



申萬宏源香港
SHENWAN HONGYUAN

SHENWAN HONGYUAN (H.K.) LIMITED
申萬宏源（香港）有限公司

(Incorporated in Hong Kong with limited liability)
(Stock Code : 218)

2024
ANNUAL REPORT



CONTENTS

	<i>Pages</i>
Corporate Information	2
Chairman’s Statement	3
Management Discussion & Analysis	6
Environmental, Social and Governance Report	
1. About this Report	14
2. How We Approach ESG Concerns	15
3. Our Environment	17
4. Our Workforce	21
5. Operating Practices	25
6. Our Community	30
7. ESG Reporting Guide Content Index	31
Corporate Governance Report	39
Report of the Directors	68
Independent Auditor’s Report	82
Consolidated Statement of Profit or Loss and Other Comprehensive Income	87
Consolidated Statement of Financial Position	89
Consolidated Statement of Changes in Equity	91
Consolidated Statement of Cash Flows	92
Notes to the Consolidated Financial Statements	94



CORPORATE INFORMATION

DIRECTORS

Executive Directors

Wu Meng (*Chairman*)
Tan Weijun
Liang Jun (*Chief Executive Officer*)
Hu Jing (*Chief Risk Officer*)

Non-executive Director

Zhang Lei

Independent Non-executive Directors

Kwok Lam Kwong Larry
Liu Chijin
Chiu Lai Kuen Susanna
(appointed on 11 April 2025)

AUDIT COMMITTEE

Chiu Lai Kuen Susanna (*Chairman*)
(appointed on 11 April 2025)
Kwok Lam Kwong Larry
Liu Chijin

REMUNERATION COMMITTEE

Kwok Lam Kwong Larry (*Chairman*)
Liu Chijin
Chiu Lai Kuen Susanna
(appointed on 11 April 2025)

NOMINATION COMMITTEE

Wu Meng (*Chairman*)
Kwok Lam Kwong Larry
Liu Chijin
Chiu Lai Kuen Susanna
(appointed on 11 April 2025)

RISK COMMITTEE

Chiu Lai Kuen Susanna (*Chairman*)
(appointed on 11 April 2025)
Tan Weijun
Liang Jun
Hu Jing
Kwok Lam Kwong Larry
Liu Chijin

ENVIRONMENTAL, SOCIAL AND GOVERNANCE COMMITTEE

Wu Meng (*Chairman*)
Liang Jun
Hu Jing
Kwok Lam Kwong Larry
Liu Chijin
Chiu Lai Kuen Susanna
(appointed on 11 April 2025)

COMPANY SECRETARY

Cheung Kai Cheong Willie

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
Bank of Shanghai (Hong Kong) Limited
China CITIC Bank International Limited
China Construction Bank (Asia) Corporation Limited
China Everbright Bank Co., Ltd. Hong Kong Branch
China Minsheng Banking Corp., Ltd. Hong Kong Branch
China Zheshang Bank Co., Ltd. Hong Kong Branch
Chong Hing Bank Limited
CMB Wing Lung Bank Limited
Industrial and Commercial Bank of China (Asia) Limited
Industrial Bank Co., Ltd. Hong Kong Branch
Nanyang Commercial Bank, Limited
Shanghai Pudong Development Bank Co., Ltd. Hong Kong Branch
Standard Chartered Bank (Hong Kong) Limited
The Hongkong and Shanghai Banking Corporation Limited

AUDITORS

Deloitte Touche Tohmatsu
Certified Public Accountants
Public Interest Entity Auditor registered in accordance with the Financial Reporting Council Ordinance

REGISTERED OFFICE

Level 6, Three Pacific Place
1 Queen's Road East
Hong Kong

SHARE REGISTRAR & TRANSFER OFFICE

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

WEBSITE

<http://www.swhyhk.com>

2024 MARKET REVIEW

In 2024, global geopolitical conflicts escalated, and unilateralism and protectionism proliferated, driving accelerated restructuring of industrial and supply chains. The macro economy continued to exhibit divergent recovery trajectories, and the monetary tightening cycles of major overseas economies gradually approached their conclusion. The US economy maintained moderate growth underpinned by consumption, primarily attributable to increases in disposable personal income and relative stability in the labor market. However, the restraining effects of prolonged high interest rates on economic activities became increasingly apparent, manifesting in slowed enterprise investment and financing activities, weakened residential housing demand, and the manufacturing remaining in contraction territory. To preempt economic recession, the US Federal Reserve cut interest rates by 50 basis points in September, marking a global monetary policy shift from tightening to easing. In contrast, European economies faced sustained pressure due to weak demand and energy price volatility. The European Central Bank initiated interest rate cuts as early as June, executing four reductions during the reporting period, yet the overall growth rate remained near zero.

In terms of Chinese Mainland's economy, the gross domestic product (GDP) grew by 5.0% year-on-year in 2024. Driven by robust external demand and inventory replenishment needs, annual exports grew by 5.9% year-on-year, while manufacturing investment recorded cumulative annual growth of 9.2% year-on-year, serving as the primary drivers in achieving the economic growth target in 2024. However, the real estate sector remained challenging with insufficient momentum in household consumption recovery, necessitating intensified policy support and guidance for expanding domestic demand. To address these challenges, the government maintained a prudent monetary policy throughout 2024, sustaining appropriately ample liquidity through reserve requirement ratio cuts and structural instruments, and strengthened financial support for the real economy. Meanwhile, proactive fiscal policies were implemented through a combination of fiscal deficits, special-purpose bonds, fiscal subsidies, interest subsidies, and tax incentives, with a moderate increase in the fiscal deficit ratio. Against the backdrop of an elevated US dollar index, the RMB exchange rate generally exhibited a trend of moderate depreciation with two-way fluctuations.

In 2024, the securities market in Chinese Mainland exhibited a "V-shaped" trajectory. The Shanghai Composite Index, Shenzhen Composite Index and GEM Index rose by 12.67%, 9.34%, and 13.23% respectively. Against the backdrop of the new "National Nine Guidelines" (國九條) emphasizing stricter oversight of the admission to issuance and listing and optimized issuance system, the A-share IPO market was sluggish, with a total of 100 IPOs throughout the year, representing a year-on-year decrease of 68.05%. RMB67.353 billion was raised, representing a year-on-year decrease of 81.11%.

In Hong Kong, the real GDP recorded an increase of 2.5% year-on-year in 2024, reflecting a moderate economic growth. Given the US Federal Reserve's interest rate cuts and a raft of incremental policies for the economy of Chinese Mainland, the Hang Seng Index rose by 17.67% in 2024; and the average daily turnover of the Main Board reached HK\$131.8 billion throughout the year, representing an increase of 26% compared to 2023. In terms of IPOs, a total of 67 IPOs were listed in 2024, one fewer compared to 68 in 2023. The scale of financing increased, totaling approximately HK\$87.7 billion, representing a year-on-year increase of approximately 102%.

CHAIRMAN'S STATEMENT (Cont'd)

In terms of offshore US dollar bonds, driven by debt restructuring among some mainland property developers and real estate support policies, the overall performance remained stable in 2024. However, there was a significant structural divergence. High-yield bonds demonstrated a notable recovery, while investment-grade bonds continued to attract capital as the primary allocation choice due to declining risk appetite and relatively stable yields. However, as the cost of overseas US dollar financing continued to be higher than that of domestic RMB, the primary market issuance and secondary market trading of offshore US dollar bonds continued to shrink.

FUTURE PLANS & PROSPECTS

Looking ahead to 2025, the global economy is expected to experience moderate recovery overall, though significant uncertainties will persist due to divergent regional policies and geopolitical risks. Considering the strong resilience of the US labor market and its stable consumer demand, the decline in US inflation may proceed more slowly than anticipated, potentially leading the US Federal Reserve to decelerate the pace of interest rate cuts and maintain a strong US dollar. Concurrently, the potential return of the Trump administration and its continuation of trade protectionist measures such as tariffs on Chinese goods could escalate US trade frictions with China, partially undermining China's export competitiveness. In the Eurozone, constrained by prolonged economic stagnation, the recovery trajectory is projected to remain sluggish. The European Central Bank is likely to sustain accommodative monetary policies, maintaining low interest rates to stimulate economic recovery and ensure price stability.

In Chinese Mainland, as external demand slows and the international trade environment remains complex, the supportive role of exports in economic growth may weaken. While the property sector and manufacturing industry still require time to recover, corporate profitability is expected to gradually improve. Despite short-term pressures on economic growth, the overall trend demonstrates a sound momentum of steady recovery. In response to current conditions, mainland government will prioritize expanding domestic demand, boosting consumption growth, intensifying infrastructure investments, and optimizing trade layouts to drive economic stabilization and rebound. Amid intertwined domestic and external pressures, policy support and structural adjustments will serve as crucial drivers for economic transformation, with the annual growth rate of economy projected to remain around 5% in 2025.

In Hong Kong, the US Federal Reserve's pace of interest rate cuts will influence liquidity in the Hong Kong stock market, and foreign capital outflows may exert downward pressure on its performance. However, the moderately accommodative monetary policies and pro-growth measures of Chinese Mainland, and the valuation advantages of Hong Kong stock market in global equity markets are expected to jointly drive incremental capital inflows into the Hong Kong stock market. As the development of the Greater Bay Area advances, Hong Kong's status as an international financial center will be further consolidated, and cross-border capital flows and international financing activities will inject fresh vitality into the economy. Furthermore, ongoing reforms by the Exchange, including optimizing the listing rules and attracting the return of US-listed Chinese shares, will deliver long-term benefits to the Hong Kong stock market. While experiencing wide fluctuations, the Hong Kong stock market is anticipated to follow an upward trajectory in 2025.

CHAIRMAN'S STATEMENT *(Cont'd)*

In 2025, the Group will navigate the complex and evolving global political and economic landscape and regulatory environment by aligning closely with macro policy directives and flexibly adjusting strategies to steadily advance business development in all segments. As at the business development center and execution platform for the offshore business and cross-border business of the Shenwan Hongyuan Group, the Group will focus on high-quality development, strengthen professional advantages of the offshore platform, actively serve national strategies, and integrate into the development of the Greater Bay Area and the Belt and Road Initiative, and deepen cross-border business synergy. The Group will further optimize business structure, upgrade products and services, and enhance financial service capabilities; refine compliance and risk control systems to elevate risk management level; optimize asset and liability structure, strengthen the cost control, and improve capital and operational efficiency; and accelerate the application of financial technologies and drive digital transformation to further enhance the quality and efficiency of business and management and inject sustainable momentum into high-level development.

Wu Meng
Chairman

Hong Kong
28 March 2025

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF OPERATIONS

In 2024, the Group proactively responded to the slowdown in global economic recovery and geopolitical uncertainties, and concentrated on serving the real economy, tapping domestic demand potential, and actively expanding into emerging sectors such as green finance and technology finance. Anchored in light capital business, the Group steadily optimized business structure, consolidated the cross-border and cross-market platforms, promoted a deeper integration of cross-border businesses, and continuously enhanced core competitiveness. Meanwhile, the Group continuously refined governance mechanisms, strengthened compliance management and risk controls, comprehensively enhanced system construction, and ensured stable and efficient operations.

In 2024, the revenue of the Group decreased by 91% year-on-year to HK\$56 million from HK\$618 million in 2023. In 2024, the Group recorded loss attributable to shareholders of HK\$161 million, while loss attributable to shareholders were HK\$192 million in 2023. The loss during the reporting period was mainly due to US Federal Reserve's later than expected initiation of interest rate cuts within the year. Although there was a recovery in fee and commission income following the rate cuts, this proved insufficient to offset the adverse effects of prolonged market weakness. Meanwhile, the business valuation adjustment at the consolidated investment fund level led to adverse impact. The Company's operations were normal.

	2024 HK\$'000	2023 HK\$'000
Fee and commission income	232,254	224,862
Interest income	238,950	271,626
Income from investment business	(415,307)	121,727
	55,897	618,215

During the period under review, due to the tightening of regulatory policies on the cross-border business in recent years and prolonged market weakness, brokerage, sponsoring and underwriting businesses continued to come under pressure. Interest income decreased by 12% to HK\$239 million. Affected by the valuation adjustment on equity investment projects, income from investment business shifted from profit to a loss. The Group actively leveraged the recovery momentum in the Hong Kong stock market during the fourth quarter, reversing the downward trend in fee and commission income, which increased by 3% to HK\$232 million.

MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)

REVIEW OF OPERATIONS (Cont'd)

Wealth Management Business

The wealth management business mainly provides a series of comprehensive financial services including securities, futures and options brokerage, the sales of financial products such as wealth management, over-the-counter, as well as securities margin financing to individual customers and non-professional institutional investors through a combination of online and offline methods.

	2024 HK\$'000	2023 HK\$'000	%
Fee and commission income	70,039	65,583	7%
Interest income	196,078	235,737	(17%)
– Loan to clients	89,085	91,011	(2%)
– Others	106,993	144,726	(26%)
Income/(losses) from investment business	10	(71)	114%
	266,127	301,249	(12%)

In 2024, the Group accelerated the system building of wealth management business. It completed the development of The New “Wynner Voyage” trading application, and added the “Shen Yi Ying” program, so as to leverage on financial technologies to provide customers with safe, convenient and efficient products and services. These efforts have further solidified the foundation of the Group as it continues transforming into an Internet-based trading service provider and a comprehensive wealth management financial service provider.

During the period under review, the revenue of the Group’s wealth management business decreased by approximately 12% year-on-year. Driven by the market rebound in the fourth quarter, fee and commission income amounted to HK\$70.04 million, an increase of approximately 7% compared to HK\$65.58 million in 2023. As for interest income, total income was HK\$196 million, a decrease of approximately 17% compared to 2023, among which the total interest income from customer loans amounted to HK\$89.09 million, which was basically unchanged as compared with 2023, and the total interest income from others amounted to HK\$107 million, representing a decrease as compared with 2023 attributable to declines in both bank deposit rates and deposit balances.

During the reporting period, the Group successfully obtained the pilot qualification for the “Cross-boundary Wealth Management Connect” business in the Guangdong-Hong Kong-Macao Greater Bay Area (the Greater Bay Area), being one of the first batch of securities companies to receive this accreditation. The Group will enable residents of the Greater Bay Area to access more convenient and diversified cross-border investment opportunities, thereby better meeting their needs for cross-border investment and wealth management and global asset allocation.

The Group will remain unwavering in its customer-centric business philosophy, adhere to a development principle of seeking progress while maintaining stability, and continuously enhance its integrated business capabilities. The Group is committed to providing diverse wealth management products for investors, developing efficient and convenient trading systems, and delivering customized services for professional investors. Through persistent efforts, the Group is dedicated to building a competitive integrated wealth management brand “Wynner”, so as to provide one-stop quality wealth management solutions for the customers.

MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)

REVIEW OF OPERATIONS (Cont'd)

Enterprise Finance Business

The enterprise finance business consists of corporate finance business and investment business. The corporate finance business provides corporate clients with stock underwriting sponsorship, bond underwriting and financial advisory services, while investment business mainly includes self-financing equity investment, debt investment and other investments.

	2024 HK\$'000	2023 HK\$'000	%
Fee and commission income	89,921	70,025	28%
(Losses)/income from investment business	(435,635)	101,428	(488%)
	(345,714)	171,453	(277%)

In 2024, fee and commission income from the enterprise finance business increased by 28% to HK\$89.92 million. In addition, due to the business valuation adjustment on investment projects, the consolidated investment funds recorded loss from investment business of HK\$436 million.

— Sponsorship and underwriting and financial advisory

The Group has actively implemented the commitment to serving national strategic objectives and deeply serving the development of real economy, strengthened the integrated coordination between domestic and international operations, and continuously enhanced professional capabilities. During the reporting period, the Group completed one sponsorship project, serving as the lead sponsor assisting the Hong Kong IPO of Qiniu Limited, dubbed the “first APaaS stock in the audio-video sector”, in listing on the Main Board of the Exchange. Meanwhile, the Group significantly expanded its pipeline of high-quality sponsorship projects, and achieved notable progress in key sectors such as key and core technology, new energy, healthcare, and new consumption, with a growing number of projects under regulatory review. The Group also developed financial advisory projects in mergers and acquisitions and restructuring, completing five financial advisory projects involving compliance with the Codes on Takeovers and Mergers and Share Buy-backs. Based on such caliber, the Group ranked third in terms of project volume in the Hong Kong market. The performance of the corporate finance business of the Group garnered industry recognition, and was awarded the “Best Investment Bank in Serving Overseas Markets” at the 17th New Fortune Best Investment Banks during the reporting period. Moving forward, the Group will continue to leverage the advantages in integrated domestic and international full-chain services to provide more enterprises with quality comprehensive financial services including sponsorship and financial advisory, and make full use of international markets to support high-quality development.

MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)

REVIEW OF OPERATIONS (Cont'd)

Enterprise Finance Business (Cont'd)

— Equity capital market

During the reporting period, the Group actively developed domestic project resources and deepened cross-border business coordination amid market volatility, participating in 15 Hong Kong IPO underwriting projects. According to Dealogic statistics, the Group ranked sixth among Chinese securities firms in terms of the number of Hong Kong IPO underwriting projects. Meanwhile, the Group actively expanded its presence in key sectors, and facilitated quality enterprises to be listed in Hong Kong. The Group continuously strengthened service capabilities in technology finance and digital finance, and contributed to the completion of multiple market-influential projects, including IPOs for DOBOT, Minieye Technology, Dmall Inc., Mobvoi Inc., HealthyWay and other science and technology innovation enterprises. The Group will closely monitor regulatory policy changes in equity capital market, proactively explore business opportunities, expand domestic and international sales networks, and provide customers with comprehensive and high-quality professional support.

— Debt capital market

During the reporting period, the Group completed 312 offshore bond issuance projects. According to the statistics of Bloomberg Database, the Group ranked 5th among Chinese securities firms in terms of the underwriting volume of Chinese-funded offshore bonds. Aiming to serve national strategies, the Group continuously optimized its bond business structure, and focused on key areas including RMB internationalization, green finance, and regional financing. It participated in 12 offshore RMB bond issuance projects for provincial and municipal governments including Hainan, Guangdong, and Shenzhen, as well as multiple bond issuance, including RMB dim sum bond of Chongqing Fuling Industrial Development Group, the first “blue + green” overseas bond in China of Maoming Port Group, and the green bond of Chongqing Nanbu Xincheng Industrial Investment Group Co., Ltd. (重慶市南部新城產業投資集團). During the reporting period, the Group received multiple industry accolades, including the “Best Underwriter of Dim Sum Bonds” award at the Annual Selection of Outstanding Institutions and Best Transactions of Chinese-funded Offshore Bonds organized by WST Pro/SereSbond, and the “Best ESG DCM House” award at the Annual Selection of Institutions of Chinese-funded Offshore Bonds organized by the bond platform of Dealing Matrix International of CSCI Technology Co., Limited. Facing tightening regulatory policies and market volatility in offshore debt capital markets, the Group will continue to explore overseas bond issuance projects for quality enterprises, such as large-scale government-controlled enterprises and state-owned conglomerates, continue to strengthen the collaboration capabilities of its domestic and overseas teams, and strive to enhance market influence and business returns.

MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)

REVIEW OF OPERATIONS (Cont'd)

Institutional Services and Trading Business

The institutional services and trading business mainly provides one-stop integrated financial services for institutional and professional individual clients, such as brokerage and trading of global markets, research consulting, fixed income bonds, foreign exchange, over-the-counter derivatives and other trading investments, and investment and financing solutions.

	Fee and commission income		Interest income		Income from investment business		Total		%
	2024 HK\$'000	2023 HK\$'000	2024 HK\$'000	2023 HK\$'000	2024 HK\$'000	2023 HK\$'000	2024 HK\$'000	2023 HK\$'000	
Fixed income, currencies and commodities	–	–	–	–	14,267	10,894	14,267	10,894	31%
Structured products	–	–	–	–	6,051	9,476	6,051	9,476	(36%)
Stock business	61,036	70,877	42,872	35,889	–	–	103,908	106,766	(3%)
	61,036	70,877	42,872	35,889	20,318	20,370	124,226	127,136	(2%)

In 2024, US dollar interest rates fluctuated at a high level throughout the year, while bond credit spreads were close to historical lows. Despite the challenging market environment, the fixed income team proactively expanded the market making and trading business in the secondary market. During the reporting period, the trading volume on behalf of clients amounted to US\$2,800 million, representing a year-on-year increase of approximately 5%. The Group capitalized on the timing window of the US Federal Reserve's rate cuts in the second half of 2024 to generate income through trading positions in high credit-rating bonds while strengthening compliance and risk management. During the reporting period, the fixed income business achieved revenue of approximately HK\$14.27 million, representing a year-on-year increase of 31%.

Adhering to the principle of serving the real economy, the financial product team has rationalized the products and services comprehensively, with a focus on optimizing products with the characteristics of serving new quality productive forces. During the reporting period, the financial product team strictly complied with regulatory requirements and conducted high-standard customer KYC reviews, effectively ensuring compliant and standardized business operations. Due to the dual impact of market regulation and business transformation, business revenue decreased by approximately 36% year-on-year.

During the period under review, the Group adhered to a prudent and steady investment strategy amidst the volatile market environment, and the investment business revenue of the institutional services and trading business realized a gain of HK\$20.32 million, which was basically unchanged as compared with 2023.

MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)

REVIEW OF OPERATIONS (Cont'd)

Institutional Services and Trading Business (Cont'd)

The institutional sales, institutional trading and corporate relations teams continued to expand overseas equity business services. On one hand, they strengthened communication with institutions in Japanese and South Korean, European and American markets, engaged in in-depth collaboration with local Japanese brokers on Japanese equity trading execution, maintained close interactions with institutions in the United States, United Kingdom, Brazil, and other regions to explore new cooperation opportunities. On the other hand, they further explored business opportunities in emerging markets. The teams conducted research on Saudi Arabia's capital market, with a focus on tapping the market potential in Southeast Asia, and collaborated with Malaysian brokerage partner MIDF to develop government fund investment opportunities. Leveraging multi-regional coordination, institutional business achieved diversified growth in commission income, with increased revenue from US stocks, Japanese stocks, B shares, South Korean stocks and other markets. Notably, commission income from US and Japanese stocks grew by approximately 77% and 243% year-on-year in 2024, respectively. During the reporting period, fee and commission income from the institutional services and trading business amounted to HK\$61.04 million, a year-on-year decrease of 14%, while interest income amounted to HK\$42.87 million, a year-on-year increase of 19%.

Asset Management Business

The asset management business mainly provides public fund management, private fund management, investment advisory and discretionary managed account services.

	2024 HK\$'000	2023 HK\$'000	%
Fee and commission income	11,258	18,377	(39%)

In 2024, the asset management business of the Group faced significant challenges. Despite the strong performance of US dollar-denominated assets, the overall returns of RMB-denominated assets lagged notably. Compounded by market volatility and tightening cross-border regulatory policies, customer investment demand was restrained, and business expansion encountered multiple obstacles. Confronted with these severe operational headwinds, the Group implemented refined management and strategic deployment to stabilize asset management fee level and minimize adverse market impacts. During the reporting period, fee and commission income from the asset management business amounted to HK\$11.26 million, representing a year-on-year decrease of 39%.

Looking ahead, the Group's asset management business will continue to uphold a development philosophy that balances steadiness with innovation. Leveraging Hong Kong's status as an international financial center, it will actively seize growth opportunities in countries along the Belt and Road while exploring new business opportunities. The Group will further optimize operational layout, drive transformation and upgrading of business models, and thoroughly capitalize on policy-driven opportunities. By deepening collaboration with financial institutions in key countries (regions) and selectively partnering to develop flagship strategic products, the Group strives to become the preferred cross-border asset management service provider and reliable partner of global asset allocation management for customers.

MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)

CAPITAL STRUCTURE

As at 31 December 2024, the total number of the issued ordinary shares was 1,561,138,689 shares and total equity attributable to ordinary equity holders was approximately HK\$2.629 billion (31 December 2023: HK\$2.790 billion).

TREASURY POLICIES

The Group generally finances its business operations with internally generated cash flow and bank borrowings. The majority of Group's banking facilities is renewable on a yearly basis and is on floating interest rates basis. In addition, it has been the policy of the Group to maintain adequate liquidity at all times to meet its liabilities as and when they fall due.

LIQUIDITY, FINANCIAL RESOURCES AND GEARING RATIO

As at 31 December 2024, the Group had a cash holding of HK\$440 million (2023: HK\$1,287 million) and financial assets at fair value through profit or loss of HK\$3,032 million (2023: HK\$3,663 million). As at 31 December 2024, the Group's total unutilised banking facilities amounted to HK\$7,406 million (2023: HK\$8,001 million), of which HK\$7,406 million (2023: HK\$8,001 million) could be drawn down without the need of notice period or satisfaction of condition precedent.

As at 31 December 2024, the Group had outstanding short-term bank borrowings and notes issued amounting to HK\$436 million (2023: HK\$234 million) and HK\$nil million (2023: HK\$417million) respectively. The liquidity ratio (current assets to current liabilities) and gearing ratio (borrowings to net asset value) as at 31 December 2024 were 142% (2023: 124%) and 17% (2023: 23%) respectively.

The Group has sufficient financial resources for its day to day operations as well as spare capacity to take advantage of any investment opportunities when they arise.

SIGNIFICANT INVESTMENT HELD, MATERIAL ACQUISITION AND DISPOSAL

During the year, the Group did not hold any significant investment and did not have any material acquisition or disposal.

CHARGES ON THE GROUP'S ASSET

No asset of the Group was subject to any charge as at 31 December 2024.

MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)

RISK MANAGEMENT

The Group has properly put in place credit management policies which cover the examination of the approval of clients' trading and credit limits, regular reviews of facilities granted, monitoring of credit exposures and the follow-up of credit risks associated with overdue debts. The policies are reviewed and updated regularly.

The management closely monitors the market condition so that precautionary measures will be taken to eliminate any risk that the Group may encounter. As at 31 December 2024, the advances to customers were overdue accounts receivable from cash clients and margin financing.

As at 31 December 2024, the balance of accounts receivable from cash clients and margin financing amounted to HK\$28 million (2023: HK\$22 million) and HK\$1,158 million (2023: HK\$1,074 million), respectively.

33% (2023: 42%) of margin financing was attributable to corporate customers with the rest attributable to individual customers.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND ANY RELATED HEDGES

The Group's principal operations are transacted and recorded in Hong Kong dollar and US dollar. The Group is not exposed to material foreign exchange risk because Hong Kong dollar is pegged with US dollar. Other foreign currency exposure is relatively minimal to its total assets and liabilities. The Group has endeavored to closely monitor its foreign currency positions and take measures when necessary.

CONTINGENT LIABILITIES

There were no material contingent liabilities as at 31 December 2024.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Except the future plans as disclosed in the paragraph headed "Future Plans & Prospects" of the "Chairman's Statement" section, the Group had no other future plans for material investments or capital assets as at 31 December 2024.

EMPLOYEES

As at 31 December 2024, the total number of full-time employees was 256 (2023: 283). The total staff costs for the year amounted to approximately HK\$233 million (2023: HK\$249 million).

The Group maintains policies for the recruitment, compensation, promotion and training of staff. Pay surveys are conducted periodically by independent consultants appointed by the Group to maintain the competitiveness in the market. With reference to market conditions, the Group will formulate proper remuneration and incentive plans to attract and retain talents. The Group supports equal opportunities and recruits competent individuals globally.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

1. ABOUT THIS REPORT

The Group came and commenced business in the financial industry of Hong Kong in 1993. Our continuous development since then are not possible without the past unfailing contribution and support from our stakeholders, including shareholders, employees, customers and suppliers. Our sustainable development in future will also continue to rest on these valued stakeholders. Their concerns are also our concerns. We have been working hard on social and governance issues in the past few years. As environmental issues and climate change become imminent global concerns too, we shall continue to address them in this report each year.

We need to run our business in a responsible and sustainable way, by taking into account the long-term impact of environmental, social and governance (“ESG”) issues on our company, our people, our supply chains, the communities and environment in which we and our customers work and live.

In this report, you will find out how we identify important ESG issues, how we formulate initiatives to minimize the impact of these ESG issues, and how we measure our performance against pre-set quantitative goals wherever appropriate and necessary.

The reporting period is from 1 January 2024 to 31 December 2024 (the “Reporting Period”).

1.1 Principles of Reporting

The following principles have been adopted in the preparation of this Report:

Materiality: This Report covers ESG information that the Group considers important, and the ESG Committee has conducted screening and materiality assessment in order to identify the material ESG issues.

Quantitative: This Report provides the relevant calculation criteria, methods as well as assumptions used in preparing the quantifiable key performance indicators have been disclosed appropriately.

Consistency: Unless otherwise specified, the Group has applied consistent statistics compilation methods to prepare and disclose the ESG data for comparison by readers.

1.2 Reporting Boundary

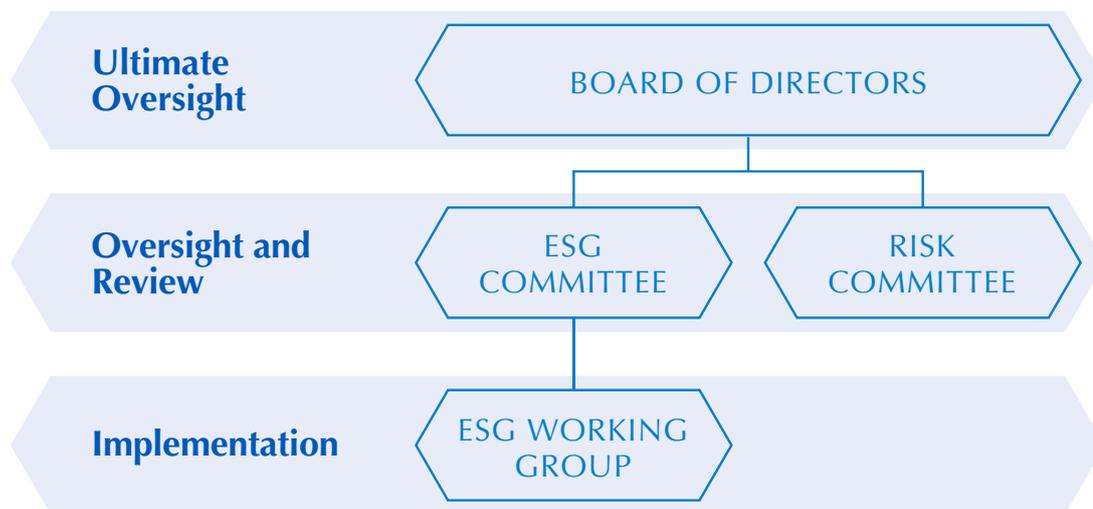
Unless otherwise specified, the scope of this Report covers the operations of the Company and its subsidiaries (with the exception of those Segregated Portfolio Companies and overseas representative offices) in their offices located in Hong Kong, including brokerage business, corporate finance business, asset management business, financing and loans business, and investment and other business. The respective assets under management (“AUM”) and scale of operation of the Segregated Portfolio Companies and overseas representative offices are small as compared with those of the Group. The Group will consider expanding the scope of this Report when necessary.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Cont'd)

2. HOW WE APPROACH ESG CONCERNS

2.1 Governance Structure

The board of directors (the “Board”) of the Company took the initiatives to delegate different level of taskforces specialized in handling ESG related matters and established the following ESG governance structure:



The Board has overall responsibility for the oversight of the Group’s ESG-related issues. It delegates the ESG Committee to oversee and review important strategies and policies. The ESG Committee is currently composed of three executive directors and two independent non-executive directors.

An ESG Working Group is formed to implement and execute the Group’s ESG-related strategies and policies. It is composed of heads of related functional departments.

ESG-related risks have been included into the Group’s risk management system. The Risk Committee is responsible for identifying and reviewing from time to time the ESG-related risks, to ensure the Group has appropriate and effective risk management and internal control systems.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Cont'd)

2.2 Identification of Material Issues

There are vast numbers of ESG issues require the world to deal with urgently. With limited resources, the Group prioritized those issues which are material and relevant to us and our stakeholders. In 2024, based on (i) results of ESG materiality assessment in 2021; (ii) Appendix C2 of the Hong Kong Listing Rules, the Environmental, Social and Governance Reporting Guide (“ESG Reporting Guide”); (iii) the Sustainability Accounting Standards Board’s Materiality Map®; (iv) industry trends; (v) peer benchmarking; (vi) opinions of stakeholders of the Group; (vii) the Group’s ESG approach, corporate values and development strategies, etc.; and (viii) impact of those relevant issues on our business and our stakeholders, we have reviewed, assessed, evaluated and identified the following 18 ESG issues (including those 4 issues, namely, Fair and Responsible Marketing Communication and Information, Client Information Security, Employee Benefits, and Compliance with Laws and Regulations, which were confirmed by the Board in 2021 as “material ESG issues” for the coming years) that are considered material and significant to us and our stakeholders during the Reporting Period:

Area	ESG Issues
Environmental	1. Greenhouse Gas Emissions
	2. Energy Consumption
	3. Water Consumption
	4. Paper Consumption and Disposal
	5. Hazardous Waste
	6. Climate Change Risk and Mitigation
Workforce	7. Employee Composition
	8. Employee Benefits
	9. Health and Safety
	10. Development and Training
	11. Labour Standards
Operating Practices	12. Supply Chain Management
	13. Fair and Responsible Marketing Communication and Information
	14. Client Information Security
	15. Product Responsibility
	16. Compliance with Laws and Regulations
	17. Anti-corruption
Community	18. Social Services

In the following Chapter 3: Our Environment, Chapter 4: Our Workforce, Chapter 5: Operating Practices and Chapter 6: Our Community, we shall list out the abovementioned ESG issues one by one and then report how we formulate initiatives to minimize the impact of these ESG issues and measure our performance against pre-set quantitative goals wherever appropriate and necessary.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Cont'd)

3. OUR ENVIRONMENT

In 2024, the Group committed to manage its operations in an efficient and sustainable manner, and we continually look for opportunities to improve our environmental performance by reducing our use of energy and other resources.

Being a financial services institution, our direct environmental impacts overwhelmingly result from energy use and associated greenhouse gas (“GHG”) emissions by our offices. Other environmental impacts result from the use of company car, paper consumption and disposal of information technology (“IT”) equipment.

In 2022, the Board has set a mid-term (2022-2025) emission reduction and energy savings targets for the Group (“2022-2025 Reduction Targets”) so as to enable us to plan and promote our works and initiatives in an orderly manner, which include:

- to reduce its direct GHG emissions generated by the company car by 15% by the end of 2025 compared with that by the end of 2019, which means that the direct GHG emissions generated by company car will be reduced to 12.48 tonnes by the end of 2025;
- to reduce its indirect GHG emissions generated by electricity consumption per unit floor area/per capita by 15% by the end of 2025 compared with that by the end of 2021, which means that the indirect GHG emissions generated by electricity consumption per unit floor area and per capita will be reduced to 0.12 tonnes and 1.24 tonnes respectively by the end of 2025;
- to reduce its energy consumption per unit floor area/per capita by 15% by the end of 2025 compared with that by the end of 2021, which means that the energy consumption per unit floor area and per capita will be reduced to 0.18 MWh and 1.84 MWh respectively by the end of 2025; and
- to reduce its paper consumption per capita by 15% by the end of 2025 compared with that by the end of 2021, which means that the per capita paper consumption will be reduced to 0.019 tonnes by the end of 2025.

3.1 Efficient Use of Resources and Waste Management

3.1.1 GHG Emissions

Our Group generates GHG directly through the company car and indirectly through electricity and paper consumption in our office facilities. We have committed to reduce our GHG emissions through regular monitoring the Group’s energy consumption, identifying areas of energy reduction, and providing energy consumption reports to all departments to encourage emission reductions.

In 2024, we encouraged our employees to frequently use the video conferencing system to reduce the use of company cars, resulted in the direct GHG emissions generated by the Group’s company car amounted to 2.99 tonnes of carbon dioxide¹, approximately 38.85% decrease from last year.

¹ Calculated on the basis of the “Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for buildings in Hong Kong”, as drawn up by the Electrical and Mechanical Services Department and the Environmental Protection Department.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Cont'd)

For indirect GHG emissions generated by the Group's electricity consumption amounted to 461.58 tonnes of carbon dioxide¹, representing a reduction of 7.93% compared with 2023. The indirect GHG emissions generated by electricity consumption per employee amounted to 1.30 tonnes, representing an increase of 5.69% compared with 2023. The indirect GHG emissions generated by electricity consumption per unit amounted to 0.109 tonnes of carbon dioxide, representing a decrease of 6.84% compared with 2023. On the other hand, the indirect GHG emissions generated by paper consumption amounted to 11.65 tonnes of carbon dioxide¹, representing a 28.66% reduction compared with 2023.

GHG Emissions ^{a,b}	2024	2023	2022
Total GHG emissions ^c (Scope 1 and 2) (tonnes)	464.57	506.21	555.97
Total GHG emissions (Scope 1 and 2) per unit floor area (tonnes/m ²)	0.110	0.118	0.104
Total GHG emissions (Scope 1 and 2) per employee (tonnes/employee)	1.31	1.25	1.28
Total GHG emissions (Scope 1, 2 and 3) (tonnes)	476.22	522.54	573.91
Total GHG emissions (Scope 1, 2 and 3) per unit floor area (tonnes/m ²)	0.113	0.122	0.108
Total GHG emissions (Scope 1, 2 and 3) per employee (tonnes/employee)	1.34	1.29	1.33
Direct GHG emissions (Scope 1) (tonnes)			
Company car	2.99	4.89	5.72
Indirect GHG emissions (Scope 2) (tonnes)			
Electricity	461.58	501.32	550.25
Indirect GHG emissions (Scope 2) per unit floor area (tonnes/m ²)	0.109	0.117	0.103
Indirect GHG emissions (Scope 2) per employee (tonnes/employee)	1.30	1.23	1.27
Indirect GHG emissions ^d (Scope 3) (tonnes)			
Paper consumption (deducted recycling of paper)	11.65	16.33	17.94
GHG emissions avoided by recycling of paper (tonnes)	10.19	6.82	13.26

a Unless otherwise specified, the environmental data covers the Group's operation in Hong Kong region only.

b Due to the Group's business nature, the most significant airborne emissions are GHG emissions, arising mainly from the use of electricity and fuels derived from fossil fuels.

c GHG emissions data is presented in carbon dioxide equivalent and was based on the reporting requirements of the "Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purposes Hong Kong)" issued by the Electrical and Mechanical Services Department and the Environment Protection Department in Hong Kong.

d The Group currently does not report on emission data relating to air travel. We plan to disclose this information in future reports.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Cont'd)

3.1.2 Energy Consumption

Energy consumption accounts for a major part of the Group's GHG emissions. Various energy saving measures were implemented in 2024 to improve operational efficiency and to reduce energy consumption of the Group. Further to the energy saving measures of 2022, the Group continued to adopt high energy efficient office equipment for its departments and have installed the energy efficient system, such as motion sensor lighting devices in the new office to improve the efficiency of usage of energy.

Energy Consumption ^{a,e}	2024	2023	2022
Total energy consumption ^f (MWh)	702.71	748.89	797.08
Total energy consumption per floor area (MWh/m ²)	0.166	0.175	0.150
Total energy consumption per employee (MWh/employee)	1.98	1.84	1.84

e Energy consumption data is based on the amount of electricity and fuels consumed.

f Energy consumption is calculated in megawatt-hours, or MWh.

3.1.3 Water Consumption

In Hong Kong, the Group operates in leased office premises in which both the water supply and discharge are solely controlled by the building management offices which considers the provision of water withdrawal and discharge data or sub-meter for individual occupant not feasible. As such, our water consumption figures are unable to obtain and be monitored.

3.1.4 Paper Consumption and Disposal

The Group continues to use FSC (Forest Stewardship Council) certified printing paper, i.e. paper made of responsibly sourced wood fibre wherever possible. In 2024, approximately 99% of the paper we used was FSC certified printing paper.

In addition, we encourage our shareholders to access our corporate communications, such as annual reports, interim reports or circulars via our website or The Stock Exchange of Hong Kong Limited's website in support of environmental protection.

The Group continues to strive to reduce the use of paper for statement of clients by encouraging clients to opt for electronic statements instead of paper statements. For office paper, we continue to implement smart printing and photo-copying methods in our workplaces.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Cont'd)

In 2024, the office paper consumption amounted to 3.78 tonnes, approximately 11% decrease from last year, the office paper consumption per employee amounted to 0.012 tonnes, same as the last year, while the paper for statement of clients amounted to 0.54 tonnes, approximately 8% decrease from last year. These satisfactory results were mainly contributed by our active promotion to encourage clients to opt for electronic statements, and encourage our staff to use office automation (OA) system for internal approval process. On the other front, the waste paper collection for recycling was 2.12 tonnes in 2024.

In 2024, we continued to arrange vendors to collect our used paper for recycle purpose. The Group was awarded the “Wastewise Certificate” issued by the Hong Kong Green Organization Certification (HKGOC) in recognition of our contribution on waste reduction.

In order to achieve the target to increase the total amount of recycle for non-hazardous waste, we have set up waste paper recycling bins for collection of waste paper in each office to encourage colleagues to recycle and turn waste into materials. The vendor will collect the waste paper on a regular basis.

Paper Consumption ^a	2024	2023	2022
Total paper consumption ^g (tonnes)	4.32	4.82	6.50
Total paper consumption per employee (tonnes/employee)	0.012	0.012	0.015
Office paper	3.78	4.23	5.58
Paper for statement of clients	0.54	0.59	0.92
Recycling of paper	2.12	1.42	2.76
FSC certified paper used (%)	99%	99%	99%

^g Includes paper used for printing paper for statement of clients, proposals and office documents.

In addition, by turning waste into resources, the Company has been encouraging waste separation and recycling, and placed plastic bottles and aluminum cans recycling bins in the office areas, and handed over the collected materials to the building management office for central processing.

3.1.5 Hazardous Waste

No hazardous waste was generated in connection with the Group's business.

However, the use and disposal of IT equipment such as computers and servers is another focus of our operational sustainability efforts. IT hardware has a range of potential environmental impacts across its life cycle from production and use to eventual disposal. The Group has again committed to extend the lifespan of IT equipment by donating the unused equipment to non-profit making organisations. All IT equipment we recycled or donated has passed our strict data security tests. All hardware and software used for business or operational purpose are copyrighted and in accordance with the requirements of protection of intellectual properties.

Going forward, we will adopt different energy and paper conservation measures as well as other initiatives to reduce GHG emissions and non-hazardous wastes.

3.2 Climate Change Risk and Mitigation

The climate change risk that the Group is exposed to is overwhelmingly transformation risk. From now on towards 2060, major global economies will make tremendous efforts to strive for carbon neutrality. It means very significant changes going to take place in a lot of areas such as regulatory requirements, shift from fossil based energy consumption, technology developments and industry practices. The extent of these changes may not been seen in human history. The impact on our real economy and financial markets may also be huge and cannot afford to be underestimated. For example, high-carbon emitting industry will suffer from higher production and compliance cost, resulting in lower return and asset devaluation. As investment and lending are two of the principal businesses of the Group, the Group will enhance its analysis on climate change risks as one of the prioritized objectives in its risk management agenda. Moreover, it will endeavor to monitor and evaluate the impact on the financial position of the Group brought along by the climate change.

To address climate change, we will step up efforts in green finance. The Group continues to incorporate material ESG risks considerations into the decision-making process for investment or lending or other business activities. It will put more emphasis on green and low-carbon industries. The green and low-carbon industries including clean energy, low carbon technology, green building, green traffic and transformation of high-carbon industry to a low one will be our focus.

As of the end of 2024, the Group did not hold any green bonds (the Group held 5 green bonds at the end of 2023) and had not launched any green investment fund products (the Group launched 2 green investment fund products with total Asset under Management amount over HK\$400 million in 2023).

4. OUR WORKFORCE

4.1 Employee Composition

The Group maintains policies for the recruitment, compensation, promotion and training of staff. Pay surveys are conducted periodically by independent consultants appointed by the Group to maintain the Group's competitiveness in the market. With reference to market conditions, the Group will formulate relevant and proper remuneration and incentive plans to attract and retain talent. The Group supports equal opportunities and recruits competent candidates globally.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Cont'd)

Employees Composition	2024	2023	2022
Total number of employees ^h	256	283	315
By gender			
Female	128	134	150
Male	128	149	165
By employment type			
Full-time	256	283	315
Part-time	0	0	0
Temporary	0	0	0
By age group			
Below 30	39	38	57
30 to 50	188	214	227
Over 50	29	31	31
By region			
Hong Kong	232	260	282
Chinese Mainland	15	14	24
Others	9	9	9
Number and rate (%) of employee turnover	25%	26%	36%
By gender			
Female	20%	28%	31%
Male	30%	25%	42%
By age group			
Below 30	26%	23%	39%
30 to 50	26%	25%	36%
Over 50	21%	43%	34%
By region			
Hong Kong	28%	28%	38%
Chinese Mainland	0%	7%	9%
Others	11%	19%	75%

^h Total number of employees includes employees stationed in Hong Kong, Chinese Mainland and other regions.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Cont'd)

4.2 Employee Benefits

The Group has always attached great importance to the establishment and improvement of the employee compensation and benefits system. To ensure the market competitiveness of compensation and benefits, the Group engages independent consulting firms to conduct regular market research and, based on this, formulates market-competitive compensation incentive plans to attract and retain outstanding talent.

The Group clearly stipulates policies regarding dismissal and voluntary termination of employment contracts in our HR Policies and Procedural Manual. The policy strictly complies with the termination/dismissal requirements of Employment Ordinance in Hong Kong.

The Group has established a scientific and comprehensive performance management system, considering employee performance evaluations as a crucial aspect of talent development. Performance evaluations are conducted annually, with the results serving as a significant basis for formulating employee incentive plans, implementing training and development programs, making promotion decisions, and devising talent retention strategies.

The Group cares employees' opinion, it encourages employees to express their opinions at work to promote effective and two-way communication channels. Additionally, the Group regularly organizes team-building activities to enhance employee cohesion and boost their sense of identity and belonging to the Group.

4.3 Health and Safety

The Group has always prioritized employee health and safety, striving to create a safe and comfortable work environment. We strictly adhere to the relevant requirements of the "Code of Practice for Working with Display Screen Equipment" and conduct comprehensive assessments and optimizations of our office spaces in accordance with the Code of Practice for Work with "Occupational Safety and Health (Display Screen Equipment) Regulations".

The Group continuously strengthens the hygiene and safety management system in our office spaces. By implementing normalized epidemic prevention measures and a comprehensive safety protection mechanism, we create a healthy and safe work environment for all employees, effectively safeguarding their physical and mental well-being.

Health and Safety	2024	2023	2022
Number of work-related fatalities	0	0	0
Rate (%) of work-related fatalities	0%	0%	0%
Number of lost days due to work injury	0	0	0

4.4 Development and Training

Development and training is an ongoing process to ensure the continued enhancement of the skills and knowledge of employees. The Group has training policies and organises various training programmes to improve the skills of its employees and to increase the professionalism and efficiency of the Group. Employees are provided with on-the-job training throughout their employment with the Group. The Group also has policies for employee development. In compliance with the requirements of the Securities and Futures Commission, the Group organised a total of 17 Continuous Professional Training seminars for all licensed staff members for the year ended 31 December 2024.

Development and Training	2024	2023	2022
Total number of employees who receiving training	196	242	294
Total number of hours of training received by employees	27.5	48.95	28.5
Average hours of training per employee and percentage (%) of employees who receiving training	12.5	14	10.5
	100%	100%	100%
By gender			
Female	87	98	120
Male	109	144	174
By employee category			
Management	4	4	5
General	192	238	289

4.5 Labour Standards

To maintain good employee relations, the Group is committed to providing an inclusive work environment free from any form of discrimination and harassment and to providing equal opportunities for all employees. All employees are made aware of the Group's employment policies and guidelines, which are in compliance with relevant laws and regulations. Staff regulations, employment terms and staff benefits can be accessed by all staff members in the Human Resources Manual put on the Group's intranet.

The Group regularly reviews its recruitment practices to ensure complying with the Employment Ordinance and other regulations on child and forced labor. As at 31 December 2024, the Group has no relevant issue.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Cont'd)

5. OPERATING PRACTICES

5.1 Supply Chain Management

The Group selects reliable vendors, agencies and third party financial institutions (each a “Supplier” and collectively, the “Suppliers”) to support its business operations, and is committed as much as possible to conducting business only with Suppliers that act in a socially responsible manner and within ethical expectations. The Group will take into account, among other things, reputation, track record of high corporate standards, expertise and capacity in the process of selecting the qualified Supplier. In addition, appropriate management approval is required to obtain before entering into any contracts with a Supplier. Such procedures aim at promoting operational efficiency, implementing segregation of duties and to ensure making the best decision.

The Group adopts the Authorized Vendor Evaluation Procedures to establish the cooperative partnership with Suppliers. Those Suppliers who provide environmentally friendly products, or operate their business in an environmentally friendly manner, will become one of our evaluation criteria. In the vendor selection process, only approved Suppliers can participate in tender or quotation exercises, and all authorized vendors will be assessed by the vendor evaluation regularly.

Moreover, in order to reduce the negative impacts on the environment and society, the Group will purchase and use more sustainable and efficient products and services. For example, we will procure the electrical appliances with higher energy efficiency and eco-friendly toner cartridges. Those Suppliers with environmental certifications or caring company qualifications will win priority consideration.

Supply Chain Management	2024	2023	2022
Number of key suppliers ⁱ	258	237	258
By region			
Hong Kong	200	162	170
Chinese Mainland	27	26	23
Others	31	49	65

- i The definition of “key suppliers” refers to suppliers of products and/or services to the Group whose contract sum exceeded HK\$1,000 (or its equivalent).

5.2 Responsibilities Towards Products and Services

5.2.1 Fair and Responsible Marketing Communication and Information

As a financial business operator, the Group's objective is to provide transparent and unbiased disclosure in our products and services to customers, which is in line with the regulatory requirements and market practices.

Prior to tendering products or services, staff shall study the relevant product materials and documents, and clearly understood the structure and risks associated with the product. These materials and information must be clearly communicated to customers before accepting the orders. Also, staff shall ensure the suitability of the recommendation or solicitation for the customer is reasonable in all the circumstances.

All fees and charges relating to securities services are clearly disclosed on the Company's website and in the relevant documents. Other required disclosure such as risk disclosure statements and conflict of interests (if any) as well as marketing materials on the products or services are reviewed by the Legal Department and the Compliance Department to ensure accuracy and reliability.

These procedures, from preparation of marketing materials and relevant documents to accepting customers' orders, are set out in our internal policies and guidelines, and in line with the regulatory requirements.

The Group has various means of communication channels to manage customers' enquiries, such as a toll-free customer service hotline and FAQs on operational matters on its website. Any complaint lodged will be handled by the Compliance Department and it will conduct investigation if necessary. Complaint with material regulatory compliance implication, if any, will be assessed and referred to relevant regulatory authorities for further investigation.

5.2.2 Client Information Security

The Group attaches great importance to data and information security, continues to improve and enhance the physical security and network security of information systems, and always applies information security strategies to all aspects of information system planning, development, and operation.

1. Establish a comprehensive enterprise information security system: The Group continues to carry out information technology construction development, covering various businesses, control processes and links, and has implemented data security links among each system through integration to ensure data security during collection, storage, transmission, processing and use. At the same time, the Group actively promotes the planning, design and implementation of information security and also establishes a complete information security system by formulating information security policies, policies on the use of end-user computers and operating regulations for various systems.
2. Establish a comprehensive information security technology system: The Group adopts intelligent security protection devices and mechanisms for automatic detection of threats and enhances lower layer network security through infrastructure construction such as intrusion detection, security prevention and physical isolation; increases the security audit level by strengthening user authentication, authorization and audit security granularity; and continuously optimizes the Group's information security management system to ensure effective implementation. Through the centralized information security technology control mechanism and utilizing external independent IT security audits to enhance our defenses against cybersecurity risks, we have strengthened the security protection of customers' personal sensitive information, prevented external malicious intrusion, reduced information security risks and protected the security of the Group's information systems and information assets.
3. Establish a comprehensive emergency response mechanism: Developing a detailed emergency response plan, including monitoring, reporting, assessment and arrangement, establish an emergency response team, and conduct regular training and drills for the quick and effective responses, in order to minimizing the impact on customers when information security incidents occur.
4. Enhance staff's awareness on information security: The Group regularly conducts network security training and assessment for staff to enhance their understanding and awareness of network security risks.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Cont'd)

5.2.3 Product Responsibility

During the year, the Group was not aware of any incidents of non-compliance with relevant regulations and codes concerning advertising and privacy matter for the provision and use of the Group's products and services.

The Group has in place procedures relating to the services and products provided. To suit the client's needs, the financial services or products provided to clients are based on their financial background, trading experience and risk tolerance level after the "Know Your Clients" procedures and assessment processes were performed. We are committed to providing clear and balanced information to clients. Product features, terms and conditions, and any associated risks are clearly communicated to ensure clients can make an informed decision. Moreover, the Group has set standards for advertising and sales literature which require information contained in all advertising and sales literature must be factual and which prohibit the use of false, misleading or inaccurate statements in any forms of communication.

In addition, the Group emphasises the importance of protecting the privacy of its clients and complies with the provisions of the Personal Data (Privacy) Ordinance in the collection, processing and use of client's personal data. Specific processes for the handling and protection of client data are set out in the relevant internal procedure manual. The Group will, where appropriate, include terms about the confidentiality of client data to avoid disclosure of client information and protect client privacy. During the year, the Group did not receive complaints from clients in relation to disclosure of information.

The Group has established policies to provide guidance to customer complaints handling procedures. At present, the Compliance Department is responsible for handling customer complaints.

Product Responsibility	2024	2023	2022
Number of complaint(s) handled	2	1	2

5.3 Compliance with Laws and Regulations

5.3.1 General

The Group recognises that compliance with applicable laws and regulations with regard to the ESG issues are of great importance to its operations and the Group is also aware that any breaches of laws and regulations would have a significant impact on the operations, performance, financial position and reputation of the Group. Hence, the Group has in place stringent internal policies and monitoring measures to ensure compliance with applicable laws and regulations. The Group also keeps abreast of the latest regulatory development and provides relevant trainings for relevant staff and employees from time to time.

During 2024, the Group was not aware of any material breach, infringement of or non-compliance with, the applicable laws and regulations that have a significant impact on the businesses and operation of the Group.

5.3.2 Anti-corruption

The Group maintains and effectively implements a comprehensive system of internal control and stringent policies, which include Compliance Manual and Whistleblowing Policy, for anti-corruption and anti-fraud, and is committed to promoting integrity and preventing unethical behaviour. We encourage the reporting of suspected business irregularities by providing easily accessible channels specifically for this purpose.

When suspected wrongdoings are identified, such as bribery or corruption, malpractice, or fraud relating to financial matters, staff and those deal with the Group can report to the Chairman of Audit Committee or Head of Internal Audit for investigation and resolution. The Internal Audit Department will then carry out an investigation and verification, and report to the regulator or law enforcement authority when considered necessary.

Moreover, the Group has policy sets forth procedures for client's acceptance by conducting "Know Your Clients" procedures to understand the background and financial status of the clients. We will perform name searches to check whether a client is or is related to a politically exposed person who may present a higher bribery and corruption risk. Procedures are put in place to identify and mitigate the aforementioned risks. Clients will be refused of our services when considered to be suspicious.

The Group is committed to adhering to the highest ethical standards. During the year, no significant risks relating to corruption were identified. There were no confirmed incidents of corruption or public legal cases brought against the Group or its employees concerning corruption. The Group will continue to comply with ethical requirements and upholds its reputation to prevent corruption.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Cont'd)

During the year, the Group has provided anti-corruption training covering relevant anti-corruption legislations to the board of directors and staff.

Anti-Corruption	2024	2023	2022
Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees	0	0	0

6. OUR COMMUNITY

6.1 Social Services

In terms of community involvement, the Group is committed to contributing to the community and fulfilling its corporate social responsibility undertakings. We support long-term community investment by establishing community partnerships and supporting lower-income families.

In 2024, the Group collaborated with the Hong Kong Family Welfare Society to organize various charitable and caring activities. These included workshops for craft experiences for single-parent children from low-income families, where beautiful aroma stones and potted plants were gifted to the single parents. We also held a Mid-Autumn Festival volunteer activity to visit elderly people, with enthusiastic participation from our employees. During the Mid-Autumn Festival, we crafted and presented goodie bags to elderly residents in the To Kwa Wan community in Kowloon, conveying care and greetings to elderly people living alone. Throughout the year, the cumulative volunteer service hours contributed by our employees exceeded 50 hours.

We hope not only to help people in need through our social activities, but also to cultivate in our employees the spirit of care and community contribution.

In 2024, the Group was awarded the “10 Years Plus Caring Company” designation by the Hong Kong Council of Social Service in recognition of our approach and continuous contribution to the society, people’s livelihood and environment.

Going forward, we will continue to join charitable events for helping people in need as well as environmental purpose.

Community Engagement	2024	2023	2022
Sponsorships and donations (HK\$)	19,000	19,600	18,800

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Cont'd)

7. ESG REPORTING GUIDE CONTENT INDEX

Aspects, general disclosures and KPIs	Description	Section/Statement	Page Number
Aspect A1: Emissions			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	The Group is not aware of any material non-compliance with the relevant laws and regulations that have a significant impact on the Group during the reporting period.	17-20
KPI A1.1	The types of emissions and respective emissions data.	3.1.1 GHG Emissions	17-18
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	3.1.1 GHG Emissions	17-18
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	The Group does not produce any hazardous waste from its operations.	Not applicable
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	3.1.4 Paper Consumption and Disposal	19-20
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	3. Our Environment 3.1.1 GHG Emissions	17 17-18
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	3. Our Environment 3.1.4 Paper Consumption and Disposal 3.1.5 Hazardous Waste 5.1 Supply Chain Management	17 19-20 20 25

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Cont'd)

Aspects, general disclosures and KPIs	Description	Section/Statement	Page Number
Aspect A2: Use of Resources			
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	3. Our Environment 5.1 Supply Chain Management	17-20 25
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	3.1.2 Energy Consumption	19
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	The Group operates in leased office premises of which both the water supply and discharge are solely controlled by the respective building management which considers the provision of water withdrawal and discharge data or sub-meter for individual occupant not feasible.	Not applicable
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them	3. Our Environment 3.1.2 Energy Consumption	17 19
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Not applicable to the Group's business	Not applicable
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced	Not applicable to the Group's business	Not applicable

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Cont'd)

Aspects, general disclosures and KPIs	Description	Section/Statement		Page Number
Aspect A3: Environment and Natural Resources				
General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	3.	Our Environment	17-20
		5.1	Supply Chain Management	25
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	3.	Our Environment	17-20
		5.1	Supply Chain Management	25
Aspect A4: Climate Change				
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	3.2	Climate Change Risk and Mitigation	21
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	3.2	Climate Change Risk and Mitigation	21

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Cont'd)

Aspects, general disclosures and KPIs	Description	Section/Statement		Page Number
Aspect B1: Employment				
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	4.1	Employee Composition	21-22
		4.2	Employee benefits	23
KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	4.1	Employee Composition	21-22
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	4.1	Employee Composition	21-22
Aspect B2: Health and Safety				
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	4.3	Health and Safety	23
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	4.3	Health and Safety	23
KPI B2.2	Lost days due to work injury.	4.3	Health and Safety	23
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	4.3	Health and Safety	23

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Cont'd)

Aspects, general disclosures and KPIs	Description	Section/Statement		Page Number
Aspect B3: Development and Training				
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	4.4	Development and Training	24
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	4.4	Development and Training	24
KPI B3.2	The average training hours completed per employee by gender and employee category.	4.4	Development and Training	24
Aspect B4: Labour Standards				
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	4.5	Labour Standards	24
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	4.5	Labour Standards	24
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	4.5	Labour Standards	24

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Cont'd)

Aspects, general disclosures and KPIs	Description	Section/Statement		Page Number
Aspect B5: Supply Chain Management				
General Disclosure	Policies on managing environmental and social risks of the supply chain.	5.1	Supply Chain Management	25
KPI B5.1	Number of suppliers by geographical region.	5.1	Supply Chain Management	25
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	5.1	Supply Chain Management	25
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	5.1	Supply Chain Management	25
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	5.1	Supply Chain Management	25

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Cont'd)

Aspects, general disclosures and KPIs	Description	Section/Statement	Page Number
Aspect B6: Product Responsibility			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	5.2 Responsibilities Towards Products and Services	26-28
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	The Group does not manufacture and sell any physical products that may cause safety or health problems.	Not Applicable
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	5.2.1 Fair and Responsible Marketing Communication and Information 5.2.3 Product Responsibility	26 28
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	3.1.5 Hazardous Waste 5.3.1 General	20 29
KPI B6.4	Description of quality assurance process and recall procedures	The Group does not produce and sell any physical products that can be recycled.	Not Applicable
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	5.2.2 Client Information Security 5.2.3 Product Responsibility	27 28

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Cont'd)

Aspects, general disclosures and KPIs	Description	Section/Statement	Page Number
Aspect B7: Anti-Corruption			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	5.3.2 Anti-corruption	29-30
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	5.3.2 Anti-corruption	29-30
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	5.3.2 Anti-corruption	29-30
KPI B7.3	Description of anti-corruption training provided to directors and staff.	5.3 Compliance with Laws and Regulations	29-30
Aspect B8: Community Investment			
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	6.1 Social Services	30
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	6.1 Social Services	30
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	6.1 Social Services	30

CORPORATE GOVERNANCE REPORT

To improve the Company's transparency and accountability to the shareholders, the Company is, so far as practicable, committed to maintaining high standard of corporate governance. The Company has met all applicable code provisions as set out in Part 2 of the Corporate Governance Code (the "Code") contained in Appendix C1 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") for the year ended 31 December 2024.

CORPORATE GOVERNANCE PRINCIPLES AND SWHYHK'S PRACTICES

A.1 Corporate strategy, business model and culture

Principle: An issuer should be headed by an effective board which should assume responsibility for its leadership and control and be collectively responsible for promoting its success by directing and supervising its affairs. Directors should take decisions objectively in the best interests of the issuer.

The Company is committed to becoming an integrated financial services provider with market recognition and international competitiveness, which is underpinned by the core values of acting lawfully, ethically and responsibly to operate its business so as to generate sustainable long-term value for shareholders of the Company. To this end, the Company will maintain a high standard of corporate governance through lean management such as effective risk and compliance management, organization and system construction, and process optimization. The Company believes that good corporate governance is the core foundation of the Company's sound management, all Directors must act with integrity, lead by example, leading the management and all employees to adhere to the business philosophy of law-abiding, honest and responsible, to promote the steady development of the core businesses, and achieve a sustainable business culture.

A discussion and analysis of the Group's performance, the explanation of the basis on which the Company generates or preserves value over the longer term and the strategy for delivering the Company's objectives are set out in the section headed "Chairman's Statement" and "Management Discussion & Analysis of Performance" on pages 3 to 5 and pages 6 to 13 respectively in this annual report.

A.2 Corporate Governance Functions

Principle: The board is responsible for performing the corporate governance duties. It may delegate the responsibility to a committee or committees.

The board of directors (the "Board") of the Company has delegated the responsibility for performing corporate governance functions to the Audit Committee with the following duties:

- (1) to develop and review the Company's policies and practices on corporate governance which is related to internal audit matters and make recommendations to the Board;
- (2) to review and monitor the training and continuous professional development of directors and senior management;

CORPORATE GOVERNANCE REPORT (Cont'd)

- (3) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- (4) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and directors; and
- (5) to review the Company's compliance with the Corporate Governance Code and disclosure in the Corporate Governance Report.

B.1 Board composition, succession and evaluation

Principle: The board should have a balance of skills, experience and diversity of perspectives appropriate to the requirements of the issuer's business, and should ensure that the directors devote sufficient time and make contributions to the issuer that are commensurate with their role and board responsibilities. It should ensure that changes to its composition can be managed without undue disruption. It should include a balanced composition of executive and non-executive directors (including independent non-executive directors) so that there is a strong independent element on the board, which can effectively exercise independent judgement. Non-executive directors should be of sufficient calibre and number for their views to carry weight.

The Board of the Company currently consists eight Directors, of the Board of the Company with their respective names and titles are set out below:

Executive Directors

Wu Meng (*Chairman*)

Tan Weijun

Liang Jun (*Chief Executive Officer*)

Hu Jing (*Chief Risk Officer*)

Non-executive Director

Zhang Lei

Independent Non-executive Directors

Kwok Lam Kwong Larry

Liu Chijin (*appointed on 28 June 2024*)

Chiu Lai Kuen Susanna (*appointed on 11 April 2025*)

All directors were expressly identified by categories of executive directors, non-executive directors and independent non-executive directors in all corporate communications that disclose the names of directors of the Company.

An updated list of the directors of the Company identifying their roles and function and whether they are independent non-executive directors is maintained on the websites of the Hong Kong Exchanges and Clearing Limited ("HKEx") and the Company.

During the financial year, Mr. Liu Chijin, who was appointed as an independent non-executive Director on 28 June 2024, has obtained the legal advice referred to under Rule 3.09D of the Listing Rules as regards the requirements under the Listing Rules that are applicable to him as a Director and the possible consequences of making a false declaration or giving false information to the Stock Exchange on 28 June 2024 and, he has confirmed that he understood his obligations as a Director.

CORPORATE GOVERNANCE REPORT (Cont'd)

To the best knowledge of the directors, none of the directors has any financial, business, family or other material/relevant relationship with each other.

During the financial year, the number of independent non-executive directors was less than three and less than one-third of the Board as required under the Rule 3.10(1) and 3.10A respectively of the Listing Rules. For details, please refer to the Company's announcements dated 15 November 2024, 13 March 2025 and 11 April 2025. Although the Company was unable to appoint at least three independent non-executive directors, with one-third of them being independent non-executive directors, the Company had in place a mechanism which remain effective to ensure independent views and input are available to the Board, as set out below:

1. Independent non-executive directors will be appointed to Board Committees as required under the Listing Rules and as far as practicable to ensure independent views and input are available.
2. The Chairman of the Board shall hold an annual meeting with all independent non-executive directors without the presence of other directors to listen independent views on various issues concerning the Group.
3. Each Independent Non-executive Director is required to confirm in writing to The Stock Exchange of Hong Kong Limited his independence upon his appointment and to the Company on annual basis with reference to the criteria under rule 3.13 of the Listing Rules, and the Nomination Committee is delegated to assess the annual independence confirmation received from each Independent Non-executive Director to ensure that they remain independent, objective and free from any interference when exercising their judgement.
4. Each director is required to provide to the Company an annual written confirmation of time commitment as well as the directorship and major commitments held in public companies or organisations for assessment.
5. A director (including independent non-executive director) who has a material interest in any transaction, contract or arrangement shall not vote or be counted in the quorum on any Board resolution approving the same.
6. All directors are entitled to seek independent professional advice in appropriate circumstances, at the Company's expenses.

B.2 Appointments, re-election and removal

Principle: There should be a formal, considered and transparent procedure for the appointment of new directors. There should be plans in place for orderly succession for appointments. All directors should be subject to re-election at regular intervals. An issuer must explain the reasons for the resignation or removal of any director.

According to the Articles of Association of the Company, at each annual general meeting, one-third of the Directors for the time being or, if their number is not three or a multiple of three, then number nearest to but not less than one-third, shall retire from office by rotation, provided that every director shall be subject to retirement by rotation at least once every three years. Further, any director newly appointed shall hold office only until the next following annual general meeting of the Company after his appointment and shall then be eligible for re-election.

Nomination Committee will make recommendation to the Board on such matter (see B.3 below). The director so appointed, however, shall retire and eligible to be re-elected in the coming annual general meeting. In addition, shareholder can also propose a candidate for election as director at a general meeting in accordance with the Articles of Association of the Company. The nomination procedures by shareholders are published on the website of the Company. All successful candidates must possess the necessary skills, knowledge and experience which can help the Board to direct the Company's business. In addition, all candidates must be able to meet the criteria stipulated in Rules 3.08 and 3.09 of the Listing Rules. A candidate who is to be appointed as an independent non-executive director should also meet the independence criteria set out in Rule 3.13 of the Listing Rules. To further enhance accountability, any further appointment of an independent non-executive director who has served the Board for more than 9 years will be subject to a separate resolution to be approved by shareholders.

Details of the candidates standing for re-election as directors are set out in the annual general meeting circular to shareholders.

B.3 Nomination Committee

Principle: In carrying out its responsibilities, the nomination committee should give adequate consideration to the Principles under B.1 and B.2.

The Nomination Committee of the Company was established in March 2012. The functions of the Nomination Committee are mainly to review the structure, size and composition (including the skills, knowledge, experience and diversity of perspective) of the Board, to identify individuals suitably qualified to become board members and select or make recommendations to the Board on the selection of individuals nominated for directorships, to assess the independence of independent non-executive directors, to make recommendations to the Board on the appointment or re-appointment of directors and succession planning for directors as well as to monitor the implementation of the Board Diversity Policy and review the Board Diversity Policy, as appropriate. Details of terms of reference of the Nomination Committee are published on the websites of HKEx and the Company.

The Nomination Committee was provided with sufficient resources to perform its duties and it can seek independent professional advice at the Company's expense if necessary.

As at 31 December 2024 and 28 March 2025, the Nomination Committee comprises the Chairman of the Company, Ms. Wu Meng, and two independent non-executive directors, namely Mr. Kwok Lam Kwong Larry and Mr. Liu Chijin. Ms. Wu Meng acts as the chairman of the Nomination Committee.

CORPORATE GOVERNANCE REPORT (Cont'd)

The Nomination Committee held one meeting in the financial year ended 31 December 2024. The following is an attendance record of the meeting held by the Nomination Committee for the financial year:

Name of Committee Members	Number of meeting(s) attended/held
Wu Meng (<i>Chairman</i>)	1/1
Ng Wing Hang Patrick (<i>passed away on 9 November 2024</i>)	1/1
Kwok Lam Kwong Larry	1/1
Chen Liqiang (<i>resigned on 5 March 2024</i>)	not applicable
Liu Chijin (<i>appointed on 28 June 2024</i>)	0/0

During the financial year, the Nomination Committee reviewed the structure, size and composition and diversity of the Board; assessed the independence of each independent non-executive director; and made recommendation to the Board on the re-election of the retiring directors at the 2024 annual general meeting. In addition, the Nomination Committee has resolved by way of written resolutions in June 2024 to make recommendation to the Board to convene an extraordinary general meeting to appoint Mr. Liu Chijin as Independent Non-Executive Director of the Company.

The Nomination Committee considered that the current composition and size of the Board is appropriate for the time being, and considered that it has a balanced diversity.

The Company adopted the Board Diversity Policy which sets out the approach to achieve diversity on the Board. When determining the composition of the Board, it will take into consideration a number of factors, including but not limited to, skills, knowledge, professional experience, gender, age, cultural and educational background, and other qualities of Directors. All Board appointments will be made on a merit basis and candidates will be considered against objective criteria, with due regard for the benefits of diversity on the Board. The Nomination Committee will monitor the implementation of the Board Diversity Policy and review the Board Diversity Policy, as appropriate, to ensure its effectiveness.

During the year, the Nomination Committee reviewed the diversity of the Board composition and considered that the Directors of the Company have diverse perspectives, educational background and professional knowledge, and the expertise and experience in the securities, finance, corporate finance, accounting and legal industries, all of which are relevant to the Company's business and will contribute to diversity of the Board appropriate to the requirements of the Company's business.

The Company values the diversity of the company personnel, and sees leveraging knowledge, expertise and experience from people of different backgrounds essential to bring in synergies in achieving business success and sustainable corporate development.

CORPORATE GOVERNANCE REPORT (Cont'd)

We strived to embrace gender balance across all levels in our workforce from board members, senior management to general staff. Ms. Wu Meng has been the first female Chairman of the Board of the Company since October 2021, marking the Company's new direction towards gender diversity. Subsequent to Ms. Wu's appointment, Ms. Yu Lili took up the position as a member of Management Committee in the same year. Furthermore, with effect from 9 August 2024, the Chairman of the Management Committee has been changed from Mr. Liang Jun, the Executive Director and Chief Executive Officer of the Company, to Ms. Wu Meng. The Management Committee of seven senior management staffs. The Company is making ongoing effort to improve gender diversity and will continue to factor in such criteria as inclusion of various educational backgrounds, genders and ages, etc. in the nomination and selection of Board members. As a result of the Company's continued initiative to promote workforce diversity through our hiring strategies, as at 31 December 2024, the Company maintained quite a balanced ratio of male to female workforce of 50: 50.

In addition, the Company also adopted the Director Nomination Policy which sets out the key selection criteria and procedures of the Nomination Committee in making any recommendations to the Board on the appointment or re-appointment of directors and succession planning of directors with a view to ensuring that the Board maintains a balance of skills, experience and diversity of perspective appropriate to the requirement of the Company's business. In assessing the suitability of a proposed candidate, the Nomination Committee will consider a number of factors which include the proposed candidate's integrity, skills, experience and diversity of perspective, time commitment, and independence. The Director Nomination Policy also lays down the following nomination procedures for (i) appointment of new or replacement Director; (ii) re-election of Director at general meeting; and (iii) nomination of new director by shareholders.

C.1 Responsibilities of directors

Principle: Every director must always know their responsibilities as a director of an issuer and its conduct, business activities and development. Given the essential unitary nature of the board, non-executive directors have the same duties of care and skill and fiduciary duties as executive directors.

Every newly appointed director of the Company shall receive guidance materials from the Company Secretary upon his appointment so as to enable the director having a proper understanding of the Company's operations and business and to ensure him to be fully aware of his responsibilities under statute and common law, the Listing Rules, applicable legal and other regulatory requirements and the Company's business and governance policies. A director can also request the Company Secretary to arrange him to attend any relevant course and seminar.

The functions of non-executive directors have included the functions as specified in Code Provision C.1.2(a) to (d).

The Company adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix C3 of the Listing Rules as its own code of conduct for dealings in securities of the Company by the directors or relevant employees as defined in the Model Code. The Company made specific enquiry of all directors. According to their replies, all the directors complied with the requirements set out in the Model Code during the financial year ended 31 December 2024. The Company also complied with the other requirements stipulated in the Model Code.

CORPORATE GOVERNANCE REPORT (Cont'd)

Directors confirmed that they have complied with the Code Provision C.1.4 on directors' training. During the year, the directors have participated in continuous professional development by the following means to develop and refresh their knowledge and skills and provided a record of training to the Company.

Name of Directors	Training Received^(Notes)
Executive Directors	
Wu Meng (<i>Chairman</i>)	A,B,E
Tan Weijun	E
Liang Jun (<i>Chief Executive Officer</i>)	A
Hu Jing (<i>Chief Risk Officer</i>)	E
Non-executive Director	
Zhang Lei	A
Independent Non-executive Directors	
Kwok Lam Kwong Larry	A
Liu Chijin (<i>appointed on 28 June 2024</i>)	A,B,C,E

Notes:

- A Attending classes and/or seminars and/or forums
- B Attending in-house briefings
- C Giving talks at classes and/or seminars and/or forums
- D Attending training relevant to the Company's business conducted by lawyers
- E Reading materials and/or participate in activities relevant to the Company's business or to the directors' duties and responsibilities

Each director is aware that he should give sufficient time and attention to the affairs of the Company. Upon reviewing (i) the annual confirmation of time commitment given by each director as well as the directorship and major commitments of each director held in public companies or organisations; and (ii) the attendance rate of each director on board meetings and committee meetings, it is satisfied that all directors have spent sufficient time in performing their responsibilities during the year.

The Company has arranged appropriate insurance cover in respect of legal actions against its directors. The coverage and the amount insured under such policy are reviewed annually by the Company.

C.2 Chairman and Chief Executive

Principle: There are two key aspects of the management of every issuer – the management of the board and the day-to-day management of business. There should be a clear division of these responsibilities to ensure a balance of power and authority, so that power is not concentrated in any one individual.

CORPORATE GOVERNANCE REPORT (Cont'd)

To ensure a balance of power and authority, the role of Chairman is separate from that of Chief Executive Officer. Ms. Wu Meng acts as the Chairman and Mr. Liang Jun acts as the Chief Executive Officer.

The respective responsibilities of the Chairman and Chief Executive Officer are clearly established. The Chairman is responsible for providing leadership for and the management of the Board whilst the Chief Executive Officer is responsible for the day-to-day management of the Group's business including the implementation of significant strategies formulated by the Board. As disclosed in the announcement of the Company dated 9 August 2024, with effect from that date, the Chairman of the Management Committee was changed from Mr. Liang Jun, Executive Director and Chief Executive Officer of the Company, to Ms. Wu Meng, Chairman of the Board and Executive Director of the Company, with Mr. Liang Jun was redesigned as Deputy Chairman of the Management Committee. The Board is of the view that appointment of Ms. Wu to be the Chairman of the Management Committee is in the best interests of the Company and its shareholders ensuring continuity of the Company's leadership and efficiency in formulation and execution of business strategies of the Group, and the Board is still adequate balance of power and authority in place.

The Chairman ensured that all directors were properly briefed on issues arising at board meetings.

The Chairman is responsible for ensuring that directors receive, in a timely manner, adequate information which must be accurate, clear, complete and reliable.

The Chairman ensured that the Board works effectively and performs its responsibilities, and that all key and appropriate issues are discussed by it in a timely manner. The Chief Executive Officer and Company Secretary assisted the Chairman in preparing agenda for each board meeting and all directors have been consulted about any matters proposed for inclusion in the agenda.

The Chairman ensured that the Board and the management of the Company are committed to the maintenance of good corporate governance practices and procedures.

Directors are encouraged to express their viewpoints to the Board's affairs and voice their concerns, if any, and are provided sufficient time for discussion of issues in the meetings and the Chairman directs discussions towards the emergence of a consensus view and then sum up discussions so that all directors understand what has been agreed.

During the financial year ended 31 December 2024, the Chairman held a meeting with the independent non-executive directors without the presence of other directors.

The Chairman ensured that appropriate steps are taken to provide effective communication with shareholders and that their views were communicated to the Board as a whole. The Board has established a shareholders communication policy which is available on the Company's website.

C.3 Management functions

Principle: An issuer should have a formal schedule of matters specifically reserved for board approval. The board should give clear directions to management on the matters that must be approved by it before decisions are made on the issuer's behalf.

CORPORATE GOVERNANCE REPORT (Cont'd)

The Board is responsible for formulating overall strategy, monitoring and controlling the performance of the Company whilst managing the Company's day-to-day business is the responsibility of the management.

When the Board delegates aspects of its management and administration functions to the management, it has given clear directions as to the management's powers, in particular, where management shall report back and obtain prior Board approval before making decisions or entering into any commitments on the Company's behalf.

Directors are clearly understood delegation arrangements in place. The Company has issued formal letter of appointment to each director (including non-executive director and independent non-executive director) setting out the key terms and conditions of the appointment.

Matters reserved to be approved by the Board approval include:

- (1) Proposal for selection of external auditors;
- (2) Financial statements and budgets; and
- (3) Formation of board committees.

C.4 Board Committees

Principle: Board committees should be formed with specific written terms of reference which deal clearly with their authority and duties.

Where board committees are established to deal with matters, the Board shall give them sufficiently clear terms of reference to enable them to perform their functions properly.

Apart from the Audit Committee (particulars are disclosed under D.3), Remuneration Committee (particulars are disclosed under E.1), Nomination Committee (particulars are disclosed under B.3) and Risk Committee (particulars are disclosed under D.2), the Board also established an Executive Committee and a Management Committee with specific terms of reference. The Executive Committee consists of all the executive directors and is responsible for formulating and reviewing the Company's important strategies on business and operations. The Management Committee consists of Chairman of the Board, Chief Executive Officer, deputy general manager(s) and Chief Risk Officer. The Management Committee will meet from time to time for making policy(ies) relating to the Company's day-to-day management and business. In addition, Risk Committee established a Risk Management Committee with specific terms of reference. Risk Management Committee consists of Chief Executive Officer, Chief Risk Officer, Chief Financial Officer, Head of Compliance, and heads of the respective business segments. The Risk Management Committee usually meets quarterly and is responsible for co-ordinating, facilitating important business management related matters and risk management activities.

CORPORATE GOVERNANCE REPORT (Cont'd)

In addition, the Environmental, Social and Governance (“ESG”) Committee was established by the Board on 19 March 2021 to assist the Board in overseeing the Group’s ESG-related matters. The ESG Committee is currently composed of three executive directors, being Ms. Wu Meng, Mr. Liang Jun and Mr. Hu Jing, and two independent non-executive directors, being Mr. Kwok Lam Kwong Larry and Mr. Liu Chijin. Ms. Wu Meng acts as the chairman of the ESG Committee.

The ESG Committee held one meeting in the financial year ended 31 December 2024. The following is an attendance record of the meeting held by the ESG Committee for the financial year:

Name of Committee Members	Number of meeting(s) attended/held
Wu Meng (<i>Chairman</i>)	1/1
Liang Jun	1/1
Hu Jing	1/1
Kwok Lam Kwong Larry	1/1
Chen Liqiang (<i>resigned on 5 March 2024</i>)	not applicable
Liu Chijin (<i>appointed on 28 June 2024</i>)	0/0

During the financial year, the ESG Committee reviewed the ESG performance of the Group for 2022; reviewed and recommended the Board’s approval of the ESG report for 2023; reviewed and recommended the Board’s approval of a proposed mid-term (2022-2025) emission reduction and energy savings targets for the Group (“2022-2025 Reduction Targets”).

For further details of the Group’s ESG-related matters, please refer pages 14 to 38 to the ESG report of this annual report.

The Audit Committee, the Remuneration Committee, the Nomination Committee, the Risk Committee and the ESG Committee are required to report back to the Board on their decisions and recommendations. Material matters will be reported to the Board by the other board committees according to their respective terms of reference.

CORPORATE GOVERNANCE REPORT (Cont'd)

C.5 Conduct of board proceedings and supply of and access to information

Principle: The issuer should ensure directors can participate in board proceedings in a meaningful and effective manner. Directors should be provided in a timely manner with appropriate information in the form and quality to enable them to make an informed decision and perform their duties and responsibilities.

For the year ended 31 December 2024, six board meetings and four general meetings, being the annual general meeting held on 24 May 2024 and the extraordinary general meetings held on 28 June 2024, 29 November 2024 and 31 December 2024, were held by the Company. Attendance record of each individual director is as follows:

Name of Directors	Number of board meeting(s) attended/held	Number of general meeting(s) attended/held
Executive Directors		
Wu Meng (<i>Chairman</i>)	4/6	3/4
Tan Weijun	5/6	4/4
Liang Jun (<i>Chief Executive Officer</i>)	6/6	4/4
Hu Jiang (<i>Chief Risk Officer</i>)	6/6	4/4
Non-executive Directors		
Zhang Lei	5/6	2/4
Ren Xiaotao (<i>resigned on 25 September 2024</i>)	5/5	2/2
Independent Non-executive Directors		
Ng Wing Hang Patrick (<i>passed away on 9 November 2024</i>)	5/5	2/2
Kwok Lam Kwong Larry	6/6	3/4
Chen Liqiang (<i>resigned on 5 March 2024</i>)	not applicable	not applicable
Liu Chijin (<i>appointed on 28 June 2024</i>)	1/2	0/2

Drafts of the agenda were sent to directors for comments before the meetings were held. They could include matters in the agenda for board meetings.

Notice of at least 14 days were given of a regular board meeting to give all directors an opportunity to attend. For all other board meetings, reasonable notice was given.

Minutes of the board meetings, and meetings of the Audit Committee, the Remuneration Committee, the Nomination Committee, the Risk Committee and Environmental, Social and Governance Committee are kept by the Company Secretary. Minutes of other board committees (as listed under C.4 Board Committees) are kept by the appointed Secretary of each committee. Such minutes are open for inspection during office hour by any director by giving at least 2 days' notice to the Company Secretary.

CORPORATE GOVERNANCE REPORT (Cont'd)

Minutes of the board meetings and meetings of board committees have recorded in sufficient detail the matters considered and decisions reached, including any concerns raised by directors or dissenting views expressed. Draft and final versions of minutes were sent to all directors for their comment and records respectively, normally within one month after the board meeting was held.

The Company established a policy for any director to seek independent professional advice in appropriate circumstances, at the Company's expenses. The director is required to submit a request in writing to the Chairman stating the grounds for seeking the independent professional advice. The Chairman shall either approve the director's request directly, or if thinks fit, convene a board meeting to resolve the matter.

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

For regular board meetings, and as far as practicable in all other cases, an agenda and accompanying board papers were sent in full to all directors in a timely manner and at least 3 days before the intended date of a board meeting and board committee meeting.

As mentioned in C.3 above, there are matters reserved to be approved by the Board. Management is aware of the obligation to supply the Board and its committees with adequate information, in a timely manner, to enable it to make informed decisions. The information supplied must be complete and reliable. The Board and individual directors have separate and independent access to the Company's senior management.

All directors are entitled to have access to board papers, minutes and related materials.

C.6 Company Secretary

Principle: The company secretary plays an important role in supporting the board by ensuring good information flow within the board and that board policy and procedures are followed. The company secretary is responsible for advising the board through the chairman and/or the chief executive on governance matters and should also facilitate induction and professional development of directors.

The Company Secretary of the Company is Mr. Cheung Kai Cheong Willie, a senior manager of SWCS Corporate Services Group (Hong Kong) Limited, mainly responsible for assisting listed companies in professional company secretarial work. Prior to joining SWCS Corporate Services Group (Hong Kong) Limited, he served as the company secretary and finance controller of certain companies whose shares are listed on the Stock Exchange. He has more than 20 years of professional experiences in company secretarial, accounting and finance matters. He is a fellow member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants in the United Kingdom. He obtained a Bachelor Degree of Arts (Honors) in Accounting and Finance at the University of Glamorgan in the United Kingdom. The main contact person at the Company for Mr. Cheung Kai Cheong Willie is Mr. Liang Jun, Executive Director and the Chief Executive Officer of the Company.

CORPORATE GOVERNANCE REPORT (Cont'd)

The appointment and removal of the Company Secretary is subject to the Board approval in accordance with the Articles of Association of the Company. Directors have access to the advice and services of the Company Secretary to ensure that board procedures, and all applicable rules and regulations, are followed.

The Company Secretary has taken no less than 15 hours of relevant professional training for the year ended 31 December 2024 in compliance with Rule 3.29 of the Listing Rules.

D.1 Financial reporting

Principle: The board should present a balanced, clear and comprehensible assessment of the company's performance, position and prospects.

Management provided sufficient explanation and information to the Board to enable it to make an informed assessment of financial and other information put before it for approval.

Management provided all members of the Board with monthly updates giving a balanced and understandable assessment of the Company's performance, position and prospects in sufficient detail to enable the Board as a whole and each director to discharge their duties under Rule 3.08 and Chapter 13 of the Listing Rules.

Directors have acknowledged their responsibility for preparing accounts of the Company.

A statement by the external auditors about their reporting responsibilities is included in the Independent Auditor's Report.

The Board presented a balanced, clear and understandable assessment of the Company in annual and interim reports and other financial disclosures required by the Listing Rules, and also for the reports to regulators and information disclosed under statutory requirements.

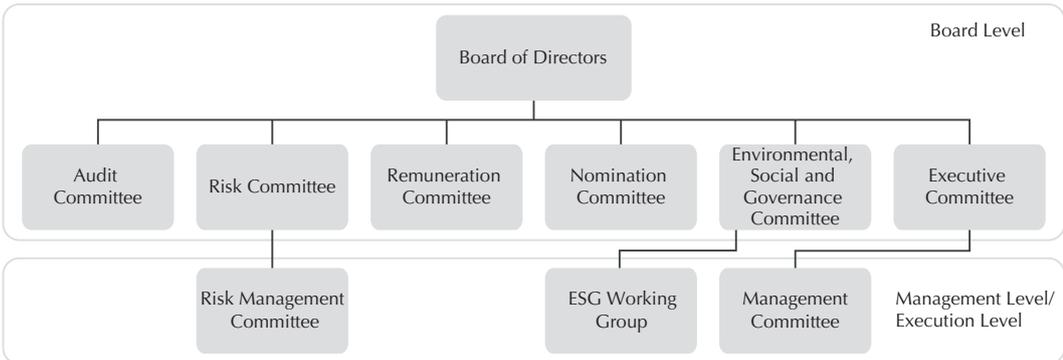
CORPORATE GOVERNANCE REPORT (Cont'd)

D.2 Risk management and internal control

Principle: The board is responsible for evaluating and determining the nature and extent of the risks it is willing to take in achieving the issuer's strategic objectives, and ensuring that the issuer establishes and maintains appropriate and effective risk management and internal control systems. Such risks would include, amongst others, material risks relating to ESG (please refer to the ESG Reporting Code in Appendix C2 to the Exchange Listing Rules for further information). The board should oversee management in the design, implementation and monitoring of the risk management and internal control systems, and management should provide a confirmation to the board on the effectiveness of these systems.

(a) *Group's Risk Governance Structure*

The Group's risk governance structure is shown as follows:



(b) *Three Lines of Defence Model*

The Group has adopted a “three lines of defence” model to establish an effective risk management and internal control systems:

First line of defence — Risk management (All business departments)

Each of the Group's departments has the primary responsibility of managing its business risk, and serves as the first line of defence for the risk management and internal control systems. Its major risk management measures include:

- Implements the Group's established policies, procedures and guidelines, as well as laws, regulations and industry practices, ensuring proper controls are in place.
- Implements the “Whistle blowing Policy” to ensure employees are able to report any suspected wrongdoings or improprieties through appropriate and established procedures.

CORPORATE GOVERNANCE REPORT (Cont'd)

- In 2024, the Group conducted multiple reviews on risk management and internal control management. All departments participated by helping in policy and process review, personnel interviews, and supported the inspection of business procedure execution. Reviews of the risk management system, authorization management, key business operations, and the identification, assessment, measurement, and monitoring of the major risks was performed. Action plans have been developed to rectify the identified risks and control weakness. According to the review results in 2024, the overall performance of internal control implementation was satisfactory.

Second line of defence — Risk control (Middle and back office departments particularly including Risk Management, Compliance and Legal)

Middle and back office departments particularly including Risk Management, Compliance and Legal form the second line of defence for the risk management and internal control systems. These departments are independent of the business units and perform the following major risk control duties:

- Assist the management in formulating the Group's policies, procedures, guidelines, risk management principles and risk tolerance levels, and revise them in response to any changes in laws, regulations, industry practices or other internal and external factors.
- Provide advisory services, guidance and training for all staff on risk management.
- Assist in regulatory authorities' investigations and enquiries.
- Maintain the list of the Group's key business processes, along with corresponding risks and relevant internal control measures, which facilitates departmental ongoing assessment and compilation of risk based internal audit plan.
- Maintain the comprehensive set of key risk indications with reporting thresholds which clearly defines the reporting mechanism. When a trigger event arises, the incident will be reported to the respective level of management according to the pre-defined threshold, and where appropriate, remedial actions will be taken. This facilitates departments' defining roles and responsibilities, and strengthening their controls and accountability.
- In 2024, there were two incidents of reporting the risk management and internal controls related matters (except those related to financial controls and reporting, which are within the terms of reference of Audit Committee) to the Risk Committee, which in turn reported to the Board accordingly.

CORPORATE GOVERNANCE REPORT (Cont'd)

Third line of defence — Independent risk assurance (Internal Audit Department)

- Internal Audit Department serves as the third line of defence for the risk management and internal control systems. It conducts systemic review of the Group's risk management and internal control systems independently on a regular basis. The Internal Audit Department's role as the third line of defence is independent of the first and second lines of defence, and is responsible for monitoring their compliance with policies and procedures. The Head of Internal Audit Department reports directly to the Audit Committee at least semi-annually, and reports regularly to the Board through the Audit Committee.
- Internal Audit Department conducts independent review of the design and implementation of the Group's internal controls on a regular basis.
- In 2024, there were two incidents of reporting the risk management and internal controls related matters to the Audit Committee, which in turn reported to the Board accordingly.

(c) *Audit Committee*

The Audit Committee is delegated by the Board with the responsibilities to monitor the Group's overall management and effectiveness, and to advise the Board accordingly.

On behalf of the Board, the Audit Committee carries out regular review on business processes and operations, considers findings on major risk management and internal control related matters and the management's response to these findings. The Audit Committee also reviews financial controls and reporting related risk management and internal control systems of the Group with the management to ensure that the management has performed its duty to put in place an effective system.

In addition, the Audit Committee reviews and monitors the effectiveness of the function of the Internal Audit Department, ensures it is adequately resourced and has appropriate status within the Group. For the external auditor, the Audit Committee reviews and monitors the external auditor's independency and objectivity and the effectiveness of their audit in accordance with applicable standards. The Audit Committee also discusses the nature and scope of the audit and reporting obligations with the external auditor before the commencement of the audit. External auditor also reports their audit findings and the internal control matters identified during the audit to the Audit Committee. After a detailed review of the effectiveness of the Group's internal control systems, the Audit Committee will report their findings to the Board.

The Audit Committee is currently composed of two independent non-executive directors; it has held two meetings in the financial year ended 31 December 2024. List of the Audit Committee members and the attendance record of the meeting held by the Audit Committee are set out in D.3 below.

CORPORATE GOVERNANCE REPORT (Cont'd)

(d) Internal Audit Department

The Group has an independent Internal Audit Department to support the Board to monitor the Group's corporate governance compliance and to ensure a sound and effective internal control system is established. The Internal Audit Department independently evaluates and reviews departments' compliance with the policies, procedures and guidelines of the Group, as well as the applicable rules and regulatory requirements.

In addition, the Internal Audit Department also carries out specific audits on particular areas as directed by the Audit Committee. During the audit, the Internal Audit Department will assess the suitability and effectiveness of the Group's current operational processes and internal control systems. If weaknesses are identified, the Internal Audit Department will provide recommendations to the relevant departments, monitor the remediation progress, and report to the Audit Committee on the key findings and the rectification status on a regular basis.

(e) Risk Committee

Risk Committee is delegated by the Board, responsible for reviewing the risk management and internal control systems (except those related to financial controls and reporting, which are within Audit Committee's scope), ensuring that management has discharged its duties, has effective systems in place, and reviewing the risk principles and risk tolerance levels as proposed by Risk Management Committee, etc. The Risk Committee is also responsible for identifying and reviewing the ESG-related risks. Please also refer to the ESG report of this annual report for more details. The detailed terms of reference of Risk Committee are published on the websites of the HKEx and the Company.

As at 31 December 2024 and 28 March 2025, the Risk Committee is composed of two independent non-executive directors and three executive directors: the independent non-executive directors are Mr. Kwok Lam Kwong Larry and Mr. Liu Chijin; the executive directors are Mr. Tan Weijun, Mr. Liang Jun and Mr. Hu Jing.

The Risk Committee held two meetings in the financial year ended 31 December 2024. The following is an attendance record of the meeting held by the Risk Committee for the financial year:

Name of Committee Members	Number of meeting(s) attended/held
Ng Wing Hang Patrick (<i>passed away on 9 November 2024</i>)	2/2
Tan Weijun	2/2
Liang Jun	2/2
Hu Jing	2/2
Kwok Lam Kwong Larry	2/2
Chen Liqiang (<i>resigned on 5 March 2024</i>)	not applicable
Liu Chijin (<i>appointed on 28 June 2024</i>)	1/1

CORPORATE GOVERNANCE REPORT (Cont'd)

A summary of the work performed by the Risk Committee during the financial year is listed below:

- (1) reviewed the implementation of the Group' risk management and internal control systems (except those related to financial controls and reporting, which are within the terms of reference of Audit Committee); and
- (2) discharged its responsibilities related to risk management and internal control system, as delegated by the Board.

(f) Risk Management Committee

Risk Management Committee is established under Risk Committee to coordinate, facilitate and manage important executive matters and risk management activities.

Risk Management Committee's major responsibilities include formulation of risk strategies, risk management infrastructure and risk policies; planning for a comprehensive risk management system and implementation of risk governance activities; recommendation of risk tolerance levels to Risk Committee and the Board as well as implementation upon their approval, and review and approval of risk policies, risk limits and key risk indicators; and assessment of the impacts of and provision of guidance on risks and risk events reported to the Committee, etc.

(g) Risk Management Department

The Group has established a Risk Management Department, which is independent of business departments, for management of the overall risk governance, setting up the overall risk management framework, and promoting risk management in the Group.

Risk Management Department formulates risk management basics, including the organisational structure, management framework, risk tolerance levels and related policies; provides business departments with guidance and assistance in identification, assessment, monitoring and reporting of risks arising from the usual course of business; and provides business departments with advisory services, including the risk assessments on new products, etc.

(h) Group's Key Risk and Management Measures

The Group upholds the philosophy of prudent operation, it strives to strengthen the existing businesses on one hand and continues to accelerate business transformation, provide diversified financial products one-stop financial services, and to gradually establish a global trading as investing and financing services network on the other, so as to command trust from shareholders, clients, regulators, business partners, other investors, as well as all employees. Based on the subjective and objective conditions of the regulatory environment, financial resources, business environment, operating model, etc., the Group determines the Risk Tolerances of the six major risk categories in these areas which serves as the foundation of risk management.

CORPORATE GOVERNANCE REPORT (Cont'd)

(1) Compliance Risk and Legal Risk

Compliance Risk refers to the risk of the Group suffering from any financial or non-financial loss as a result of being advised, warned, reprimanded, fined, etc or even prosecuted by the government or any regulatory authority due to violating or breaching the laws, rules or industry practices ranging from business related areas to financial crime and general ordinances.

Legal risk refers to the risk of the Group suffering from any financial or non-financial loss as a result of being involved in a legal dispute or litigation, no matter whether or not it is triggered by a compliance risk event.

The regulated activities of the Group, including brokerage business, corporate finance business, asset management business and securities research business, has developed relevant compliance policies and procedures in accordance with applicable laws, regulations, industry practices (such as codes and guidelines). These include due diligence on clients, anti-money laundering checking, client suitability testing towards products, segregation of duties, as well as prevention of conflict of interest. All these are recorded in the Group's Compliance Manual and Operational Manual for relevant staff's adoption.

The Group has a Compliance Department and a Legal Department, which are independent of the business units. The Compliance Department is responsible for compliance risk management, and conducting compliance monitoring and review. The Legal Department is responsible for providing legal advisory services, drafting and examination of legal documents.

(2) Liquidity and Funding Risk

Liquidity risk refers to the risk of the Group suffering from any financial loss as a result of failure to or a higher funding cost to fulfil its financial obligations due to cash flow mismatch, despite the Group's healthy financial standing.

Funding risk refers to the risk of the Group suffering from limited and insufficient source of fund and funding amount to sustain the Group's business development.

Certain subsidiaries of the Group are subject to the local country's regulatory liquidity requirements. Currently, a monitoring system is in place to ensure the relevant licensed subsidiaries maintain adequate liquid capital to support their business commitments and comply with the relevant applicable Financial Resource Rules. Finance Department also closely monitors the Group's cash flow and the Group's assets and liabilities position. Moreover, Credit Control Department carries out regular review of the margin ratios of the pledged securities to ensure they have sufficient liquidity, thereby to manage liquidity risk.

(3) Credit Risk

Credit Risk refers to the risk of the Group suffering from any financial loss as a result of the debtor (including clients, guarantors or related parties), counterparties (including trading counterparties, brokers, banks and custodians) or asset issuers (including guarantors or related parties) failing to fulfil their obligations to repay, pay, settle, etc on time.

Business relating to credit should be run on the principle of risk diversification, dealt with creditworthy debtors, counterparties and asset issuers, and secured the Group's position with collateral or guarantee from the transactions as far as possible.

The Group has authorisation policies and procedures in place for stock financing, merger and acquisition financing, margin loan, client's or counterparty's credit and trading limits, as well as the margin ratios of stocks.

The Group's Credit Control Department is responsible for monitoring the positions of client's accounts (including the stock, futures and stock options) and the level of financing on a daily basis. Credit Control Department strictly enforces margin call and executes forced sale in accordance with the Group's established policies and procedures. When any breach of the Group's financing or credit policy is identified, the Credit Control Department will report it to the management immediately. In addition, the Credit Control Department conducts regular stress tests on client's repayment capability, so as to identify those client's accounts that may have margin deficits under volatile market conditions.

To avoid excessive concentration of credit risk, the Group has set limits on single client or counterparty credit exposure, stock and bond concentration risk.

(4) Market Risk

Market risk refers to the risk of the Group suffering from any financial loss as a result of adverse market movements of exchange rate, interest rate, price of financial instruments, etc. The Group's investment trading business should be run on the principle of risk diversification. Each of its portfolios, investments and transactions should be managed within the approved limits.

The Group has procedures and risk indicators in place to monitor the market exposure of the investment business regularly, ensuring the business is run within the Group's risk appetite.

CORPORATE GOVERNANCE REPORT (Cont'd)

(5) Operational Risk

Operational risk refers to the risk of the Group suffering from any financial or non-financial loss resulting from inadequacy or failure of internal processes, staff or systems, or from external events.

The Management Committee of the Group supervises the daily operations of the Group, and manages the risks according to the actual situation of the businesses. Operational Manuals once approved are published on the Group's intranet for relevant departments and staff's compliance and implementation. The existing business operating procedures and the risk management measures are reviewed and updated from time to time to ensure that they are consistent with the actual operations of the Group.

(6) Reputational Risk

Reputational Risk refers to the risk of the Group's suffering from any damage to its goodwill as a result of its operation, or external events, leading to negative comment from regulators, customers, partners and other investors. Such damage could be in the form of, for example, criticism from the media or drop in the stock price. Reputational risk events may stand alone or result from other risk events.

The Group strives to maintain its reputation and acts in the Group's long-term interest, and timely handle in accordance with the established requirements in case of a risk event.

The Group also formulates other documents and measures, such as risk policies and risk limits, in accordance with the above-mentioned Risk Tolerances, that serves as specific measures for the Group to manage risks.

(i) *Handling and Dissemination of Inside Information*

To ensure inside information of the Group is to be disclosed to the public in a timely manner in accordance with the Listing Rules, applicable laws and regulatory requirement, a framework has been established to set out the procedures and internal controls for the handling and dissemination of inside information. The framework and its effectiveness are subject to review on a regular basis according to established procedures.

(j) *Review of Effectiveness of the Risk Management and Internal Control Systems*

The Board acknowledges their responsibility to review the effectiveness of the risk management and internal control systems adopted. Such 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 and not absolute assurance against material misstatement or loss.

CORPORATE GOVERNANCE REPORT (Cont'd)

The Board reviews the effectiveness of the Group's risk management and internal control systems on an ongoing basis. Through the structure and measures mentioned above, the Board ensures that appropriate and effective risk management and internal control systems are in place. The Board has also reviewed the adequacy of resources, staff qualifications and experience, training programmes and budgets of the Group's compliance, risk management, accounting, internal audit, financial reporting functions, as well as those relating to the Group's ESG performance and reporting. For the financial year ended 31 December 2024, the Risk Management Committee and the Internal Audit Department had submitted reports on the effectiveness of the Group's risk management and internal control systems to the Risk Committee and Audit Committee respectively.

The Company maintains and effectively implements a comprehensive system of internal control and stringent policies, which include Compliance Manual and Whistleblowing Policy, for anti-corruption and anti-fraud, and is committed to promoting integrity and preventing unethical behaviour.

D.3 Audit Committee

Principle: The board should establish formal and transparent arrangements to consider how it will apply financial reporting, risk management and internal control principles and maintain an appropriate relationship with the issuer's auditors. The audit committee established under the Exchange Listing Rules should have clear terms of reference.

The Audit Committee was set up in 1999. The roles of the Audit Committee are mainly to ensure integrity of financial statements, to oversee financial reporting system, risk management and internal control procedures as well as to provide advice and recommendations to the Board. The details of the terms of reference of the Audit Committee are published on the websites of the HKEx and the Company.

As at 31 December 2024 and 28 March 2025, the Audit Committee is composed of two independent non-executive directors, namely, Mr. Kwok Lam Kwong Larry and Mr. Liu Chijin.

The Audit Committee held two meetings in the financial year ended 31 December 2024. The following is an attendance record of the meeting held by the Audit Committee for the financial year:

Name of Committee Members	Number of meeting(s) attended/held
Ng Wing Hang Patrick (<i>passed away on 9 November 2024</i>)	2/2
Kwok Lam Kwong Larry	2/2
Chen Liqiang (<i>resigned on 5 March 2024</i>)	not applicable
Liu Chijin (<i>appointed on 28 June 2024</i>)	1/1

CORPORATE GOVERNANCE REPORT (Cont'd)

A summary of the work performed by the Audit Committee during the financial year is listed below:

- (1) reviewed the financial statements and the independent auditor's report before their submission to the Board;
- (2) reviewed the results of the audit on the Company's system of internal controls;
- (3) reviewed the results of the audit on the connected or continuing connected parties transactions;
- (4) nominated external auditor for re-appointments at the annual general meeting held in 2024, and considered the proposed remuneration and terms of engagement of external auditor;
- (5) reviewed and submitted to the Board relevant policies within the scope of the Audit Committee;
- (6) assessed the effectiveness of the Group's risk management and internal control systems; and
- (7) performed corporate governance functions delegated by the Board; and
- (8) facilitate the change of external auditor, review factors such as the independence and objectivity, qualifications and competence, and remuneration of the external auditor, and propose to the Board of Directors to convene an extraordinary general meeting of shareholders to appoint a new external auditor and consider its remuneration.

The work and findings of the Audit Committee were reported to the Board. During the year, no issues brought to the attention of management and the Board were of sufficient importance to require disclosure in the Annual Report.

The Board agreed with the Audit Committee's proposal for the re-appointment of Messrs. KPMG as the Company's external auditor for 2025. The recommendation will be put forward for the approval of shareholders at the forthcoming annual general meeting.

The Board has also approved the Audit Committee's proposal for the appointment of Deloitte Touche Tohmatsu as the Company's new external auditor, and to propose to convene an extraordinary general meeting of shareholders for approval of this appointment.

Full minutes of Audit Committee meetings are kept by the Company Secretary. Draft and final versions of minutes of the meetings were sent to all committee members for their comment and records, normally within one month after the meeting.

No member of the Company's Audit Committee was a former partner of the Company's existing external auditor.

CORPORATE GOVERNANCE REPORT (Cont'd)

During the financial year ended 31 December 2024, the remuneration to the external auditor, Messrs. Deloitte Touche Tohmatsu, was as below:

Nature of services	HK\$'000
Audit services	1,746
Tax advisory services	215

The Audit Committee was provided with sufficient resources, including the advice of external auditor and Internal Audit Department, to perform its duties.

The Audit Committee established a whistleblowing procedures of the Group. Under the whistleblowing procedures, the employees and those who deal with the Group can report any concerns relating to the possible financial reporting improprieties to the chairman of Audit Committee.

E.1 The level and make-up of remuneration and disclosure

Principle: An issuer should have a formal and transparent policy on directors' remuneration and other remuneration related matters. The procedure for setting policy on executive directors' remuneration and all directors' remuneration packages should be formal and transparent. Remuneration levels should be sufficient to attract and retain directors to run the company successfully without paying more than necessary. No director should be involved in deciding that director's own remuneration.

The Remuneration Committee of the Company was established in April 2005. The functions of the Remuneration Committee are mainly to review and make recommendations to the Board on the Company's policy and structure for all remunerations of directors and senior management. The terms of reference of the Remuneration Committee include the specific duties set out in Code Provision E.1.2(a) to (h), with appropriate modifications where necessary. The Remuneration Committee is delegated with responsibility to determine the remuneration packages of individual executive directors and senior management. Details of terms of reference of the Remuneration Committee are published on the HKEx's and Company's websites.

As at 31 December 2024 and 28 March 2025, the Remuneration Committee consists of two independent non-executive directors, namely, Mr. Kwok Lam Kwong Larry and Mr. Liu Chijin. Mr. Kwok Lam Kwong Larry acts as the chairman of the Remuneration Committee.

CORPORATE GOVERNANCE REPORT (Cont'd)

The Remuneration Committee held two meetings in the financial year ended 31 December 2024. The following is an attendance record of the meeting held by the Remuneration Committee for the financial year:

Name of Committee Members	Number of meeting(s) attended/held
Kwok Lam Kwong Larry (<i>Chairman</i>)	2/2
Ng Wing Hang Patrick (<i>passed away on 9 November 2024</i>)	2/2
Chen Liqiang (<i>resigned on 5 March 2024</i>)	not applicable
Liu Chijin (<i>appointed on 28 June 2024</i>)	1/1

During the financial year, the Remuneration Committee reviewed and considered the remuneration policy, packages and fringe benefits of the directors and senior management of the Group. In addition, the Remuneration Committee also reviewed the remuneration policies of the Group and compared with companies of similar scale as benchmark. Furthermore, the Committee made recommendations to the Board for the reward system of the Group, the remuneration of the executive directors of the Company and senior management of the Group and the salary of employees in 2024. None of the directors of the Company participated in the determination of the remuneration of their own. The Remuneration Committee was satisfied with the current remuneration policy and packages of the Group.

The Remuneration Committee shall consult the Chairman and/or Chief Executive Officer about their remuneration proposals for the directors. The Remuneration Committee shall have access to independent professional advice if necessary.

The Remuneration Committee was provided with sufficient resources to perform its duties.

For the financial year ended 31 December 2024, the remuneration of the members of the senior management by band is set out below:

Remuneration bands	Number of senior management*
Nil–HK\$3,000,000	0
HK\$3,000,001–HK\$5,000,000	5
HK\$5,000,001–HK\$7,000,000	0

* The evaluation of the performance of the employees has not been completed. Thus, the amount of bonus has not yet been determined and the final amount will be disclosed in due course.

Details of the directors' remuneration and five highest paid employees for the financial year ended 31 December 2024 as required to be disclosed pursuant to Appendix D2 of the Listing Rules are provided in notes 8 and 9 to the financial statements.

F.1 Effective communication

Principle: The board should be responsible for maintaining an on-going dialogue with shareholders and in particular, use annual general meetings or other general meetings to communicate with them and encourage their participation.

The Board has established a Dividend Policy which allows its shareholders to participate in the Company's profits on one hand, while retaining adequate reserves for future business development on the other. In general, the dividend payout ratio should be in the range between 40% and 60% of the Group's consolidated net profit after tax for the then financial year. In addition, the Board may also declare special dividends in addition to such dividends as it considers appropriate.

Pursuant to the disclosure requirements under the Listing Rules and the Code, the Company is required to disclose the following information on shareholders' rights:

Set out below are procedures by which shareholders of the Company may (a) convene an extraordinary general meeting; (b) put enquiries to the Board; (c) put forward proposals at shareholders' meetings; and (d) propose a person for election as a director. These procedures are generally governed by the Articles of Association of the Company and applicable laws, rules and regulations, which prevail over what is stated below in case of inconsistencies.

(a) *How shareholders can convene an extraordinary general meeting*

Pursuant to Article 69 of the Articles of Association of the Company, extraordinary general meeting(s) shall be convened as provided by the Companies Ordinance.

Pursuant to the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), shareholder(s) representing at least 5% of the total voting rights of all the shareholders having a right to vote at general meetings may request in writing to call an extraordinary general meeting.

The written request:

- (i) 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 (in case if the resolution is to be proposed as a special resolution, the written request should include the text of the resolution and specify the intention to propose the resolution as a special resolution);
- (ii) must be signed by the requisitionist(s); and
- (iii) may either be deposited at the registered office of the Company at Level 6, Three Pacific Place, 1 Queen's Road East, Hong Kong in hard copy form or sent in electronic form by email at co.sec@swhyhk.com.

The Board must call an extraordinary general meeting within 21 days after the date on which they become subject to the requirement and the extraordinary general meeting so called must be held on a date not more than 28 days after the date of the notice convening the extraordinary general meeting.

CORPORATE GOVERNANCE REPORT (Cont'd)

If the Board does not proceed to convene the extraordinary general meeting as aforesaid, the requisitionist(s), or any of them representing more than one half of the total voting rights of all of them, may themselves call an extraordinary general meeting, provided that any extraordinary general meeting so convened is held within 3 months after the date on which the Board becomes subject to the requirement to call an extraordinary general meeting. Any reasonable expenses incurred by the requisitionist(s) by reason of the failure of the Board duly to call an extraordinary general meeting must be reimbursed by the Company.

- (b) *The procedures by which enquiries may be put to the board and sufficient contact details to enable these enquiries to be properly directed*

Shareholders and other stakeholders may send their enquiries and concerns to the Board by addressing them to Company Secretary, whose contacts are listed below:

Registered office: Level 6, Three Pacific Place, 1 Queen's Road East, Hong Kong
Email: co.sec@swhyhk.com

- (c) *The procedures and sufficient contact details for putting forward proposals at shareholders' meetings*

Any shareholder(s) satisfying the following conditions can request in writing to move a resolution at an annual general meeting:

- (i) shareholder(s) representing at least 2.5% of the total voting rights of all the shareholders who have a right to vote on the resolution at the annual general meeting to which the requests relate; or
- (ii) at least 50 shareholders who have a right to vote on the resolution at the annual general meeting to which the requests relate.

The written request:

- (i) must identify the resolution of which the notice is to be given;
- (ii) must be signed by the requisitionist(s); and
- (iii) may either be deposited at the registered office of the Company at Level 6, Three Pacific Place, 1 Queen's Road East, Hong Kong in hard copy form or sent in electronic form by email at co.sec@swhyhk.com, not later than 6 weeks before the annual general meeting to which the requests relate; or if later, the time at which notice is given of that annual general meeting.

CORPORATE GOVERNANCE REPORT (Cont'd)

(d) *The procedures for shareholders to propose a person for election as a director*

Pursuant to Article 113 of the Articles of Association of the Company, if a shareholder wish to propose a person other than a retiring director for election as a director at a general meeting, 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 during a period of not less than seven (7) days commencing no earlier than the day after the despatch of the notice of the meeting appointed for such election and ending no later than seven days prior to the date appointed for the meeting.

During the year, there were no significant changes in the Company's constitutional documents. The Articles of Association of the Company are available on the websites of the Company and the Stock Exchange.

The Board has adopted a shareholders communication policy which set out the Company's policy for maintain an on-going dialogue with shareholders. The policy is subject to review on a regular basis to ensure its effectiveness. The following is a summary of the work conducted in accordance with the shareholders communication policy during the financial year:

- (1) we have published annual reports, interim reports and results announcements in a timely manner with the Stock Exchange and on the Company's website;
- (2) the extraordinary general meeting held on 28 June 2024 approved the appointment of Mr. Liu Chijin as an Independent Non-Executive Director of the Company and authorised the Board of the Company to determine the remuneration of the Director;
- (3) the extraordinary general meeting held on 29 November 2024 approved the Scheme on the Authorization to the Board of Directors Granted by the Shareholders' Meeting;
- (4) the extraordinary general meeting held on 31 December 2024 approved Deloitte Touche Tohmatsu to be the new auditor of the Company to fill the vacancy following the resignation of KPMG and to hold office until the conclusion of the next annual general meeting of the Company, and that the Board of Directors of the Company be and was authorised to fix their remuneration; and
- (5) since September 2022, shareholders can choose to receive corporate communications via electronic means, with the aim to reduce resource consumption related to printing and distribution of hard copies.

After considering the above works conducted, it is of the view that the shareholders communication policy of the Company was effective.

F.2 Shareholders meetings

Principle: The issuer should ensure that shareholders are given sufficient notice of shareholders meetings and are familiar with the detailed procedures for conducting a poll, and should arrange to address questions from shareholders in the shareholders meetings.

At the annual general meeting and the extraordinary general meetings held in 2024, a separate resolution was proposed by the Chairman for each substantially separate issue.

During the financial year, the Company held the annual general meeting on 24 May 2024 and the extraordinary general meetings on 28 June 2024, 29 November 2024, and 31 December 2024.

- (a) At the annual general meeting held on 24 May 2024 was attended by the Chairman of the Board, the chairmen of the Audit Committee, Remuneration Committee, Nomination Committee, Risk Committee, and Environmental, Social and Governance Committee or members of the respective Committees, and the representative of the external auditor, Messrs. KPMG, to answer questions from the shareholders.
- (b) At the extraordinary general meeting held on 28 June 2024 was obtained the shareholders' approval for the appointment of Mr. Liu Chijin as an independent non-executive director of the Company and authorized the Board of Directors to determine directors' remuneration, the chairman of the Remuneration Committee, and the members of the respective Committees attended the meeting to answer questions.
- (c) At the extraordinary general meeting held on 29 November 2024 was obtained the shareholders' approval for the Scheme on the Authorization to the Board of Directors Granted by the Shareholders' Meeting, the Chairman of the Board, the chairman of the Remuneration Committee, Nomination Committee, and the members of the respective Committees attended the meeting to answer questions.
- (d) At the extraordinary general meeting held on 31 December 2024 was obtained the shareholders' approval for Deloitte Touche Tohmatsu to be the new auditor of the Company to fill the vacancy following the resignation of KPMG and to hold office until the conclusion of the next annual general meeting of the Company, and that the board of directors of the Company be and was authorised to fix their remuneration, the Chairman of the Board, the chairman of the Remuneration Committee, and the members of the respective Committees attended the meeting to answer questions.

To ensure that shareholders are familiar with the poll procedures at the annual general meeting and the extraordinary general meeting held in 2024, the Chairman (through the Company Secretary and staff of the Company Secretarial Department) explained the detailed procedures of poll voting.

After the conclusion of the annual general meeting and the extraordinary general meeting, the poll results were published on the website of HKEx at <http://www.hkexnews.hk> and the Company's website at <http://www.swhyhk.com>.

REPORT OF THE DIRECTORS

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

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. Details of the principal activities of the principal subsidiaries are set out in note 1 to the financial statements. There were no significant changes in the nature of the Group's principal activities during the year.

RESULTS AND DIVIDENDS

The Group's profit for the year ended 31 December 2024 and the Company's and the Group's financial position at that date are set out in the audited financial statements.

The Company's existing Dividend Policy allows its shareholders to participate in the Company's profits on one hand, while retaining adequate reserves for future business development on the other. In general, the dividend payout ratio should be in the range between 40% and 60% of the Group's consolidated net profit after tax for the then financial year. In addition, the board of directors (the "Board") of the Company may also declare special dividends in addition to such dividends as it considers appropriate.

The directors resolved not to recommend the payment of a final dividend for the year ended 31 December 2024.

BUSINESS REVIEW

The business review of the Group for the year ended 31 December 2024 is set out under the sections headed Chairman's Statement, Management Discussion & Analysis, Environmental, Social and Governance Report and Corporate Governance Report on pages 3 to 5, pages 6 to 13, pages 14 to 38 and pages 39 to 67 respectively of this annual report.

REPORT OF THE DIRECTORS (Cont'd)

FIVE YEAR FINANCIAL SUMMARY

	2024 HK\$'000	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000	2020 HK\$'000
RESULTS					
REVENUE	55,897	618,215	426,340	730,287	835,317
Other gains/(losses), net	250,338	(43,868)	(119,535)	12,092	18,585
Commission expenses	(32,780)	(31,290)	(56,006)	(150,541)	(96,864)
Employee benefit expenses	(233,103)	(248,925)	(297,992)	(265,890)	(280,047)
Depreciation	(49,584)	(54,858)	(66,197)	(53,110)	(44,188)
Interest expenses	(36,741)	(127,978)	(108,118)	(94,794)	(98,103)
Other expenses, net	(87,597)	(235,823)	(649,597)	(296,212)	(125,740)
(LOSS)/PROFIT BEFORE TAXATION	(133,570)	(124,527)	(871,105)	(118,168)	208,960
Income tax	(27,156)	(67,927)	(8,819)	22,418	(33,334)
(LOSS)/PROFIT FOR THE YEAR	(160,726)	(192,454)	(879,924)	(95,750)	175,626
Attributable to:					
Ordinary equity holders of the Company	(160,726)	(192,454)	(879,924)	(95,750)	175,626
Non-controlling interests	–	–	–	–	–
	(160,726)	(192,454)	(879,924)	(95,750)	175,626

	As at 31 December				
	2024 HK\$'000	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000	2020 HK\$'000
ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS					
TOTAL ASSETS	8,782,940	12,851,862	16,516,683	22,907,283	16,288,574
TOTAL LIABILITIES	(6,153,593)	(10,061,684)	(13,556,800)	(19,052,624)	(12,249,908)
NON-CONTROLLING INTERESTS	–	–	–	(2,626)	(2,626)
	2,629,347	2,790,178	2,959,883	3,852,033	4,036,040



REPORT OF THE DIRECTORS (Cont'd)

TAX RELIEF AND EXEMPTION

The Company is not aware of any relief from taxation available to shareholders by reason of their holding of the Company's listed securities.

SHARE CAPITAL

There were no movements in the issued share capital of the Company during the year.

EQUITY-LINKED AGREEMENTS

No equity-linked agreements were entered into by the Company, or existed during the year.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities (including treasury shares) during the year.

DISTRIBUTABLE RESERVES

At 31 December 2024, the Company has no reserve available for distribution in accordance with the provisions of sections 291, 297 and 299 of the Hong Kong Companies Ordinance (Cap. 622).

CHARITABLE CONTRIBUTIONS

No charitable contribution was made by the Group during the year.

REPORT OF THE DIRECTORS (Cont'd)

MAJOR CUSTOMERS AND SUPPLIERS

In the year under review, sales to the Group's five largest customers accounted for less than 30% of the total sales for the year.

None of the directors of the Company 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.

The Group is a provider of financial services. In the opinion of the directors, it is therefore of no value to disclose details of the Group's suppliers.

DIRECTORS

The directors of the Company during the year were:

Executive directors:

Wu Meng (*Chairman*)

Tan Weijun

Liang Jun (*Chief Executive Officer*)

Hu Jing (*Chief Risk Officer*)

Non-executive director:

Zhang Lei

Ren Xiaotao (*resigned on 25 September 2024*)

Independent non-executive directors:

Ng Wing Hang Patrick (*passed away on 9 November 2024*)

Kwok Lam Kwong Larry

Chen Liqiang (*resigned on 5 March 2024*)

Liu Chijin (*appointed on 28 June 2024*)

In accordance with Articles 100 and 109(A) of the Company's Articles of Association and in compliance with Code Provision B.2.3 of the Corporate Governance Code set out in Appendix C1 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), Mr. Hu Jing, Mr. Zhang Lei, Mr. Kwok Lam Kwong Larry and Mr. Liu Chijin will retire at the forthcoming annual general meeting and, being eligible, will offer themselves for re-election.

The Company has received annual confirmations of independence pursuant to Rule 3.13 of the Listing Rules from Mr. Kwok Lam Kwong Larry and Mr. Liu Chijin and as at the date of this report, still considers them to be independent.

A list of names of all the directors who have served on the boards of the subsidiaries of the Company for the period from 1 January 2024 to the date of this report is available on the Company's website at www.swwhyhk.com.

REPORT OF THE DIRECTORS (Cont'd)

BIOGRAPHICAL DETAILS OF THE DIRECTORS OF THE COMPANY AND THE SENIOR MANAGEMENT OF THE GROUP

Executive directors

Wu Meng — Chairman

Ms. Wu Meng, aged 43, was appointed as an Executive Director of the Company on 10 August 2019, as Chairman of the Board, Chairman of the Nomination Committee, Chairman of the Environmental, Social and Governance Committee and Chairman of the Executive Committee of the Company on 26 October 2021, and as Chairman of the Management Committee of the Company on 9 August 2024. Ms. Wu is a member of the executive committee, a general manager of the International Business Division of Shenwan Hongyuan Securities Co., Ltd.; a chairman and general manager of Shenwan Hongyuan (International) Holdings Limited; a director of Shenwan Hongyuan Holdings (B.V.I.) Limited, all of which being companies controlled by Shenwan Hongyuan Group Co., Ltd. (6806.HK, 000166.SZ), the holding company of the Company. Prior to joining Shenwan Hongyuan Securities Co., Ltd., Ms. Wu worked in the corporate finance division of China Jianyin Investment Ltd., and the capital market department and securities institution department/insurance institutions department of Central Huijin Investment Ltd. She has 20 years of relevant business experience. Ms. Wu holds a Master's Degree of Science in Finance and Investment, and a Ph.D. Degree in Management.

Tan Weijun

Mr. Tan Weijun, aged 59, was appointed as an Executive Director, a member of the Risk Committee and a member of the Executive Committee of the Company on 24 March 2023, Mr. Tan also serves as chief advisor of risk management division of Shenwan Hongyuan Securities Co., Ltd., supervisor of Shenwan Hongyuan Securities Asset Management Co., Ltd., and the director of Shenwan Hongyuan (International) Holdings Ltd., all of which are companies controlled by Shenwan Hongyuan Group Co., Ltd. (6806.HK, 000166.SZ), the holding company of the Company. Mr. Tan joined the former Shanghai Wanguo Securities Co., Ltd. in September 1992 and held various positions in the internal audit division, review and appraisal center, and compliance and risk management division at Shenwan Hongyuan Securities Co., Ltd. He has more than 22 years of experience in risk management of securities business. Mr. Tan graduated from East China University of Science and Technology with a major in Applied Mathematics and Donghua University with a Postgraduate Master's Degree in Business Administration. Mr. Tan is a qualified securities practitioner from Securities Association of China.

REPORT OF THE DIRECTORS (Cont'd)

BIOGRAPHICAL DETAILS OF THE DIRECTORS OF THE COMPANY AND THE SENIOR MANAGEMENT OF THE GROUP (Cont'd)

Executive directors (Cont'd)

Liang Jun — Chief Executive Officer

Mr. Liang Jun, aged 40, was appointed as an Executive Director and the Chief Executive Officer of the Company on 12 June 2021. Mr. Liang is currently the deputy chairman of the Management Committee and a member of each of the Risk Committee, the Environmental, Social and Governance Committee and the Executive Committee of the Company. Mr. Liang is also a deputy general manager of Shenwan Hongyuan (International) Holdings Limited, being a company controlled by Shenwan Hongyuan Group Co., Ltd. (6806.HK, 000166.SZ), the holding company of the Company. He joined the Group in June 2019 as Head of Equity Capital Markets and subsequently has been appointed as a Deputy General Manager and Head of Global Capital Markets Division of the Group. Prior to joining the Group, Mr. Liang worked in the risk management department, the CEO office and fixed income department of CITIC Securities Company Limited, and the equity capital market department of CLSA Limited. He has more than 18 years' experience in securities business. Mr. Liang holds a Master's Degree in Business Administration from Guanghua School of Management, Peking University, and a Postgraduate Master's Degree in Finance from Nankai University. He also is a Chartered Financial Analyst (CFA) and a Financial Risk Manager (FRM).

Hu Jing — Chief Risk Officer

Mr. Hu Jing, aged 40, was appointed as an Executive Director, a member of the Risk Committee, a member of the Environmental, Social and Governance Committee and a member of the Executive Committee of the Company on 11 July 2022, and as the Chief Risk Officer and a member of the Management Committee of the Company on 30 July 2024. Mr. Hu is also a chief risk officer of Shenwan Hongyuan (International) Holdings Limited, and is a director of Shenwan Hongyuan International Finance Limited and a director of Shenwan Hongyuan Holdings (B.V.I.) Limited, all of which being companies controlled by Shenwan Hongyuan Group Co., Ltd. (6806.HK, 000166.SZ), the holding company of the Company. Mr. Hu previously worked in the asset management division and risk management division of Shenwan Hongyuan Securities Co., Ltd. from August 2009 to July 2016 and October 2017 to January 2020 respectively. He has around 17 years' experience in the securities industry. Mr. Hu holds a Bachelor's Degree in Management from Nanjing Audit University and a Master's Degree of Science in Quantitative Financial Economics from Oklahoma State University.

REPORT OF THE DIRECTORS (Cont'd)

BIOGRAPHICAL DETAILS OF THE DIRECTORS OF THE COMPANY AND THE SENIOR MANAGEMENT OF THE GROUP (Cont'd)

Non-executive director

Zhang Lei

Mr. Zhang Lei, aged 56, was appointed as a Non-executive Director of the Company in February 2013. He graduated from Shanghai Jiaotong University as doctor of philosophy of Financial Management Engineering in 1997. Mr. Zhang has many years of experience in the securities industry. He has previously worked for Shenyin & Wanguo Securities Co., Ltd., the former of Shenwan Hongyuan Group Co., Ltd., as deputy manager of Client Asset Management Division. Mr. Zhang joined Shanghai Industrial Investment (Holdings) Company Limited in July 2006, and currently serves as its general manager of Finance & Planning Department. He also presently holds directorships in certain wholly-owned subsidiaries of Shanghai Industrial Investment (Holdings) Company Limited and acts as the responsible officer of SIIC Asset Management Company Limited.

Independent non-executive directors

Kwok Lam Kwong Larry, S.B.S., J.P

Mr. Kwok Lam Kwong Larry, aged 69, was appointed as an Independent Non-executive Director of the Company in March 1995. He is currently the chairman of the Remuneration Committee and a member of each of the Audit Committee, the Nomination Committee, the Risk Committee and the Environmental, Social and Governance Committee of the Company. Mr. Kwok is a practising solicitor in Hong Kong and is also qualified to practise as a solicitor in Australia, England and Wales and Singapore. He is also qualified as a Chartered Accountant in England and Wales and a CPA in Hong Kong and Australia. Mr. Kwok graduated from the University of Sydney, Australia with Bachelor's Degrees in Economics and Laws as well as a Master's Degree in Laws. He also obtained the Advanced Management Program Diploma from the Harvard Business School.

Liu Chijin

Liu Chijin, aged 62, was appointed as an Independent Non-executive Director, a member of the Audit Committee, Remuneration Committee, Nomination Committee, Risk Committee, and Environmental, Social and Governance Committee of the Company on 28 June 2024. Mr. Liu is the chairman of Pan Pacific Group, member of China Life Strategic Advisory Committee, and an Independent Non-executive Director, the member of Audit Committee and Nomination Committee of Fourth Paradigm Technology Company (whose H shares are listed on the Stock Exchange, stock code: 6682); Mr. Liu formerly served as an Independent Director of Xiamen International Trust and an Independent Supervisor of China National Building Materials Corporation. Mr. Liu has also been appointed as a visiting professor of the International Finance Doctoral Program at Tsinghua Wudaokou School of Finance, as well as a special lecturer at China (Dalian) Senior Management College and the State owned Assets Supervision and Administration Commission's Education Center. Mr. Liu graduated from Xiamen University with a Bachelor's degree in Semiconductor Physics, and also holds a Master's degree in Physics from the University of Memphis and an MBA from Harvard Business School.

REPORT OF THE DIRECTORS (Cont'd)

BIOGRAPHICAL DETAILS OF THE DIRECTORS OF THE COMPANY AND THE SENIOR MANAGEMENT OF THE GROUP (Cont'd)

Senior management

Xia Mingrui — Member of the Operations Management Committee and Deputy General Manager

Mr. Xia Mingrui, aged 52, joined the Group as an Assistant General Manager of the Group in October 2017 and has been appointed as a Deputy General Manager of the Group in March 2020. He has held positions such as a manager of the Market Development Department of International Business Division of Shenwan Hongyuan Securities Co., Ltd. and has accumulated approximately 30 years of experience in securities business. Mr. Xia graduated from Fudan University in Shanghai with a bachelor's degree in Computer Science and Shanghai Jiaotong University with a bachelor's degree in Finance.

Yu Lili — Member of the Operations Management Committee and Division Head of Corporate Finance

Ms. Yu Lili, aged 41, joined the Group as a member of Operation Management Committee in November 2021 and has been appointed as a Deputy General Manager of the Group in charge of the Corporate Finance Department in February 2022. Prior to joining the Group, Ms. Yu worked in merger and acquisition business division of CITIC Securities Company Limited, Shenwan Hongyuan Financing Services Co., Ltd. and Shenwan Hongyuan Securities Co., Ltd.. She has more than 15 years' experience in corporate finance business. Ms. Yu holds a Master's Degree of Science from University of Bristol, a Master's Degree of Finance from East China Normal University and a Bachelor's Degree of Economics from East China Normal University.

Zhang Haixiao — Member of the Operations Management Committee and Head of Human Resources

Mr. Zhang Haixiao, aged 43, joined the Group in March 2023 as a member of the Management Committee and concurrently heads the Human Resources Department. Mr. Zhang has more than 18 years of relevant work experience in the government and financial industries. He previously worked in Chinese governmental departments, China Investment Corporation and CIC International (Hong Kong) Co., Limited. He holds a Master's Degree of Management from Central University of Finance and Economics.

Luo Hongwei — Member of the Operations Management Committee and Division Head of Asset Management

Mr. Luo Hongwei, aged 45, joined the Group in July 2024 as a member of the Operations Management Committee and as the Division Head of Asset Management. With over 18 years of experience in finance and investment, Mr. Luo previously served as Investment Director at the Australian Future Fund and was responsible for investment management at China Investment Corporation. He was also appointed as a foreign expert by the State Administration of Foreign Experts Affairs. Mr. Luo holds a Ph.D. from the Royal Melbourne Institute of Technology.

REPORT OF THE DIRECTORS (Cont'd)

DIRECTORS' SERVICE CONTRACTS

No director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' REMUNERATION

The directors' fees are subject to shareholders' approval at general meetings. Other emoluments are determined by the Board of the Company with reference to directors' duties, responsibilities and performance and the results of the Group.

DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

No director or a connected entity of a director had a significant beneficial interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to the business of the Group to which the Company, or any of its holding companies, subsidiaries and fellow subsidiaries was a party during the year.

PERMITTED INDEMNITY PROVISION

The Articles of Association of the Company provides that every Director of the Company shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities which he may sustain or incur in or about the execution of the duties of his office or otherwise in relation thereto.

The Company has taken out and maintained appropriate directors' liability insurance in respect of relevant legal actions against its directors.

DIRECTOR'S INTEREST IN SHARES

As at 31 December 2024, none of the directors and the chief executive of the Company was taken to be interested or deemed to have any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in the Appendix C3 of the Listing Rules.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any director or their respective spouse or minor children, or were any such rights exercised by them; or was the Company, or any of its holding companies, subsidiaries or fellow subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

REPORT OF THE DIRECTORS (Cont'd)

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

As at 31 December 2024, the interests of substantial shareholders, other than directors or chief executive of the Company, who had interests or short positions of 5% or more of the issued shares or underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO, or as otherwise notified to the Company, were as follows:

Long positions in the ordinary shares of the Company

Name	Capacity and nature of interests	Number of ordinary shares interested (Note)	Percentage of the Company's issued shares
Shenwan Hongyuan Holdings (B.V.I.) Limited ("SWHYHBVI")	Directly beneficially owned	402,502,312 ⁽¹⁾	25.78
Shenwan Hongyuan (International) Holdings Limited	Through controlled corporation	402,502,312 ⁽¹⁾	25.78
	Directly beneficially owned	768,306,257 ⁽²⁾	49.22
Shenwan Hongyuan Securities Co., Ltd.	Through controlled corporation	1,170,808,569 ⁽¹⁾⁽²⁾	75.00
Shenwan Hongyuan Group Co., Ltd.	Through controlled corporation	1,170,808,569 ⁽¹⁾⁽²⁾	75.00

Notes:

- (1) SWHYHBVI is held directly as to 60.82% by Shenwan Hongyuan (International) Holdings Limited. Shenwan Hongyuan (International) Holdings Limited is wholly-owned by Shenwan Hongyuan Securities Co., Ltd. which is in turn a wholly-owned subsidiary of Shenwan Hongyuan Group Co., Ltd.. Hence, Shenwan Hongyuan (International) Holdings Limited, Shenwan Hongyuan Securities Co., Ltd. and Shenwan Hongyuan Group Co., Ltd. are deemed to be interested in the same parcel of 402,502,312 shares held by SWHYHBVI under the SFO.
- (2) Shenwan Hongyuan (International) Holdings Limited also held directly 768,306,257 shares of the Company. Hence, Shenwan Hongyuan Securities Co., Ltd. and Shenwan Hongyuan Group Co., Ltd. are also deemed to be interested in the same parcel of 768,306,257 shares held by Shenwan Hongyuan (International) Holdings Limited under the SFO.

Save as disclosed above, as at 31 December 2024, the Company had not been notified of any person who had interests or short positions in the shares or underlying shares of the Company, which were required to be recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

REPORT OF THE DIRECTORS (Cont'd)

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

The connected transactions and continuing connected transactions of the Company and the Group during the year are disclosed in compliance with the requirements of Chapter 14A of the Listing Rules.

Continuing Connected Transactions

- (a) On 20 April 2022, the Company and Shenwan Hongyuan Group Co., Ltd. (“SWHYG”) entered into the memorandum of understanding in relation to the transactions that may occur between the SWHYG and its subsidiaries in the next 3 years, and the Company and its subsidiaries to replace the memorandum of understanding entered into between the Company and SWHYG on 29 March 2019. This transaction was approved by independent shareholders of the Company at the extraordinary general meeting held on 30 May 2022 as required under the Listing Rules.

Further details of the transaction are set out in the announcement of the Company dated 20 April 2022 and 30 May 2022, and the circular of the Company dated 13 May 2022.

- (b) The Independent Non-executive Directors of the Company have reviewed the continuing connected transactions as set out in note 34(a)(i–iv) to the financial statements and confirmed that these transactions were entered into (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms or better; and (iii) in accordance to the agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The Company’s auditor was engaged to report on the Group’s continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) “Assurance Engagements Other than Audits or Reviews of Historical Financial Information” and with reference to Practice Note 740 (Revised) “Auditor’s Letter on Continuing Connected Transactions under the Hong Kong Listing Rules” issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued their unmodified letter containing the auditor’s findings and conclusions in respect of the continuing connected transactions disclosed by the Group in accordance with Main Board Listing Rule 14A.56.

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 number of issued shares were held by the public as at the date of this report.

DIRECTORS' INTERESTS IN A COMPETING BUSINESS

During the year and up to the date of this report, the following directors are considered to have interests in businesses which compete or are likely to compete, either directly or indirectly, with the businesses of the Group, as defined in the Listing Rules, as set out below:

Ms. Wu Meng (Executive Director and Chairman of the Board of the Company) is:

- a member of the executive committee, a general manager of the international business division of Shenwan Hongyuan Securities Co., Ltd. which is involved in securities business; and
- a chairman and a general manager of Shenwan Hongyuan (International) Holdings Limited, which is an investment holding company and through its wholly-owned subsidiary, Shenwan Hongyuan Singapore Private Limited, engages in securities brokerage business and fund management.

Mr. Tan Weijun (Executive Director of the Company) is:

- from 1 January 2024 to 8 July 2024, a head of risk management division of Shenwan Hongyuan Securities Co., Ltd. which is involved in securities business;
- from 8 July 2024, a chief advisor of risk management division of Shenwan Hongyuan Securities Co., Ltd. which is involved in securities business;
- from 1 January 2024 to 15 January 2025, a chief supervisor of Shenyin & Wanguo Investment Co. Ltd. which is involved in equity investment business;
- a supervisor of Shenwan Hongyuan Securities Asset Management Co., Ltd. which is involved in securities business; and
- a director of Shenwan Hongyuan (International) Holdings Limited, which is an investment holding company and through its wholly-owned subsidiary, Shenwan Hongyuan Singapore Private Limited, engages in securities brokerage business and fund management.

Mr. Liang Jun (Executive Director and Chief Executive Officer of the Company) is a deputy general manager of Shenwan Hongyuan (International) Holdings Limited, which is an investment holding company and through its wholly-owned subsidiary, Shenwan Hongyuan Singapore Private Limited, engages in securities brokerage business and fund management.

Mr. Hu Jing (Executive Director of the Company and Chief Risk Officer) is a chief risk officer of Shenwan Hongyuan (International) Holdings Limited, which is an investment holding company and through its wholly-owned subsidiary, Shenwan Hongyuan Singapore Private Limited, engages in securities brokerage business and fund management.

Mr. Zhang Lei (Non-executive Director of the Company) is a director and responsible officer of SIIC Asset Management Company Limited which is involved in the provision of asset management services.

Any director(s) who is/are or deemed to be interested in any proposed transaction(s) will have his/their interest fully disclosed and will abstain from voting at the relevant resolution(s) in accordance with the applicable requirements of the Articles of Associations of the Company, the Group is capable of carrying on its businesses independently of, and at arm's length from, the businesses of such companies/entities.

REPORT OF THE DIRECTORS (Cont'd)

SUBSEQUENT EVENTS

- (1) On 18 February 2025, Shenwan Hongyuan Holdings (B.V.I.) Limited (“**SWHY BVI**”), a substantial shareholder of the Company, informed the Company that SWHY BVI had, in proportion to its shareholding percentage in SWHY BVI, distributed shares held by SWHY BVI in the Company in the form of a distribution in specie to its shareholders. The distribution comprised 402,502,312 shares of the Company (equivalent to approximately 25.78% of the total issued shares of the Company as at 18 February 2025). Based on the respective ownership interests of approximately 60.82%, 19.95%, and 19.23% in SWHY BVI held by Shenwan Hongyuan (International) Holdings Limited (“**SWHY International**”), Shanghai Industrial Investment (Holdings) Company Limited (“**Shanghai Industrial**”), and First Shanghai Investments Limited (“**First Shanghai**”), the number of shares of the Company distributed to SWHY International, SIIC Finance Company Limited (the entity designated by Shanghai Industrial to receive the distributed shares), and First Shanghai was 244,825,535 shares, 80,280,188 shares, and 77,396,589 shares respectively. Immediately following the completion of the distribution, and in accordance with the changes in the shareholding structure of the Company, the interests of the substantial shareholders of the Company were as follows: SWHY International directly beneficially owned 1,013,131,792 ordinary shares of the Company, equivalent to approximately 64.90% of the total issued shares of the Company; Shenwan Hongyuan Securities Co., Ltd. and Shenwan Hongyuan Group Co., Ltd. held 1,013,131,792 shares through controlled corporations, equivalent to approximately 64.90% of the total issued shares of the Company. For details, please refer to the Company’s announcement dated 18 February 2025.
- (2) Mr. Ng Wing Hang Patrick (“**Mr. Ng**”), an independent non-executive Director, the chairman of the audit committee and the risk committee of the Board, and a member of the remuneration committee and the nomination committee of the Board, passed away on 9 November 2024. Following the passing away of Mr. Ng, the number of Independent Non-executive Directors is less than three and less than one-third of the Board as required under the Rules 3.10(1) and 3.10A respectively of the Listing Rules. Moreover, the members of the Audit Committee have fallen below the minimum number required under Rules 3.21 of the Listing Rules. As the Company needed to identify suitable director candidates and go through the internal approval process, the Company failed to comply with the requirements of Rules 3.11 and 3.23 of the Listing Rules to complete the appointment of independent non-executive directors and members of the Audit Committee within three months from the date of Mr. Wu’s passing, therefore, the Company applied to the Stock Exchange for grace period of a one-off waiver from strict compliance with Rules 3.10(1), 3.10A, 3.11, 3.21 and 3.23 of the Listing Rules (the “**Waiver**”) until 11 April 2025. On 17 March 2025, the Stock Exchange granted the Waiver and an extension of time to 11 April 2025. The Company will hold an extraordinary general meeting on 11 April 2025 in order to pass the appointment of Ms. Chiu Lai Kuen Susanna as an independent non-executive Director of the Company, and appointed her as the chairman of the audit committee and the risk committee of the Board, and a member of the remuneration committee, the nomination committee and the environmental, social and governance committee of the Company. For details, please refer to the Company’s announcements dated 27 March 2025.

REPORT OF THE DIRECTORS (Cont'd)

AUDITORS

With effect from 10 December 2024, KPMG (“KPMG”) has resigned as auditor of the Company. The Board, with the recommendation of the Audit Committee, has resolved to propose to appoint Deloitte Touche Tohmatsu (“Deloitte”), Certified Public Accountants and Public Interest Entity Auditor registered in accordance with the Financial Reporting Council Ordinance, as the new auditor of the Company to fill the vacancy following the resignation of KPMG and to hold office until the conclusion of the next annual general meeting of the Company. The consolidated financial statements of the Group for the year ended 31 December 2024 have been audited by Deloitte, who will retire, being eligible, and offer themselves for the re-appointment at the forthcoming annual general meeting of the Company.

ON BEHALF OF THE BOARD

Wu Meng
Chairman

Hong Kong

28 March 2025

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF SHENWAN HONGYUAN (H.K.) LIMITED

(Incorporated in Hong Kong with limited liability)

OPINION

We have audited the consolidated financial statements of Shenwan Hongyuan (H.K.) Limited (“the Company”) and its subsidiaries (together “the Group”) set out on pages 87 to 180, which comprise the consolidated statement of financial position as at 31 December 2024, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

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

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

INDEPENDENT AUDITOR'S REPORT (Cont'd)

KEY AUDIT MATTERS (Cont'd)

Assessment of the fair value of unlisted equity under financial instruments categorised as level 3 fair value measurement ("the unlisted equity")

Key audit matter

We identified assessment of the fair value of the unlisted equity as a key audit matter because of the degree of complexity involved in valuing this financial instruments and the degree of judgment exercised by management in determining the significant estimation and unobservable inputs used in the valuation model.

As at 31 December 2024, the unlisted equity recorded under financial assets at fair value through profit or loss categorised as level 3 fair value measurement amounting to HK\$17 million and the unrealised fair value loss of the unlisted equity recognised during the year ended 31 December 2024 amounting to HK\$436 million.

The valuation of the unlisted equity derived by using market approach which involved the determination of significant estimation and unobservable inputs, including selection of comparable companies and consideration of pricing multiple, by management together with the third-party professional valuer.

Refer to notes 3 and 37 to the consolidated financial statements for details.

How our audit addressed the key audit matter

Our audit procedures in relation to assessment of the fair value of the unlisted equity included:

- Obtaining and understanding of relevant controls over the valuation of the unlisted equity;
- Examining the investment agreements of the unlisted equity to understand the contractual terms and features of the financial instruments relevant to the valuation; and
- Evaluating the fair value of the unlisted equity together with the involvement of our internal valuation specialists, including:
 - obtaining the appraisal reports and assessing the competence, capabilities and objectivity of the third-party professional valuer;
 - assessing the appropriateness of the valuation methodology based on the industry knowledge and status of business development of the unlisted equity; and
 - evaluating the appropriateness of significant estimation and unobservable inputs used in the valuation of the unlisted equity based on the external data and publicly available information.

INDEPENDENT AUDITOR'S REPORT (Cont'd)

OTHER MATTER

The consolidated financial statements of the Group for the year ended 31 December 2023, were audited by another auditor who expressed an unmodified opinion on those statements on 25 March 2024.

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 HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors 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.

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 the Section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT (Cont'd)

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED (Cont'd)

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

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

INDEPENDENT AUDITOR'S REPORT *(Cont'd)*

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED *(Cont'd)*

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 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 Ha, Hong Yiu Vico.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
28 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	55,897	618,215
— Interest income calculated using the effective interest method		251,585	200,307
— Revenue from contracts with customers within the scope of HKFRS 15		232,254	224,862
— Revenue from other sources		(427,942)	193,046
Other gains/(losses), net	5	250,338	(43,868)
Commission expenses		(32,780)	(31,290)
Employee benefit expenses	7	(233,103)	(248,925)
Depreciation	7	(49,584)	(54,858)
Interest expenses	7	(36,741)	(127,978)
Net reversal/(charges) for expected credit losses	6	7,191	(129,381)
Other expenses	6	(94,788)	(106,442)
Loss before taxation	7	(133,570)	(124,527)
Income tax	10	(27,156)	(67,927)
Loss for the year		(160,726)	(192,454)
Loss per share			
Basic	12	HK(10.30) cents	HK(12.33) cents

The notes on pages 94 to 180 form part of these financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME *(Cont'd)*

For the year ended 31 December 2024

	2024 HK'000	2023 HK'000
Loss for the year	(160,726)	(192,454)
Other comprehensive income/(loss) for the year:		
<i>Items that may be reclassified to profit or loss in subsequent periods</i>		
Financial assets at fair value through other comprehensive income – Net movement in revaluation recycling reserve	157	22,550
Exchange (loss)/gain on translation of financial statements of foreign operations	(262)	199
Other comprehensive (loss)/income, net of tax	(105)	22,749
Total comprehensive loss for the year	(160,831)	(169,705)

The notes on pages 94 to 180 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2024

	<i>NOTES</i>	As at 31 December 2024 HK'000	As at 31 December 2023 HK'000
Non-current assets			
Property, plant and equipment	13	10,903	9,882
Right-of-use assets	14	34,226	76,608
Stock and Futures Exchange trading rights	15	4,212	4,212
Other assets	16	24,787	71,857
Other financial assets	19	–	216,096
Deferred tax assets	17	57	26,743
Total non-current assets		74,185	405,398
Current assets			
Financial assets at fair value through profit or loss	18	3,032,043	3,663,108
Other financial assets	19	144,503	70,352
Accounts receivable	20	598,086	2,697,520
Loans and advances	21	1,158,277	1,073,842
Prepayments, deposits and other receivables	22	151,288	213,224
Reverse repurchase agreement		–	172,462
Tax recoverable		458	12,734
Bank balances held on behalf of clients	23	3,184,320	3,255,979
Cash and bank balances	24	439,780	1,287,243
Total current assets		8,708,755	12,446,464
Current liabilities			
Financial liabilities at fair value through profit or loss	25	2,035,021	3,258,420
Accounts payable	26	3,438,149	5,945,953
Contract liabilities		1,488	837
Other payables and accruals	27	186,556	106,696
Interest-bearing bank borrowings	28	435,772	234,360
Notes issued	29	–	416,547
Lease liabilities	30	52,531	48,953
Tax payable		2,682	2,989
Total current liabilities		6,152,199	10,014,755
Net current assets		2,556,556	2,431,709
Total assets less current liabilities		2,630,741	2,837,107

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Cont'd)

At 31 December 2024

	<i>NOTES</i>	As at 31 December 2024 HK'000	As at 31 December 2023 HK'000
Non-current liabilities			
Deferred tax liabilities	17	827	546
Lease liabilities	30	567	46,383
Total non-current liabilities		1,394	46,929
NET ASSETS		2,629,347	2,790,178
EQUITY			
Equity attributable to ordinary equity shareholders of the Company:			
Share capital	31	2,782,477	2,782,477
Other reserves	32	(153,130)	7,701
TOTAL EQUITY		2,629,347	2,790,178

The consolidated financial statements on pages 87 to 180 were approved and authorised for issue by the board of directors of the Company on 28 March 2025 and are signed on its behalf by:

Liang Jun
DIRECTOR

Hu Jing
DIRECTOR

The notes on pages 94 to 180 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

Attributable to ordinary equity holders of the Company							
	Share capital HK'000	Capital reserve HK'000	General reserve HK'000	Revaluation recycling HK'000	Exchange reserve HK'000	Retained profits (Accumulated losses) HK'000	Total HK'000
At 1 January 2023	2,782,477	15*	138*	(23,531)*	(202)*	200,986*	2,959,883
Loss for the year	-	-	-	-	-	(192,454)	(192,454)
<i>Other comprehensive income:</i>							
Financial assets at fair value through other comprehensive income							
— Net movement in revaluation recycling reserve	-	-	-	22,550	-	-	22,550
Exchange gains on translation of financial statements of foreign operations	-	-	-	-	199	-	199
Total comprehensive income/(loss)	-	-	-	22,550	199	(192,454)	(169,705)
At 31 December 2023	2,782,477	15*	138*	(981)*	(3)*	8,532*	2,790,178
At 1 January 2024	2,782,477	15*	138*	(981)*	(3)*	8,532*	2,790,178
Loss for the year	-	-	-	-	-	(160,726)	(160,726)
<i>Other comprehensive income:</i>							
Financial assets at fair value through other comprehensive income							
— Net movement in revaluation recycling reserve	-	-	-	157	-	-	157
Exchange loss on translation of financial statements of foreign operations	-	-	-	-	(262)	-	(262)
Total comprehensive income/(loss)	-	-	-	157	(262)	(160,726)	(160,831)
At 31 December 2024	2,782,477	15*	138*	(824)*	(265)*	(152,194)*	2,629,347

* These reserve accounts comprise the other reserves of HK\$(153,130,000) (2023: HK\$7,701,000) in the consolidated statement of financial position.

The notes on pages 94 to 180 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

	NOTES	2024 HK\$'000	2023 HK\$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before taxation		(133,570)	(124,527)
Adjustments for:			
Depreciation	7	49,584	54,858
Interest income	5	(251,585)	(298,072)
Interest expenses	7	36,741	127,978
Loss on disposal of a club debenture	5	566	–
Net (reversal)/charges for expected credit losses	6	(7,191)	129,381
		(305,455)	(110,382)
Decrease/(increase) in other assets		46,200	(45,462)
Net decrease in financial assets at fair value through profit or loss		631,065	76,070
Net decrease in other financial assets		147,315	446,947
Net (decrease)/increase in financial liabilities at fair value through profit or loss		(967,171)	308,049
Decrease in reverse repurchase agreement		172,537	729,324
Decrease in accounts receivable		2,101,551	34,853
(Increase)/decrease in loans and advances		(84,439)	235,003
Decrease in prepayments, deposits and other receivables		48,363	68,677
Decrease in bank balances held on behalf of clients		72,269	1,946,864
Increase/(decrease) in contract liabilities		651	(908)
Decrease in accounts payable		(2,507,804)	(577,772)
Decrease in other payables and accruals		(176,630)	(563,888)
		(821,548)	2,547,375
CASH (USED IN)/GENERATED FROM OPERATIONS			
Hong Kong Profits Tax refunded/(paid)		10,978	(34,756)
Overseas taxes paid		(18)	(70)
Interest received		265,158	291,541
Interest paid		(20,961)	–
		(566,391)	2,804,090
NET CASH FLOWS (USED IN)/GENERATED FROM OPERATING ACTIVITIES			

CONSOLIDATED STATEMENT OF CASH FLOWS (Cont'd)

For the year ended 31 December 2024

	NOTES	2024 HK\$'000	2023 HK\$'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property, plant and equipment	13	(6,247)	(11,866)
Net proceeds from disposal of a club debenture		305	–
NET CASH FLOWS USED IN INVESTING ACTIVITIES		(5,942)	(11,866)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from bank loans	24(b)	7,212,110	6,497,034
Repayments on bank loans	24(b)	(7,011,498)	(7,738,774)
Repayments on repurchase agreement	24(b)	–	(173,706)
Interest paid	24(b)	(12,015)	(139,368)
Capital element of lease rentals paid	24(b)	(44,215)	(44,073)
Interest element of lease rentals paid	24(b)	(1,545)	(1,737)
Net proceeds from notes issued	24(b)	(417,967)	416,547
Net repayment from bond issued	24(b)	–	(1,559,400)
NET CASH FLOWS USED IN FINANCING ACTIVITIES		(275,130)	(2,743,477)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(847,463)	48,747
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF YEAR		1,248,743	1,199,996
CASH AND CASH EQUIVALENTS AT THE END OF YEAR		401,280	1,248,743

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

1. CORPORATE AND GROUP INFORMATION

Shenwan Hongyuan (H.K.) Limited (“the Company”) is a limited liability company incorporated in Hong Kong. The registered office of the Company is situated at Level 6, Three Pacific Place, 1 Queen’s Road East, Hong Kong.

During the year, Shenwan Hongyuan (H.K.) Limited and its subsidiaries (together “the Group”) were involved in the following principal activities:

- brokerage business
- corporate finance business
- asset management business
- financing and loans business
- investment and other business

The Company is a subsidiary of Shenwan Hongyuan (International) Holdings Limited, a Company incorporated in Hong Kong with limited liability. In the opinion of the directors, the ultimate holding company of the Company is Shenwan Hongyuan Group Co., Ltd., which is established in the People’s Republic of China (the “PRC”) and listed in Shenzhen Stock Exchange (stock code: 000166) and Hong Kong Stock Exchange (stock code: 6806).

Information about subsidiaries

All of the principal subsidiaries, unless otherwise indicated, are incorporated and operate in Hong Kong. Particulars of the Company’s principal subsidiaries are as follows:

Name	Issued ordinary share capital/units	Percentage of equity attributable to the Company				Principal activities
		Direct		Indirect		
		2024	2023	2024	2023	
Shenwan Hongyuan Securities (H.K.) Limited	HK\$700,000,000	100	100	—	—	Securities brokerage and margin financing
Shenwan Hongyuan Futures (H.K.) Limited	HK\$30,000,000	100	100	—	—	Futures and options brokerage
Shenwan Hongyuan Capital (H.K.) Limited	HK\$20,000,000	100	100	—	—	Corporate finance
Shenwan Hongyuan Asset Management (Asia) Limited	HK\$10,000,000	100	100	—	—	Provision of asset management services

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

For the year ended 31 December 2024

1. CORPORATE AND GROUP INFORMATION (Cont'd)

Information about subsidiaries (Cont'd)

Name	Issued ordinary share capital/units	Percentage of equity attributable to the Company				Principal activities
		Direct		Indirect		
		2024	2023	2024	2023	
Shenwan Hongyuan Research (H.K.) Limited	HK\$300,000	100	100	—	—	Provision of securities research services
Shenwan Hongyuan Strategic Investments (H.K.) Limited	HK\$10,000	100	100	—	—	Securities trading and investment holding
Shenwan Hongyuan Finance (H.K.) Limited	HK\$25,000,000	100	100	—	—	Provision of financial services
Shenwan Hongyuan Enterprises (H.K.) Limited	HK\$15,000,000	100	100	—	—	Provision of management and treasury services
Shenwan Hongyuan Online Limited	HK\$2	100	100	—	—	Leasing of computer equipment
Sparkle Well Limited	HK\$2	100	100	—	—	Property holding
Wealthy Limited	HK\$2	100	100	—	—	Property holding
First Million Holdings Ltd.*	US\$1	—	100	—	—	Investment holding
Shenwan Hongyuan Financial Products Company Limited*	US\$1	100	100	—	—	Provision of financial services
Shenwan Hongyuan Nominees (H.K.) Limited	HK\$1,000	100	100	—	—	Provision of share custodian and nominee services
Shenwan Hongyuan HK Sustainable Energy Fund SP	USD50,350,000	—	—	41	41	Securities trading and investment holding

* Incorporated in the British Virgin Islands

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

For the year ended 31 December 2024

2.1 STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”) (which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”). A summary of the material accounting policies adopted by the Group is set out in note 2.5.

The HKICPA has issued certain new and amendments HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 2.3 and 2.4 provide information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

2.2 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The consolidated financial statements for the year ended 31 December 2024 comprise the Company and its subsidiaries.

The measurement basis used in the preparation of the financial statements is the historical cost basis except the following assets are stated at their fair value as explained in the accounting policies set out below.

- Financial assets and liabilities at fair value through profit or loss
- Financial assets at fair value through other comprehensive income
- Interest in consolidated investment fund attributable to other holders

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

For the year ended 31 December 2024

2.2 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (Cont'd)

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

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

2.3 CHANGES IN ACCOUNTING POLICY

In the current year, the Group has applied the following amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the annual periods beginning on or after 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 HKFRSs 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.

2.4 POSSIBLE IMPACT OF NEW AND AMENDMENTS TO HKFRS ISSUED BUT NOT YET EFFECTIVE

The Group has not early applied the following new and amendments to HKFRSs 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 HKFRS	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 and amendments to HKFRSs mentioned below, the directors of the Company anticipate that the application of all other amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

For the year ended 31 December 2024

2.4 POSSIBLE IMPACT OF NEW AND AMENDMENTS TO HKFRS ISSUED BUT NOT YET EFFECTIVE (Cont'd)

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

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

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

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

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

2.4 POSSIBLE IMPACT OF NEW AND AMENDMENTS TO HKFRS ISSUED BUT NOT YET EFFECTIVE (Cont'd)

HKFRS 18 Presentation and Disclosure in Financial Statements

HKFRS 18 *Presentation and Disclosure in Financial Statements*, which sets out requirements on presentation and disclosures in financial statements, will replace HKAS 1 *Presentation of Financial Statements*. This new HKFRS, 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. 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.

2.5 SUMMARY OF MATERIAL ACCOUNTING POLICIES

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Cont'd)*

For the year ended 31 December 2024

2.5 SUMMARY OF MATERIAL ACCOUNTING POLICIES *(Cont'd)*

Basis of consolidation *(Cont'd)*

When the Group is an investor of a fund in which the Group also acts as a fund manager, the Group determines whether it is a principal or an agent for the purpose of assessing whether the Group controls the relevant fund.

An agent is a party primarily engaged to act on behalf and for the benefit of another party or parties (the principal(s)) and therefore does not control the investee when it exercises its decision-making authority. In determining whether the Group is an agent to the fund, the Group would assess:

- the scope of its decision-making authority over the investee;
- the rights held by other parties;
- the remuneration to which it is entitled in accordance with the remuneration agreements; and
- the decision maker's exposure to variability of returns from other interests that it holds in the investee.

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.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Cont'd)*

For the year ended 31 December 2024

2.5 SUMMARY OF MATERIAL ACCOUNTING POLICIES *(Cont'd)*

Fair value measurement *(Cont'd)*

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

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy with reference to the observability and significance of the inputs that are used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available
- Level 3 valuations: Fair value measured using significant unobservable inputs

For assets and liabilities that are measured at fair value and recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation at the end of each reporting period.

Leases

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

Where the contract contains lease component(s) and non-lease component(s), the Group has elected to separate non-lease components and accounts for each lease component.

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

For the year ended 31 December 2024

2.5 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Cont'd)

Leases (Cont'd)

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is adjusted by interest accretion and lease payments.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses.

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

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract ("lease modification") that is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification.

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

Financial instruments

Financial assets and financial liabilities are recognised on the consolidated statement of financial position 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.

2.5 SUMMARY OF MATERIAL ACCOUNTING POLICIES *(Cont'd)*

Financial instruments *(Cont'd)*

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. 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 ("FVPL")) 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 FVPL 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 which are derived from the Group's ordinary course of business are presented as revenue.

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.

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVOCI"):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial asset; 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 (Cont'd)

For the year ended 31 December 2024

2.5 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Cont'd)

Financial instruments (Cont'd)

Classification and subsequent measurement of financial assets (Cont'd)

All other financial assets are subsequently measured at FVPL, except that at initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in the fair value of an equity investment (that is not held for trading and is not contingent consideration of an acquirer in a business combination) in other comprehensive income with only dividend income generally recognised in profit or loss.

Financial assets are held at amortised cost or at FVOCI depend on the objectives of the business models under which the assets are held. A business model refers to how the Group manages financial assets to generate cash flows. The Group makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and its strategy for how those risks are managed;
- how managers of the business are compensated (e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected); and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Group's stated objective for managing the financial assets is achieved and how cash flows are realized.

A financial asset is classified as 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 FVOCI as measured at FVPL if doing so eliminates or significantly reduces an accounting mismatch.

2.5 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Cont'd)

Financial instruments (Cont'd)

Classification and subsequent measurement of financial assets (Cont'd)

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. 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 (see below). 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 (with the amortised cost being the gross carrying amount less the impairment allowance). 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.

(ii) Financial assets at FVPL

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

Financial assets at FVPL 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 includes any dividend or interest earned on the financial asset and is included in the "Revenue from other sources" line item.

Impairment of financial assets

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets including other assets, other financial assets, account receivables, loans and advances, deposits and other receivables, reverse repurchase agreement, bank balances held on behalf of clients, and bank balances which are subject to impairment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

For the year ended 31 December 2024

2.5 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Cont'd)

Financial instruments (Cont'd)

Impairment of financial assets (Cont'd)

The Group always recognises lifetime ECL for accounts receivable that result from transactions within the scope of HKFRS 15 and the ECL on these assets are assessed individually for debtors with significant balances and/or collectively using a provision matrix with debtors having similar credit ratings.

For all other instruments, the Group applies the general approach to measure ECL for all financial assets, if any, which are subject to impairment under HKFRS 9. On this basis, 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.

(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, if applicable, that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

Regarding loans and advances to margin clients, the management determines criteria of significant increase in credit risk based on qualitative and quantitative factors, if applicable, including overdue period of interest and principal, change in fair value of pledged listed securities that triggered the margin calls for additional collateral or constituted events of breach of contracts respectively, and status of margin calls. Further details for the significant increase in credit risk are detailed in note 21.

2.5 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Cont'd)

Financial instruments (Cont'd)

Impairment of financial assets (Cont'd)

(i) Significant increase in credit risk (Cont'd)

In respect of financial assets except for loans and advances to margin clients, 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;
- 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 (except for loans and advances to margin clients where a shorter period of "past due" has been applied by the directors in view of the nature of business operation and practice in managing the credit risk), unless the Group has reasonable and supportable information that demonstrates otherwise. Information that will be taken into account when assessing significant increase in credit risk are also set out in note 38.

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 *(Cont'd)*

For the year ended 31 December 2024

2.5 SUMMARY OF MATERIAL ACCOUNTING POLICIES *(Cont'd)*

Financial instruments *(Cont'd)*

Impairment of financial assets (Cont'd)

(ii) Definition of default

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

In respect of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due (except for loans and advances to margin clients where a shorter period of "past due" has been applied by the directors in view of the nature of business operation and practice in managing the credit risk) 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 of default 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; or
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganization.

2.5 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Cont'd)

Financial instruments (Cont'd)

Impairment of financial assets (Cont'd)

(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.

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

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Past-due status;
- Nature, size, background and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

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 from the beginning of the next reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

For the year ended 31 December 2024

2.5 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Cont'd)

Financial instruments (Cont'd)

Impairment of financial assets (Cont'd)

(v) Measurement and recognition of ECL (Cont'd)

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 loans and advances to margin clients where the corresponding adjustment is recognised through a loss allowance account.

For investments in debt instruments that are measured at FVOCI, the loss allowance is recognised in other comprehensive income and accumulated in the FVOCI revaluation recycling reserve without reducing the carrying amount of these debt instruments. Such amount represents the changes in the FVOCI revaluation recycling reserve in relation to accumulated loss allowance.

In assessing the ECL for financial assets, the Group performs the assessment based on the Group's historical credit loss experience, adjusted for factors specific to the borrowers and the current conditions at the reporting date as well as the forecast of future conditions. The Group also reviews the value of collateral received from the customers in measuring impairment. The methodology and assumptions used for estimating the impairment amount are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

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 FVOCI, the cumulative gain or loss previously accumulated in the FVOCI revaluation recycling reserve is reclassified to profit or loss.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments issued by a group entity 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.

2.5 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Cont'd)

Financial instruments (Cont'd)

Financial liabilities and equity (Cont'd)

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 accounts payable, other creditors and interest-bearing bank borrowings and notes issued 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.

Financial assets and financial liabilities offsetting

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

Cash and bank balances

For the purpose of the consolidated cash flow statement, cash and bank balances comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired.

For the purpose of the consolidated statement of financial position, cash and bank balances comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

Bank balances held on behalf of clients

The Group has classified clients' monies as bank balances held on behalf of clients under the current assets section of the consolidated statement of financial position and recognised a corresponding accounts payable to respective clients on grounds that the Group is liable for any loss or misappropriation of clients' monies.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

For the year ended 31 December 2024

2.5 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Cont'd)

Provisions

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

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

Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

2.5 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Cont'd)

Income tax (Cont'd)

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or
- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:
 - the same taxable entity; or
 - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

Revenue from contracts with customers

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

Where the contract contains a variable consideration, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the promised goods or services to a customer and includes in the transaction price some or all of the variable consideration estimated, such that revenue is only recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur.

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

(a) Brokerage business income

Brokerage commission income is recognised on a trade date basis when the relevant transactions are executed. Handling and settlement fee income arising from brokerage business is recognised when the related services are rendered.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

For the year ended 31 December 2024

2.5 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Cont'd)

Revenue from contracts with customers (Cont'd)

(b) Corporate finance business income

(i) Underwriting fee income

Underwriting fee income is recognised when the Group has fulfilled its obligations under the underwriting contract.

(ii) Sponsorship fee income and financial and compliance advisory fee income

Depending on the nature and the contract terms, the income is recognised over time using a method that depicts the Group's performance, or at a point in time when the advisory service is completed.

(c) Asset management fee income

Asset management fee income includes periodic management fees calculated based on assets under management. The income is recognised over time using a method that depicts the Group's performance, to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur.

The Group is also entitled to a performance fee when the performance meets certain levels in accordance with Private Placement Memorandum for the relevant performance period and it is recognised at the end of the relevant performance period, when it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

Interest-bearing borrowings

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method. Interest expense is recognised in accordance with the Group's accounting policy for borrowing costs.

2.5 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Cont'd)

Employee benefits

Short term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for all of its employees. The Group also retains its previous retirement scheme (the "ORSO Scheme") registered under the Occupational Retirement Scheme Ordinance as a top-up benefit for its employees.

Contributions are made based on a percentage of the employees' relevant income or basic salaries, whichever is greater, and are charged to the consolidated statement of profit or loss and other comprehensive income as they become payable in accordance with the rules of the MPF Scheme and the ORSO Scheme. For the ORSO Scheme, when the contribution exceeds the statutory maximum requirements, the excess contribution is credited as the employer's voluntary contribution to the ORSO Scheme. The employer's mandatory contributions to the MPF Scheme vest fully with the employees when contributed into the MPF Scheme. The employer's voluntary contributions to the ORSO Scheme vest with the employees according to the vesting scale of the ORSO Scheme. Forfeited contributions in respect of employees who leave the Group before their contributions fully vest are available to the Group to offset its future voluntary contributions.

The assets of the MPF Scheme and the ORSO Scheme are held separately from those of the Group in independently administered funds.

Termination benefits

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

For the year ended 31 December 2024

2.5 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Cont'd)

Foreign currencies

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

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

When the functional currencies of overseas subsidiaries are currencies other than Hong Kong dollars, as at the end of the reporting period, the assets and liabilities of these entities are translated into Hong Kong dollars at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into Hong Kong dollars at the average exchange rates for the year. The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the consolidated statement of profit or loss and other comprehensive income.

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

Segment reporting

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

For the year ended 31 December 2024

2.5 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Cont'd)

Segment reporting (Cont'd)

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

3. SIGNIFICANT JUDGMENT AND ACCOUNTING ESTIMATES

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

Estimation uncertainty

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

Fair value measurement of unlisted equity recorded under the financial instruments categorised as level 3

The fair value of the unlisted equity recorded under the financial instruments categorised as level 3 is determined by the management together with the third-party professional valuer, with significant estimation and unobservable inputs, including selection of comparable companies and consideration of pricing multiple by using valuation techniques in accordance with the Group's material accounting policies in note 2.5. Judgment and estimation are required in establishing the relevant valuation techniques and the relevant estimation and inputs thereof. Changes in assumptions relating to these factors could affect the reported fair value of this unlisted equity. See note 37 for further disclosures.

Significant judgment

The following are the critical judgements, apart from those involving estimations (see below), that the directors of the Company have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

For the year ended 31 December 2024

3. SIGNIFICANT JUDGMENT AND ACCOUNTING ESTIMATES (Cont'd)

Significant judgment (Cont'd)

Determination of consolidation scope of certain investments

The Group invested in certain investment funds and private equity investments which have been formed so that voting or similar rights may not be the dominant factor in deciding who controls these investments, such as when any voting rights relate to administrative tasks only, and the relevant activities are directed by means of contractual arrangements.

All facts and circumstances must be taken into consideration in the assessment of whether the Group, as an investor, controls these investments. The principle of control sets out the following three elements of control: (a) power over the investments; (b) exposure, or rights, to variable returns from involvement with the investments; and (c) the ability to use power over the investments to affect the amount of the investor's returns.

An investor's initial assessment of control or its status as a principal or an agent would not change simply because of a change in market conditions (e.g. a change in the investee's returns driven by market conditions), unless the change in market conditions changes one or more of the three elements of control listed above or changes the overall relationship between a principal and an agent.

In conducting the assessment to determine the consolidation scope, the directors of the Company consider whether the Group has power to remove or control over the party having the ability to direct the relevant activities of the investments based on the facts and circumstances and whether the Group has exposure to variable returns of the investments or not. Among those investments held by the Group where the Group is directly or indirectly involved as investment manager, in determining whether the group is an agent to the investments, the Group would assess:

- the scope of its decision-making authority over the investee;
- substantive removal rights held by other parties may remove the Group as a fund manager; and
- the investment interests held together with its remuneration from servicing and managing these investment funds create significant exposure to variability of returns in these investments.

Detailed accounting policy on assessment of control are set out in "basis of consolidation" in note 2.5.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

For the year ended 31 December 2024

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their services and has five reportable and operating segments as disclosed in the below table.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit/(loss) before tax. There is no measure of total assets and liabilities for reportable segments regularly provided to the chief operating decision maker.

	Enterprise finance						
	Corporate finance HK\$'000	Principal investment HK\$'000	Wealth management HK\$'000	Institutional services and trading HK\$'000	Asset management HK\$'000	Others HK\$'000	Total HK\$'000
Year ended 31 December 2024							
Segment revenue from external customers by timing of revenue recognition							
— Point in time	72,421	(435,635)	70,049	81,354	—	—	(211,811)
— Over time	17,500	—	196,078	42,872	11,258	—	267,708
Segment revenue from external customers	89,921	(435,635)	266,127	124,226	11,258	—	55,897
Other gains, net	—	248,887	—	—	—	1,451	250,338
Segment revenue and other gains/(losses) from external customers	89,921	(186,748)	266,127	124,226	11,258	1,451	306,235
Segment results and loss before taxation	(9,867)	(178,079)	67,680	11,894	(26,649)	1,451	(133,570)
Other segment information:							
Interest income	—	—	196,078	55,507	—	—	251,585
Interest expenses	1,158	—	24,164	7,301	4,118	—	36,741
Depreciation expenses	9,049	—	26,712	12,544	1,279	—	49,584
Capital expenditure	1,112	—	3,379	1,617	139	—	6,247

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

For the year ended 31 December 2024

4. OPERATING SEGMENT INFORMATION (Cont'd)

	Enterprise finance			Institutional services and trading	Asset management	Others	Total
	Corporate finance	Principal investment	Wealth management				
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Year ended 31 December 2023							
Segment revenue from external customers by timing of revenue recognition							
— Point in time	57,836	101,428	301,249	127,136	—	—	587,649
— Over time	12,189	—	—	—	18,377	—	30,566
Segment revenue from external customers	70,025	101,428	301,249	127,136	18,377	—	618,215
Other (losses)/gains, net	—	(51,273)	—	—	—	7,405	(43,868)
Segment revenue and other loss from external customers	70,025	50,155	301,249	127,136	18,377	7,405	574,347
Segment results and loss before taxation	(13,070)	18,136	90,292	(191,401)	(35,889)	7,405	(124,527)
Other segment information:							
Interest income	—	—	235,737	62,335	—	—	298,072
Interest expenses	1,101	—	38,307	82,596	5,974	—	127,978
Depreciation expenses	6,478	8,463	25,441	12,550	1,926	—	54,858
Capital expenditure	1,050	1,521	5,758	3,261	276	—	11,866

Geographical information

The Group's operations are substantially located in Hong Kong and substantially all non-current assets of the Group are located in Hong Kong. Therefore, no further analysis of geographical information is presented.

Information about major customers

As the revenue from sales of goods or rendering of services attributable to the 5 largest customers combined is less than 30% of the Group's total revenue during the year, no information about major customers is presented in pursuant to the Main Board Listing Rules.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

For the year ended 31 December 2024

5. REVENUE AND OTHER GAINS/(LOSSES), NET

An analysis of revenue, which is also the Group's turnover and other gains/(losses) net, are as follows:

Disaggregation of revenue and other gains/(losses), net

	2024 HK\$'000	2023 HK\$'000
Fee and commission income:		
<i>Revenue from contracts with customers within the scope of HKFRS 15:</i>		
Commission on securities dealing in		
— Hong Kong listed securities	63,159	59,701
— Other than Hong Kong listed securities	29,730	26,249
Commission on futures and options contracts dealing	10,225	13,817
Initial public offering, placing, underwriting and sub-underwriting commission	72,541	58,509
Financial advisory, compliance advisory, sponsorship fee income and others	17,500	12,189
Management fee, investment advisory fee income and performance fee income	11,258	18,377
Handling fee income	6,469	7,944
Research fee income and other service income	21,372	28,076
	232,254	224,862
Income from interest-bearing transactions:		
<i>Interest income calculated using the effective interest method:</i>		
Interest income from banks and others	149,796	173,691
Interest income from initial public offering loans	186	170
Interest income from loans to cash clients and margin clients	88,968	—
<i>Interest income from other sources:</i>		
Interest income from loans to cash clients and margin clients	—	97,765
	238,950	271,626

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

For the year ended 31 December 2024

5. REVENUE AND OTHER LOSSES, NET (Cont'd)

Disaggregation of revenue and other gains/(losses), net (Cont'd)

	2024 HK\$'000	2023 HK\$'000
Income from investment business:		
<i>Interest income calculated using the effective interest method:</i>		
Interest income from debt securities	12,635	26,446
<i>Income from other sources:</i>		
Net (losses)/gains on financial instruments:		
— Equities and futures	(435,607)	102,714
— Debt securities and derivatives	1,979	(406,149)
— Structured products	5,686	398,716
	(415,307)	121,727
	55,897	618,215
<i>Other gains/(losses), net:</i>		
Exchange gains, net	2,017	7,405
Changes in net assets value attributable to other holders of a consolidated investment fund	248,887	(51,273)
Loss on disposal of Club Debenture	(566)	—
	250,338	(43,868)

In accordance with HKFRS 10 *Consolidated Financial Statements*, the income and expenses of an investment fund under control are included in the consolidated statement of profit or loss and other comprehensive income. For the year ended 31 December 2024, the impacts arising from fair value change of unlisted equity under the consolidated investment fund are included in the net losses in equities and futures of HK\$436 million (2023: net gains of HK\$101 million) and other gains on changes in net assets value attributable to other holders of a consolidated investment fund of HK\$249 million (2023: other losses of HK\$51 million). The net impact arising from the fair value change in the unlisted equity under the consolidated investment fund amounted to a loss of HK\$187 million (2023: gain of HK\$50 million).

Revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date

For corporate finance business contracts in existence as at 31 December 2024, the Group will recognise the expected revenue in future when the remaining performance obligations under the contracts are satisfied. The Group has applied the practical expedient in paragraph 121 of HKFRS 15 to not disclose the transaction price allocated to these unsatisfied contracts, as the Group has a right to invoice, which corresponds directly to the value to the customer of the Group's performance completed to date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

For the year ended 31 December 2024

6. OTHER EXPENSES

Net (reversal) charges for expected credit losses

	2024 HK\$'000	2023 HK\$'000
(Reversal)/charges on impairment losses on accounts receivable	(2,117)	102,966
Charges on impairment losses on loans and advances	4	—
(Reversal)/charges on impairment losses on financial assets at FVOCI	(3,520)	13,075
(Reversal)/charges on impairment losses on financial assets at amortised cost	(873)	16,702
Reversal on impairment losses on fixed deposits	(610)	(3,209)
Reversal on impairment losses on reverse repurchase agreements	(75)	(153)
	(7,191)	129,381

Other expenses

The Group's other expenses comprise the followings:

	2024 HK\$'000	2023 HK\$'000
System expenses and maintenance	47,840	50,825
Office utilities expenses	13,571	14,171
Clearing house and custody fee	7,063	8,672
Introduction and advisory fee	1,207	5,699
Legal and professional fee	5,213	5,625
General office expenses	4,064	4,833
Travelling and transportation fee	4,535	3,889
Public relation and entertainment fee	955	2,205
Repairs and maintenance expense	608	813
Others	9,732	9,710
	94,788	106,442

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

For the year ended 31 December 2024

7. LOSS BEFORE TAXATION

The Group's loss before taxation is arrived at after charging:

	2024 HK\$'000	2023 HK\$'000
Employee benefit expenses (including directors' emoluments — note 8):		
Salaries and other staff costs	222,591	237,749
Retirement benefit scheme contributions	15,060	16,897
Less: Forfeited contributions	(4,548)	(5,721)
Net retirement benefit scheme contributions	10,512	11,176
	233,103	248,925
Interest expenses		
— Loans	12,815	72,293
— Account payables to clients	20,961	—
— Lease liabilities	1,545	1,737
— Bond issued	—	2,078
— Repurchase agreements	—	6,690
— Funding notes	1,420	45,180
	36,741	127,978
Depreciation expenses	49,584	54,858
Auditors' remuneration	3,053	3,206

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

For the year ended 31 December 2024

8. DIRECTORS' EMOLUMENTS

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

	2024 HK\$'000	2023 HK\$'000
Fees	394	540
Other emoluments:		
Salaries, allowances and benefits in kind	3,840*	3,862**
Retirement benefit scheme contributions	384	384
	4,224	4,246
	4,618	4,786

* The evaluation of the performance of the Executive Directors has not yet been completed. Thus, the amount of salaries, allowances and benefits in kind has not been determined and the final amount will be disclosed in due course.

** The amount in 2023 was restated upon completion of evaluation of the performance of the Executive Directors in 2024.

Independent non-executive directors

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

	2024 HK\$'000	2023 HK\$'000
Ng Wing Hang Patrick (resigned on 9 November 2024)	90	180
Kwok Lam Kwong Larry	180	180
Chen Liqiang (resigned on 5 March 2024)	32	180
Liu Chijin (appointed on 28 June 2024)	92	—
	394	540

There were no other emoluments payable to the independent non-executive directors during the year (2023: Nil). The independent non-executive directors' emoluments shown above were for their services as directors of the Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

For the year ended 31 December 2024

8. DIRECTORS' EMOLUMENTS (Cont'd)

Executive directors and non-executive directors

The emoluments paid to executive directors and non-executive director during the year was as follows:

	Fees HK\$'000	Salaries, allowances and benefit in kind HK\$'000	Retirement benefit scheme contributions HK\$'000	Total emoluments HK\$'000
2024				
Executive directors:				
Wu Meng	—	—	—	—
Tan Weijun	—	—	—	—
Liang Jun	—	3,840*	384	4,224*
Hu Jing	—	—	—	—
	—	3,840	384	4,224
Non-executive directors:				
Zhang Lei	—	—	—	—
Ren Xiaotao (resigned on 25 September 2024)	—	—	—	—
	—	3,840	384	4,224

* The evaluation of the performance of the Executive Directors has not yet been completed. Thus, the amount of salaries, allowances and benefits in kind has not been determined and the final amount will be disclosed in due course.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

For the year ended 31 December 2024

8. DIRECTORS' EMOLUMENTS (Cont'd)

Executive directors and non-executive directors (Cont'd)

	Fees HK\$'000	Salaries, allowances and benefits in kind HK\$'000	Retirement benefit scheme contributions HK\$'000	Total emoluments HK\$'000
2023				
Executive directors:				
Wu Meng	—	—	—	—
Tan Weijun (appointed on 24 March 2023)	—	—	—	—
Zhang Jian (resigned on 20 October 2023)	—	—	—	—
Liang Jun	—	3,862**	384**	4,246**
Hu Jing	—	—	—	—
	—	3,862	384	4,246
Non-executive directors:				
Zhang Lei	—	—	—	—
Ren Xiaotao (appointed on 20 October 2023)	—	—	—	—
	—	3,862	384	4,246

** The amount in 2023 was restated upon completion of evaluation of the performance of the Executive Directors in 2024.

The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group. The non-executive directors' emoluments shown above were for their services as directors of the Company and its subsidiaries, if applicable.

There was no arrangement under which a director waived or agreed to waive any remuneration during the year. For both years, no remuneration was paid by the Group to the directors of the Company or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

For the year ended 31 December 2024

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year include one director (2023: one), details of whose emoluments are set out in note 8 above. Details of the remuneration for the year of the four (2023: four) non-directors, highest paid employees are as follows:

	2024 HK\$'000	2023 HK\$'000
Salaries, allowances and benefits in kind	10,980	10,836
Bonuses	2,044*	1,791**
Retirement benefit scheme contributions	455	677
	13,479	13,304

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

* The evaluation of the performance of the employees has not yet been completed. Thus, the amount of bonuses has not been determined and the final amount will be disclosed in due course.

** The amount in 2023 was restated upon completion of evaluation of the performance of the employees in 2024. Upon completion of evaluation of the performance of employees, the list of four non-directors, highest paid employees are updated. The number of employees is updated accordingly.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

For the year ended 31 December 2024

10. INCOME TAX

(a) **Taxation in the consolidated statement of profit or loss and other comprehensive income represents:**

	2024 HK\$'000	2023 HK\$'000
Current tax — Hong Kong Profits Tax		
Provision for the year	874	1,139
Under-provision in respect of prior years	118	6,895
	992	8,034
Current tax — Other	17	70
Deferred tax (<i>note 17</i>)	26,147	59,823
	27,156	67,927

Hong Kong Profits Tax has been provided at the rate of 16.5% (2023: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated at the appropriate current rates of tax prevailing in the jurisdictions in which the Group operates.

(b) **Reconciliation between tax expense and accounting loss at applicable tax rates:**

A reconciliation of the tax expense applicable to loss before taxation at the statutory rate for the jurisdiction in which the Company and the majority of its subsidiaries are domiciled to the tax expense for the year at the effective tax rate is as follows:

	2024 HK\$'000	2023 HK\$'000
Loss before taxation	(133,570)	(124,527)
Tax at the statutory tax rate of 16.5% (2023: 16.5%)	(22,039)	(20,547)
Under-provision in respect of prior years	118	6,895
Tax effect of non-taxable income	(21,472)	(33,722)
Tax effect of non-deductible expenses	3,250	6,626
Effect of different tax rates of companies operating in other jurisdictions	2	20
Tax effect of tax losses not recognised	46,957	61,501
Tax effect of utilisation of unrecognised tax loss	(4,882)	(12,919)
Reversal of tax losses previously recognised as deferred tax assets	25,520	59,000
Overseas tax	17	70
Others	(315)	1,003
Tax expense for the year at the Group's effective rate (2024: (20.3%); 2023: (55.9%))	27,156	67,927

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

For the year ended 31 December 2024

11. DIVIDEND

(a) Dividends payable to equity shareholders of the Company attributable to the year

	2024 HK\$'000	2023 HK\$'000
Final dividend proposed after the end of the reporting period of HK nil cents (2023: HK nil cents) per ordinary share	—	—

(b) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the year

	2024 HK\$'000	2023 HK\$'000
Final dividend in respect of the previous financial year, approved and paid during the year, of HK nil cents (2023: HK nil cents) per ordinary share	—	—

12. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

Basic loss per share is calculated by dividing the loss for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the year. The Group had no potentially dilutive ordinary shares in issue during both years. As at 31 December 2024, the total number of the issued ordinary shares was 1,561,138,689 shares (2023: 1,561,138,689 shares).

	2024 HK\$'000	2023 HK\$'000
Earnings		
Loss for the year attributable to ordinary equity holders of the Company (HK\$'000)	(160,726)	(192,454)
Number of shares		
Weighted average number of ordinary shares in issue (in thousands)	1,561,139	1,561,139
Basic loss per share (HK cents per share)	(10.30)	(12.33)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

13. PROPERTY, PLANT AND EQUIPMENT

	Buildings HK\$'000	Leasehold improvements HK\$'000	Furniture, fixtures and equipment HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
31 December 2024					
At 31 December 2023 and 1 January 2024:					
Cost	4,095	49,021	79,833	1,025	133,974
Accumulated depreciation	(3,259)	(45,659)	(74,515)	(659)	(124,092)
Net carrying amount	836	3,362	5,318	366	9,882
Opening net carrying amount	836	3,362	5,318	366	9,882
Additions	—	—	5,828	419	6,247
Depreciation provided during the year	(51)	(2,014)	(3,063)	(98)	(5,226)
Disposal:					
— Cost	—	(16,311)	(16,803)	—	(33,114)
— Accumulated depreciation	—	16,311	16,803	—	33,114
Closing net carrying amount	785	1,348	8,083	687	10,903
At 31 December 2024:					
Cost	4,095	32,710	68,858	1,444	107,107
Accumulated depreciation	(3,310)	(31,362)	(60,775)	(757)	(96,204)
Net carrying amount	785	1,348	8,083	687	10,903

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

For the year ended 31 December 2024

13. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

	Buildings HK\$'000	Leasehold improvements HK\$'000	Furniture, fixtures and equipment HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
31 December 2023					
At 31 December 2022 and 1 January 2023:					
Cost	4,095	41,975	75,399	2,463	123,932
Accumulated depreciation	(3,228)	(41,256)	(71,008)	(2,463)	(117,955)
Net carrying amount	867	719	4,391	—	5,977
Opening net carrying amount	867	719	4,391	—	5,977
Additions	—	7,046	4,434	386	11,866
Depreciation provided during the year	(31)	(4,403)	(3,507)	(20)	(7,961)
Disposal:					
— Cost	—	—	—	(1,824)	(1,824)
— Accumulated depreciation	—	—	—	1,824	1,824
Closing net carrying amount	836	3,362	5,318	366	9,882
At 31 December 2023:					
Cost	4,095	49,021	79,833	1,025	133,974
Accumulated depreciation	(3,259)	(45,659)	(74,515)	(659)	(124,092)
Net carrying amount	836	3,362	5,318	366	9,882

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

For the year ended 31 December 2024

14. RIGHT-OF-USE ASSETS

	Properties and equipment leased for own use carried at cost HK\$'000
Cost	
At 1 January 2023	164,778
Additions	14,948
Disposals	(15,735)
At 31 December 2023 and 1 January 2024	163,991
Additions	2,244
Disposals	(5,722)
At 31 December 2024	160,513
Accumulated depreciation:	
At 1 January 2023	(56,221)
Charge for the year	(46,897)
Disposals	15,735
At 31 December 2023 and 1 January 2024	(87,383)
Charge for the year	(44,358)
Disposals	5,454
At 31 December 2024	(126,287)
Net book value:	
At 31 December 2024	34,226
At 31 December 2023	76,608

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

For the year ended 31 December 2024

14. RIGHT-OF-USE ASSETS (Cont'd)

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

	2024 HK\$'000	2023 HK\$'000
Depreciation charge of right-of-use assets by class of underlying asset:		
Properties leased for own use	44,139	46,679
Plant, machinery and equipment	219	218
	44,358	46,897
Interest on lease liabilities (<i>note 24(b)</i>)	1,545	1,737
Expense relating to short-term leases	523	1,653
Expense relating to low-value assets	34	989

During the year, additions to right-of-use assets were HK\$2,244,000 (2023: HK\$14,948,000). This amount primarily related to the capitalised lease payments payable under new tenancy agreements. The lease agreements do not impose any 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.

Details of total cash outflow for leases, the maturity analysis of lease liabilities and the future cash outflows arising from leases that are not yet commenced are set out in notes 24(c) and 30 respectively.

15. STOCK AND FUTURES EXCHANGE TRADING RIGHTS

	2024 HK\$'000	2023 HK\$'000
Cost and carrying amount as at 1 January and 31 December	4,212	4,212

16. OTHER ASSETS

	2024 HK\$'000	2023 HK\$'000
Deposits with exchanges and clearing houses	22,004	67,712
Unlisted club debentures	1,600	2,470
Other deposits	1,183	1,675
	24,787	71,857

None of the above assets is past due. There are no material expected credit losses for the deposits with exchanges and clearing houses and other deposits.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

For the year ended 31 December 2024

17. DEFERRED TAX

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

	Losses available for offsetting against future taxable profits HK\$'000	Deductible temporary differences HK\$'000	Credit loss allowance HK\$'000	Fair value movement of financial assets at FVOCI HK\$'000	Total HK\$'000
Deferred tax assets					
At 1 January 2023	84,520	47	1,295	3,464	89,326
Deferred tax charged to profit or loss during the year (note 10)	(59,000)	—	(939)	—	(59,939)
Deferred tax charged to the reserves during the year	—	—	—	(2,644)	(2,644)
At 31 December 2023 and 1 January 2024	25,520	47	356	820	26,743
Deferred tax charged to profit or loss during the year (note 10)	(25,520)	(8)	(338)	—	(25,866)
Deferred tax charged to the reserves during the year	—	—	—	(820)	(820)
At 31 December 2024	—	39	18	—	57

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

For the year ended 31 December 2024

17. DEFERRED TAX (Cont'd)

	Accelerated tax depreciation HK\$'000
Deferred tax liabilities	
At 1 January 2023	662
Deferred tax credited to profit or loss during the year (note 10)	(116)
At 31 December 2023 and 1 January 2024	546
Deferred tax charged to profit or loss during the year (note 10)	281
At 31 December 2024	827

Other than tax losses of HK\$25,520,000 recognised as deferred tax assets as at 31 December 2023 (2024: HK\$nil), the Group has unrecognised tax losses arising in Hong Kong of HK\$2,262,806,000 (2023: HK\$2,007,804,000), subject to agreement by the Inland Revenue Department, that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of these losses as it is uncertain whether sufficient future taxable profits will be available from these group companies against which the tax losses can be utilised. At 31 December 2024, there was no significant unrecognised deferred tax liability (2023: Nil) for taxes that would be payable on the unremitted earnings of certain of the Group's subsidiaries.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

For the year ended 31 December 2024

18. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2024 HK\$'000	2023 HK\$'000
Financial assets at fair value through profit or loss		
Debt securities (Note)	2,001,908	1,487,900
Unlisted equity	16,993	453,463
Unlisted funds (Note)	984,890	1,681,056
Derivative financial instruments	28,252	40,689
	3,032,043	3,663,108

Note: As at 31 December 2024, debt securities of HK\$1,010 million (2023: HK\$1,005 million) and unlisted funds of HK\$985 million (2023: HK\$1,681 million) are acquired by the Group driven by the structure note issued at fair value and become their underlying investments and hedging items for the risk of economic exposure on these structure note issued, of which the pay-outs are linked to the values or returns of the above underlying investments.

The following tables summarise the contract/notional amounts and fair values of each class of derivative financial instruments as at 31 December:

	2024		
	Contract/ notional amount HK\$'000	Fair values	
		Assets HK\$'000	Liabilities HK\$'000
Total return swap	19,368	18,298	(18,298)
Exchange rate contracts			
Swaps	56,010	1,452	(119)
Equity options	196,542	8,502	(8,502)
		28,252	(26,919)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

For the year ended 31 December 2024

18. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Cont'd)

	2023		
	Contract/ notional amount HK\$'000	Fair values	
		Assets HK\$'000	Liabilities HK\$'000
Total return swaps	1,754,565	509	(471)
Exchange rate contracts			
Swaps	983,881	31,475	(24,554)
Futures contracts	1,070,528	3,798	—
Credit default swaps	62,376	—	(1,599)
Equity options	25,977	4,907	(4,907)
		40,689	(31,531)

19. OTHER FINANCIAL ASSETS

(a) Other financial assets comprises:

	As at 31 December 2024 HK\$'000	As at 31 December 2023 HK\$'000
Financial assets at fair value through other comprehensive income	3,682	145,252
Financial assets at amortised cost	140,821	141,196
	144,503	286,448

Analysis by maturity dates:

	As at 31 December 2024 HK\$'000	As at 31 December 2023 HK\$'000
Debt securities		
Within 12 months	144,503	70,352
More than 12 months	—	216,096
	144,503	286,448

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

For the year ended 31 December 2024

19. OTHER FINANCIAL ASSETS (Cont'd)

(b) Financial assets at fair value through other comprehensive income

	As at 31 December 2024 HK\$'000	As at 31 December 2023 HK\$'000
Debt securities, at fair value (Note)	3,682	145,252

Note: The Group has recognised a reversal of expected credit losses in respect of financial assets at FVOCI of HK\$3,520,000 during the year (2023: Charge of HK\$13,075,000). As at 31 December 2024, allowance for expected credit losses amounted HK\$129,662,000 (2023: HK\$260,380,000) has been included in revaluation recycling reserve.

During the year, the accumulated loss balance in respect of changes in fair value of the Group's financial assets at fair value through other comprehensive income recognised in other comprehensive income amounted to approximately HK\$129,661,000 (31 December 2023: loss of HK\$265,348,000).

Movement in expected credit losses is as follows:

	For the year ended 31 December 2024				For the year ended 31 December 2023			
	Expected credit loss				Expected credit loss			
	Stage1 HK\$'000	Stage2 HK\$'000	Stage3 HK\$'000	Total HK\$'000	Stage1 HK\$'000	Stage2 HK\$'000	Stage3 HK\$'000	Total HK\$'000
At 1 January	1,317	85	258,978	260,380	7,028	—	240,277	247,305
Impairment losses (credited)/charged to profit or loss	(1,317)	(85)	(2,118)	(3,520)	(1,545)	—	18,701	17,156
Derecognised upon disposal	—	—	(127,198)	(127,198)	(4,081)	—	—	(4,081)
Transfer from level 1 to Level 2	—	—	—	—	(85)	85	—	—
At 31 December	—	—	129,662	129,662	1,317	85	258,978	260,380

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

For the year ended 31 December 2024

19. OTHER FINANCIAL ASSETS (Cont'd)

(c) Financial assets at amortised cost

	As at 31 December 2024 HK\$'000	As at 31 December 2023 HK\$'000
Debt investments	201,864	203,113
Less: Impairment loss on financial assets at amortised cost	(61,043)	(61,917)
	140,821	141,196

During the year, a reversal of expected credit losses of HK\$873,000 was recognised (for the year ended 31 December 2023: a charge of HK\$16,702,000).

	For the year ended 31 December 2024				For the year ended 31 December 2023			
	Expected credit loss				Expected credit loss			
	Stage1 HK\$'000	Stage2 HK\$'000	Stage3 HK\$'000	Total HK\$'000	Stage1 HK\$'000	Stage2 HK\$'000	Stage3 HK\$'000	Total HK\$'000
At 1 January	757	—	61,160	61,917	852	—	44,363	45,215
Impairment losses (credited)/charged to profit or loss	(645)	—	(228)	(873)	(95)	—	16,797	16,702
At 31 December	112	—	60,932	61,043	757	—	61,160	61,917

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

For the year ended 31 December 2024

20. ACCOUNTS RECEIVABLE

(a) Accounts receivable comprise:

	31 December 2024 HK\$'000	31 December 2023 HK\$'000
Accounts receivable arising from securities dealing		
— Advances to cash clients	27,711	21,521
— Cash clients	61,082	1,384,099
— Brokers and dealers	238,611	435,694
— Clearing houses	244,469	463,959
	571,873	2,305,273
Accounts receivable arising from corporate finance, advisory and other services		
— Corporate clients	33,702	1,009,647
	605,575	3,314,920
Less: Expected credit losses (Stage 1)	(2,557)	(3,827)
Less: Expected credit losses (Stage 3)	(4,932)	(613,573)
Total	598,086	2,697,520

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

For the year ended 31 December 2024

20. ACCOUNTS RECEIVABLE (Cont'd)

(a) Accounts receivable comprise: (Cont'd)

The carrying values of accounts receivables arising from the course of business of the Group are as follows:

	Accounts receivable arising from securities dealing			Accounts receivable arising from corporate finance, advisory and other services:	
	Cash clients HK\$'000	Brokers and dealers HK\$'000	Clearing houses HK\$'000	Corporate clients HK\$'000	Total HK\$'000
At 31 December 2024					
Stage 1					
Gross carrying amount	88,793	238,611	244,469	28,770	600,643
Less: ECL	(26)	(991)	(111)	(1,429)	(2,557)
	88,767	237,620	244,358	27,341	598,086
Stage 3					
Gross carrying amount	—	—	—	4,932	4,932
Less: ECL	—	—	—	(4,932)	(4,932)
	—	—	—	—	—
Total	88,767	237,620	244,358	27,341	598,086

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

For the year ended 31 December 2024

20. ACCOUNTS RECEIVABLE (Cont'd)

(a) Accounts receivable comprise: (Cont'd)

	Accounts receivable arising from securities dealing			Accounts receivable arising from corporate finance, advisory and other services:	Total HK\$'000
	Cash clients HK\$'000	Brokers and dealers HK\$'000	Clearing houses HK\$'000	Corporate clients HK\$'000	
At 31 December 2023					
Stage 1					
Gross carrying amount	1,405,620	435,694	463,959	395,974	2,701,247
Less: ECL	—	(2,430)	(198)	(1,199)	(3,827)
	1,405,620	433,264	463,761	394,775	2,697,420

Stage 3					
Gross carrying amount	—	—	—	613,673	613,673
Less: ECL (Note)	—	—	—	(613,573)	(613,573)
	—	—	—	100	100

Total	1,405,620	433,264	463,761	394,875	2,697,520

Note: As at 31 December 2023, impairment allowances of HK\$613 million were made against the accounts receivable arising from corporate finance, advisory and other services under lifetime ECL (credit-impaired) with the gross carrying amount of HK\$613 million. As at 31 December 2024, the directors of the Company determined these financial assets were measured at fair value through profit or loss as these financial assets are arising from the structure note issued. The reclassification does not have material impact on the comparative balance as there is no impact on the net equity as at 31 December 2023.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

For the year ended 31 December 2024

20. ACCOUNTS RECEIVABLE (Cont'd)

(b) Ageing analysis of accounts receivable

An ageing analysis of accounts receivable from cash clients and advances to cash clients (before impairment) based on the trade date are as follows:

	2024 HK\$'000	2023 HK\$'000
Within 1 month	75,023	1,381,521
1 to 2 months	1,875	5,512
2 to 3 months	1,912	147
Over 3 months	9,983	18,440
	88,793	1,405,620

The ageing of accounts receivable from clearing houses, brokers and dealers are within one month and are not past due. They represent (1) pending trades arising from business of dealing in securities, which are normally due within a few days after the trade date, (2) deposits at clearing houses arising from the business of dealing in securities, futures and options contracts and (3) cash and deposits balances at brokers and dealers.

An ageing analysis of the accounts receivable from corporate clients arising from corporate finance, advisory and other services (before impairment) are as follows:

	2024 HK\$'000	2023 HK\$'000
1 to 2 months	300	765
2 to 3 months	1,000	1,100
Over 3 months	5,549	608,398
Accounts receivable which were past due	6,849	610,263
Accounts receivable which were not past due	26,853	399,384
	33,702	1,009,647

Save for the credit period allowed by the Group, the accounts receivable from cash clients shall be due on the settlement dates of the respective securities and futures contract transactions. In view of the fact that the Group's accounts receivable relate to a large number of diversified customers, there is no significant concentration of credit risk. Although the Group does not hold any collaterals or other credit enhancements over its accounts receivable from cash clients, the Group is allowed to dispose of the securities deposited by the customers with the Group to settle any overdue amounts. Advances to cash clients of HK\$27,711,000 (2023: HK\$21,521,000) bear interest at interest rates mainly with reference to the Hong Kong dollar prime rate. Advances to cash clients is covered by securities deposited with the Group of total market value HK\$1,374,349,000 (2023: HK\$1,324,779,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

For the year ended 31 December 2024

21. LOANS AND ADVANCES

Loans and advances represent loans and advances to margin clients amounted to HK\$1,158,277,000 (2023: HK\$1,073,842,000). Customers are required to provide collateral to the Group for the loans and advances granted. As at 31 December 2024, the total market value of the securities pledged by customers to the Group as collateral in respect of the above loans and advances to customers was HK\$4,907,356,000 (2023: HK\$3,831,185,000). None of such collateral was pledged with banks to secure the Group's utilised bank loans (note 28) and unutilised bank facilities as at 31 December 2024 and 31 December 2023.

The Group is allowed to dispose of the collateral in settlement of the customers' obligation to maintain the agreed level of margin and any other liability of the customers due to the Group. The Group is allowed to deposit the collateral with an authorised institution as collateral for financial accommodation provided to the Group according to the applicable legislations and regulations.

In view of the fact that the Group's loans and advances relate to a large number of diversified customers, there is no significant concentration of credit risk. Loans and advances to margin clients of HK\$1,158,277,000 (2023: HK\$1,073,842,000) bear interest at interest rates mainly with reference to the Hong Kong dollar prime rate.

During the year ended 31 December 2024, the loans and advances to margin clients were measured at amortised cost as the directors determined the business model of the margin financing business was to hold and collect the contractual cash flows. As at 31 December 2024, balances of HK\$1,037,560,000, HK\$1,644,000 and HK\$119,077,000 were categorised under credit risk grading assessment of 12m ECL, lifetime ECL — not credit-impaired and lifetime ECL — credit-impaired respectively. As at 31 December 2024, the directors of the Company consider the impacts of the expected credit loss are immaterial to the Group taking into account the collateral value and therefore no reconciliation of loss allowances have been prepared. As at 31 December 2023, the loans and advances to margin clients were classified and measured at fair value through profit or loss.

The Group's loans and advances to customers were repayable on demand at the end of the reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

For the year ended 31 December 2024

22. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2024 HK\$'000	2023 HK\$'000
Prepayments	8,644	20,312
Deposits and other receivables	142,644	192,912
	151,288	213,224

None of the above assets is past due. The financial assets included in the above balances relate to counterparties for which there was no recent history of default. There was no material expected credit losses for these balances.

23. BANK BALANCES HELD ON BEHALF OF CLIENTS

The Group maintains segregated trust accounts with authorized banks to hold clients' monies in accordance with the relevant legislation. The Group is allowed to retain some or all of the interest on the clients' monies. The Group is not allowed to use the clients' monies to settle its own obligations. There are no material expected credit losses for these balances.

24. CASH AND BANK BALANCES AND OTHER CASH FLOW INFORMATION

(a) Cash and bank balances:

	2024 HK\$'000	2023 HK\$'000
Cash and cash equivalents	401,280	1,248,743
Bank deposits with a maturity of more than 3 months but less than 12 months	38,500	38,500
	439,780	1,287,243

As at 31 December 2024, the cash and bank balances of the Group denominated in Renminbi ("RMB") amounted to HK\$93,901,000 (2023: HK\$96,234,000).

Cash at bank balances earn interest at floating rates based on daily bank deposit rates. Short-term time deposit is made for one week, and earns interest at the respective short-term time deposit rates. The cash and bank balances are deposited with creditworthy banks with no recent history of default.

As at 31 December 2024, allowance for expected credit losses of HK\$151,000 was recognised (2023: HK\$761,000) for cash and bank balances.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

For the year ended 31 December 2024

24. CASH AND BANK BALANCES AND OTHER CASH FLOW INFORMATION (Cont'd)

(b) Reconciliation of liabilities arising from financing activities

	Lease liabilities (Note 30) HK\$'000	Interest-bearing bank borrowings (Note 28) HK\$'000	Notes issued HK\$'000	Total HK\$'000
At 1 January 2024	95,336	234,360	416,547	746,243
Change from financing cash flows:				
Proceeds from bank loans	—	7,212,110	—	7,212,110
Repayments on bank loans	—	(7,011,498)	—	(7,011,498)
Net repayment from notes issued	—	—	(417,967)	(417,967)
Interest paid	—	(12,015)	—	(12,015)
Capital element of lease rentals paid	(44,215)	—	—	(44,215)
Interest element of lease rentals paid	(1,545)	—	—	(1,545)
	(45,760)	188,597	(417,967)	(275,130)
Other changes:				
Increase in lease liabilities from entering into new leases during the period	1,977	—	—	1,977
Interest expenses	1,545	12,815	1,420	15,780
At 31 December 2024	53,098	435,772	—	488,870

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

For the year ended 31 December 2024

24. CASH AND BANK BALANCES AND OTHER CASH FLOW INFORMATION (Cont'd)

(b) Reconciliation of liabilities arising from financing activities (Cont'd)

	Lease liabilities (Note 29) HK\$'000	Interest-bearing bank borrowings (Note 28) HK\$'000	Bond issued HK\$'000	Notes issued HK\$'000	Repurchase agreements HK\$'000	Total HK\$'000
At 1 January 2023	124,461	1,489,227	1,559,400	—	173,706	3,346,794
Change from financing cash flows:						
Proceeds from bank loans	—	6,497,034	—	—	—	6,497,034
Repayments on bank loans	—	(7,738,774)	—	—	—	(7,738,774)
Net proceeds from notes issued	—	—	—	416,547	—	416,547
Net repayment of bond issued	—	—	(1,559,400)	—	—	(1,559,400)
Decrease in repurchase agreements	—	—	—	—	(173,706)	(173,706)
Interest paid	—	(85,420)	(2,078)	(45,180)	(6,690)	(139,368)
Capital element of lease rentals paid	(44,073)	—	—	—	—	(44,073)
Interest element of lease rentals paid	(1,737)	—	—	—	—	(1,737)
	(45,810)	(1,327,160)	(1,561,478)	371,367	(180,396)	(2,743,477)
Other changes:						
Increase in lease liabilities from entering into new leases during the period	14,948	—	—	—	—	14,948
Interest expenses	1,737	72,293	2,078	45,180	6,690	127,978
At 31 December 2023	95,336	234,360	—	416,547	—	746,243

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

For the year ended 31 December 2024

24. CASH AND BANK BALANCES AND OTHER CASH FLOW INFORMATION (Cont'd)

(c) Total cash outflow for leases

Amounts included in the consolidated statement of cash flows for leases comprise the following:

	2024 HK\$'000	2023 HK\$'000
Within financing cash flows	45,760	45,810
Within operating cash flows	1,545	1,737

These amounts relate to the following:

	2024 HK\$'000	2023 HK\$'000
Lease rentals paid	45,760	45,810

25. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 31 December 2024 HK\$'000	As at 31 December 2023 HK\$'000
Structured note issued (<i>note 18</i>)	2,001,127	2,705,043
Short position in debt securities	—	265,618
Derivative financial instruments (<i>note 18</i>)	26,919	31,531
Interest in consolidated investment fund attributable to other holders (<i>Note</i>)	6,975	256,228
	2,035,021	3,258,420

Note: As at 31 December 2024 and 2023, interest in consolidated investment fund attributable to other holders represented the share of net asset value of the investment fund held by third parties which was recorded as a liability since these third parties can, at their discretion at any time, redeem their participating shares for cash or in species by reference to the equivalent fair value of the investment fund at the date of redemption. Accordingly, interest in consolidated investment fund attributable to other holders of approximately HK\$6,975,000 (2023: \$256,228,000) was classified as a liability as at 31 December 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

For the year ended 31 December 2024

26. ACCOUNTS PAYABLE

	2024 HK\$'000	2023 HK\$'000
Accounts payable		
— Clients	3,391,932	5,780,823
— Brokers and dealers	45,939	119,414
— Clearing houses	278	45,716
	3,438,149	5,945,953

All of the accounts payable are aged and due within one month or on demand.

27. OTHER PAYABLES AND ACCRUALS

	2024 HK\$'000	2023 HK\$'000
Other payables	154,506	55,599
Accruals	32,050	51,097
	186,556	106,696

Other payables are non-interest-bearing and repayable within one year. Included in other payables are amounts due to brokers of HK\$94,835,000 (2023: HK\$nil) arising from the business of underwriting and placing services.

28. INTEREST-BEARING BANK BORROWINGS

	2024 HK\$'000	2023 HK\$'000
Analysed into:		
Bank loans repayable on demand	435,772	234,360

Notes:

- (a) As at 31 December 2024 and 2023, none of the Group's bank loans was secured by the marketable securities pledged by customers to the Group.

As at 31 December 2024, the Company had provided guarantee to its subsidiary's bank loan facilities of HK\$1,719,485,000 (2023: HK\$1,725,425,000). None of them has been utilised as at 31 December 2024 (2023: HK\$nil).

- (b) As at 31 December 2024 and 2023, borrowings are denominated in United States dollars and Hong Kong dollars.
- (c) The carrying amounts of the Group's borrowings approximate to their fair values.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

For the year ended 31 December 2024

29. NOTES ISSUED

There are nil (2023: four) notes issued amounted to HK\$nil (2023: HK\$416,547,000), with original maturity periods less than one year, issued and outstanding as at 31 December 2024. In 2023, the coupon rate for the four funding notes ranged from 5.65% to 5.70% per annum.

30. LEASE LIABILITIES

The following table shows the remaining contractual maturities of the Group's lease liabilities at the end of the current and previous reporting periods:

	31 December 2024		31 December 2023	
	Present value of the minimum lease payments HK\$'000	Total minimum lease payments HK\$'000	Present value of the minimum lease payments HK\$'000	Total minimum lease payments HK\$'000
Within 1 year	52,531	53,043	48,953	50,290
After 1 year but within 2 years	567	575	46,326	46,984
After 2 years but within 5 years	—	—	57	57
	567	575	46,383	47,041
	53,098	53,618	95,336	97,331
Less: total future interest expenses		(520)		(1,995)
Present value of lease liabilities		53,098		95,336
Represent:				
Current		52,531		48,953
Non-current		567		46,383
		53,098		95,336

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

For the year ended 31 December 2024

31. SHARE CAPITAL

	2024 HK\$'000	2023 HK\$'000
Issued and fully paid:		
1,561,138,689 (2023: 1,561,138,689) ordinary shares	2,782,477	2,782,477

A summary of Company's share capital is as follows:

	Number of shares in issue
At 1 January 2023, 31 December 2023 and 31 December 2024	1,561,138,689

32. OTHER RESERVES

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

The Group's exchange reserve comprises all foreign exchange differences arising from the translations of the foreign operation.

The Group's revaluation recycling reserve represents the cumulative net change in the fair value of financial assets measured at FVOCI under HKFRS 9 that are held at the end of the reporting period. Net of amounts is reclassified to profit or loss when those financial assets are disposed of.

33. COMMITMENTS

The Group leases certain of its office properties under operating lease arrangements. Leases for properties are negotiated for terms of one to five years (2023: one to six years).

Short term lease commitment outstanding not provided for in the financial statements were as follow:

	2024 HK\$'000	2023 HK\$'000
Within one year	15	773

At 31 December 2024 and 2023, the Group did not have any other significant commitments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

For the year ended 31 December 2024

34. RELATED PARTY TRANSACTIONS

(a) Material related party transactions

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

	<i>Notes</i>	2024 HK\$'000	2023 HK\$'000
Commission expenses for brokerage services in relation to the PRC capital markets paid to a wholly-owned subsidiary of the ultimate holding company	<i>(i)</i>	799	149
Consultancy fee expenses for supporting services in relation to PRC market paid to the subsidiaries of the ultimate holding company	<i>(ii)</i>	3,020	3,179
Consultancy fee income for supporting services in relation to Hong Kong and overseas markets payable by a wholly-owned subsidiary of the ultimate holding company	<i>(iii)</i>	21,970	27,769
Principal-to-principal trading of financial product with the subsidiaries of the ultimate holding company	<i>(iv)</i>	5,447	1,175,376
Commission fee income for brokerage services in relation to Hong Kong and overseas capital markets paid by a wholly-owned subsidiary of the ultimate holding company	<i>(v)</i>	1,749	—
		32,985	1,206,473

Notes:

- (i) The commission expenses to a wholly-owned subsidiary of the ultimate holding company were calculated based on the prescribed percentage stated in the signed cooperation agreement for clients' transaction amount in Shenzhen and Shanghai B shares.
- (ii) The consultancy fee for supporting service in relation to PRC market paid to the subsidiaries of the ultimate holding company was charged at a fixed amount in accordance with the signed agreement with reference to actual cost incurred.
- (iii) The consultancy fee for supporting service in relation to Hong Kong and overseas markets paid by a wholly-owned subsidiary of the ultimate holding company was calculated based on a fixed percentage of the relevant commission earned by the wholly-owned subsidiary of the ultimate holding company. Certain amounts are outstanding and included in the accounts receivable balance as at 31 December 2024 and are unsecured, interest-free and repayable on demand.
- (iv) The principal-to-principal trading is between the Group and the subsidiaries of ultimate holding company. The amount represents the total transaction amount related to the trading of bonds, repurchase agreements and total return swaps with the net gain or loss attributable to the clients and the interest income derived from the leverage financing arrangements provided by the Group to its clients.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

For the year ended 31 December 2024

34. RELATED PARTY TRANSACTIONS (Cont'd)

(a) Material related party transactions (Cont'd)

Notes: (Cont'd)

- (v) The commission fee income paid by a wholly-owned subsidiary of the ultimate holding company were calculated based on the prescribed percentage stated in the signed cooperation agreement for clients' transaction amount in Hong Kong and overseas markets shares.
- (vi) Included in the accounts receivable balance as disclosed in note 20 as at 31 December 2024 was a receivable due from a wholly-owned subsidiary of the ultimate holding company of HK\$14,695,000 (2023: HK\$14,297,000) arising from brokerage services relating to the PRC capital markets. This balance is unsecured, interest-free and repayable on the settlement date of the relevant transactions.
- (vii) Included in the accounts receivable as at 31 December 2024 was consultancy fee receivable due from a wholly-owned subsidiary of the ultimate holding company of HK\$3,617,000 (2023: HK\$5,343,000) arising from supporting service related to assets management. This balance is unsecured, interest-free and repayable on the settlement date of the relevant transactions.
- (viii) Included in the other receivable balance as at 31 December 2024 was a receivable due from a wholly-owned subsidiary of the ultimate holding company of HK\$34,635,000 (2023: HK\$40,315,000) arising from supporting services relating to Hong Kong and overseas markets. This balance is unsecured, interest-free and repayable on the settlement date of the relevant transactions.
- (ix) Included in the accounts payable balance as at 31 December 2024 was a payable to a wholly-owned subsidiary of the ultimate holding company of the Company of HK\$278,000 (2023: HK\$248,000) arising from brokerage services relating to the PRC capital markets. This balance is unsecured, interest-free and payable on the settlement date of the relevant transactions.
- (x) Included in the other payable balance as at 31 December 2024 was a payable to a wholly-owned subsidiary of the ultimate holding company of the Company of HK\$330,000 (2023: HK\$218,000) arising from supporting services relating to Hong Kong and overseas markets. This balance is unsecured, interest-free and payable on the settlement date of the relevant transactions.
- (xi) Included in the accounts payable balance as at 31 December 2024 was the amount of segregated client money held on behalf of an intermediate holding company of the Company of HK\$24,788,000 (2023: HK\$15,206,000). This balance is unsecured, bears interest at the bank deposit rate and is payable on demand.
- (xii) Included in the other receivable balance as at 31 December 2024 was a receivable due from a wholly-owned subsidiary of the ultimate holding company of HK\$56,822,000 (2023: HK\$56,258,000) arising from supporting services relating to Hong Kong and overseas markets. This balance is unsecured, interest-free and repayable on the settlement date of the relevant transactions.
- (xiii) Included in the accounts receivable balance as at 31 December 2024 was underwriting fee receivables due from the immediate holding company of HK\$nil (2023: HK\$1,875,000). This balance is unsecured, interest-free and repayable on the settlement date of the relevant transactions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

For the year ended 31 December 2024

34. RELATED PARTY TRANSACTIONS (Cont'd)

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

	2024 HK\$'000	2023 HK\$'000
Short-term employee benefits	41,934*	57,647**
Post-employment benefits	3,254	4,071
	45,188	61,718

* The compensations for key management personnel were restated as the bonus was revised upon completion of evaluation of performance of key management personnel.

** The evaluation of the performance of the key management personnel has not yet been completed. Thus, the amount of short-term employee benefits not been determined and the final amount will be disclosed in due course.

Further details of directors' emoluments are included in note 8 to the financial statements.

The related party transactions in respect of items (a)(i-v) above also constitute continuing connected transactions to be disclosed in annual report as defined in Chapter 14A of the Listing Rules.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

For the year ended 31 December 2024

35. FINANCIAL INSTRUMENTS BY CATEGORY

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

2024

	Financial assets at fair value through other comprehensive income HK\$'000	Financial assets at fair value through profit or loss HK\$'000	Financial assets at amortised cost HK\$'000	Total HK\$'000
Financial assets				
Other assets	—	—	23,187	23,187
Other financial assets	3,682	—	140,821	144,503
Financial assets at fair value through profit or loss	—	3,032,043	—	3,032,043
Accounts receivable	—	—	598,086	598,086
Financial assets included in prepayments, deposits and other receivables	—	—	142,644*	142,644*
Bank balances held on behalf of clients	—	—	3,184,320	3,184,320
Cash and bank balances	—	—	439,780	439,780
	3,682	3,032,043	4,528,838	7,564,563

* The balance of HK\$8,644,000 which did not meet the definition of financial assets was excluded in this disclosure.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

For the year ended 31 December 2024

35. FINANCIAL INSTRUMENTS BY CATEGORY (Cont'd)

2024 (Cont'd)

	Financial liabilities at fair value through profit or loss HK\$'000	Financial liabilities at amortised cost HK\$'000	Total HK\$'000
Financial liabilities			
Accounts payable	—	3,438,149	3,438,149
Financial liabilities included in other payables and accruals	—	154,506*	154,506*
Interest-bearing bank borrowings	—	435,772	435,772
Financial liabilities at fair value through profit or loss	2,035,021	—	2,035,021
	2,035,021	4,028,427	6,063,448

* The balance of HK\$32,050,000 which did not meet the definition of financial liability was excluded in this disclosure.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

For the year ended 31 December 2024

35. FINANCIAL INSTRUMENTS BY CATEGORY (Cont'd)

2023

	Financial assets at fair value through other comprehensive income HK\$'000	Financial assets at fair value through profit or loss HK\$'000	Financial assets at amortised cost HK\$'000	Total HK\$'000
Financial assets				
Other assets	—	—	69,387	69,387
Other financial assets	145,252	—	141,196	286,448
Financial assets at fair value through profit or loss	—	3,663,108	—	3,663,108
Accounts receivable	—	—	2,697,520	2,697,520
Financial assets included in prepayments, deposits and other receivables	—	—	192,912*	192,912*
Reverse repurchase agreement	—	—	172,462	172,462
Bank balances held on behalf of clients	—	—	3,255,979	3,255,979
Cash and bank balances	—	—	1,287,243	1,287,243
	145,252	3,663,108	7,816,699	11,625,059

* The balance of HK\$20,312,000 which did not meet the definition of financial assets was excluded in this disclosure.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

For the year ended 31 December 2024

35. FINANCIAL INSTRUMENTS BY CATEGORY (Cont'd)

2023 (Cont'd)

	Financial liabilities at fair value through profit or loss HK\$'000	Financial liabilities at amortised cost HK\$'000	Total HK\$'000
Financial liabilities			
Accounts payable	—	5,945,953	5,945,953
Financial liabilities included in other payables and accruals	—	55,599*	55,599*
Interest-bearing bank borrowings	—	234,360	234,360
Notes issued	—	416,547	416,547
Financial liabilities at fair value through profit or loss	3,258,420	—	3,258,420
	3,258,420	6,652,459	9,910,879

* The balance of HK\$51,097,000 which did not meet the definition of financial liability was excluded in this disclosure.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

For the year ended 31 December 2024

36. OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The Group currently has a legally enforceable right to set off the Continuous Net Settlement (“CNS”) money obligations receivable and trade payables with Hong Kong Securities Clearing Company Limited (“HKSCC”), which are included in “accounts receivable” and “accounts payable” as presented in the consolidated statement of financial position, respectively. It intends to settle on a net basis as accounts receivable from or accounts payable to the Stock Exchange. The net amount of CNS money obligations receivable or payable with HKSCC and guarantee fund placed in HKSCC do not meet the criteria for offsetting against each other in the financial statements and the Group does not intend to settle the balances on a net basis.

	As at 31 December 2024					
	Gross amounts of recognised financial assets HK\$'000	Gross amounts of recognised financial liabilities set off in the consolidated statement of financial position HK\$'000	Net amounts of financial assets presented in the consolidated statement of financial position HK\$'000	Related amounts not set off in the consolidated statement of financial position		Net amount HK\$'000
				Financial instruments HK\$'000	Cash Collateral received HK\$'000	
Assets						
Accounts receivable	1,513,341	(915,255)	598,086	(42,688)	(46,716)	508,682
Loans and advances	1,158,277	—	1,158,277	(1,158,272)	—	5

	As at 31 December 2024					
	Gross amounts of recognised financial liabilities HK\$'000	Gross amounts of recognised financial assets set off in the consolidated statement of financial position HK\$'000	Net amounts of financial liabilities presented in the consolidated statement of financial position HK\$'000	Related amounts not set off in the consolidated statement of financial position		Net amount HK\$'000
				Financial instruments HK\$'000	Collateral pledged HK\$'000	
Liabilities						
Accounts payable	4,353,404	(915,255)	3,438,149	(42,688)	—	3,395,461

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

For the year ended 31 December 2024

36. OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES (Cont'd)

As at 31 December 2023						
	Gross amounts of recognised financial assets HK\$'000	Gross amounts of recognised financial liabilities set off in the consolidated statement of financial position HK\$'000	Net amounts of financial assets presented in the consolidated statement of financial position HK\$'000	Related amounts not set off in the consolidated statement of financial position		Net amount HK\$'000
				Financial instruments HK\$'000	Cash collateral received HK\$'000	
Assets						
Accounts receivable	2,729,506	(31,986)	2,697,520	—	—	2,697,520
Loans and advances	1,073,842	—	1,073,842	(1,073,842)	—	—
Reverse repurchase agreement	172,462	—	172,462	(172,462)	—	—

As at 31 December 2023						
	Gross amounts of recognised financial liabilities HK\$'000	Gross amounts of recognised financial assets set off in the consolidated statement of financial position HK\$'000	Net amounts of financial liabilities presented in the consolidated statement of financial position HK\$'000	Related amounts not set off in the consolidated statement of financial position		Net amount HK\$'000
				Financial instruments HK\$'000	Cash collateral pledged HK\$'000	
Liabilities						
Accounts payable	5,977,939	(31,986)	5,945,953	—	—	5,945,953

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

For the year ended 31 December 2024

37. FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

(a) Fair value hierarchy

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

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

	Fair value measurement using			Total HK\$'000
	Level 1 (Unadjusted quoted prices in active markets) HK\$'000	Level 2 (Significant observable inputs) HK\$'000	Level 3 (Significant unobservable inputs) HK\$'000	
As at 31 December 2024				
<i>Financial assets at fair value through profit or loss:</i>				
Debt securities	—	2,000,072	1,836	2,001,908
Unlisted equity	—	—	16,993	16,993
Unlisted funds	—	—	984,890	984,890
Derivative financial instruments	—	28,252	—	28,252
<i>Financial assets at fair value through other comprehensive income:</i>				
Debt investments	—	3,682	—	3,682
	—	2,032,006	1,003,719	3,035,725
<i>Financial liabilities at fair value through profit or loss:</i>				
Structured note issued	—	(1,009,552)	(991,575)	(2,001,127)
Derivative financial instruments	—	(26,919)	—	(26,919)
Interest in consolidated investment fund attributable to other holders	—	—	(6,975)	(6,975)
	—	(1,036,471)	(998,550)	(2,035,021)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

For the year ended 31 December 2024

37. FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Cont'd)

(a) Fair value hierarchy (Cont'd)

	Fair value measurement using			Total HK\$'000
	Level 1 (Unadjusted quoted prices in active markets) HK\$'000	Level 2 (Significant observable inputs) HK\$'000	Level 3 (Significant unobservable inputs) HK\$'000	
As at 31 December 2023				
<i>Financial assets at fair value through profit or loss:</i>				
Debt securities	82,393	1,340,485	65,022	1,487,900
Unlisted equity	—	—	453,463	453,463
Unlisted funds	—	—	1,681,056	1,681,056
Derivative financial instruments	3,798	32,928	3,963	40,689
Loans and advances	—	1,073,842	—	1,073,842
<i>Financial assets at fair value through other comprehensive income:</i>				
Debt investments	—	138,253	6,999	145,252
	86,191	2,585,508	2,210,503	4,882,202
<i>Financial liabilities at fair value through profit or loss:</i>				
Structured note issued	—	(1,004,919)	(1,700,124)	(2,705,043)
Short position in debt securities	—	(263,627)	(1,991)	(265,618)
Derivative financial instruments	—	(27,913)	(3,618)	(31,531)
Interest in consolidated investment fund attributable to other holders	—	—	(256,228)	(256,228)
	—	(1,296,459)	(1,961,961)	(3,258,420)

During the years ended 31 December 2024 and 2023, there were no transfers of fair value measurements between Level 1 and Level 2.

During the year, there were transfer of HK\$nil (2023: HK\$nil) into Level 3 and HK\$31 million (2023: HK\$nil) out from Level 3.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

For the year ended 31 December 2024

37. FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Cont'd)

(b) Valuation techniques and inputs used in Level 2 and 3 fair value measurements

The Group measures Level 2 and 3 fair values using the following method and there is no change to the valuation technique:

Level 2 — Valuation techniques based on observable input. This category includes debt investments, derivatives financial instruments, funding notes and structured notes issued valued using:

- Quoted market prices in active market for similar instruments;
- Quoted prices for similar instruments in market that are considered less than frequent; or
- Other valuation techniques where all significant inputs are directly or indirectly observable from market data

Level 3 — Valuation techniques based on significant unobservable inputs. This category includes debt securities, derivative financial instruments and unlisted funds valued using:

- Discounted cash flow method
- Net asset value of fund provided by external counterparty
- Market approach where the unobservable input of option-adjusted spread is measured using quantile based approach

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

For the year ended 31 December 2024

37. FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Cont'd)

(b) Valuation techniques and inputs used in Level 2 and 3 fair value measurements (Cont'd)

	Valuation Methodologies	Unobservable Inputs	Unit	Range of unobservable inputs		Relationship to fair value
				2024	2023	
Debt securities/Structured note issued	Market approach	Pricing multiple	USD	0.69-2.21	0.83-8.55	The higher the pricing multiple, the higher the fair value
Unlisted equity	Market approach (2023: Recent transaction price with discount/premium)	Pricing multiple of comparable companies: enterprise value to sales multiple (2023: Discount/premium rate)	RMB	0.68-2.33	0%	The higher the pricing multiple, the higher the fair value (2023: The higher the discount/premium rate, the lower/higher the fair value)
Unlisted funds/Structured note issued	Net asset value of underlying unlisted investments which are deemed resale price of investments provided by the external counterparties	Net Asset Value per unit	USD	121.26-6,283.21	106.67-1,257.13	The higher the net asset value per unit, the higher the fair value
Debt securities	Market approach	Pricing multiple	USD	N/A	1.29-3.73	The higher the pricing multiple, the higher the fair value
Interest in consolidated investment fund attributable to other holders	Net asset value of underlying unlisted investments which are deemed resale price of investments provided by the external counterparties	Net Asset Value per unit	USD'000	1,541.22	56,732.79	The higher the net asset value per unit, the higher the fair value

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

For the year ended 31 December 2024

37. FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Cont'd)

(c) Reconciliation of level 3 items — FVPL investments

	2024 HK\$'000	2023 HK\$'000
Unlisted equity:		
At 1 January	453,463	359,889
Unrealised (loss) gain recognised in profits or losses during the period	(436,470)	93,574
At 31 December	16,993	453,463
Debt securities:		
At 1 January	65,022	586,176
Proceeds from sales/redemption	—	(380,239)
Transfer out from level 3	(59,150)	—
Net fair value changes recognised in profits or losses during the period	(4,036)	(140,915)
At 31 December	1,836	65,022
Unlisted funds:		
At 1 January	1,681,056	716,254
Payment for purchases	241,972	2,013,446
Proceeds from sales/redemption	(872,084)	(641,531)
Net fair value changes recognised in profits or losses during the period	(66,054)	(407,113)
At 31 December	984,890	1,681,056

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

For the year ended 31 December 2024

37. FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Cont'd)

(c) Reconciliation of level 3 items — FVPL investments (Cont'd)

	2024 HK\$'000	2023 HK\$'000
Derivative financial instruments (assets):		
At 1 January	3,963	860
Proceeds from disposal	(355)	(472)
Net fair value changes recognised in profits or losses during the period	(3,608)	3,575
At 31 December	—	3,963
	2024 HK\$'000	2023 HK\$'000
Structured note issued (liabilities):		
At 1 January	(1,700,124)	(758,673)
New issuance	(244,443)	(1,734,838)
Redemption	866,326	468,720
Net fair value changes recognised in profits or losses during the period	80,668	324,667
At 31 December	(991,575)	(1,700,124)
	2024 HK\$'000	2023 HK\$'000
Derivative financial instruments (liabilities):		
At 1 January	(3,618)	(84,769)
Proceeds from sales/redemption	—	84,769
Net fair value changes recognised in profits or losses during the period	3,618	(3,618)
At 31 December	—	(3,618)
	2024 HK\$'000	2023 HK\$'000
Short position in debt securities (liabilities):		
At 1 January	(1,991)	(7,975)
Proceeds from sales/redemption	1,991	1,540
Net fair value changes recognised in profits or losses during the period	—	4,444
At 31 December	—	(1,991)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

For the year ended 31 December 2024

37. FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Cont'd)

(c) Reconciliation of level 3 items — FVPL investments (Cont'd)

	2024 HK\$'000	2023 HK\$'000
Interest in consolidated investment fund attributable to other holders (liabilities):		
At 1 January	(256,228)	(204,677)
Change in net assets value attributable to other holders of a consolidated investment fund	249,253	(51,551)
At 31 December	(6,975)	(256,228)

(d) Reconciliation of level 3 items — FVOCI investments

	2024 HK\$'000	2023 HK\$'000
Debt securities:		
At 1 January	6,999	203,091
Proceeds from sales/redemption	—	(177,410)
Net realised losses recognised in profits or losses during the period	(458)	(8,871)
Net unrealised losses recognised in other comprehensive income during the period	(2,859)	(9,811)
At 31 December	3,682	6,999

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

Interest rate risk

The Group's borrowings from banks during the year are for the provision of financing and loans to customers. The bank borrowings bear interest at interest rates with reference to the HIBOR whereas loans to customers bear interest at interest rates with reference to the Hong Kong dollar prime rate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

For the year ended 31 December 2024

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)

Interest rate risk (Cont'd)

The following table demonstrates the sensitivity to a reasonably possible change in Hong Kong dollar interest rate, with all other variables held constant, of the Group's loss before taxation (through the impact on floating rate borrowings, interest-bearing accounts receivable, cash and bank balances, financial assets at FVOCI, financial assets at amortised cost, and loans and advances) and the Group's equity.

	Increase/ (decrease) in basis points	(Decrease)/ increase in loss before taxation HK\$'000	Increase/ (decrease) in equity* HK\$'000
2024			
Hong Kong dollar	25	(7,086)	9
Hong Kong dollar	(25)	7,086	(9)
2023			
Hong Kong dollar	25	(1,961)	363
Hong Kong dollar	(25)	1,961	(363)

* Excluding retained profits

Foreign currency risk

The Group's exposure to fluctuations in exchange rates arises from its dealings in overseas share markets. Such dealings are entered into on behalf of clients of the Group and accounted for a small portion of the Group's revenue. A material portion of such overseas transactions is denominated in United States dollars and RMB. The pegged exchange rate between United States dollars and Hong Kong dollars kept the Group's exchange risk exposure to USD to a minimum and thus, no hedging was required. Exchange gains and/or losses are dealt with in the consolidated statement of profit or loss and other comprehensive income. The Group has endeavored to closely monitor its foreign currency positions and take necessary measures when the situations so justify. The Group's revenue denominated in RMB constituted approximately 131% (2023: 18%) of the total revenue.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

For the year ended 31 December 2024

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)

Foreign currency risk (Cont'd)

The following table demonstrates the sensitivity of the Group's major financial assets and financial liabilities at the end of the reporting period denominated in RMB to a reasonably possible change in the RMB exchange rate, with all other variables held constant, of the Group's loss before taxation and the Group's equity.

	Increase/ (decrease) in RMB rate %	Increase/ (decrease) in loss before taxation HK\$'000	Increase in equity* HK\$'000
2024			
If the Hong Kong dollar weakens against the RMB	8	5,078	—
If the Hong Kong dollar strengthens against the RMB	(8)	(5,078)	—
2023			
If the Hong Kong dollar weakens against the RMB	8	(328)	—
If the Hong Kong dollar strengthens against the RMB	(8)	328	—

* Excluding retained profits

Credit risk

The Group has put in place a well-established credit policy governing the granting of credit limit to customers. Customers are generally required to deposit their securities with the Group as collateral to their borrowings. The credit department is responsible for assisting the directors in formulating the credit policy of the Group, monitoring the credit risks of customers with reference to the realisable values of the collateral, managing the concentration of credit risk by customer and recommending measures to the directors for granting credit facilities which exceed the authority limit of the credit department.

The credit risk of the Group's financial assets, which comprise cash and bank balances, bank balances held on behalf of clients, investments in debt securities, other assets, deposits and other receivables, loans and advances and accounts receivable, arises from default of the counterparties, with a maximum exposure equal to the carrying amounts of these instruments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

For the year ended 31 December 2024

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)

Credit risk (Cont'd)

The Group's concentration of credit risk by geographical locations is mainly in Hong Kong. The Group has no significant concentration of credit risk by any single debtor as the exposure is spread over a number of individual and institutional customers.

The credit risks on bank balances are limited because the counterparties are financial institutions with high credit ratings assigned by international credit-rating agencies.

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

Internal credit rating	Description	ECL categories
Low risk	The counterparty has a low risk of default and does not have any past-due amounts or debtor frequently repays after due dates in full	12m ECL
Medium risk	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL — not credit-impaired
High risk	There is evidence indicating the asset is credit-impaired	Lifetime ECL — credit-impaired

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

For the year ended 31 December 2024

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)

Credit risk (Cont'd)

The tables below detail the credit risk exposures of the Group's financial assets which are subject to ECL assessment as at 31 December 2024 and 31 December 2023:

	Notes	Internal credit rating	12m or lifetime ECL	2024		2023	
				Gross carrying amount		Gross carrying amount	
				HK\$'000	HK\$'000	HK\$'000	HK\$'000
Financial assets at amortised cost							
Other assets	16	Low risk	12m ECL	23,187		69,387	
Other financial assets	19	Low risk	12m ECL	139,752		140,616	
		High risk	Lifetime ECL — credit-impaired	62,112		62,497	
Prepayments, deposits and other receivables (note (i))	22	Low risk	12m ECL	142,644		192,912	
Accounts receivable	20	Low risk	12m ECL	600,643		2,701,247	
		High risk	Lifetime ECL — credit-impaired	4,932		613,673	
Reverse repurchase agreement		Low risk	12m ECL	—		172,462	
Bank balances held on behalf of clients	23	Low risk	12m ECL	3,184,320		3,255,979	
Cash and bank balances	24	Low risk	12m ECL	439,780		1,287,243	

Note:

- (i) Prepayments of HK\$8,644,000 (2023: HK\$20,312,000) under prepayments, debtors and other receivables were not classified as financial assets at amortised cost.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

For the year ended 31 December 2024

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)

Credit risk (Cont'd)

The estimated default rates for each class of financial assets are estimated based on historical observed default rates over the expected life of the respective class of financial assets and are adjusted for forward-looking information that is available without undue cost or effort, including macroeconomic data such as GDP growth, unemployment, benchmark interest rates and house prices. The identification of internal credit rating for individual financial assets is regularly reviewed by management to ensure relevant information about specific financial assets is updated.

Definition of 12m ECL, Lifetime ECL (not credit-impaired) and Lifetime ECL (credit-impaired) are as below:

12m ECL (stage 1):	Exposures where there have not been a significant increase in credit risk since initial recognition and that are not credit-impaired upon origination, the portion of the lifetime ECL associated with the probability of default events occurring within the next 12 months is recognised.
Lifetime ECL (not credit-impaired) (stage 2):	Exposures where there have been a significant increase in credit risk since initial recognition but are not credit-impaired, a lifetime ECL (i.e. reflecting the remaining lifetime of the financial asset) is recognised.
Lifetime ECL (credit-impaired) (stage 3):	Exposures are assessed as credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred. For exposures that have become credit-impaired, a lifetime ECL is recognised and interest revenue is calculated by applying the effective interest rate to the amortised cost (gross carrying amount net of provision) rather than the gross carrying amount from the beginning of the subsequent reporting period.

Further quantitative data in respect of the loss allowances that has been recognised for loans and advances, other financial assets and accounts receivable are disclosed in notes 2, 20 and 21 to the financial statements, respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

For the year ended 31 December 2024

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)

Liquidity risk

There is a constant need of funding for the settlement of securities transactions and for the provision of financing and loans to the customers. The source of funding includes the Group's own capital, borrowings from financial institutions and bond issued, if necessary.

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

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

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

	On demand HK\$'000	Less than 1 year HK\$'000	Over 1 year HK\$'000	Total HK\$'000	Carrying amount HK\$'000
2024					
Accounts payable	3,263,932	174,217	—	3,438,149	3,438,149
Financial liabilities included in other payables and accruals	—	154,506	—	154,506	154,506
Interest-bearing bank borrowings	437,631 [#]	—	—	437,631 [#]	435,772
Financial liabilities at FVPL	6,975	2,028,046	—	2,035,021	2,035,021
Lease liabilities	—	53,044	575	53,619	53,098
	3,708,538	2,409,813	575	6,118,926	6,116,546

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

For the year ended 31 December 2024

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)

Liquidity risk (Cont'd)

	On demand HK\$'000	Less than 1 year HK\$'000	Over 1 year HK\$'000	Total HK\$'000	Carrying amount HK\$'000
2023					
Accounts payable	4,374,154*	1,571,799*	—	5,945,953	5,945,953
Interest in consolidated investment fund attributable to other holders	—	361,001	—	361,001	362,924
Interest-bearing bank borrowings	234,360 [#]	—	—	234,360 [#]	234,360
Notes issued	—	417,967	—	417,967	416,547
Financial liabilities at FVPL	256,228	3,002,192	—	3,258,420	3,258,420
Lease liabilities	—	50,290	47,041	97,331	95,336
	4,864,742	5,403,249	47,041	10,315,032	10,313,540

* Balance includes bank balances held on behalf of clients (note 23) under the current asset section of the consolidated statement of financial position of HK\$3,184,320,000 (2023: HK\$3,255,979,000).

[#] Included in interest-bearing bank borrowings were certain of the Group's bank loans in the amount of HK\$435,772,000 (2023: HK\$234,360,000), of which the loan agreements contain repayment on demand clauses giving the banks the unconditional right to call in the loans at any time. Therefore, for the purpose of the above maturity profile, the amounts are classified as "on demand".

Had the banks not called in the loan, the scheduled repayment dates of interest-bearing bank borrowing were less than 1 year from the end of the reporting period (2023: less than 1 year from the end of the reporting period).

Price risk

Price risk is the risk that the fair values or future cash flows due to changes in market prices. The Group was exposed to price risk through its financial instruments at fair value through profit or loss (notes 18 and 25) and financial instruments at fair value through other comprehensive income (note 19) as at 31 December 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

For the year ended 31 December 2024

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)

Price risk (Cont'd)

	Increase/ (decrease) in fair value %	Increase/ (decrease) in loss before taxation HK\$'000	Increase/ (decrease) in equity* HK\$'000
2024			
Financial assets at fair value through profit or loss:			
— Debt investments	+/-1	-/+20,019	—
— Unlisted equity	+/-1	-/+ 170	—
— Unlisted funds	+/-1	-/+ 9,849	—
— Derivative financial instruments	+/-1	-/+ 283	—
Financial assets at fair value through other comprehensive income:			
— Debt investments	+/-1	—	+/- 37
Financial liabilities at fair value through profit or loss:			
— Structured notes issued	+/-1	+/- 20,011	—
— Derivative financial instruments	+/-1	+/- 269	—
— Financial liabilities included in other payables and accruals	+/-1	+/- 313	—

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

For the year ended 31 December 2024

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)

Price risk (Cont'd)

	Increase/ (decrease) in fair value %	Increase/ (decrease) in loss before taxation HK\$'000	Increase/ (decrease) in equity* HK\$'000
2023			
Financial assets at fair value through profit or loss:			
— Debt investments	+/-1	-/+14,879	—
— Unlisted equity	+/-1	-/+ 4,535	—
— Unlisted funds	+/-1	-/+ 16,811	—
— Derivative financial instruments	+/-1	-/+ 406	—
Financial assets at fair value through other comprehensive income:			
— Debt investments	+/-1	—	+/- 1,453
Financial liabilities at fair value through profit or loss:			
— Structured notes issued	+/-1	+/- 27,050	—
— Short position in debt securities	+/-1	+/- 2,656	—
— Derivative financial instruments	+/-1	+/- 315	—
— Financial liabilities included in other payables and accruals	+/-1	+/- 2,562	—

* Excluding retained profits

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

For the year ended 31 December 2024

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)

Capital management

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

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2024 and 2023. Certain subsidiaries of the Group are regulated by the Securities and Futures Commission (the "SFC") and are required to comply with certain minimum capital requirements according to the rules of the SFC. These externally imposed capital requirements have been complied with the relevant subsidiaries of the Group for the year ended 31 December 2024 and 2023.

The Group monitors capital using a gearing ratio, which is interest-bearing bank borrowings divided by total equity. The gearing ratio is reviewed and assessed regularly by the board of directors. The gearing ratios as at the end of the reporting periods were as follows:

	2024 HK\$'000	2023 HK\$'000
Interest-bearing bank borrowings	435,772	234,360
Total equity	2,629,347	2,790,178
Gearing ratio	16.6%	8.4%

The increase in gearing ratio was attributable to the increased interest-bearing bank borrowing as the Group's strategy is to expand its business including wealth management and institutional service and trading.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

For the year ended 31 December 2024

39. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	As at 31 December 2024 HK\$'000	As at 31 December 2023 HK\$'000
Non-current assets		
Interests in subsidiaries	776,963	776,963
Other assets	1,600	1,600
	778,563	778,563
Current assets		
Amount due from subsidiaries	8,264,519	8,090,766
Prepayments, deposits and other receivables	15,835	25,911
Cash and bank balances	34,388	30,866
	8,314,742	8,147,543
Current liabilities		
Amount due to subsidiaries	7,331,547	7,329,089
Other payables and accruals	33,530	38,658
Tax payable	2,220	2,276
Interest-bearing bank borrowings	396,952	234,360
	7,764,249	7,604,383
Net current assets	550,493	543,160
NET ASSETS	1,329,056	1,321,723
EQUITY		
Share capital	2,782,477	2,782,477
Other reserves	(1,453,421)	(1,460,754)
TOTAL EQUITY	1,329,056	1,321,723

Approved and authorised for issue by the board of directors on 28 March 2025.

Liang Jun
DIRECTOR

Hu Jing
DIRECTOR

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

For the year ended 31 December 2024

39. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

A summary of the Company's reserves is as follows:

	General reserve	Accumulated losses	Total
	HK\$'000	HK\$'000	HK\$'000
At 1 January 2023	656	(1,163,146)	(1,162,490)
Total comprehensive expense for the year	—	(298,264)	(298,264)
At 31 December 2023	656	(1,461,410)	(1,460,754)
Total comprehensive income for the year	—	7,333	7,333
At 31 December 2024	656	(1,454,077)	(1,453,421)

40. COMPARATIVE FIGURES

Certain comparative figures have been reclassified or restated to conform to current year's presentation with no impact on the loss for the year, net current assets and net equity of the Group.



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