71,886
Results					
Segment results	(26,543)	11,010	69,917	9,640	64,024
Other income					20,137
Other gain and loss, net					(2)
Central administrative expenses					(69,747)
Finance costs					(898)
Profit before tax					13,514
Income tax credit					13,274
Profit for the year					26,788
Other segment information					
Loss on financial assets at FVTPL	(7,121)	–	–	–	(7,121)
Provision for impairment loss on debt instruments at FVTOCI	(11,519)	–	–	–	(11,519)
Reversal of impairment loss on loan receivables	–	–	10,263	–	10,263
Provision for impairment loss on other receivables	(8,069)	–	(2,695)	–	(10,764)

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment (loss) profit represents the loss incurred/profit earned by each segment without allocation of certain other income, certain other gain and loss, net, central administrative expenses (including depreciation of property, plant and equipment and right-of-use assets), finance costs and income tax (expense) credit.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

6. SEGMENT INFORMATION (continued)

Segment assets and liabilities

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

	2024 HK\$'000	2023 HK\$'000
Segment assets		
Investment in securities	15,822	14,772
Trading	235,839	225,648
Money lending	1,114,887	1,119,941
Securities brokerage	302,523	297,414
Total segment assets	1,669,071	1,657,775
Property, plant and equipment	4,891	7,595
Right-of-use assets	25,806	36,631
Bank balances and cash	558,946	567,004
Other unallocated assets	11,950	9,324
Consolidated assets	2,270,664	2,278,329
Segment liabilities		
Investment in securities	10	20
Trading	20	20
Money lending	1,166	4,321
Securities brokerage	23,673	21,375
Total segment liabilities	24,869	25,736
Other payables	4,049	5,352
Lease liabilities	25,134	35,513
Consolidated liabilities	54,052	66,601

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

- all assets are allocated to operating segments other than property, plant and equipment, right-of-use assets, certain bank balances and cash and certain other assets; and
- all liabilities are allocated to operating segments other than certain other payables and lease liabilities.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

6. SEGMENT INFORMATION (continued)

Geographical information

The Group's operations are mainly located in Hong Kong.

Information about the Group's revenue from external customers/sources by geographical location of the customers/sources is presented based on the location of the customers/sources. Information about the Group's non-current assets is presented based on the geographical location of the assets.

	Revenue from external customers/sources		Non-current assets (Note)	
	2024 HK\$'000	2023 HK\$'000	2024 HK\$'000	2023 HK\$'000
Hong Kong	65,193	71,886	18,239	27,556
Philippines	–	–	11,022	15,103
The PRC	–	–	2,487	2,654
United States	–	–	402	841
	65,193	71,886	32,150	46,154

Note: Non-current assets excluded goodwill, loan receivables, debt instruments at FVTOCI and deferred tax assets.

Information about major customers

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

	For the year ended 31 December	
	2024 HK\$'000	2023 HK\$'000
Customer A ¹	20,883	14,877
Customer B ¹	9,802	9,775
Customer C ¹	8,166	10,929
Customer D ²	6,721	N/A ³
Customer E ¹	N/A ³	10,488

¹ Revenue from money lending business.

² Revenue from securities brokerage business.

³ The corresponding revenue did not contribute over 10% of the total revenue of the Group during the year ended 31 December 2024 or 31 December 2023.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

7. OTHER INCOME

	2024 HK\$'000	2023 HK\$'000
Bank interest income	37,527	38,269
Others	153	3,625
	37,680	41,894

8. OTHER GAIN AND LOSS, NET

	2024 HK\$'000	2023 HK\$'000
Gain on disposal of property, plant and equipment	10	–
Gain on disposal of club debentures	516	–
Exchange loss, net	(560)	(2)
	(34)	(2)

9. LOSS ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2024 HK\$'000	2023 HK\$'000
Unrealised loss on financial assets at FVTPL	4,620	7,121

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

10. FINANCE COSTS

	2024 HK\$'000	2023 HK\$'000
Interest on lease liabilities	1,493	898

11. INCOME TAX (EXPENSE) CREDIT

	2024 HK\$'000	2023 HK\$'000
Tax (charge) credit comprises:		
Current tax		
– Hong Kong Profits Tax	(300)	(1,000)
– Others	(6)	(6)
Overprovision in prior years		
– Hong Kong Profits Tax	22	9,319
	(284)	8,313
Deferred tax (Note 28)	(1,800)	4,961
Income tax (expense) credit recognised in profit or loss	(2,084)	13,274

Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of the group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. Accordingly, the Hong Kong Profits Tax of the qualifying group entity is calculated at 8.25% on the first HK\$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2 million.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

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For the year ended 31 December 2024

11. INCOME TAX (EXPENSE) CREDIT (continued)

The income tax (expense) credit for the year can be reconciled to the profit before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	2024 HK\$'000	2023 HK\$'000
Profit before tax	6,593	13,514
Tax at the domestic income tax rate of 16.5%	(1,088)	(2,230)
Tax effect of expenses not deductible for tax purpose	(3,346)	(6,290)
Tax effect of income not taxable for tax purpose	6,672	6,499
Overprovision in prior years	22	9,319
Tax effect of tax losses not recognised	(4,770)	(8,056)
Income tax at concessionary rate	165	165
Utilisation of tax losses previously not recognised	261	13,867
Income tax (expense) credit for the year	(2,084)	13,274

12. PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging (crediting) the following items:

	2024 HK\$'000	2023 HK\$'000
Staff costs		
– directors' emoluments (Note 13)	9,447	8,623
– other staff salaries, wages and other benefits	29,714	24,019
– retirement benefit scheme contributions, excluding directors	650	785
Total staff costs	39,811	33,427
Provision for (reversal of) impairment loss on loan receivables (Note 21)	10,646	(10,263)
Provision for impairment loss on debt instruments at FVTOCI (Note 22)	4,418	11,519
Provision for impairment loss on other receivables (Note 23)	655	10,764
Net provision for impairment losses	15,719	12,020
Auditor's remuneration	1,795	1,784
Depreciation of property, plant and equipment (Note 17)	2,738	2,795
Depreciation of right-of-use assets (Note 18)	10,113	10,100

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13. DIRECTORS' AND CHIEF EXECUTIVE OFFICER'S EMOLUMENTS

The emoluments paid or payable to each of the eight (2023: eight) directors, disclosed pursuant to the applicable Listing Rules and Hong Kong Companies Ordinance, are as follows:

	2024					2023				
	Fee	Salaries and other benefits	Discretionary bonus	Retirement benefit scheme contributions	Total	Fee	Salaries and other benefits	Discretionary bonus	Retirement benefit scheme contributions	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Executive directors										
– Mr. Sue Ka Lok (Note)	-	2,166	495	133	2,794	-	2,145	-	107	2,252
– Mr. Chow Kam Wah	-	1,460	-	18	1,478	-	1,235	-	18	1,253
– Mr. Chow Man Wai, Tony	-	2,007	-	18	2,025	-	1,950	-	18	1,968
	-	5,633	495	169	6,297	-	5,330	-	143	5,473
Non-executive director										
– Dr. Or Ching Fai	2,150	-	-	-	2,150	2,150	-	-	-	2,150
Independent non-executive directors										
– Ms. Ma Yin Fan	250	-	-	-	250	250	-	-	-	250
– Mr. Chow Yu Chun, Alexander	250	-	-	-	250	250	-	-	-	250
– Mr. Leung Hoi Ying	250	-	-	-	250	250	-	-	-	250
– Mr. Lam Kin Fung, Jeffrey	250	-	-	-	250	250	-	-	-	250
	1,000	-	-	-	1,000	1,000	-	-	-	1,000
Total	3,150	5,633	495	169	9,447	3,150	5,330	-	143	8,623

Note: Resigned on 24 September 2024.

The emoluments of the executive directors shown above were mainly for their services in connection with the management of the affairs of the Group. The emoluments of the non-executive director and independent non-executive directors shown above were mainly for their services as directors of the Company.

During the year, no emoluments were paid by the Group to any directors of the Company as an inducement to join or upon joining the Group or as compensation for loss of office. No directors of the Company waived or agreed to waive any emoluments for both years.

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For the year ended 31 December 2024



14. EMPLOYEES' EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, three (2023: three) of them were executive directors or non-executive director of the Company whose emoluments are included in Note 13 above. The emoluments of the remaining two (2023: two) individuals are as follows:

	2024 HK\$'000	2023 HK\$'000
Salaries and other benefits	5,678	3,734
Retirement benefit scheme contributions	36	36
	5,714	3,770

The emoluments were within the following bands:

	Number of individuals	
	2024	2023
HK\$1,500,001 – HK\$2,000,000	–	1
HK\$2,000,001 – HK\$2,500,000	1	1
HK\$3,500,001 – HK\$4,000,000	1	–
	2	2

15. DIVIDENDS

No dividend was paid or proposed for the year ended 31 December 2024 (2023: nil), nor has any dividend been proposed since the end of the reporting period (2023: nil).

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For the year ended 31 December 2024

16. EARNINGS PER SHARE

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

	2024 HK\$'000	2023 HK\$'000
Profit:		
Profit for the year attributable to owners of the Company for the purpose of calculating basic earnings per share	4,509	26,788
	2024 '000	2023 '000
Number of shares:		
Weighted average number of ordinary shares of the Company for the purpose of calculating basic earnings per share	20,385,254	20,385,254

Diluted earnings per share for the years ended 31 December 2024 and 2023 are not presented as there were no dilutive potential ordinary shares in issue during both years.

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For the year ended 31 December 2024

17. PROPERTY, PLANT AND EQUIPMENT

	Buildings HK\$'000	Furniture and fixtures HK\$'000	Machinery and equipment HK\$'000	Motor vehicles HK\$'000	Vessels HK\$'000	Total HK\$'000
Cost						
At 1 January 2023	2,125	4,361	613	710	26,025	33,834
Additions	–	–	44	–	–	44
At 31 December 2023	2,125	4,361	657	710	26,025	33,878
Additions	–	17	18	–	–	35
Disposals	–	–	–	(710)	–	(710)
Exchange adjustment	–	–	(1)	–	–	(1)
At 31 December 2024	2,125	4,378	674	–	26,025	33,202
Accumulated depreciation						
At 1 January 2023	1,475	4,263	464	688	16,598	23,488
Provided for the year	68	53	50	22	2,602	2,795
At 31 December 2023	1,543	4,316	514	710	19,200	26,283
Provided for the year	68	23	45	–	2,602	2,738
Eliminated on disposals for the year	–	–	–	(710)	–	(710)
At 31 December 2024	1,611	4,339	559	–	21,802	28,311
Carrying values						
At 31 December 2024	514	39	115	–	4,223	4,891
At 31 December 2023	582	45	143	–	6,825	7,595

The above items of property, plant and equipment are depreciated on a straight-line basis at the following rates per annum:

Buildings	Over the shorter of the term of the lease of 40 – 50 years or 2.5%
Furniture and fixtures	12.5% – 20%
Machinery and equipment	12.5% – 20%
Motor vehicles	12.5%
Vessels	10%

At 31 December 2024 and 2023, the buildings of the Group are situated on land in the PRC.

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For the year ended 31 December 2024

18. RIGHT-OF-USE ASSETS

	Leasehold land and leased properties HK\$'000	
Carrying amount		
At 31 December 2024		25,806
At 31 December 2023		36,631
Depreciation		
Provided for the year ended 31 December 2024		10,113
Provided for the year ended 31 December 2023		10,100
	2024	2023
	HK\$'000	HK\$'000
Total cash outflow for leases	11,111	10,181
Addition to right-of-use assets	–	35,840

For both years, the Group leases office premises for its operations and leasehold lands with carrying amount of HK\$1,973,000 (2023: HK\$2,072,000). Lease contracts are entered into for fixed term from three years to five years. Lease terms are negotiated on an individual basis and contain different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

Lease liabilities of HK\$25,134,000 are recognised with related right-of-use assets of HK\$23,833,000 as at 31 December 2024 (2023: lease liabilities of HK\$35,513,000 and related right-of-use assets of HK\$34,559,000). The lease agreements do not impose covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

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For the year ended 31 December 2024



19. GOODWILL

For the purpose of impairment testing, goodwill is allocated to the securities brokerage business, being one of the Group's cash generating units identified according to segment information.

The recoverable amount of the securities brokerage business was calculated based on its value in use determined by the Group's management. The calculation used cash flow projections from financial budgets of the securities brokerage business covering a five-year period, at a discount rate of 9.66% (2023: 11.43%), which had been approved by the Group's management. Cash flows after the five-year period were assumed to have no growth.

The key assumption affecting the result of the value in use calculation is the profit forecast of the securities brokerage business. Such estimation is based on the historical performance and management's expectation of the development of the securities brokerage business, under the prevailing market conditions. No impairment on goodwill was made for the years ended 31 December 2024 and 2023. The management believes that any reasonably possible change in the assumption would not cause the aggregate carrying amount of the cash generating unit exceeds the aggregate recoverable amount of it.

20. CLUB DEBENTURES

The club debentures represent the club membership of two (2023: three) private clubs in Hong Kong. During the year ended 31 December 2024, a club membership with carrying amount of HK\$475,000 was disposed of to an independent third party at HK\$991,000 (2023: no disposal). The directors of the Company are of opinion that it is not necessary to make any impairment on the club debentures since the quoted prices are higher than their carrying values.

21. LOAN RECEIVABLES

	2024 HK\$'000	2023 HK\$'000
Fixed-rate loan receivables	890,083	1,253,368
Less: impairment allowance	(365,835)	(486,136)
	524,248	767,232
Analysed as:		
Current portion	302,902	640,230
Non-current portion	221,346	127,002
	524,248	767,232
Analysed as:		
Secured	514,318	760,314
Unsecured	9,930	6,918
	524,248	767,232

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For the year ended 31 December 2024

21. LOAN RECEIVABLES (continued)

At 31 December 2024, the range of interest rates and maturity dates attributed to the Group's performing loan receivables were 8.5% to 13% (2023: 8.5% to 13%) per annum and from 4 March 2025 to 31 March 2026 (2023: 4 March 2024 to 31 March 2026) respectively.

An analysis of the Group's fixed-rate loan receivables by their respective contractual maturity dates is as follows:

	2024 HK\$'000	2023 HK\$'000
Fixed-rate loan receivables:		
Within one year or on demand	302,902	640,230
In more than one year but not more than two years	221,346	7,797
In more than two years but not more than five years	–	119,205
	524,248	767,232

The Group provided impairment allowance of HK\$10,646,000 (2023: reversed impairment allowance of HK\$10,263,000) on loan receivables for the current year.

Details of impairment assessment are set out in Note 33.

22. DEBT INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2024 HK\$'000	2023 HK\$'000
Listed investments, at fair value:		
– Debt securities listed overseas with fixed interest at 9.50% per annum and contractual maturity date on 29 March 2024	–	4,418
Analysed as:		
Current portion	–	4,418

There was no addition nor disposal of debt instruments during the years ended 31 December 2024 and 2023. At 31 December 2024 and 2023, debt instruments at FVTOCI were stated at fair values which were determined based on the quoted market closing prices.

The Group provided impairment allowance of HK\$4,418,000 (2023: HK\$11,519,000) on debt instruments at FVTOCI for the current year.

The debt instruments at FVTOCI were denominated in United States dollars.

Details of impairment assessment are set out in Note 33.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

23. TRADE AND OTHER RECEIVABLES

	2024 HK\$'000	2023 HK\$'000
Trade receivables of securities brokerage business:		
– Cash clients (<i>Note (i)</i>)	992	938
– Margin clients (<i>Note (i)</i>)	164,890	106,293
– Hong Kong Securities Clearing Company Limited (“HKSCC”) (<i>Note (i)</i>)	712	640
	166,594	107,871
Other receivables (<i>Note (ii)</i>)	12,673	19,312
	179,267	127,183

Notes:

- (i) For securities brokerage business, the normal settlement terms of trade receivables from cash clients and HKSCC are two trading days after trade date. The trade receivables from cash and margin clients and HKSCC with carrying amounts totalling HK\$166,594,000 (2023: HK\$107,871,000) were not past due at the end of the reporting period.

Margin clients are required to pledge securities as collateral to the Group in order to obtain the credit facilities for securities trading. The amount of credit facilities granted to them individually is determined based on a discount on the market value of the securities pledged to the Group. Any excess in lending ratio will trigger a margin call for which the client concerned has to make good the shortfall. At 31 December 2024, the market value of the securities pledged by the clients to the Group as collateral for margin financing amounted to HK\$705,964,000 (2023: HK\$528,386,000).

- (ii) Included in other receivables were unrestricted deposits of HK\$474,000 (2023: HK\$405,000) placed with securities brokers. The remaining balance of other receivables represented mainly interest receivables, prepayment and deposits for office use.

For the years ended 31 December 2024 and 2023, the Group performed impairment assessment on trade receivables and concluded that their ECL were insignificant, accordingly, no impairment losses were recognised on trade receivables at the end of both the reporting periods.

The Group provided impairment allowance of HK\$655,000 (2023: HK\$10,764,000) on other receivables for the current year.

Details of impairment assessment are set out in Note 33.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

24. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2024 HK\$'000	2023 HK\$'000
Listed investments, at fair value:		
– Equity securities listed in Hong Kong (<i>Note</i>)	7,108	9,912
Analysed as:		
Current portion	7,108	9,912

Note: The fair values of the listed equity securities were determined based on the quoted market closing prices available on the Hong Kong Stock Exchange.

25. BANK BALANCES AND CASH

	2024 HK\$'000	2023 HK\$'000
Bank balances and cash		
– General accounts and cash (<i>Note (i)</i>)	1,496,646	1,292,691
– Client accounts (<i>Note (ii)</i>)	22,164	20,256
	1,518,810	1,312,947

Notes:

- (i) The amount represented cash and short-term bank deposits with original maturity of three months or less held by the Group, which comprised the cash and cash equivalents of the Group. The amounts carried interest ranging from 0.01% to 3.80% (2023: 0.01% to 5.25%) per annum.
- (ii) The Group's securities brokerage business receives and holds money deposited by clients during the course of conducting its regulated activities in its ordinary course of business. Such clients' monies are maintained in a segregated bank account. The Group has recognised the corresponding account payables to the respective clients.

The Group's bank balances and cash denominated in currencies other than functional currencies of the relevant Group's entities are set out below:

	2024 HK\$'000	2023 HK\$'000
RMB	490	486
US\$	553,087	236,971
Philippine peso	728	97
Singapore dollar	1,291	–

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For the year ended 31 December 2024

26. TRADE AND OTHER PAYABLES

	2024 HK\$'000	2023 HK\$'000
Trade payables of securities brokerage business:		
– Cash clients (<i>Note</i>)	21,971	14,936
– Margin clients (<i>Note</i>)	1,479	6,312
	23,450	21,248
Accrued charges and other payables	5,468	6,640
	28,918	27,888

Note: For securities brokerage business, the normal settlement terms of trade payables to cash and margin clients are two trading days after trade date.

27. LEASE LIABILITIES

	2024 HK\$'000	2023 HK\$'000
Lease liabilities payable:		
Within one year	10,009	9,730
Within a period of more than one year but not exceeding two years	10,031	10,190
Within a period of more than two years but not exceeding five years	5,094	15,593
	25,134	35,513
Less: Amount due for settlement within one year shown under current liabilities	(10,009)	(9,730)
Amount due for settlement over one year shown under non-current liabilities	15,125	25,783

The weighted average incremental borrowing rates applied to lease liabilities ranged from 4.1% to 6.0% (2023: 4.1% to 6.0%).

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28. DEFERRED TAX ASSETS

The movement of deferred tax assets for the year is as follows:

	Allowance for ECL HK\$'000	Tax losses HK\$'000	Temporary difference related to unrealised gain on financial assets at FVTPL HK\$'000	Total HK\$'000
At 1 January 2023	1,315	13,501	(13,501)	1,315
Credited to profit or loss (Note 11)	4,961	–	–	4,961
At 31 December 2023	6,276	13,501	(13,501)	6,276
Charged to profit or loss (Note 11)	(1,800)	–	–	(1,800)
At 31 December 2024	4,476	13,501	(13,501)	4,476

At 31 December 2024, the Group had unused tax losses arising in Hong Kong of HK\$859,590,000 (2023: HK\$1,039,107,000), subject to the agreement of the Hong Kong Inland Revenue Department, the unused tax losses are available indefinitely for offset against future profits of the companies in which the losses arose. The unused tax losses of HK\$81,833,000 (2023: HK\$81,833,000) were recognised as deferred tax assets and no deferred tax asset was recognised in respect of the remaining unused tax losses of HK\$777,757,000 (2023: HK\$957,274,000) due to the unpredictability of future profit streams. The tax losses may be carried forward indefinitely.

29. SHARE CAPITAL OF THE COMPANY

	Number of shares '000	Share capital HK\$'000
Issued and fully paid ordinary shares:		
At 1 January 2023, 31 December 2023, 1 January 2024 and 31 December 2024	20,385,254	3,216,110

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30. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	2024 HK\$'000	2023 HK\$'000
Non-current assets		
Property, plant and equipment	525	616
Right-of-use assets	1,973	2,072
Investments in subsidiaries	2,340	2,340
Amounts due from subsidiaries	15,833	14,783
Club debentures	–	475
Total non-current assets	20,671	20,286
Current assets		
Amounts due from subsidiaries	3,822,229	3,833,418
Other receivables	2,730	1,592
Bank balances and cash	328,633	339,215
Total current assets	4,153,592	4,174,225
Current liabilities		
Accrued charges and other payables	3,385	3,940
Amounts due to subsidiaries	2,010,460	2,024,970
Total current liabilities	2,013,845	2,028,910
Net current assets	2,139,747	2,145,315
Net assets	2,160,418	2,165,601
Capital and reserves		
Share capital (Note 29)	3,216,110	3,216,110
Reserves (Note)	(1,055,692)	(1,050,509)
Total equity	2,160,418	2,165,601

The Company's statement of financial position has been approved and authorised for issue by the Board on 26 March 2025 and is signed on its behalf by:

Dr. Or Ching Fai
Director

Chow Kam Wah
Director

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

30. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (continued)

Note: Movements in the Company's reserves

	Shareholder's contribution reserve HK\$'000	Retained profits (accumulated losses) HK\$'000	Total HK\$'000
At 1 January 2023	82,416	38,600	121,016
Loss and total comprehensive expense for the year	–	(1,171,525)	(1,171,525)
At 31 December 2023	82,416	(1,132,925)	(1,050,509)
Loss and total comprehensive expense for the year	–	(5,183)	(5,183)
At 31 December 2024	82,416	(1,138,108)	(1,055,692)

31. SHARE-BASED PAYMENT TRANSACTIONS

Share option scheme

The existing share option scheme of the Company (the "Share Option Scheme") was adopted by the Company at the annual general meeting of the Company held on 29 June 2020. Unless otherwise cancelled or amended, the Share Option Scheme will be valid and effective for a period of ten years commencing on the date of adoption. The purpose of the Share Option Scheme is to enable the Company to grant options to participants as incentives or rewards for their contribution to the Company or any of the subsidiaries and associated companies of the Company. Eligible participants of the Share Option Scheme include any employees (whether full time or part time), executives or officers of the Company or any of the subsidiaries and associated companies of the Company (including executive and non-executive directors of the Company) and any business consultants, agents, financial or legal advisers who the Board considers, in its sole discretion, will contribute or have contributed to the Company or any of the subsidiaries and associated companies of the Company. The offer of a grant of share options may be accepted until the 21st days inclusive of, and from, the date of grant, provided that no such offer shall be open for acceptance after the expiry of the period of ten years commencing on the adoption date of the Share Option Scheme or after the Share Option Scheme has been terminated. The amount payable by each grantee of options to the Company on acceptance of the offer for the grant of options is HK\$1.00.

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31. SHARE-BASED PAYMENT TRANSACTIONS (continued)

Share option scheme (continued)

The subscription price for the shares on the exercise of options under the Share Option Scheme shall be a price as determined by the Board in its absolute discretion at the time of the grant of the relevant option (and shall be stated in the letter containing the offer of the grant of the option) but in any case the subscription price shall not be less than the higher of (i) the closing price of the shares as stated in the Hong Kong Stock Exchange's daily quotations sheet on the date of grant, which must be a trading day; (ii) the average closing price of the shares as stated in the Hong Kong Stock Exchange's daily quotations sheets for the 5 trading days immediately preceding the date of grant; or (iii) the nominal value of a share (if any). The exercise period of the share options granted is determinable by the Board but in any event, not longer than ten years from the date of grant.

The total number of shares issued and to be issued upon exercise of the options granted to each participant, together with all options granted and to be granted to the participant under any other share option scheme(s) of the Company in the 12-month period up to and including the proposed date of grant (including exercised, cancelled and outstanding options) shall not exceed 1% of the total number of the shares in issue as at the proposed date of grant. Any further grant of options to a participant in excess of the 1% limit shall be subject to the shareholders' approval of the Company with such participant and the participant's associates abstaining from voting.

The limit on the total number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option scheme(s) of the Company must not exceed 30% of the total number of the shares in issue from time to time. In addition, the total number of the shares which may be issued upon exercise of all options to be granted under the Share Option Scheme, together with all options to be granted under any other share option scheme(s) of the Company (excluding lapsed options), must not represent more than 10% of the total number of the shares in issue as at the date of approval of the Share Option Scheme (the "**Scheme Mandate Limit**") or as at the date of the approval of the refreshed Scheme Mandate Limit, as the case maybe.

No share option has been granted under the Share Option Scheme since its adoption and up to the date of this annual report. In the annual general meeting of the Company held on 28 June 2021, the shareholders of the Company approved the refreshment of the Scheme Mandate Limit (the "**Scheme Mandate Limit Refreshment**"). The total number of shares of the Company available for issue under the Share Option Scheme is 2,038,525,383 shares, representing approximately 10% of the issued shares of the Company as at the date of approval of the Scheme Mandate Limit Refreshment and the date of this annual report.

32. CAPITAL RISK MANAGEMENT

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

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32. CAPITAL RISK MANAGEMENT (continued)

The capital structure of the Group consists of equity attributable to owners of the Company, comprising issued share capital, shareholder's contribution reserve and accumulated losses.

The directors of the Company review the capital structure of the Group regularly. As part of the review, the directors of the Company consider the cost of capital and other sources of funds other than issuance of shares, such as borrowings and interest bearing notes. Based on the recommendations of the directors of the Company, the Group will balance its overall capital structure through corporate actions including payment of dividends, new share issues, raising or repayment of borrowings, and issuance or redemption of interest bearing notes.

33. FINANCIAL INSTRUMENTS

a. Categories of financial instruments

Statement of financial position

	2024 HK\$'000	2023 HK\$'000
Financial assets		
Amortised cost	2,215,920	2,200,969
Debt instruments at FVTOCI	–	4,418
Financial assets at FVTPL	7,108	9,912
Financial liabilities		
Amortised cost	23,450	21,248

b. Financial risk management objectives and policies

The Group's major financial instruments include certain trade and other receivables, loan receivables, bank balances and cash, debt instruments at FVTOCI, financial assets at FVTPL and certain trade and other payables. Details of the financial instruments are disclosed in the respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner.

Market risk

(i) Interest rate risk management

The Group currently does not use any derivative contracts to hedge its exposure to interest rate risk. However, the management of the Group will consider hedging significant interest rate risk exposure if the need arises.

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33. FINANCIAL INSTRUMENTS (continued)

b. Financial risk management objectives and policies (continued)

Market risk (continued)

(i) Interest rate risk management (continued)

The Group is exposed to fair value interest rate risk in relation to loan receivables, debt securities classified as debt instruments at FVTOCI, bank balances and cash and lease liabilities as set out in Notes 21, 22, 25 and 27 respectively.

The exposures of the Group to interest rates on financial liabilities are detailed in the liquidity risk management section of this note.

Total interest income from financial assets that are measured at amortised cost is as follows:

	2024 HK\$'000	2023 HK\$'000
Interest income		
Financial assets at amortised cost	60,011	69,845
Other income		
Financial assets at amortised cost	37,527	38,269
	97,538	108,114

Sensitivity analysis for interest rate risk

There is no exposure to interest rate risk as there is no variable-rate borrowing at the end of the reporting period, no sensitivity analysis is prepared accordingly.

(ii) Price risk management

The Group's price risk is mainly concentrated on equity instruments. At 31 December 2024, the Group has concentration of price risk in relation to financial assets at FVTPL, amounting to HK\$5,239,000 (2023: HK\$9,744,000), being the Group's equity investment in one company (2023: one company). This investment accounted for approximately 74% (2023: 98%) of the Group's financial assets at FVTPL at 31 December 2024. The management manages this exposure by closely monitoring the portfolio of these financial instruments. In addition, the Group will consider hedging the risk exposure should the need arise.

The sensitivity analysis below has been determined based on the exposure to equity price risk at the reporting date. For sensitivity analysis purpose, the sensitivity rate is 20% (2023: 20%) for the current year.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

33. FINANCIAL INSTRUMENTS (continued)

b. Financial risk management objectives and policies (continued)

Market risk (continued)

(ii) Price risk management (continued)

If the prices of the respective listed equity securities and debt instruments had been 20% (2023: 20%) higher/lower:

- profit after tax for the year ended 31 December 2024 would increase/decrease by HK\$1,187,000 (2023: HK\$1,655,000) as a result of the changes in fair values of listed equity securities included in financial assets at FVTPL; and
- total comprehensive income for the year ended 31 December 2024 would be unchanged (2023: would increase/decrease by HK\$884,000) as a result of the changes in fair values of listed debt instruments at FVTOCI.

In management's opinion, the above sensitivity analysis is for illustrative purpose only and is unrepresentative of the inherent price risk the Group facing as the exposure at the year end does not reflect the exposure during the year.

(iii) Foreign currency risk management

Most of the Group's transactions are denominated in the group entities' functional currency, which is either United States dollars or Hong Kong dollars.

The Group is mainly exposed to foreign currency risk in relation to United States dollars arising from foreign currency bank balances and cash.

The aggregate carrying amount of the major foreign currency denominated monetary assets at the reporting date is as follows:

	Assets	
	2024 HK\$'000	2023 HK\$'000
US\$	553,087	241,389

Under the pegged exchange rate system, the financial impact on the exchange difference between Hong Kong dollars and United States dollars is insignificant as most of the United States dollars denominated monetary assets are held by the group entities having Hong Kong dollars as their functional currency, as such, no sensitivity analysis has been prepared.

The Group has not formulated a policy to hedge the foreign currency risk.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

33. FINANCIAL INSTRUMENTS (continued)

b. Financial risk management objectives and policies (continued)

Credit risk and impairment assessment

Credit risk refers to the risk that the Group's counterparties defaulted on their contractual obligations resulting in financial losses to the Group. The Group's credit risk exposures are mainly attributed to the loan receivables of the money lending business which could be mitigated by the security over properties, equity securities and/or debt securities pledged to the Group. The Group's maximum exposure to credit risk without taking into account collateral held or other credit enhancement is represented by the carrying amount of the loan receivables. The Group also held debt instruments at FVTOCI which are also exposed to credit risk.

Except for a majority of the loan receivables of the money lending business and trade receivables from margin clients of the securities brokerage business, the Group does not hold any collateral or other credit enhancements to cover the credit risks associated with the financial assets. The carrying amounts of the financial assets best represent their maximum exposure to credit risk.

Loan receivables

At 31 December 2024, the carrying amount of the loan receivables was HK\$524,248,000 (2023: HK\$767,232,000). The Group had concentration of credit risk as 51% (2023: 55%) of the total loan receivables at 31 December 2024 was due from three (2023: two) borrowers. At 31 December 2024, loans were granted to 18 (2023: 16) borrowers who are Hong Kong residents and companies incorporated in Hong Kong, British Virgin Islands ("BVI"), Cayman Islands and Seychelles. Before granting these loans, the Group conducted internal credit assessment process to assess the potential borrower's credit quality, on an individual basis. The Group seeks to maintain strict control over its outstanding loan receivables on an individual basis to minimise credit risk. The management has a credit policy in place and the exposures to credit risk are monitored on an ongoing basis. The policy includes evaluation of collectability and ageing analysis of the loan receivables based on management's judgement on creditworthiness, collateral provided and past collection history of each individual and corporate borrower.

A majority of the loan receivables are secured with collateral, whereas borrowers of unsecured loans comprise individuals with good reputation and loans granted are supported by the creditworthiness of the borrowers. In addition, the Group may require an unsecured loan be covered by a third party guarantee, depending on the borrower's credit status and credit risk assessed by the management.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

33. FINANCIAL INSTRUMENTS (continued)

b. Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

Loan receivables (continued)

Each borrower is assigned a risk grading under the Group's internal credit ratings system to calculate ECL, having taken into consideration of the estimates of expected cash shortfalls which are driven by the estimates of possibility of default and the cash inflow that are expected from foreclosure of collateral (if any) less the costs of selling the collateral. In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument as at the reporting date with the date of initial recognition. The Group classifies the non-credit-impaired loans and credit-impaired loans as performing loans and non-performing loans respectively.

In determining the recoverability of loan receivables, the Group considers the change in the credit quality of loan receivables, if any, from the date the loans were initially granted up to the reporting date. This includes assessing the credit history of the borrowers, such as past due information or default in payments.

The Group also takes into account forward-looking information that is reasonably and supportably available to the Group without undue cost or effort, including information such as gross domestic product growth rate and unemployment rate.

At 31 December 2024, of the Group's loan receivables with a total gross carrying amount of HK\$890,083,000 (2023: HK\$1,253,368,000), (i) HK\$221,346,000 (2023: HK\$8,081,000) were not past due; (ii) HK\$12,487,000 (2023: HK\$2,465,000) had been past due for less than 30 days; (iii) HK\$61,465,000 (2023: HK\$205,276,000) had been past due for more than 30 days but less than 90 days; and (iv) HK\$594,785,000 (2023: HK\$1,037,546,000) had been past due for 90 days or more.

At 31 December 2024, loan receivables with carrying amount of HK\$514,318,000 (2023: HK\$760,314,000) were secured by collateral including properties, listed equity and debt securities. These collateral were taken into account when determining the loss given default for the loan receivables. There had been decrease in fair value of the collateral held for the loan receivables during the year and impairment allowance of HK\$21,560,000 was recognised accordingly.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

33. FINANCIAL INSTRUMENTS (continued)

b. Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

Loan receivables (continued)

During the current year, loan receivables with a total gross carrying amount of HK\$594,785,000 (2023: HK\$1,037,546,000) were determined to be credit-impaired because they were overdue for more than 90 days, such loans were secured by listed equity and debt securities and properties with an aggregate fair value of approximately HK\$261,303,000 (2023: HK\$616,900,000), and accumulated ECL totalling HK\$338,714,000 (2023: HK\$448,101,000) had been provided on these loans after considering the adjustment to loss given default based on the expected realisation value of the collateral related to these loans, on an individual basis. In addition, at 31 December 2024, there were loan receivables with a total gross carrying amount of HK\$223,741,000 (2023: HK\$121,669,000) which were not credit-impaired and ECL had not been recognised on these loans because the fair value of the collateral provided were higher than the gross carrying amount of the loan receivables, on an individual basis. The Group closely monitors the credit quality of the loan receivables. Before extending maturity of the loans upon request from the borrowers, the Group's management reviews and assesses each borrower individually based on an evaluation of collectability and ageing analysis on the loan account, and on management's judgement, including assessment on the current creditworthiness and the past collection statistics of each borrower, and the realisation value of the securities or collateral provided by the borrower and the guarantor (if any). The Group conducts regular collateral reviews and maintains regular communications with the borrowers in order to keep updated with the credit risk profile of the borrowers. In the event that a borrower defaulted, the Group will take legal actions against the borrower to enforce foreclosure or procure the borrower to voluntarily deliver the possession of the collateral to the Group. The credit review process enables the Group to regularly assess the potential loss as a result of the credit risk it is exposed to and to take appropriate corrective actions promptly.

Debt instruments at FVTOCI

At 31 December 2024 and 2023, the Group's debt instrument at FVTOCI portfolio comprising debt instruments issued by an issuer listed on the Hong Kong Stock Exchange which operates in the property sector in the PRC. The bond investments at the year end was in default status due to non-payments of interest and/or principal and was therefore regarded as credit-impaired and lifetime ECL was recognised. The Group estimated the probability of recovery from the bond investments based on relevant market data and/or default study reports available without undue cost or effort.

During the year ended 31 December 2024, the ECL on debt instruments at FVTOCI of HK\$4,418,000 (2023: HK\$11,519,000) was recognised in profit or loss.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

33. FINANCIAL INSTRUMENTS (continued)

b. Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

Trade receivables

The Group has trade receivables arising from securities brokerage business. It is the Group's policy that all margin clients are subject to credit assessment procedures. The trade receivables of margin clients are secured by marketable securities pledged to the Group with their fair values higher than the amounts of advances to the margin clients by certain pre-determined ratios, on an individual basis. The advance to client under margin financing is regularly reviewed by the management to determine the amount of impairment allowance which involves an evaluation of collectability based on management's judgement, including assessment on the current creditworthiness of the margin client, the past collection statistics of the individual margin account, the value of the collateral held by the Group and available forward-looking information. The management determines whether there is a significant increase in credit risk of the margin account since initial recognition based on a review of the credit quality of the margin client, the collateral to margin ratio, the margin shortfall (if any) and the quality of the marketable securities pledged that are specific to the margin client. This information is also used to determine ECL. Since there is no significant increase in credit risk in trade receivables from margin client since initial recognition, the Group recognises 12m ECL for such trade receivables and the amount is insignificant.

The Group considers the credit risk for trade receivables from cash clients and securities clearing house is negligible and no loss allowance is therefore recognised. The normal settlement terms for these trade receivables are two trading days after trade date.

Bank balances

Credit risk on bank balances is limited because the counterparties are reputable banks with high credit ratings assigned by international credit agencies, and the probability of default of the counterparty banks is insignificant, accordingly, no allowance for credit losses is provided as the amount of ECL is insignificant.

Other receivables

For other receivables, the management makes periodic individual assessment on the recoverability of other receivables and deposits based on historical settlement records, past experience, and also quantitative and qualitative information including reasonable and supportive forward-looking information available to the Group without undue cost or effort. During the year ended 31 December 2024, ECL on other receivables of HK\$655,000 (2023: HK\$10,764,000) was recognised in profit or loss.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

33. FINANCIAL INSTRUMENTS (continued)

b. Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

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

Internal credit rating	Description	Trade receivables from contracts with customers	Financial assets other than trade receivables from contracts with customers and trade receivables from margin clients
Low risk	The counterparty has a low risk of default and does not have any past-due amounts and history of default.	Lifetime ECL – not credit-impaired	12m ECL
Medium risk	Overdue within 30 days or more than 30 days with reasonable and supportable information that demonstrates otherwise. Debtor frequently settles after due dates.	Lifetime ECL – not credit-impaired	12m ECL
High risk	Overdue more than 30 days but within 90 days without any reasonable and supportable information that demonstrates otherwise. There have been significant increases in credit risk since initial recognition through information developed internally or externally.	Lifetime ECL – not credit-impaired	Lifetime ECL – not credit-impaired
Loss	Overdue more than 90 days.	Lifetime ECL – credit-impaired	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery.	Amount is written off	Amount is written off

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

33. FINANCIAL INSTRUMENTS (continued)

b. Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

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

		External credit rating	Internal credit rating	12-month or lifetime ECL	Gross carrying amount 2024 HK\$'000	2023 HK\$'000
	Notes					
Debt instruments at FVTOCI						
Investments in listed bonds* (Note (i))	22	N/A	N/A	Lifetime ECL (credit-impaired)	-	4,418
Financial assets at amortised cost						
Loan receivables (Note (ii))	21	N/A	Low risk	12m ECL	221,346	8,081
		N/A	Medium risk	12m ECL	12,487	2,465
		N/A	High risk	Lifetime ECL (not credit-impaired)	61,465	205,276
		N/A	Loss	Lifetime ECL (credit-impaired)	594,785	1,037,546
Other receivables	23	N/A	Low risk	12m ECL	6,268	12,919
Trade receivables (Note (iii))	23	N/A	N/A	12m ECL	166,594	107,871
Bank balances and cash (Note (iv))	25	BBB to BBB+	N/A	12m ECL	1,540	1,501
		(2023: BBB to BBB+)				
		A to AA-	N/A	12m ECL	1,517,270	1,311,446
		(2023: A to AA-)				

* The Group considers the aggregate of the gross principal amount and the related contractual interests of the debt instruments for the purpose of ECL assessment, at 31 December 2024, such gross amount amounted to HK\$312,000,000 (2023: HK\$312,000,000).

Notes:

- (i) Debt instruments at FVTOCI are listed bonds with credit loss allowance measured on lifetime ECL basis – credit impaired (2023: lifetime ECL basis – credit impaired). The Group assessed the ECL for debt instruments at FVTOCI by reference to exposures at default, recovery rate and adjustments for forward-looking information.
- (ii) As part of the Group's credit risk management, the Group applies internal credit rating for its borrowers. The ECL rates are estimated based on the credit rating, the past and current default records and the current credit exposure of the borrower.
- (iii) For trade receivables from contracts with customers, the Group has applied the simplified approach in HKFRS 9 to measure the loss allowance on lifetime ECL basis. For all other receivables, the Group measures the loss allowance equal to 12m ECL, unless there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. Trade receivables from margin clients are secured by marketable securities pledged to the Group for the margin financing facilities granted. The underlying collateral of margin financing are listed equity securities and the Group monitors the underlying collateral on a timely basis. The normal settlement terms of trade receivables from cash client are due on two trading days after the trade date.
- (iv) Credit ratings of banks are referenced to ratings granted by international rating agencies.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024



33. FINANCIAL INSTRUMENTS (continued)

b. Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

The following table shows reconciliation of loss allowances that have been recognised for other receivables, debt instruments at FVTOCI and loan receivables.

	Other receivables	Debt instruments at FVTOCI	Loan receivables			Total
	Lifetime ECL (credit- impaired) HK\$'000	Lifetime ECL (credit- impaired) HK\$'000	12m ECL HK\$'000	Lifetime ECL (not credit- impaired) HK\$'000	Lifetime ECL (credit- impaired) HK\$'000	HK\$'000
At 1 January 2023	-	296,063	6,007	1,960	499,149	803,179
Changes due to financial instruments recognised at 1 January 2023:						
- Impairment losses recognised	10,764	11,519	-	29,784	57,357	109,424
- Impairment losses reversed	-	-	-	-	(97,688)	(97,688)
- Transfer from 12m ECL to lifetime ECL (not credit-impaired)	-	-	(6,007)	6,007	-	-
- Unwinding of discount	-	-	-	-	24,505	24,505
- Derecognised other than write off	-	-	-	-	(33,397)	(33,397)
- Write off	(10,764)	-	-	-	(1,825)	(12,589)
New loan granted during the year	-	-	284	-	-	284
At 31 December 2023 and 1 January 2024	-	307,582	284	37,751	448,101	793,718
Changes due to financial instruments recognised at 1 January 2024:						
- Impairment losses recognised	655	4,418	-	-	21,560	26,633
- Impairment losses reversed	-	-	(5,527)	(5,387)	-	(10,914)
- Transfer from lifetime ECL (not credit-impaired) to 12m ECL	-	-	5,405	(5,405)	-	-
- Unwinding of discount	-	-	-	-	9,218	9,218
- Write off	(655)	-	-	-	(140,165)	(140,820)
At 31 December 2024	-	312,000	162	26,959	338,714	677,835

During the current year, the changes in loss allowance mainly comprise:

- other receivables with gross carrying amount totalling HK\$655,000 (2023: HK\$10,764,000) which were fully-impaired had been written off.
- debt instruments at FVTOCI with no carrying amount (2023: with gross carrying amount of HK\$4,418,000) continued to be credit-impaired for which lifetime ECL had been provided, resulted in recognition of ECL of HK\$4,418,000 (2023: HK\$11,519,000).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

33. FINANCIAL INSTRUMENTS (continued)

b. Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

During the current year, the changes in loss allowance mainly comprise: (continued)

- (iii) loan receivables with gross carrying amount totalling HK\$594,785,000 (2023: HK\$619,090,000) continued to be credit-impaired for which lifetime ECL had been provided, resulted in recognition of ECL of HK\$21,560,000 (2023: HK\$57,357,000).
- (iv) loan receivables with gross carrying amount totalling HK\$32,036,000 were settled during the year, resulted in reversal of ECL of HK\$10,914,000 (2023: loan receivables with gross carrying amount totalling HK\$418,456,000 continued to be credit-impaired for which lifetime ECL had been provided while the credit quality of such receivables had been improved, and loan receivables with gross carrying amount totalling HK\$13,162,000 were settled during the year, resulted in reversal of ECL of HK\$97,688,000).
- (v) loan receivables with gross carrying amount totalling HK\$140,165,000 (2023: HK\$1,825,000) which were fully-impaired had been written off.

The changes in loss allowance mainly reflected the credit-impaired status of other receivables, debt instruments at FVTOCI and loan receivables during the current year. There were no significant changes to estimation techniques and assumptions made during the year.

Liquidity risk

For the management of liquidity risk, the Group monitors and maintains a level of bank balances and cash deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The following tables show details of the financial liabilities of the Group. For financial liabilities, the table has been drawn up based on the undiscounted cash flows of financial liabilities, and on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate in effect at the end of the reporting period.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

33. FINANCIAL INSTRUMENTS (continued)

b. Financial risk management objectives and policies (continued)

Liquidity risk (continued)

Liquidity tables

	Weighted average effective interest rate %	Less than 1 month HK\$'000	1 to 3 months HK\$'000	3 months to 1 year HK\$'000	1 to 5 years HK\$'000	Total undiscounted cash flows HK\$'000	Carrying amount HK\$'000
At 31 December 2024							
Trade and other payables	-	23,450	-	-	-	23,450	23,450
Lease liabilities	5.1	921	1,842	8,250	15,844	26,857	25,134
At 31 December 2023							
Trade and other payables	-	21,248	-	-	-	21,248	21,248
Lease liabilities	5.0	937	1,875	8,439	27,571	38,822	35,513

c. Fair value measurements of financial instruments

Some of the Group's financial assets are measured at fair value for financial reporting purposes. The Board has delegated the valuation work to the management to determine the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value of a financial asset or liability, the Group uses market-observable data to the extent that they are available. The management reports to the Board regularly to explain the cause of fluctuations in the fair value of the financial assets.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

33. FINANCIAL INSTRUMENTS (continued)

c. Fair value measurements of financial instruments (continued)

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

The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and input(s) used).

Financial assets	Fair value at		Fair value hierarchy	Valuation technique(s) and key input(s)
	31 December 2024 HK\$'000	31 December 2023 HK\$'000		
1) Financial assets at FVTPL				
Listed equity securities	7,108	9,912	Level 1	Quoted market closing prices in an active market
2) Debt instruments at FVTOCI				
Listed debt securities	–	4,418	Level 1	Quoted market closing prices in an active market

Fair value hierarchy

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
At 31 December 2024				
Financial assets at FVTPL				
Listed equity securities	7,108	–	–	7,108
At 31 December 2023				
Financial assets at FVTPL				
Listed equity securities	9,912	–	–	9,912
Debt instruments at FVTOCI				
Listed debt securities	4,418	–	–	4,418

There was no transfer between Level 1, 2 and 3 for the years ended 31 December 2024 and 2023.

Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis

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

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34. RELATED PARTY DISCLOSURES

Compensation of key management personnel

The remuneration of the directors of the Company who are also identified as members of key management during both years is as follows:

	2024 HK\$'000	2023 HK\$'000
Short-term benefits	9,278	8,480
Post-employment benefits	169	143
	9,447	8,623

The remuneration of directors and key executives of the Company are determined by the Remuneration Committee having regard to the competence, performance and experience of the individuals and prevailing market terms.

35. RETIREMENT BENEFIT SCHEME

The Group operates a MPF Scheme for all qualifying employees in Hong Kong under the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong). The assets of the MPF Scheme are held separately from those of the Group, in funds under the control of trustees.

The retirement benefit scheme contributions relating to the MPF Scheme charged to the consolidated statement of profit or loss and other comprehensive income represent contributions payable to the scheme by the Group at rates specified in the rules of the scheme. The Group contributes a percentage of the relevant payroll costs to the MPF Scheme, which contributions are matched by employees.

The total costs charged to the statement of profit or loss and other comprehensive income of HK\$819,000 (2023: HK\$928,000) represent contributions payable to the MPF scheme by the Group.

The Group's contributions to the MPF Scheme are calculated as a percentage of the employees' relevant income and vest fully and immediately with the employees, thus there are no forfeited contributions available for the Group to reduce the existing level of the contribution to the MPF Scheme.

The Group does not have an established retirement plan for its employees in the Philippines but conforms to the minimum regulatory benefit under the Retirement Pay Law (Republic Act No. 7641) in providing a retirement benefit equal to at least one-half (1/2) of monthly salary for every year of credited service. The regulatory benefit is paid in a lump sum upon retirement of an eligible employee.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

36. PRINCIPAL SUBSIDIARIES

Particulars of the principal subsidiaries at 31 December 2024 and 2023 are as follows:

Name	Place of incorporation	Class of shares held	Issued and fully paid ordinary share capital	Percentage of equity interest and voting power attributable to the Company				Principal activities
				31 December 2024	31 December 2023	31 December 2024	31 December 2023	
				Direct %	Indirect %	Direct %	Indirect %	
Best Gain Development Limited	Hong Kong ("HK")	Ordinary	HK\$1	-	100	-	100	Provision of management services
Chap Yik Limited	HK	Ordinary	HK\$30,000	-	100	-	100	Money lending
China Strategic Management Limited	HK	Ordinary	HK\$1	-	100	-	100	Provision of management services
China Strategic Metal and Minerals Limited	HK	Ordinary	HK\$1	-	100	-	100	Trading
CS Credit Limited	HK	Ordinary	HK\$1	-	100	-	100	Money lending
CS Wealth Asset Management Limited	HK	Ordinary	HK\$500,000	-	100	-	100	Asset management and advisory services
CS Wealth Securities Limited	HK	Ordinary	HK\$240,000,000	-	100	-	100	Securities brokerage
Guide Plus Investments Limited	HK	Ordinary	HK\$1	-	100	-	100	Investment in securities
U Credit (HK) Limited	HK	Ordinary	HK\$1	-	100	-	100	Money lending

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

None of the subsidiaries of the Company had issued any debt securities subsisting at the end of the year or at any time during the year.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

36. PRINCIPAL SUBSIDIARIES (continued)

At the end of the reporting period, the Company had other subsidiaries that were not material to the Group. The principal activities and principal place of business of these subsidiaries are summarised as follows:

Principal activities	Principal place of business	Number of subsidiaries	
		2024	2023
Investment holding	BVI	10	9
Inactive	BVI	2	3
Inactive	Cayman Islands	1	–
Inactive	HK	6	7
Inactive	Seychelles	1	1
Inactive	Singapore	2	–
Inactive	The Philippines	1	1
Inactive	United States	1	1
		24	22

37. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

	Lease liabilities HK\$'000
At 1 January 2023	8,827
Financing cash flows	(10,181)
New lease entered	35,840
Interest expenses	898
Exchange adjustments	129
At 31 December 2023	35,513
Financing cash flows	(11,111)
Interest expenses	1,493
Exchange adjustments	(761)
At 31 December 2024	25,134

Five-Year Financial Summary

RESULTS

	2024 HK\$'000	For the year ended 31 December			
		2023 HK\$'000	2022 HK\$'000	2021 HK\$'000	2020 HK\$'000
Revenue	65,193	71,886	323,579	423,994	256,347
Profit (loss) before tax	6,593	13,514	(154,850)	(4,030,676)	2,712,959
Income tax (expense) credit	(2,084)	13,274	(34,399)	447,379	(429,772)
Profit (loss) attributable to owners of the Company	4,509	26,788	(189,249)	(3,583,297)	2,283,187

ASSETS AND LIABILITIES

	2024 HK\$'000	At 31 December			
		2023 HK\$'000	2022 HK\$'000	2021 HK\$'000	2020 HK\$'000
Total assets	2,270,664	2,278,329	2,240,063	3,159,962	8,481,698
Total liabilities	(54,052)	(66,601)	(48,926)	(745,882)	(2,542,650)
Equity attributable to owners of the Company	2,216,612	2,211,728	2,191,137	2,414,080	5,939,048