



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
Interim Report



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CORPORATE INFORMATION

DIRECTORS

Executive Directors

Wu Meng (*Chairman*)

Tan Weijun

Liang Jun (*Chief Executive Officer*)

Hu Jing (*Chief Risk Officer*)

Non-executive Directors

Zhang Lei

Ren Xiaotao

Independent Non-executive Directors

Ng Wing Hang Patrick

Kwok Lam Kwong Larry

Liu Chijin

AUDIT COMMITTEE

Ng Wing Hang Patrick (*Chairman*)

Kwok Lam Kwong Larry

Liu Chijin

REMUNERATION COMMITTEE

Kwok Lam Kwong Larry (*Chairman*)

Ng Wing Hang Patrick

Liu Chijin

NOMINATION COMMITTEE

Wu Meng (*Chairman*)

Ng Wing Hang Patrick

Kwok Lam Kwong Larry

Liu Chijin

RISK COMMITTEE

Ng Wing Hang Patrick (*Chairman*)

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

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

KPMG

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.swwhyhk.com>

RESULTS

The board of directors (the “Board”) of Shenwan Hongyuan (H.K.) Limited (the “Company”) are pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2024 together with comparative figures for the corresponding period of last year.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Notes	For the six months ended 30 June	
		2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
REVENUE	3	146,216	361,010
— Interest income calculated using the effective interest method		73,970	111,837
— Revenue from contracts with customers within the scope of HKFRS 15		95,895	121,268
— Revenue from other sources		(23,649)	127,905
Other gains/(losses), net	3	55,977	(45,594)
Commission expenses		(15,865)	(19,739)
Employee benefit expenses		(133,912)	(133,624)
Depreciation		(24,551)	(25,123)
Interest expenses		(10,953)	(89,629)
Net charges for expected credit losses		(9,871)	(56,240)
Other expenses		(44,053)	(61,955)
LOSS BEFORE TAXATION		(37,012)	(70,894)
Income tax	4	(304)	(450)
LOSS FOR THE PERIOD		(37,316)	(71,344)
Attributable to:			
— Ordinary equity holders of the Company		(37,316)	(71,344)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY (BASIC AND DILUTED)	5	HK(2.39)cents	HK(4.57)cents

Details of the proposed dividend (if any) for the period are disclosed in note 6 to the financial statements.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	For the six months ended 30 June	
	2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
LOSS FOR THE PERIOD	(37,316)	(71,344)
OTHER COMPREHENSIVE INCOME FOR THE PERIOD:		
<i>Items that may be reclassified to the consolidated statement of profit or loss in subsequent periods:</i>		
Financial assets at fair value through other comprehensive income		
— Net movement in fair value reserve (recycling)	(95)	22,089
Exchange (loss)/gain on translation of financial statements of foreign operations	(13)	781
OTHER COMPREHENSIVE INCOME, NET OF TAX	(108)	22,870
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	(37,424)	(48,474)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<i>Notes</i>	As at 30 June 2024 (Unaudited) HK\$'000	As at 31 December 2023 (Audited) HK\$'000
NON-CURRENT ASSETS		
	8,452	9,882
Property, plant and equipment		
	54,657	76,608
Right-of-use assets		
	4,212	4,212
Stock and Futures Exchange trading rights		
	48,714	71,857
Other assets		
7	–	216,096
Other financial assets		
	25,890	26,743
Deferred tax assets		
Total non-current assets	141,925	405,398
CURRENT ASSETS		
8	3,049,237	3,663,108
Financial assets at fair value through profit or loss		
7	224,589	70,352
Other financial assets		
9	3,312,454	2,697,520
Accounts receivable		
10	1,083,845	1,073,842
Loans and advances		
	201,824	213,224
Prepayments, deposits and other receivables		
	63,612	172,462
Reverse repurchase agreement		
	79	12,734
Tax recoverable		
11	3,116,661	3,255,979
Bank balances held on behalf of clients		
	600,104	1,287,243
Cash and bank balances		
Total current assets	11,652,405	12,446,464
CURRENT LIABILITIES		
12	2,314,067	3,002,192
Financial liabilities at fair value through profit or loss		
12	6,140,961	5,945,953
Accounts payable		
	2,658	837
Contract liabilities		
13	330,109	362,924
Other payables and accruals		
	176,703	234,360
Interest-bearing bank borrowings		
	–	416,547
Notes issued		
	48,421	48,953
Lease liabilities		
	3,116	2,989
Tax payable		
Total current liabilities	9,016,035	10,014,755
NET CURRENT ASSETS	2,636,370	2,431,709
TOTAL ASSETS LESS CURRENT LIABILITIES	2,778,295	2,837,107

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Cont'd)

	As at 30 June 2024 (Unaudited) HK\$'000	As at 31 December 2023 (Audited) HK\$'000
NON-CURRENT LIABILITIES		
Deferred tax liabilities	504	546
Lease liabilities	25,037	46,383
Total non-current liabilities	25,541	46,929
NET ASSETS	2,752,754	2,790,178
EQUITY		
Equity attributable to ordinary equity holders of the Company		
Share capital	2,782,477	2,782,477
Other reserves	(29,723)	7,701
TOTAL EQUITY	2,752,754	2,790,178

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to ordinary equity holders of the Company						
	Share capital HK\$'000	Capital reserve HK\$'000	General reserve HK\$'000	Fair value reserve (recycling) HK\$'000	Exchange reserve HK\$'000	Retained profits HK\$'000	Total equity HK\$'000
At 1 January 2024 (Audited)	2,782,477	15	138	(981)	(3)	8,532	2,790,178
Loss for the period	–	–	–	–	–	(37,316)	(37,316)
Other comprehensive income:							
Financial assets at fair value through other comprehensive income — net movement in fair value reserve (recycling)	–	–	–	(95)	–	–	(95)
Exchange loss on translation of financial statements of foreign operations	–	–	–	–	(13)	–	(13)
Total comprehensive income	–	–	–	(95)	(13)	(37,316)	(37,424)
At 30 June 2024 (Unaudited)	2,782,477	15	138	(1,076)	(16)	(28,784)	2,752,754

	Attributable to ordinary equity holders of the Company						
	Share capital HK\$'000	Capital reserve HK\$'000	General reserve HK\$'000	Fair value reserve (recycling) HK\$'000	Exchange reserve HK\$'000	Retained profits HK\$'000	Total equity HK\$'000
At 1 January 2023 (Audited)	2,782,477	15	138	(23,531)	(202)	200,986	2,959,883
Loss for the period	–	–	–	–	–	(71,344)	(71,344)
Other comprehensive income:							
Financial assets at fair value through other comprehensive income — net movement in fair value reserve (recycling)	–	–	–	22,089	–	–	22,089
Exchange gain on translation of financial statements of foreign operations	–	–	–	–	781	–	781
Total comprehensive income	–	–	–	22,089	781	(71,344)	(48,474)
At 30 June 2023 (Unaudited)	2,782,477	15	138	(1,442)	579	129,642	2,911,409

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	For the six months ended 30 June	
	2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax	(37,012)	(70,894)
Adjustments for:		
Depreciation — Properties, plant and machinery	2,600	1,792
Depreciation — Right-of-use assets	21,951	23,331
Interest income	(73,970)	(111,678)
Interest expenses	10,953	89,629
Net charges for expected credit losses	9,871	56,240
	(65,607)	(11,580)
Decrease/(increase) in other assets	23,143	(13,192)
Decrease in other financial assets	63,498	372,545
Decrease/(increase) in investments at fair value through profit or loss	613,871	(963,175)
Increase in accounts receivable	(626,539)	(404,630)
Decrease in reverse repurchase agreement	108,850	457,438
(Increase)/decrease in loans and advances	(10,003)	113,575
Decrease in prepayments, deposits and other receivables	21,541	57,866
Decrease in bank balances held on behalf of clients	139,318	1,312,524
Increase/(decrease) in accounts payable	195,008	(174,321)
Decrease in repurchase agreement	—	(82,814)
Increase/(decrease) in contract liabilities	1,821	(24)
Decrease in other payables and accruals	(32,828)	(120,557)
(Decrease)/increase in financial liabilities at fair value through profit or loss	(688,125)	256,471
Cash (used in)/generated from operations	(256,052)	800,126
Hong Kong profits tax refunded/(paid)	13,289	(64,577)
Overseas taxes paid	—	(43)
Net cash flows (used in)/generated from operating activities	(242,763)	735,506
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of items of property, plant and equipment	(1,170)	(277)
Interest received	63,829	51,610
Net cash flows generated from investing activities	62,659	51,333

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

(Cont'd)

	For the six months ended 30 June	
	2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Net (repayments)/proceeds from notes issued	(417,967)	1,039,942
Net repayments on bank loans	(57,392)	(136,568)
Net repayments on bonds issued	–	(1,559,400)
Interest paid	(8,908)	(43,268)
Capital element of lease rentals paid	(21,878)	(21,927)
Interest element of lease rentals paid	(890)	(936)
Net cash flows used in financing activities	(507,035)	(722,157)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		
Cash and cash equivalents at beginning of period	1,287,243	1,238,496
CASH AND CASH EQUIVALENTS AT END OF PERIOD	600,104	1,303,178

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION AND PRINCIPAL ACCOUNTING POLICIES

General Information

These unaudited interim condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and are in compliance with the Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“**the HKICPA**”).

The financial information relating to the year ended 31 December 2023 that is included in this interim result announcement as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that year but is derived from those consolidated financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance is as follows:

The Company has delivered the financial statements for the year ended 31 December 2023 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance.

The Company’s auditor has reported on those financial statements for the year ended 31 December 2023. The auditor’s report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

Changes in Accounting Policies

The accounting policies and methods of computation adopted in the preparation of these unaudited interim condensed consolidated financial statements are the same as those used in the annual financial statements for the year ended 31 December 2023.

The HKICPA has issued following amendments to Hong Kong Financial Reporting Standards (“**HKFRSs**”) that are first effective for the current accounting period of the Group:

Amendments to HKAS 1	<i>Classification of liabilities as current or non-current</i>
Amendments to HKAS 1	<i>Presentation of financial statements: Non-current liabilities with covenants</i>
Amendments to HKFRS 16	<i>Lease Liabilities in a Sale and Leaseback</i>
Amendments to HKAS 7 and HKFRS 7	<i>Statement of cash flows and Financial instruments: Disclosures: Supplier finance arrangements</i>

Neither of these amendments to HKFRSs have had a material effect on how the Group’s results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Cont'd)

1. GENERAL INFORMATION AND PRINCIPAL ACCOUNTING POLICIES (Cont'd)

Possible Impact of Amendments, New Standards and Interpretations Issued but Not Yet Effective for the Period ended 30 June 2024

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments, which are not yet effective for the period ended 30 June 2024 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Group.

HKFRS 18	<i>Presentation and Disclosure in Financial Statements⁴</i>
HKFRS 19	<i>Subsidiaries without Public Accountability: Disclosures⁴</i>
Amendments to HKFRS 9 and HKFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments³</i>
Amendments to HKFRS 10 and HKAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture¹</i>
Amendments to HKAS 21	<i>The effects of changes in foreign exchange rates: Lack of exchangeability²</i>

¹ No mandatory effective date yet determined but available for adoption

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

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

2. OPERATING SEGMENT INFORMATION

The Group's unaudited segment results are as follows:

	Enterprise finance						Segment total HK\$'000
	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	
Six months ended 30 June 2024							
Segment revenue from external customers	32,192	(94,092)	135,084	67,895	5,137	-	146,216
Other gains/(losses), net	-	56,412	-	-	-	(435)	55,977
Segment revenue and other losses from external customers	32,192	(37,680)	135,084	67,895	5,137	(435)	202,193
Segment results and (loss)/profit before tax	(11,978)	(37,680)	33,924	(6,526)	(14,317)	(435)	(37,012)

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Cont'd)

2. OPERATING SEGMENT INFORMATION (Cont'd)

	Enterprise finance			Institutional services and trading HK\$'000	Asset management HK\$'000	Others HK\$'000	Segment total HK\$'000
	Corporate finance HK\$'000	Principal investment HK\$'000	Wealth management HK\$'000				
Six months ended 30 June 2023 (Restated)							
Segment revenue from external customers	34,038	109,177	164,124	38,349	15,322	-	361,010
Other (losses)/gains, net	-	(52,724)	-	-	-	7,130	(45,594)
Segment revenue and other gains from external customers	34,038	56,453	164,124	38,349	15,322	7,130	315,416
Segment results and (loss)/profit before tax	(6,966)	23,790	40,631	(122,647)	(12,832)	7,130	(70,894)

3. REVENUE AND OTHER LOSSES, NET

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

	For the six months ended 30 June	
	2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
Fee and commission income:		
Revenue from contracts with customers within the scope of HKFRS 15:		
Commission on securities dealing		
— Hong Kong securities	26,496	35,239
— Other than Hong Kong securities	15,146	13,704
Commission on futures and options contracts dealing	6,594	6,926
Initial public offering, placing, underwriting and sub-underwriting commission	27,075	30,926
Financial advisory, compliance advisory, sponsorship fee income and others	5,138	3,714
Management fee, investment advisory fee income and performance fee income	5,137	15,322
Handling fee income	3,519	3,659
Research fee income and other service fee income	6,790	11,778
	95,895	121,268
Income from interest bearing transactions:		
Interest income calculated using the effective interest method:		
Interest income from banks and others	65,652	93,112
Interest income from initial public offering loans	-	159
Revenue from other sources:		
Interest income from loans to cash clients and margin clients	46,725	51,064
	112,377	144,335

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Cont'd)

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

	For the six months ended 30 June	
	2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
<i>Income from investment business:</i>		
<u>Interest income calculated using the effective interest method:</u>		
Interest income:		
— Debt securities	8,318	18,566
<u>Revenue from other sources:</u>		
Net realised and unrealised gains/(losses) on financial instruments:		
— Equities and futures	(93,756)	109,252
— Debt securities and derivatives	52,535	386,381
— Structured products	(29,158)	(418,792)
Unrealised fair value gains on a financial guarantee contract	5	—
	(62,056)	95,407
	146,216	361,010
<i>Other gains/(losses), net:</i>		
Exchange (losses)/gains, net	(435)	7,130
Change in net assets value attributable to other holders of a consolidated investment fund	56,412	(52,724)
	55,977	(45,594)

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Cont'd)

4. INCOME TAX

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 period. Taxes on profits assessable in other jurisdictions have been calculated at the appropriate current rates of tax prevailing in the jurisdictions in which the Group operates.

	For the six months ended 30 June	
	2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
Current tax — Hong Kong Profits Tax		
Provision for the period	264	—
Under-provision in respect of prior period	—	491
Deferred tax	40	(41)
Total tax charge for the period	304	450

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

Basic loss per share is calculated by dividing the loss for the period attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the period. The Group had no potentially dilutive ordinary shares in issue during these periods. As at 30 June 2024, the total number of the issued ordinary shares was 1,561,138,689 shares.

	For the six months ended 30 June	
	2024 (Unaudited)	2023 (Unaudited)
Earnings		
Loss for the period attributable to ordinary equity holders of the Company (HK\$'000)	(37,316)	(71,344)
Number of shares		
Weighted average number of ordinary shares in issue (in thousands)	1,561,139	1,561,139
Loss per share, basic and diluted (HK cents per share)	(2.39)	(4.57)

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Cont'd)

6. DIVIDEND

	For the six months ended 30 June	
	2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
Interim — Nil (2023: Nil) per ordinary share	—	—

7. OTHER FINANCIAL ASSETS

	As at 30 June 2024 (Unaudited) HK\$'000	As at 31 December 2023 (Audited) HK\$'000
<u>Non-current portion</u>		
Financial assets measured at amortised cost		
— Debt securities	—	139,859
Financial assets measured at FVOCI (recycling)		
— Debt securities	—	76,237
	—	216,096
<u>Current portion</u>		
Financial assets measured at amortised cost		
— Debt securities	141,828	1,337
Financial assets measured at FVOCI (recycling)		
— Debt securities	82,761	69,015
	224,589	70,352
Total	224,589	286,448

During the period, the loss 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\$191,553,000 (At 31 December 2023: Loss of HK\$265,348,000).

Interest incomes derived from financial assets at FVOCI and at amortised cost were recognised as "Interest income from debt securities" in the consolidated statement of profit or loss.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Cont'd)

7. OTHER FINANCIAL ASSETS (Cont'd)

(a) Changes in expected credit losses for financial assets carried at amortised cost are as follows:

	2024				2023			
	Stage 1 HK\$'000	Stage2 HK\$'000	Stage3 HK\$'000	Total HK\$'000	Stage 1 HK\$'000	Stage2 HK\$'000	Stage3 HK\$'000	Total HK\$'000
At 1 January (Audited)	757	-	61,160	61,917	852	-	44,363	45,215
Impairment loss (credited)/charged to profit or loss	(447)	-	(263)	(710)	3,096	-	351	3,447
At 30 June (Unaudited)	310	-	60,897	61,207	3,948	-	44,714	48,662

(b) Changes in expected credit losses on financial assets at fair value through other comprehensive income (recycling) are as follows:

	2024				2023			
	Stage 1 HK\$'000	Stage2 HK\$'000	Stage3 HK\$'000	Total HK\$'000	Stage 1 HK\$'000	Stage2 HK\$'000	Stage3 HK\$'000	Total HK\$'000
At 1 January (Audited)	1,317	85	258,978	260,380	7,028	-	240,277	247,305
Impairment loss (credited)/charged to profit or loss	(1,106)	(85)	167	(1,024)	(3,776)	-	10,500	6,724
Eliminated from disposal	-	-	(68,102)	(68,102)	-	-	-	-
At 30 June (Unaudited)	211	-	191,043	191,254	3,252	-	250,777	254,029

8. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 30 June 2024 (Unaudited) HK\$'000	As at 31 December 2023 (Audited) HK\$'000
Investments at fair value through profit or loss:		
Debt securities	1,473,141	1,487,900
Listed equities	1,162	-
Unlisted equities	356,462	453,463
Unlisted funds	1,133,200	1,681,056
Derivative financial instruments	85,083	40,344
Financial guarantee contract	189	345
Total	3,049,237	3,663,108

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Cont'd)

9. ACCOUNTS RECEIVABLE

	As at 30 June 2024 (Unaudited) HK\$'000	As at 31 December 2023 (Audited) HK\$'000
Accounts receivable arising from securities dealing:		
— Advances to cash clients	26,241	21,521
— Cash clients	1,900,891	1,384,099
— Brokers and dealers	1,187,001	435,694
— Clearing houses	169,853	463,959
	3,283,986	2,305,273
Accounts receivable arising from corporate finance, advisory and other services:		
— Corporate Clients	657,473	1,009,647
	3,941,459	3,314,920
Less: Expected credit losses (Stage 1)	(3,827)	(3,827)
Less: Expected credit losses (Stage 3)	(625,178)	(613,573)
Total	3,312,454	2,697,520

Ageing analysis of accounts receivable

An ageing analysis of accounts receivable from cash clients and advances to cash clients based on the trade date is as follows:

	As at 30 June 2024 (Unaudited) HK\$'000	As at 31 December 2023 (Audited) HK\$'000
Within 1 month	1,902,593	1,381,521
1 to 2 months	970	5,512
2 to 3 months	114	147
Over 3 months	23,455	18,440
	1,927,132	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.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Cont'd)

9. ACCOUNTS RECEIVABLE (Cont'd)

Ageing analysis of accounts receivable (Cont'd)

The ageing of accounts receivable from corporate clients arising from corporate finance, advisory and other services are mostly one month. As at 30 June 2024, balances of HK\$620,294,000 (31 December 2023: HK\$608,398,000) were over 3 months past due, balances of HK\$796,000 (31 December 2023: HK\$1,865,000) were 1 to 3 months past due, and balances of HK\$36,383,000 (31 December 2023: HK\$399,384,000) were not past due balances.

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\$26,241,000 (31 December 2023: HK\$21,521,000) bear interest at interest rates mainly with reference to Hong Kong dollar prime rate (31 December 2023: with reference to the Hong Kong dollar prime rate).

The ageing analysis of accounts receivable from cash clients that are not individually nor collectively considered to be impaired, i.e. based on the settlement date, is as follows:

	As at 30 June 2024 (Unaudited) HK\$'000	As at 31 December 2023 (Audited) HK\$'000
Not past due	1,895,640	1,378,846
Less than 1 month past due	7,080	3,245
1 to 3 months past due	957	5,103
Over 3 months past due	23,455	18,426
	1,927,132	1,405,620

Receivables that were neither past due nor impaired relate to a large number of diversified customers for whom there was no recent history of default or are covered by securities deposited with the Group.

Receivables that were past due but not impaired relate to a large number of diversified cash clients that have a good track record with the Group. Based on past experience, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as they are covered by securities deposited with the Group and there has not been a significant change in credit quality. The balances are therefore considered to be fully recoverable.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Cont'd)

10. LOANS AND ADVANCES

	As at 30 June 2024 (Unaudited) HK\$'000	As at 31 December 2023 (Audited) HK\$'000
Loans and advances to customers, secured		
— At FVTPL	1,083,845	1,073,842

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

11. BANK BALANCES HELD ON BEHALF OF CLIENTS

The Group maintains trust and segregated accounts with authorised financial institutions to hold clients' deposits for varying periods of less than one year.

12. ACCOUNTS PAYABLE

	As at 30 June 2024 (Unaudited) HK\$'000	As at 31 December 2023 (Audited) HK\$'000
Accounts payable		
— Clients	4,827,894	5,780,823
— Brokers and dealers	1,307,417	119,414
— Clearing houses	5,650	45,716
	6,140,961	5,945,953

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

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Cont'd)

13. INTEREST-BEARING BANK BORROWINGS

As at the end of the period, the Group's interest-bearing bank borrowings had different maturities of less than one year.

14. FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair values of financial instruments:

- Level 1: fair values measured based on quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: fair value of financial instruments that are not traded in an active market (for example, over-the-counter) is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs used in the valuation for financial instruments are observable, the financial instruments are included in Level 2. If one or more of the significant inputs is not based on observable market data, the financial instrument is included in Level 3.
- Level 3: fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Cont'd)

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

Fair value hierarchy (Cont'd)

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
As at 30 June 2024 (Unaudited)				
Financial assets at fair value through profit or loss:				
Debt securities	261,377	1,158,595	53,169	1,473,141
Listed equities	1,162	–	–	1,162
Unlisted equities	–	–	356,462	356,462
Unlisted funds	–	–	1,133,200	1,133,200
Derivative financial instruments	3,675	81,408	–	85,083
Financial guarantee contracts	–	–	189	189
Loans and advances	–	1,083,845	–	1,083,845
Financial assets at fair value through other comprehensive income:				
Debt investments	–	77,603	5,158	82,761
	266,214	2,401,451	1,548,178	4,215,843
Financial liabilities at fair value through profit or loss:				
Structured note issued	–	(2,250,247)	–	(2,250,247)
Short position in debt securities	–	(61,907)	(1,735)	(63,642)
Derivative financial instruments	–	(177)	–	(177)
Financial liabilities included in other payables and accruals	–	–	(199,798)	(199,798)
	–	(2,312,331)	(201,533)	(2,513,864)

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Cont'd)

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

Fair value hierarchy (Cont'd)

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
As at 31 December 2023 (Audited)				
Financial assets at fair value through profit or loss:				
Debt securities	82,393	1,340,485	65,022	1,487,900
Unlisted equities	–	–	453,463	453,463
Unlisted funds	–	–	1,681,056	1,681,056
Derivative financial instruments	3,798	32,928	3,618	40,344
Financial guarantee contracts	–	–	345	345
Loans and advances	–	1,073,842	–	1,073,842
Financial assets at fair value through other comprehensive income:				
Debt investments	–	138,253	6,999	145,252
	86,191	2,585,508	2,210,503	4,882,202
Financial liabilities at fair value through profit or loss:				
Structured note issued	–	(2,705,043)	–	(2,705,043)
Short position in debt securities	–	(263,627)	(1,991)	(265,618)
Derivative financial instruments	–	(27,913)	(3,618)	(31,531)
Financial liabilities included in other payables and accruals	–	–	(256,228)	(256,228)
	–	(2,996,583)	(261,837)	(3,258,420)

During the six months ended 30 June 2024 and year ended 31 December 2023, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Cont'd)

15. COMMITMENTS

As at the end of the period, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	As at 30 June 2024 (Unaudited) HK\$'000	As at 31 December 2023 (Audited) HK\$'000
Within one year	323	773

16. RELATED PARTY TRANSACTIONS

(a) The Group had the following material transactions with related parties during these periods:

	Notes	For the six months ended 30 June 2024 (Unaudited) HK\$'000	2023 (Unaudited) 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)	435	78
Consultancy fee expenses for supporting services in relation to PRC market paid to the subsidiaries of the ultimate holding company	(ii)	1,366	1,965
Consultancy fee income for supporting services in relation to Hong Kong and overseas markets paid by a wholly-owned subsidiary of the ultimate holding company	(iii)	7,190	10,479
Principal-to-principal trading of financial products with a wholly-owned subsidiary of the ultimate holding company	(iv)	5,479	853,774

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Cont'd)

16. RELATED PARTY TRANSACTIONS (Cont'd)

(a) **The Group had the following material transactions with related parties during these periods:**
(Cont'd)

Notes:

- (i) The commission expenses paid 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. The amount is included in the accounts receivable balance as at 30 June 2024 and is 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 net mark-to-market fair value changes related to the trading of bonds, repurchase agreements and total return swaps which included 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.
- (v) Included in the accounts receivable balances as at 30 June 2024 was a receivable due from a wholly-owned subsidiary of the ultimate holding company of HK\$33,413,000 (31 December 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.
- (vi) Included in the accounts receivable as at 30 June 2024 was consultancy fee receivable due from a wholly-owned subsidiary of the ultimate holding company of HK\$3,599,000 (31 December 2023: HK\$3,469,000) arising from supporting service related to assets management. This balance is unsecured, interest-free and repayable on the settlement date of the relevant transactions.
- (vii) Included in the other receivable balance as at 30 June 2024 was a receivable due from a wholly-owned subsidiary of the ultimate holding company of HK\$46,819,000 (31 December 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.
- (viii) Included in the accounts payable balance as at 30 June 2024 was a payable to a wholly-owned subsidiary of the ultimate holding company of the Company of HK\$569,000 (31 December 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.
- (ix) Included in the other payable balance as at 30 June 2024 was a payable to a wholly-owned subsidiary of the ultimate holding company of the Company of HK\$3,649,000 (31 December 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.
- (x) Included in the brokerage business revenue was a commission rebate paid to a subsidiary of the ultimate holding company of the Company of HK\$2,064,000 (From 1 January to 30 June 2023: HK\$1,919,000), which charged at fixed percentage of commission income based on the signed agreement.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Cont'd)

16. RELATED PARTY TRANSACTIONS (Cont'd)

(a) The Group had the following material transactions with related parties during these periods:

(Cont'd)

- (xi) Included in the accounts payable balance as at 30 June 2024 was the amount segregated client money held on behalf of an intermediate holding company of the Company of HK\$150,997,000 (31 December 2023: HK\$15,206,000). This balance is unsecured, interest-free and payable on the settlement date of the relevant transactions.
- (xii) Included in the other receivable balance as at 30 June 2024 was a receivable due from a wholly-owned subsidiary of the ultimate holding company of HK\$56,772,000 (31 December 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 30 June 2024 was underwriting fee receivables due from the immediate holding company of HK\$1,874,000 (31 December 2023: HK\$1,875,000). This balance is unsecured, interest-free and repayable on the settlement date of the relevant transactions.
- (xiv) Included in the other receivable balance as at 30 June 2024 was a receivable due from a subsidiary of the ultimate holding company of HK\$nil (31 December 2023: HK\$1,944,000) arising from supporting services relating to Hong Kong and overseas market. This balance is unsecured, interest-free and repayable on the settlement date of the relevant transactions.

(b) Key management personnel compensation

	For the six months ended 30 June	
	2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
Short term employee benefits	20,929	27,401
Post-employment benefits	2,610	2,081
	23,539	29,482

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Cont'd)

17. OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES

	As at 30 June 2024 (Unaudited)					
	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	3,317,534	(5,080)	3,312,454	-	-	3,312,454
Loans and advances	1,083,845	-	1,083,845	(1,083,845)	-	-
Reverse repurchase agreement	63,612	-	63,612	(63,612)	-	-

	As at 30 June 2024 (Unaudited)					
	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	6,146,041	(5,080)	6,140,961	-	-	6,140,961

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Cont'd)

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

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

18. REVIEW OF ACCOUNTS

The audit committee has reviewed the unaudited interim condensed consolidated financial statements for the six months ended 30 June 2024.

19. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the financial statement presentation adopted in the current period.

MANAGEMENT DISCUSSION AND ANALYSIS

INTERIM DIVIDEND

The board of directors (the “**Board**”) resolved not to declare the payment of an interim dividend for the six months ended 30 June 2024 (2023: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

First Half of 2024 Market Review

In the first half of 2024, the timing of the US Federal Reserve's interest rate cut was uncertain; the European economy remained weaker than that of the US; emerging markets recovered slightly. In the first quarter, the US and China's manufacturing industries rose beyond expectations, and with the "dot plot" of the US Federal Reserve's interest rate path releasing signals of interest rate cuts, the global market conducted "reflation trades", with commodity markets leading the way. Since May, with the depletion of US residents' excess savings, the US economic data has shown signs of weakening, and the inflation level has slowly declined, with increasing market expectations of interest rate cuts. In Europe, inflationary pressures eased in advance, with the European central banks taking the lead in cutting interest rates to boost economic growth, but the industrial production sentiment remained at a low level. As for emerging markets, the major economies in Southeast Asia benefited from the reshaping of the global supply chain, with substantial marginal improvement. The Indian economy led the major emerging markets.

In terms of Chinese Mainland's macroeconomics, the gross domestic product (GDP) in the first half of 2024 grew by 5.0% year-on-year. Driven by unleashed consumption potential and improved production in the sub-scaled industries, GDP growth in the first quarter was higher than expected, rising to 5.3% year-on-year. However, as the weakness in the real estate sector continued and residents' consumption sentiment declined, consumption gradually weakened in the second quarter, with total retail sales of consumer goods increasing by 3.7% year-on-year in the first half of the year, representing a significant drop from the full-year growth rate in 2023. As a result of the combination of weak real estate and poor consumption, GDP in the second quarter grew by 4.7% year-on-year, which was lower than market expectations. In terms of foreign trade, the size of the Chinese Mainland's trade in goods exceeded RMB21 trillion for the first time in the same period in history, making a greater contribution to economic growth in the first half of the year. In terms of prices, the national consumer price index (CPI) for the first half of the year was 0.1% year-on-year, with prices remaining moderately elevated.

The capital market in Chinese Mainland showed an upward and then downward trend in the first half of 2024, with the Shanghai Composite Index remaining volatile, while the Shenzhen Composite and GEM Indexes declined by 7.10% and 10.99%, respectively. The A-share IPO market was sluggish in the first half of 2024, with a total of 44 IPOs, representing a year-on-year decrease of 74.57%. RMB32.5 billion was raised, representing a year-on-year decrease of 84.50%.

MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)

Against the backdrop of weak economic demand from the Chinese Mainland, Hong Kong's economy registered a lower year-on-year real GDP growth rate of 2.7% in the first quarter of 2024. In terms of capital markets, the Hang Seng Index rose by 3.94% in the first half of 2024, but the turnover continued to shrink. The average daily turnover amounted to only HK\$110.4 billion, representing a year-on-year decrease of 4.42%, and accounting for only 66.22% of the same period in 2021 and 88.39% of the same period in 2022. In terms of IPOs, a total of 30 IPOs were listed in the first half of 2024, a 9.09% decrease compared to 33 in the first half of 2023. The scale of financing decreased, totaling HK\$13.178 billion, representing a 26.19% decrease year-on-year.

Since the beginning of 2024, the mainland's real estate policies have continued to intensify, focusing on the development of subsidized housing on the supply side, supporting the financing needs of real estate enterprises, and lowering the residents' loan and down payment ratios on the demand side. The offshore US dollar bond index has rebounded, but the market is still in the process of recovery, and the real estate industry still needs further policy support.

Review of Operations

In the first half of 2024, the Group paid close attention to national policies and industry regulatory developments, and continued to strengthen its ability to serve the national strategies. With the aim of facilitating the development of the real economy, the Group leveraged its cross-border and cross-market professional expertise to provide customers with high-quality and efficient financial services. Under the environment of intensified geopolitical conflicts and slow recovery of the global economy, the Group seized the opportunities arising from the adjustments in the Chinese Mainland market and external macro markets, insisted on focusing on light capital business, launched various businesses prudently and steadily, and continued to deepen the cross-border business synergies. The Group also enhanced the risk management and control capabilities, consolidated the system construction, strengthened technology development and application, and enhanced the overall management level.

In the first half of 2024, the Group's revenue decreased by 59% year-on-year from HK\$361 million in the first half of 2023 to HK\$146 million. In the first half of 2024, the Group recorded a pre-tax loss of HK\$37.01 million, compared to a pre-tax loss of HK\$70.89 million in the first half of 2023; a loss attributable to shareholders amounted to HK\$37.32 million, compared to a loss attributable to shareholders of HK\$71.34 million in the first half of 2023. The loss recorded during the period under review was mainly attributable to the decrease in fee and commission income as a result of the continued market volatility, the undetermined timing of the US Federal Reserve's interest rate cut, and the difficulty in reducing the capital costs. The Company's operations were normal.

	For the six months ended 30 June	
	2024 HK\$'000	2023 HK\$'000
Fee and commission income	95,895	121,268
Interest income	112,377	144,335
Income from investment business	(62,056)	95,407
	146,216	361,010

MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)

During the period under review, due to the tightening of regulatory policies on the cross-border business, the number of issuances and amount raised in the primary market remained sluggish. Fixed income investments and equity investments in the secondary market were weak, and the brokerage, sponsoring and underwriting businesses were all affected by market volatility. Fee and commission income decreased by 21% to HK\$95.9 million, with the interest income decreasing by 22% to HK\$112 million and the income from the investment business turning from a positive to a negative amount to -HK\$62.06 million.

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.

	For the six months ended 30 June		
	2024 HK\$'000	2023 HK\$'000	Change
Fee and commission income	31,694	37,242	(15%)
Interest income	103,385	126,910	(19%)
— Loan to clients	46,757	46,804	—
— Others	56,628	80,106	(29%)
Loss from investment business	5	(28)	118%
	135,084	164,124	(18%)

In the first half of 2024, the Hong Kong stock market was less active than in the past, with the Hang Seng Index hitting a low of 14,794 points during the period under review at the beginning of the year. The average daily turnover in the Hong Kong stock market dropped significantly compared with that in 2023. The Group actively expanded its business in overseas stock markets and paid close attention to regulatory developments amidst the sluggish trading volume of Hong Kong stocks. At the same time, the Group deepened the application of financial technology, perfected and upgraded its various trading platforms, completed the development of The New "Wynner Voyage" trading application, and added the "Shen Yi Ying" program, so as to leverage on financial technology to provide customers with safe, convenient and efficient products and services.

During the period under review, the revenue of the Group's wealth management business decreased by approximately 18% in the first half of 2024 as compared with the same period last year. Under the influence of market, interest rate and policy factors, fee and commission income amounted to HK\$31.69 million, a decrease of approximately 15% compared to HK\$37.24 million in the corresponding period in the first half of 2023; as for interest income, the total interest income from customer loans for the year amounted to HK\$46.76 million, which was basically unchanged as compared with the corresponding period in the first half of 2023.

MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)

In the second half of the year, the Group will continue to uphold its customer-centric business philosophy, adhere to the principle of seeking progress while maintaining stability, and continuously enhance its integrated business capabilities. The Group will also improve its diversified products and trading platforms horizontally, deepen the application of financial technology vertically, and strive to build a competitive integrated wealth management brand "Wynner", so as to provide comprehensive, one-stop quality wealth management services to the customers.

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.

	For the six months ended 30 June		
	2024 HK\$'000	2023 HK\$'000	Change
Fee and commission income	32,192	34,038	(5%)
Income from investment business	(94,092)	109,177	(186%)
	(61,900)	143,215	(143%)

In the first half of 2024, the Hong Kong stock market performed sluggishly. During the period under review, fee and commission income from the enterprise finance business dropped by 5% year-on-year to HK\$32.19 million. In addition, the Group recorded a loss of HK\$94.09 million in the investment business, which was mainly a floating loss.

— Sponsorship and underwriting and financial advisory

During the period under review, the Group was steadfast in its strategies of internationalization and domestic/overseas integration, which has resulted in an increase in the number of sponsorship and underwriting project reserves compared to the past. The Group also continued the development and follow-up on a wide range of financial advisory projects, and the revenue from relevant sponsorship and underwriting projects and financial advisory projects is expected to be realized gradually. With the support of the parent company, the Group will continue to expand its sponsorship and underwriting project reserves, actively participate in mergers and acquisitions of related financial advisory projects to expand revenue sources, and strengthen the collaboration with the parent company's domestic team to increase potential client coverage in the enterprise finance business.

— Equity capital market

During the period under review, the equity capital markets team deepened the cross-border business coordination and developed domestic project resources in the face of market volatility, participating in 5 IPO underwriting projects. The team will continue to actively position itself in key sectors, and serve quality companies to be listed in Hong Kong. In response to the impact of changes in regulatory policies on business development, the Group will explore business opportunities, expand its sales network, strengthen its equity capital market team and enhance cooperation between domestic and overseas business teams to provide better and more comprehensive services to clients.

MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)

— Debt capital market

In face of significant volatility in the offshore debt capital markets, during the period under review, the Group completed a total of 137 offshore bond issuance projects, among which 127 are state-owned enterprises and local government financing vehicles (LGFVs) projects and 10 financial institutional-related projects which raised US\$12,007 million and US\$3,484 million for clients, respectively. In face of the challenges and opportunities arising from the ever-changing offshore debt capital market and the gradual tightening of regulatory policies, 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 enhance the collaboration capabilities of its domestic and overseas teams, and improve the business capacity of the team, in an effort to adapt to market and regulatory changes and increase its market share and revenue.

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.

	For the six months ended 30 June								Change
	Fee and commission income		Interest income		Income/(loss) 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	–	–	–	–	7,999	(18,030)	7,999	(18,030)	144%
Structured products	–	–	–	–	24,032	4,288	24,032	4,288	460%
Stock business	26,872	34,666	8,992	17,425	–	–	35,864	52,091	(31%)
	26,872	34,666	8,992	17,425	32,031	(13,742)	67,895	38,349	77%

During the first half of 2024, global inflation was controlled to a certain extent, and US dollar interest rates remained high and volatile. Due to the impact of the interest rate differential between the US and China, the cost of overseas US dollar financing continued to be higher than that of domestic RMB, and the primary market issuance and secondary market trading of offshore US dollar bonds continued shrink. At the same time, bond credit spreads were close to historical lows. The Group continued to maintain a low overall bond size. In order to promote business transformation and development, the fixed income team proactively expanded the market making and trading business in the secondary market and developed structural products and transactions in foreign exchange and interest rates, the team the trading volume on behalf of clients of US\$2,300 million, a year-on-year increase of approximately 1.3 times. The cumulative scale of transactions amounted to approximately US\$120 million. During the period under review, the fixed income business realized revenue of approximately HK\$8 million, turning from negative to positive.

MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)

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 new quality productivity. During the period under review, the financial product team successfully realized northbound cross-border investment transactions linked to mainland assets, injecting new impetus for high-quality financial development. At the same time, the team continued to efficiently maintain the OTC options business and expanded its coverage of key institutional clients.

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 turned from negative to positive, realizing a gain of HK\$32.03 million, an increase of 333% year-on-year.

The institutional sales, institutional trading and corporate relations teams, taking into account the current market situation, have strengthened their coverage of key institutional clients and cultivated cross-product sales teams on the premise of stabilizing the fundamentals of the existing securities business; at the same time, the business competitiveness has been further enhanced through the upgrading of the trading system, the development of overseas markets and the organization of various corporate exchange activities. The offshore regional teams made full use of domestic resources, capitalized on the complementary strengths of both the domestic and overseas markets to achieve cross-border integration of the institutional business, and provided clients with more diversified and comprehensive research resources. The teams also enriched investment products, expanded securities margin financing, and enhanced the ability to trade foreign stocks. During the period under review, fee and commission income from the institutional services and trading business amounted to HK\$26.87 million, a year-on-year decrease of 22%, while interest income amounted to HK\$8.99 million, a year-on-year decrease of 48%.

Asset Management Business

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

	For the six months ended 30 June		
	2024 HK\$'000	2023 HK\$'000	Change
Fee and commission income	5,137	15,322	(66%)

In the first half of 2024, the Group continued to uphold the development philosophy of innovation and stability, deepened the core competitiveness of its cross-border business and FOF business, and further expanded its brand influence. Due to market and cross-border regulatory requirements, the asset management business faced a more severe business development situation, and the pressure to acquire customers has further increased. The Group was committed to building a diversified asset management platform and achieved basic stability in asset management scale and fee level through refined management and strategic deployment. During the period under review, fee and commission income from the asset management business amounted to HK\$5.14 million, representing a year-on-year decrease of 66%.

MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)

Looking forward to the future, the Group will make full use of policy opportunities, based on Hong Kong's international financial center and facing the Guangdong-Hong Kong-Macao Greater Bay Area, give full play to the geographical and resource advantages of cross-border business, continue to expand its business areas and enrich its product matrix to meet the needs of customers in different markets. At the same time, the Group will strengthen the construction of sales channels, achieve cross-business segment synergy effects, expand the scale of assets under management, and strive to become the preferred cross-border asset management service provider and reliable partner of global asset allocation management for customers.

PROSPECTS

Looking ahead to the global financial market environment in the second half of 2024, the excess savings of US residents will nearly be depleted, and tax subsidies will be cancelled, but supported by healthier leverage, and the wealth effect brought about by rising US stocks and real estate, the US economy is expected to achieve a soft landing. The European economy will maintain a slow recovery as interest rate cuts are advanced. Overall, the global economy is expected to decline slowly in the second half of the year before the US Federal Reserve starts preventive interest rate cuts; the global economy may usher in a recovery after the US Federal Reserve initiates interest rate cuts.

In Chinese Mainland, as the destocking cycle in developed countries ends, production in emerging countries improves, and the Chinese Mainland accelerates its integration into the global industrial chain, exports are expected to return to a high level of external demand in the second half of the year. However, factors such as difficulty in improving corporate earnings, increasing residential deposits, and declining corporate deposits will affect economic growth in the second half of the year. The downside risk of real estate investment will persist, and the recovery rate of the consumer spending is expected to slow down in the Chinese Mainland. Further policy efforts are still needed to fulfill the annual target of 5% GDP growth.

In Hong Kong, supported by favorable factors such as the gradual recovery of the global economy, the domestic fiscal stimulus policies, and the US Federal Reserve's possibility of launching a preventive interest rate cut, it is expected that the Hong Kong stock market will remain volatile in the third quarter. With the implementation of effective economic policies and overseas currency markets turning accommodative, an upward trend is expected in the fourth quarter.

In the second half of 2024, the Group will continue to pay close attention to the changes in the political landscape as well as the development trend of macro-economic and regulatory policies, and actively respond to changes in order to achieve steady development of its businesses. Under the new development pattern of "dual circulation", the Group, as the business development center and execution platform for the offshore business and cross-border business of the Shenwan Hongyuan Group, will focus on the medium- and long-term development, continue to give full play to the professional advantages of the offshore platform, provide high-quality support to the real economy, and promote the development of the capital market, the Group will also actively implement the national development strategies, deepen the cross-border business synergy, and enhance the comprehensive service capability. The Group will continue to enhance its risk management level, strictly implement compliance and risk control measures, improve and perfect the business access mechanism and compliance and risk control assessment mechanism, and dynamically optimize the compliance and risk control management system. The Group will also continue to deepen the application of financial technology to practically improve the operational efficiency and management effectiveness, optimize the asset and liability structure, and strengthen the cost control so as to achieve overall improvement in quality and efficiency.

MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)

CAPITAL STRUCTURE

During the period under review, there was no change to the share capital of the Company. As at 30 June 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\$2,753 million (31 December 2023: HK\$2,790 million).

DEBENTURES ISSUED

On 27 January 2022, the Company issued unsecured and unguaranteed bonds in a principal amount of US\$200 million which was listed on The Stock Exchange of Hong Kong Limited. The bond carried a fixed interest rate of 1.5% per annum with a maturity period of 364 days. Please refer to the Company's announcements on 21, 27 and 28 January 2022 for details of the bonds.

The unsecured and unguaranteed bonds were redeemed and cancelled on 26 January 2023 in accordance with the terms and conditions of the unsecured and unguaranteed bonds.

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 30 June 2024, the Group had cash and bank balances of HK\$600 million (31 December 2023: HK\$1,287 million) and investments at fair value through profit or loss of HK\$3,049 million (31 December 2023: HK\$3,663 million). As at 30 June 2024, the Group's total unutilized banking facilities amounted to HK\$7,756 million (31 December 2023: HK\$8,001 million), of which HK\$7,756 million (31 December 2023: HK\$8,001 million) could be drawn down without the need of notice or completion of condition precedent.

As at 30 June 2024, the Group had outstanding short-term bank borrowings and notes issued amounting to HK\$177 million (31 December 2023: HK\$234 million) and HK\$nil (31 December 2023: HK\$417 million) respectively. The liquidity ratio (current assets to current liabilities) and gearing ratio (bank borrowings to net asset value) were 129% (31 December 2023: 124%) and 6% (31 December 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 period under review, 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 30 June 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 mitigate any risk that the Group may encounter. As at 30 June 2024, the advances to customers were overdue accounts receivable from cash clients and margin financing.

As at 30 June 2024, the balance of accounts receivable from cash clients measured at fair value through profit or loss and margin financing amounted to HK\$26 million (31 December 2023: HK\$22 million) and HK\$1,084 million (31 December 2023: HK\$1,074 million) respectively.

39% (31 December 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 United States 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 takes measures when necessary.

CONTINGENT LIABILITIES

There were no material contingent liabilities as at 30 June 2024.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Except the future plans as disclosed in the paragraph of "Prospects", the Group had no other future plans for material investments or capital assets as at 30 June 2024.

CHANGES SINCE 30 JUNE 2024

There were no important events affecting the Group since 30 June 2024.

EMPLOYEES

As at 30 June 2024, the total number of full-time employees was 270 (2023: 283). The total staff costs for the period under review amounted to approximately HK\$134 million (2023: HK\$134 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 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.

DIRECTOR'S INTERESTS IN SHARES

As at 30 June 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 (the “Model Code”) as set out in Appendix C3 of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”).

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the period 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.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

As at 30 June 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 held (Notes)	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

OTHER INFORMATION (Cont'd)

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 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 30 June 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.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

CORPORATE GOVERNANCE CODE

To improve the Company's transparency and accountability to its shareholders, the Company is, so far as practicable, committed to maintaining high standard of corporate governance. Throughout the six months ended 30 June 2024, the Company has met all applicable code provisions set out in part 2 of Appendix C1, Corporate Governance Code (the "CG Code"), of the Listing Rules, save and except for code provision C.2.1 of the CG Code since 9 August 2024.

Pursuant to code provision C.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing. The Management Committee under the Board is mainly responsible for formulating policies on the day-to-day management and operations of the Group and setting out its specific terms of reference in writing in accordance with the applicable code provisions set out in part 2 of the CG Code contained in Appendix C1 of the Listing Rules. As disclosed in the announcement of the Company dated 9 August 2024, the Chairman of the Management Committee was changed from Mr. Liang Jun, an executive director and the Chief Executive Officer of the Company, to Ms. Wu Meng, the Chairman of the Board and an executive director of the Company, and Mr. Liang Jun was re-designated as the deputy chairman of the Management Committee with effect from 9 August 2024. The Chairman of the Board is primarily responsible for leading and managing the Board. The Board considers that the appointment of Ms. Wu Meng as the Chairman of the Management Committee is in the best interests of the Company and its shareholders, provides consistent leadership to the Company and ensures efficiency in formulating and executing the Group's business strategies while the Board continues to operate with sufficient balance of power and authority.

The Board will continue to review and monitor the corporate governance practices of the Company to ensure compliance with the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company adopted the “Model Code for Securities Transactions by Directors of Listed Issuers” (the “**Model Code**”) as set out in Appendix C3 of the Listing Rules as the Company’s code of conduct for dealings in securities of the Company by the directors. Based on replies from the Company’s directors on specific enquiry, all the directors complied with required standard set out in the Model Code throughout the period under review.

AUDIT COMMITTEE

The Company established an audit committee (the “**Audit Committee**”) with its written terms of reference in compliance with the CG Code. Following the resignation of Mr. Chen Liqiang (the former Independent Non-executive Director) on 5 March 2024, the Audit Committee was left with only two members which did not meet the requirement under Rule 3.21 of the Listing Rules. According to the announcement of the Company dated 13 June 2024, the Company had been granted the waiver from strict compliance with the requirements under Rules 3.21 of the Listing Rules as well as an extension of time to 4 July 2024 by the Stock Exchange. With the appointment of Mr. Liu Chijin as a member of Audit Committee on 28 June 2024, the Audit Committee comprises a minimum of three members, which fulfils the requirement under Rule 3.21 of the Listing Rules. All members are Independent Non-executive Directors. The Chairman of the Audit Committee has the appropriate professional qualification as required by Rule 3.10(2) of the Listing Rules. As at the date of this report, the Audit Committee comprises three independent non-executive Directors, namely Mr. Ng Wing Hang Patrick (Chairman), Mr. Kwok Lam Kwong Larry and Mr. Liu Chijin.

The Audit Committee has reviewed the interim results announcement and the interim report for the six months ended 30 June 2024 of the Company.

INDEPENDENT NON-EXECUTIVE DIRECTORS

As disclosed in the announcement of the Company dated 2 April 2024, following the resignation of Mr. Chen Liqiang (the former Independent Non-executive Director) on 5 March 2024, the Company had only two Independent Non-executive Directors which did not meet the requirements under Rules 3.10(1) and 3.10A of the Listing Rules. According to the announcement of the Company dated 13 June 2024, the Company had been granted the waiver from strict compliance with the requirements under Rules 3.10(1) and 3.10A of the Listing Rules as well as an extension of time to 4 July 2024 by the Stock Exchange. With the appointment of Mr. Liu Chijin as an Independent Non-executive Director on 28 June 2024, the Board comprises three Independent Non-executive Directors representing at least one-third of the members of the Board, which fulfils the requirements under Rules 3.10(1) and 3.10A of the Listing Rules.

OTHER INFORMATION (Cont'd)

CHANGES IN INFORMATION OF DIRECTORS

Set out below are the changes and updated information of the directors subsequent to the date of the annual report of the Company for the year ended 31 December 2023:

- (1) Mr. Chen Liqiang resigned as an Independent Non-Executive Director, member of the Audit Committee, member of the Remuneration Committee, member of the Nomination Committee, member of the Risk Committee, and member of the Environmental, Social and Governance Committee of the Company on 5 March 2024.
- (2) Mr. Liu Chijing 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.
- (3) Mr. Hu Jing, the Executive Director of the Company was appointed as a member of the Management Committee, a Board Committee of the Company, and the Chief Risk Officer of the Company on 30 July 2024.
- (4) Ms. Wu Meng, the Chairman of the Board and Executive Director of the Company, was appointed as the Chairman of the Management Committee of the Company on 9 August 2024.
- (5) Mr. Liang Jun, the Executive Director and Chief Executive Officer of the Company was redesigned as the Deputy Chairman of the Management Committee from the Chairman of the Management Committee of the Company on 9 August 2024.

Save as disclosed above, as at 30 June 2024 and up to 11 September 2024 (which is the latest practicable date prior to the printing of this interim report for the purpose of ascertaining certain information for inclusion in this interim report), there is no other information required to be disclosed under Rule 13.51B(1) of the Listing Rules.

DIRECTORS

As at the date of this announcement, the Board of the Company comprises 9 directors, of which Ms. Wu Meng, Mr. Tan Weijun, Mr. Liang Jun and Mr. Hu Jing are the executive directors, Mr. Zhang Lei and Mr. Ren Xiaotao are the non-executive directors; Mr. Ng Wing Hang Patrick, Mr. Kwok Lam Kwong Larry and Mr. Liu Chijin are the independent non-executive directors.

By Order of the Board
Shenwan Hongyuan (H.K.) Limited
Wu Meng
Chairman

Hong Kong, 30 August 2024



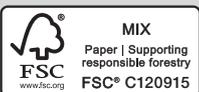
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