



西證國際
SOUTHWEST SECURITIES

Southwest Securities International Securities Limited

西證國際證券股份有限公司*

(Incorporated in Bermuda with limited liability)

(於百慕達註冊成立之有限公司)

Stock Code 股份代號: 812

2024

Interim Report

中期報告

* For identification purpose only
僅供識別

CONTENTS

CORPORATE INFORMATION	2
INTERIM RESULTS	4
INTERIM DIVIDEND	4
MANAGEMENT DISCUSSION AND ANALYSIS	4
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS	
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	11
Condensed Consolidated Statement of Financial Position	12
Condensed Consolidated Statement of Changes in Equity	14
Condensed Consolidated Statement of Cash Flows	15
Notes to Interim Condensed Consolidated Financial Statements	16
OTHER INFORMATION	38

CORPORATE INFORMATION



Board of Directors

Executive Director

Mr. HUANG Changsheng (*Chief Executive Officer*)
(appointed on 14 March 2024)
Mr. ZHANG Hongwei (resigned on 14 March 2024)

Independent Non-executive Directors

Mr. MENG Gaoyuan
Mr. LIANG Jilin
Mr. CAO Ping

Audit Committee

Mr. MENG Gaoyuan (*Chairman*)
Mr. CAO Ping
Mr. LIANG Jilin

Remuneration Committee

Mr. CAO Ping (*Chairman*)
Mr. HUANG Changsheng (appointed on
14 March 2024)
Mr. MENG Gaoyuan
Mr. LIANG Jilin
Mr. ZHANG Hongwei (resigned on 14 March 2024)

Nomination Committee

Mr. LIANG Jilin (*Chairman*)
Mr. HUANG Changsheng (appointed on
14 March 2024)
Mr. MENG Gaoyuan
Mr. CAO Ping
Mr. ZHANG Hongwei (resigned on 14 March 2024)

Authorised Representatives

Mr. HUANG Changsheng
Ms. LI Peihua

Company Secretary

Ms. LI Peihua

Registered Office

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

CORPORATE INFORMATION

**Head Office and Principal Place of
Business in Hong Kong**

14/F, One Hysan Avenue
Causeway Bay
Hong Kong

Bermuda Principal Share Registrar

MUFG Fund Services (Bermuda) Limited
4th floor North
Cedar House
41 Cedar Avenue
Hamilton HM12
Bermuda

Branch Share Registrar in Hong Kong

Computershare Hong Kong Investor Services Limited
Shops 1712–1716, 17th Floor
Hopewell Centre
183 Queen’s Road East
Wanchai
Hong Kong

Auditor

SHINEWING (HK) CPA Limited

Legal Adviser as to Hong Kong Law

Loong & Yeung Solicitors

Principal Banker

Standard Chartered Bank (Hong Kong) Limited

Listing Information

Equity securities listed on The Stock Exchange of
Hong Kong Limited
Stock Code: 812.HK

Website

www.swsc.hk

INTERIM RESULTS



The board (the “**Board**”) of directors (the “**Directors**”) of Southwest Securities International Securities Limited (the “**Company**”) is pleased to announce the unaudited interim results of the Company and its subsidiaries (the “**Group**”) for the six months ended 30 June 2024 (the “**Review Period**”) together with the comparative figures for the six months ended 30 June 2023 as set out on pages 11 to 37 to this report.

INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the Review Period (six months ended 30 June 2023: HK\$ Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

In the first half of 2024, the momentum of global economic growth weakened and the downward trend of inflation eased down. As the fiscal policies of major economies tightened, monetary policy formulation reached an inflection point. Countries, including the United States, were in the process of general elections. Despite the challenges encountered such as geopolitical conflicts, de-globalisation and technological innovations, the global macro-economy still showed strong resilience. Consumption growth in developed economies has slowed, leading to sluggish investment activity and tightening government expenditure. Nevertheless, the manufacturing sector gradually shook off its weakness, the service sector continued its sound performance, and global trade recovered slowly. The improvement in supply and the decline in demand have contributed to the overall decrease in global inflation.

The year 2024 is a critical year for the implementation of China’s 14th Five-Year Plan. In the first half of 2024, China’s macro-economy had a good start with solid financial support. China’s economic growth is on the upswing, showing a moderate recovery. There is still uncertainty over the prospect of interest rate cuts in major developed economies, and the RMB exchange rate will remain under pressure for a period of time. In order to take into account both inflation and the exchange rate, it is expected that monetary policy will likely remain accommodative in the second half of the year, aimed at strengthening counter-cyclical and cross-cyclical adjustments and increasing support for the real economy, so as to consolidate and enhance the positive upturn in the economy.

MANAGEMENT DISCUSSION AND ANALYSIS

Hong Kong's economy saw a moderate growth in the first half of the year as the Hong Kong government introduced a number of policies to stimulate economic recovery. The financial markets of Hong Kong and Mainland China have continued to deepen their linkage and improve their interconnection and intercommunication mechanisms, thus highly facilitating the two-way flow of capital. The People's Bank of China and the Hong Kong Monetary Authority (HKMA) launched a total of six measures to deepen the "Three Links and Three Facilitators" policy in January, and the China Securities Regulatory Commission (CSRC) announced five measures in April to further expand and optimize the Shanghai-Shenzhen-Hong Kong Stock Connect mechanism, which will help Hong Kong to consolidate and enhance its position as an international financial centre, and to jointly facilitate the synergistic development of the capital markets of Hong Kong and Chinese mainland. Sentiment in the Hong Kong stock market showed signs of improvement in the first half of 2024, and market capitalisation might be revalued in 2024. The implementation of Chapter 18C of the Listing Rules, which is introduced to allow the listing of specialist technology companies, will help connect specialist technology companies with international capital and will bring new opportunities for technology companies and the Hong Kong stock market. Hong Kong is in a period of economic restructuring. With its unique advantages of being backed by the Motherland and connected to the world, coupled with merits of being highly professionalised, market-oriented and international, Hong Kong is making every effort to build itself into an international innovation and technology centre, and takes advantage of the opportunities brought about by the development of innovation-driven productivity to promote a new leap forward in the economy.

BUSINESS REVIEW

The Group is mainly engaged in businesses covering brokerage and margin financing, corporate finance, asset management and proprietary trading. During the Review Period, the Group recorded revenue and other income and gains of approximately HK\$8.3 million (six months ended 30 June 2023: approximately HK\$32.8 million) and a loss before tax of approximately HK\$16.0 million (six months ended 30 June 2023: approximately HK\$5.6 million).

MANAGEMENT DISCUSSION AND ANALYSIS



Brokerage and Margin Financing

The Group's brokerage and margin financing business includes agency trading of securities and margin financing services, from which the revenue during the Review Period amounted to approximately HK\$0.1 million (six months ended 30 June 2023: approximately HK\$0.1 million).

In order to enhance cost effectiveness, the Group ceased the direct operation of futures and options business in December 2021. The Group suspended the direct operation of brokerage business on 20 May 2022 and remodeled its business by securing multiple sources of referral by entering into client referral agreements with securities brokers in Hong Kong.

Corporate Finance

The Group's corporate finance business includes financial advisory services, underwriting and placement services to corporate clients. No revenue was recorded during the Review Period (six months ended 30 June 2023: approximately HK\$5.0 million).

In response to the challenging business environment surrounding the corporate finance business, the Group strategically redeployed resources to develop the financial advisory business and held talks with a number of Main Board- and GEM-listed companies to secure corporate finance projects.

Asset Management

The Group's asset management business mainly provides services, including investment management, investment advisory and external asset management services. No revenue was recorded during the Review Period (six months ended 30 June 2023: Nil).

The Group will focus its resources on seeking new businesses and opportunities for investment advisory and investment management services.

Proprietary Trading

The Group's proprietary trading business recorded a net gain of approximately HK\$0.1 million during the Review Period (six months ended 30 June 2023: approximately HK\$17.9 million).

The Group is continuing its investment strategy since the second half of 2022, strengthening its risk control management, and focusing on high-level fixed income investments.

MANAGEMENT DISCUSSION AND ANALYSIS

Other Income and Gains

During the Review Period, the Group's other income and gains amounted to approximately HK\$8.2 million (six months ended 30 June 2023: approximately HK\$9.9 million). The decrease in other income and gains was largely due to the decline in funds placed with banks during the Review Period, which led to a drop in interest income from banks.

Staff Costs

During the Review Period, the Group's staff costs amounted to approximately HK\$11.5 million (six months ended 30 June 2023: approximately HK\$14.0 million).

Staff costs decreased as a result of the adjustments to the Group's strategic development plans. The Group will make flexible adjustments to its staffing among the strategic planning, business operations and resources allocation.

Fee and Commission Expenses

The Group's fee and commission expenses during the Review Period were approximately HK\$0.1 million (six months ended 30 June 2023: approximately HK\$0.1 million), which were mainly commission expenses for brokerage business.

Finance Costs

The Group's finance costs during the Review Period amounted to approximately HK\$6.3 million (six months ended 30 June 2023: approximately HK\$16.6 million), a year-on-year decrease of approximately HK\$10.3 million or 62.0%. The finance costs were mainly interest expenses on bond payables, the interest expenses on unsecured term loans of Southwest Securities International Investment Limited ("SSII"), the controlling shareholder of the Company, and the interest expenses on unsecured revolving loans of the controlling shareholder.

The Company issued guaranteed bonds on 9 February 2021 with an aggregate principal amount of US\$178 million due 9 February 2024 which bore a fixed interest rate of 4.00% per annum and were listed on the Stock Exchange (Bond Stock Code: 40594). The Company repaid the principal balance and interest payable in full on the maturity date.

On 31 January 2024, SSII provided the Company with an unsecured term loan in an amount of no more than HK\$120 million or equivalent, bearing an interest rate at 6.1475% per annum, to assist it in repaying the U.S. dollar-denominated bonds.

On 28 March 2024, SSII provided the Company with an unsecured revolving loan in an amount of no more than HK\$25 million or equivalent, which bears an interest rate at 6.18774% per annum, to assist it in maintaining its day-to-day operations.

MANAGEMENT DISCUSSION AND ANALYSIS

FUTURE PROSPECTS

Under the current challenging industry environment and the macroeconomic climate, the Company maintains its view that it is not suitable to reinstate its business in relation to sponsor services to IPO applicants at the moment. Instead, it will continue to develop financial advisory service business. In terms of the underwriting and placement services, the Group's debt capital market business, which has been in operation since December 2021, is a key initiative in its broader strategy to diversify the revenue streams of its corporate finance business. The Group will actively explore new opportunities.

For the asset management business, the Group will forge business relationships with major banks to provide wealth management services to high-net-worth clients through external asset managers as professional investors, in order to diversify its sources of income.

As for the brokerage and margin financing business, as well as the proprietary trading business, the Company intends to continue operating these segments as per their existing model.

Reference is made to the joint announcement dated 21 June 2024 and the monthly update announcement dated 15 August 2024 (collectively, the "**Announcements**") in relation to, among others, the signing of the Sale and Purchase Agreement between Mr. Wong Man Hin Max (the "**Purchaser**") and Southwest Securities International Investment Limited (西證國際投資有限公司) ("**SSII**"), pursuant to which the Purchaser conditionally agreed to acquire 2,713,469,233 Shares (representing approximately 74.1% of the total issued shares of the Company) from SSII.

It has been the common goal of the Company and the Purchaser to improve the business and financial performance of the Group so as to comply with Rule 13.24 of the Listing Rules. Furthermore, as stated in the Announcements, the Purchaser intends to maintain the listing of the Shares on the Stock Exchange following the close of the general offer. Based on the recent negotiations between the Company and the Purchaser, upon completion of the transactions contemplated under the Sale and Purchase Agreement, the Purchaser is expected to introduce new business opportunities and engagements to the Group and revitalize the Company's businesses with a particular focus on the corporate finance and asset management segments.

The Company, together with the offeror, shall continue to update the shareholders and potential investors of the Company on the latest development of the general offer on a monthly basis.

Trading in the Company's shares on the Stock Exchange, which was suspended with effect from 9:00 a.m. on 4 March 2024, remains suspended and will continue to be so until the Company fulfils the resumption guidance issued by the Stock Exchange to the Company (and any supplement or modification thereto). The Company will publish further announcement(s) to inform the Shareholders of its progress in complying with the resumption guidance as and when appropriate, as well as quarterly updates on its development pursuant to Rule 13.24A of the Listing Rules.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Liquidity, Financial Resources and Gearing Ratio

As at 30 June 2024, the Group's total cash and bank balances were approximately HK\$81.3 million (as at 31 December 2023: approximately HK\$604.0 million) and its net current liabilities amounted to approximately HK\$54.0 million (as at 31 December 2023: net current liabilities of approximately HK\$38.0 million), with a current ratio (ratio of current assets to current liabilities) of 0.6 times (as at 31 December 2023: 0.9 times). The gearing ratio (ratio of total bonds payable to total equity) was 0% (as at 31 December 2023: (1,948.4%)).

The Group monitored its capital structure to ensure the compliance of its licensed subsidiaries with the capital requirements under the Securities and Futures (Financial Resources) Rules (Chapter 571N of the Laws of Hong Kong) and to support the development of new business. All licensed corporations within the Group complied with their respective liquidity requirements during the Review Period and up to the date of this report.

Banking Facilities and Charges over Assets

As at 30 June 2024, the Group had no outstanding bank loans (as at 31 December 2023: Nil) and had an aggregate banking facilities of HK\$nil (as at 31 December 2023: HK\$nil), the drawdown of which is subject to the market value of the marketable securities pledged and the margin deposits placed. The bank loans are subject to floating interest rates with reference to the cost of funds of the banks. As at 30 June 2024, the Group pledged no assets (as at 31 December 2023: Nil) for the facilities.

Material Acquisitions, Disposals and Significant Investments

During the Review Period, there were no material acquisitions and disposals of investments (six months ended 30 June 2023: Nil).

Contingencies

The Group had no material contingent liabilities as at 30 June 2024 (as at 31 December 2023: Nil).

Commitments

The Group had no material capital commitments as at 30 June 2024 (as at 31 December 2023: Nil).

Exposure to Fluctuations in Exchange Rates and Related Hedges

The Group had no material exposure to fluctuations in exchange rates as at 30 June 2024 (as at 31 December 2023: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS



EMPLOYEE AND REMUNERATION POLICY

As at 30 June 2024, the Group had a total of 30 employees (as at 30 June 2023: 36 employees). The Group regards its employees as an important asset. We continue to improve our human resources management system. We aim to create a good working environment that attracts, identifies and nurtures talents. The Group has built up a series of internal employment policies, covering recruitment, promotion, remuneration, welfare and benefit, management of the equality and diversity. The Group has established clear policies on its employees' remuneration and a comprehensive performance appraisal system. Discretionary performance bonus is paid by making references to market, business results of the Group, departmental and individual's performance. The discretionary performance bonus aims to retain and reward those employees who have contributed to the Group. The Group offers comprehensive employee benefits covering mandatory provident fund scheme, occupational retirement scheme, medical and dental insurance, life and accident insurance and diverse paid leaves. The Group provides various kinds of on-the-job training, external and internal training programs, including regulatory rules, financial business knowledge, product and operational management guidelines, compliance, risk management, etc.. The training programs enrich the employees' professional knowledge and allow employees to have the latest information and technical skills to perform their duties, sustain and enhance their competence.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Unaudited Six months ended 30 June	
		2024 HK\$'000	2023 HK\$'000
Revenue	3	145	22,913
Other income and gains	5	8,173	9,877
		8,318	32,790
Fee and commission expenses		(119)	(104)
Finance costs	6(a)	(6,304)	(16,576)
Staff costs	6(b)	(11,527)	(14,008)
Depreciation of fixed assets and right-of-use assets		(263)	(516)
Expected credit losses on financial assets, net	6(c)	(9)	1,818
Other operating expenses		(6,143)	(8,965)
Total expenses		(24,365)	(38,351)
Loss before tax	6	(16,047)	(5,561)
Income tax	7	—	—
Loss for the period attributable to equity shareholders of the Company		(16,047)	(5,561)
Other comprehensive income			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:			
Exchange difference on translation of foreign operation		—	—
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods		—	—
Other comprehensive income for the period, net of tax		—	—
Total comprehensive income for the period attributable to equity shareholders of the Company		(16,047)	(5,561)
Loss per share			
— Basic (HK cents)	8	(0.438)	(0.152)
— Diluted (HK cents)	8	(0.438)	(0.152)

The accompanying notes form an integral part of these interim condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		Unaudited At 30 June 2024 <i>HK\$'000</i>	Audited At 31 December 2023 <i>HK\$'000</i>
	<i>Notes</i>		
Non-current assets			
Fixed assets		555	613
Intangible assets		–	–
Financial assets at fair value through other comprehensive income	9	–	–
Other non-current assets		300	300
		855	913
Current assets			
Financial assets at fair value through profit or loss	10	–	99,090
Accounts receivable	11	398	678
Prepayments, other receivables and other assets		3,388	5,072
Cash and bank balances	12	81,292	603,964
		85,078	708,804
Current liabilities			
Bonds payable	13	–	722,422
Other payables and accrued charges		3,450	15,163
Provisions		7,156	9,209
Amounts due to immediate holding company	16	128,451	–
		139,057	746,794
Net current liabilities		(53,979)	(37,990)
Total assets less current liabilities		(53,124)	(37,077)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		Unaudited At 30 June 2024	Audited At 31 December 2023
	<i>Notes</i>	HK\$'000	<i>HK\$'000</i>
Capital and reserves			
Share capital	14	366,182	366,182
Reserves		(999,306)	(983,259)
Other equity instrument	15	580,000	580,000
		(53,124)	(37,077)

The accompanying notes form an integral part of these interim condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity shareholders of the Company							Holder of other equity instrument	Total
	Share capital	Investment revaluation reserve	Share premium	*Capital reserve	Accumulated losses	Total			
	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000			
At 1 January 2023	366,182	(3,301)	249,158	40,836	(1,254,009)	(601,134)	580,000	(21,134)	
Loss for the period and total comprehensive expense for the period	-	-	-	-	(5,561)	(5,561)	-	(5,561)	
At 30 June 2023 (Unaudited)	366,182	(3,301)	249,158	40,836	(1,259,570)	(606,695)	580,000	(26,695)	

	Attributable to equity shareholders of the Company							Holder of other equity instrument	Total
	Share capital	Investment revaluation reserve	Share premium	*Capital reserve	Accumulated losses	Total			
	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000			
At 1 January 2024	366,182	(3,301)	249,158	40,836	(1,269,952)	(617,077)	580,000	(37,077)	
Loss for the period and total comprehensive expense for the period	-	-	-	-	(16,047)	(16,047)	-	(16,047)	
At 30 June 2024 (Unaudited)	366,182	(3,301)	249,158	40,836	(1,285,999)	(633,124)	580,000	(53,124)	

* The capital reserve of the Group represents the difference between the nominal value of the shares issued by the Company for the acquisition of the subsidiaries and the nominal value of the ordinary shares of these subsidiaries in issue as at 30 June 2001 which were converted into deferred non-voting share capital on 11 January 2002.

The accompanying notes form an integral part of these interim condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited	
	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax	(16,047)	(5,561)
Adjustments for non-cash items included in profit and loss	4,834	(6,726)
Change in operating assets and liabilities	100,750	115,374
Net cash generated from operating activities	89,537	103,087
CASH FLOWS FROM INVESTING ACTIVITY		
Payment for purchase of fixed assets	(204)	–
Net cash used in investing activity	(204)	–
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of bonds issuance	(723,073)	(78,498)
Proceeds from short-term loans	125,349	–
Interest paid on bonds issued	(14,461)	(16,957)
Repayment of lease liabilities	–	(2)
Principal portion of lease payments	–	(941)
Net cash used in financing activities	(612,185)	(96,398)
Net (decrease)/increase in cash and cash equivalents	(522,852)	6,689
Cash and cash equivalents at the beginning of the period	603,964	378,104
Effect on exchange rate changes	180	2,630
Cash and cash equivalents at the end of the period	81,292	387,423

The accompanying notes form an integral part of these interim condensed consolidated financial statements.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The interim condensed consolidated financial statements of the Group for the six months ended 30 June 2024 have been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the applicable disclosure provisions of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

The interim condensed consolidated financial statements is presented in the currency of Hong Kong dollars, which is also the Company’s functional currency.

All amounts have been rounded to the nearest thousand, unless otherwise indicated.

Going concern assumption

The Group incurred a consolidated loss of approximately HK\$16,047,000 for the six months ended 30 June 2024, had net current liabilities of approximately HK\$53,979,000 and capital deficiency of approximately HK\$53,124,000 as at 30 June 2024, which was mainly attributable to amount due to immediate holding company of approximately HK\$128,451,000 that would be due for repayment on 31 December 2024, while its cash and bank balances amounted to only approximately HK\$81,292,000 as at 30 June 2024.

The above conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group’s ability to continue as a going concern.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION *(Continued)*

Going concern assumption *(Continued)*

In the preparation of the Group's interim condensed consolidated financial statements, the directors of the Company (the "**Directors**") have considered the on-going cash flow situation and the continuous financial support that might have from Southwest Securities International Investment Limited ("**SSII**") covering a period of not less than twelve months from 30 June 2024 and have given careful consideration to the Group's future liquidity and performance and its available sources of financing to continue as a going concern.

After taking into account the following considerations, the interim condensed consolidated financial statements have been prepared by the Directors on a going concern basis:

- (i) On 9 February 2024, the bonds payable was fully settled with the proceeds from the disposal of all the Group's financial assets at fair value through profit or loss of approximately HK\$99,042,000 and a shareholder loan from SSII of HK\$120,000,000 ("**Controlling Shareholder's Loan**"). The Controlling Shareholder's Loan is unsecured, unguaranteed, interest-bearing at fixed rate of 6.1475% and repayable on or before 31 December 2024.

On 28 March 2024, SSII and the Company had entered into the revolving facility agreement that the Company shall be entitled to drawdown a maximum of HK\$25,000,000 or equivalent ("**Controlling Shareholder's Revolving Loan**") for general working capital in supporting the daily operation of the Group. As at 30 June 2024, revolving loan of approximately HK\$5,349,000 were advanced from SSII under the Controlling Shareholder's Revolving Loan. The Controlling Shareholder's Revolving Loan is unsecured, unguaranteed, interest-bearing at fixed rate of 6.18774% and repayable on or before 31 December 2024;

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION *(Continued)*

Going concern assumption *(Continued)*

- (ii) the repayment of the Controlling Shareholder's Loan could be negotiated and further agreed upon in writing as stipulated in the Controlling Shareholder's Loan agreement, if necessary; and
- (iii) as of the date on which these interim condensed consolidated financial statements are being approved by the Directors, being the controlling shareholder of the Company, SSII, also provided a written letter to the Company to confirm its intention to provide adequate financial support to ensure that the Group has sufficient working capital to maintain its operations until 30 June 2025.

Notwithstanding the above, material uncertainties exist that may cast significant doubt on the Group's ability to continue as going concern, which depends on (i) the financial ability of SSII, as being controlling shareholder of the Company, to ensure the Group is able to continue as a going concern and has sufficient working capital for the Group's requirements till 30 June 2025; and (ii) the final settlement date of the Controlling Shareholder's Loan as further mutually agreed upon with SSII, if necessary.

Should the Group be unable to achieve the above-mentioned measures, it might not be able to continue in business as a going concern, and adjustments would have to be made to write down the carrying value of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, where applicable. The effect of these adjustments has not been reflected by the Directors in the interim condensed consolidated financial statements.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The measurement basis used in the preparation of these interim condensed consolidated financial statements is the historical cost basis except for financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss, which are measured at fair value.

The accounting policies used in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2023, except as described below.

In the current interim period, the Group has applied, for the first time, the following new and amendments to Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the HKICPA which are effective for the Group's financial year beginning 1 January 2024:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and the related amendments to Hong Kong Interpretation 5 (2020) Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The application of the new and amendments to HKFRSs in the current interim period has had no material impact on the Group's financial performance and positions for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3. REVENUE

An analysis of revenue is as follows:

	<i>Note</i>	Unaudited	
		2024	2023
		HK\$'000	HK\$'000
Six months ended 30 June			
Total revenue from contracts with customers within scope of HKFRS 15			
<i>Brokerage:</i>			
— commission income on securities dealing		48	49
		48	49
<i>Corporate finance:</i>			
— IPO sponsor fee income		—	3,700
— underwriting and placing commission income		—	1,262
— consultancy and financial advisory fee income		—	10
		—	4,972
Total revenue from contracts with customers	(i)	48	5,021
Revenue from other sources			
<i>Interest income calculated using the effective interest method from:</i>			
— margin financing		—	4
<i>Net gains from proprietary trading</i>		97	17,888
Total revenue from other sources		97	17,892
Total revenue		145	22,913

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3. REVENUE (Continued)

Note:

- (i) An analysis of total revenue from contracts with customers was as follows:

	Unaudited	
	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
<i>Analyse by business segment:</i>		
<i>Brokerage</i>		
— services transferred at a point in time	48	49
<i>Corporate finance</i>		
— services transferred at a point in time	—	1,262
— services transferred over time	—	3,710
	—	4,972
	48	5,021
<i>Analyse by timing of revenue recognition:</i>		
— services transferred at a point in time	48	1,311
— services transferred over time	—	3,710
	48	5,021

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

4. SEGMENT INFORMATION

The Directors have been identified as the chief operating decision makers (“**CODM**”) to evaluate the performance of operating segments based on the Group’s internal reporting in respect of these segments. Segment assets and liabilities are not disclosed as they are not considered as crucial for resources allocation and thereby not being regularly provided to the CODM.

Reportable operating segments

The CODM consider brokerage and margin financing, corporate finance, proprietary trading and asset management are the Group’s major operating segments.

	For the six months ended 30 June 2024 (Unaudited)					
	Brokerage and margin financing	Corporate finance	Proprietary trading	Asset management	Other operations	Consolidated
	HKS’000	HKS’000	HKS’000	HKS’000	HKS’000	HKS’000
Segment revenue from external customers	48	-	97	-	-	145
Other income and gains	1,333	2,556	-	1,218	3,066	8,173
Fee and commission expenses	(117)	(2)	-	-	-	(119)
Finance costs	(1,966)	(957)	-	(356)	-	(3,279)
Expected credit losses on financial assets, net	108	(117)	-	-	-	(9)
Other operating expenses	(4,393)	(3,239)	(635)	(1,955)	(2,579)	(12,801)
Segment results	(4,987)	(1,759)	(538)	(1,093)	487	(7,890)
Unallocated expenses, represented central administration costs						(4,869)
Unallocated depreciation of fixed assets						(263)
Unallocated finance costs						(3,025)
Loss before tax						(16,047)

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

4. SEGMENT INFORMATION *(Continued)* Reportable operating segments *(Continued)*

	For the six months ended 30 June 2023 (Unaudited)					
	Brokerage and margin financing	Corporate finance	Proprietary trading	Asset management	Other operations	Consolidated
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Segment revenue from external customers	53	4,972	17,888	–	–	22,913
Other income and gains	2,465	1	–	–	7,411	9,877
Fee and commission expenses	(102)	(2)	–	–	–	(104)
Finance costs	(1,382)	(699)	(5,377)	(278)	–	(7,736)
Expected credit losses on financial assets, net	1,687	131	–	–	–	1,818
Other operating expenses	(6,504)	(5,758)	(295)	(2,436)	(3,921)	(18,914)
Segment results	(3,783)	(1,355)	12,216	(2,714)	3,490	7,854
Unallocated expenses, represented						
central administration costs						(4,209)
Unallocated depreciation of fixed assets						(366)
Unallocated finance costs						(8,840)
Loss before tax						(5,561)

Geographical segments

The geographical location of customers is based on the location at which the services were provided. During the six months ended 30 June 2024 and 30 June 2023, the Group's revenue is mainly derived from customers in Hong Kong.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

5. OTHER INCOME AND GAINS

	Unaudited	
	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
Other income		
Other interest income	4,841	9,831
Sundry income	3,332	46
	8,173	9,877

6. LOSS BEFORE TAX

	Unaudited	
	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
Loss before tax is arrived at after charging/ (crediting):		
(a) Finance costs		
Short-term loan interest expenses	3,102	–
Bonds interest expenses	3,051	15,713
Imputed interest expenses on bonds payable	151	861
Interest on lease liabilities	–	2
	6,304	16,576
(b) Staff costs		
Salaries, commission and allowances	11,243	13,649
Contributions to retirement benefit schemes	284	359
	11,527	14,008
(c) Other items		
Expected credit losses on financial assets, net	9	(1,818)
Exchange loss, net	310	1,415

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

7. INCOME TAX

Hong Kong Profits Tax has not been provided for entities within the Group for the six months ended 30 June 2024 and 30 June 2023 as they did not derive assessable profits arising in Hong Kong during the period.

In the opinion of the Directors, the Group is not subject to taxation in any other jurisdictions.

8. LOSS PER SHARE

The calculation of basic and diluted loss per share is based on the loss for the period attributable to the equity shareholders of the Company and the weighted average number of ordinary shares in issue during the period.

	Unaudited Six months ended 30 June	
	2024	2023
Loss for the period attributable to equity shareholders of the Company (<i>HK\$'000</i>)	(16,047)	(5,561)
Weighted average number of ordinary shares in issue for the purpose of basic and diluted loss per share (<i>In '000</i>)	3,661,831	3,661,831
Basic loss per share (<i>HK cents</i>)	(0.438)	(0.152)
Diluted loss per share (<i>HK cents</i>)	(0.438)	(0.152)

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

The unlisted equity investments were irrevocably designated at fair value through other comprehensive income as the Group considers these investments to be strategic in nature. As at 30 June 2024, the Group held one (at 31 December 2023: one) investment with no fair value.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

10. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

		Unaudited	Audited
		At	At
		30 June	31 December
		2024	2023
	<i>Notes</i>	HK\$'000	HK\$'000
Debt securities			
— Listed in Hong Kong	<i>(i)</i>	—	60,726
— Listed outside Hong Kong	<i>(i)</i>	—	38,364
		—	99,090

Notes:

- (i) Fair values of the listed debt securities are determined with reference to quoted bid price provide by brokers/financial institutions at the end of each reporting period.
- (ii) The Group has not pledged any equity securities, debt securities and unlisted fund investments at 30 June 2024 to any bank as collateral for the banking facilities granted (at 31 December 2023: Nil).

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

11. ACCOUNTS RECEIVABLE

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

		Unaudited At 30 June 2024 HK\$'000	Audited At 31 December 2023 HK\$'000
	<i>Notes</i>		
Accounts receivable arising from the ordinary course of business of broking in securities:			
— securities margin clients	(a)	533,377	533,509
— securities cash clients	(b)	216	209
— securities brokers	(b)	345	349
Accounts receivable arising from proprietary trading	(b)	—	156
Accounts receivable arising from the provision of corporate finance advisory services	(b)	150	150
		534,088	534,373
Less: Impairment		(533,690)	(533,695)
		398	678

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

11. ACCOUNTS RECEIVABLE (Continued)

Notes:

(a) Accounts receivable analysis on securities margin clients

- (i) The carrying amount of accounts receivable from securities margin clients of the Group was as follows:

	Unaudited At 30 June 2024 HK\$'000	Audited At 31 December 2023 HK\$'000
Accounts receivable arising from the ordinary course of business of broking in securities:		
— Securities margin clients	533,377	533,509
Less: Impairment		
— Stage 1	—	—
— Stage 2	—	—
— Stage 3	(533,372)	(533,504)
	5	5

Accounts receivable from securities margin clients are secured by their pledged securities, repayable on demand and bear interests at commercial rates. Credits are extended to securities margin clients subject to the marginable value of the listed securities pledged with the Group. The margin ratios are reviewed and determined periodically. At the end of the reporting period, fair value of marketable securities pledged by securities margin clients was approximately HK\$481,000 (at 31 December 2023: approximately HK\$210,000).

No ageing analysis is disclosed as in the opinion of Directors, the ageing analysis does not give additional value in view of the nature of broking business.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

11. ACCOUNTS RECEIVABLE (Continued)

Notes: (Continued)

(a) Accounts receivable analysis on securities margin clients (Continued)

- (ii) The movements in the impairment allowance of accounts receivable from securities margin clients were as follows:

	12-month ECL (Stage 1) <i>HK\$'000</i>	Lifetime ECL not credit- impaired (Stage 2) <i>HK\$'000</i>	Lifetime ECL credit- impaired (Stage 3) <i>HK\$'000</i>	Total <i>HK\$'000</i>
As at 1 January 2023	–	–	536,014	536,014
Amount written off	–	–	(705)	(705)
Credited to profit or loss	–	–	(1,793)	(1,793)
Exchange difference	–	–	(12)	(12)
As at 31 December 2023 (audited) and 1 January 2024	–	–	533,504	533,504
Credited to profit or loss	–	–	(118)	(118)
Exchange difference	–	–	(14)	(14)
As at 30 June 2024 (unaudited)	–	–	533,372	533,372

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

11. ACCOUNTS RECEIVABLE (Continued)

Notes: (Continued)

(b) Accounts receivable analysis other than securities margin clients

- (i) The carrying values of accounts receivable other than from securities margin clients of the Group are as follows:

		Unaudited At 30 June 2024 HK\$'000	Audited At 31 December 2023 HK\$'000
Accounts receivable arising from the ordinary course of business of broking in securities:			
— securities cash clients	(1)	216	209
— securities brokers	(2)	345	349
Accounts receivable arising from proprietary trading	(3)	—	156
Accounts receivable arising from the provision of corporate finance advisory services	(4)	150	150
		711	864
Less: Impairment	(5)	(318)	(191)
		393	673

- (1) Accounts receivable from cash clients arising from the business of dealing in securities are repayable on demand on settlement date. Overdue accounts receivable are repayable on demand and charged interests at commercial rates. The normal settlement terms of accounts receivable arising from the ordinary course of business of broking in securities are one to three days after trade date. No ageing analysis is disclosed as in the opinion of the Directors, the ageing analysis does not give additional value in view of the nature of broking business.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

11. ACCOUNTS RECEIVABLE (Continued)

Notes: (Continued)

(b) Accounts receivable analysis other than securities margin clients (Continued)

(i) (Continued)

- (2) At the end of the reporting period, accounts receivable from securities brokers were not overdue.
- (3) Accounts receivable arising from proprietary trading were repayable on demand. The normal settlement terms are one to three days after trade date.
- (4) At the end of the reporting period, the ageing analysis of accounts receivable net of impairment arising from the provision of corporate finance advisory services, based on the invoice date which approximates the respective revenue recognition dates, was as follows:

	Unaudited	Audited
	At	At
	30 June	31 December
	2024	2023
	HK\$'000	HK\$'000
Current	–	–
Overdue:		
Within 30 days	–	–
31–90 days	–	132
Over 180 days	15	–
	15	132

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

11. ACCOUNTS RECEIVABLE (Continued)

Notes: (Continued)

(b) **Accounts receivable analysis other than securities margin clients** (Continued)

(i) (Continued)

- (5) The movements in the impairment allowance of accounts receivable other than securities margin clients were as follows:

	Lifetime ECL		Lifetime ECL		Total
	12-month ECL (Stage 1)	not credit-impaired (Stage 2)	credit-impaired (Stage 3)	Lifetime ECL simplified approach	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
As at 1 January 2023	-	-	157	131	288
Charged/(credited) to profit or loss	-	-	16	(113)	(97)
As at 31 December 2023 (audited) and 1 January 2024	-	-	173	18	191
Charged/(credited) to profit or loss	-	-	10	117	127
As at 30 June 2024 (unaudited)	-	-	183	135	318

12. CASH AND BANK BALANCES

The Group maintains trust accounts with banks to deal with clients' monies in the ordinary course of business. At the end of the reporting period, trust monies not otherwise dealt with in the interim condensed consolidated financial statements amounted to approximately HK\$17,667,000 (at 31 December 2023: approximately HK\$114,635,000).

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

13. BONDS PAYABLE

	2021 USD Bonds HK\$'000
Carrying amount at 1 January 2023	797,500
Imputed interest expenses for the year	1,569
Exchange difference	1,851
Principal repayment	(78,498)
Carrying amount at 31 December 2023 (audited) and 1 January 2024	722,422
Imputed interest expenses for the period	151
Exchange difference	500
Principal repayment	(723,073)
Carrying amount at 30 June 2024 (unaudited)	–

On 9 February 2021, the Company issued bonds with aggregate principal amount of US\$178,000,000 (the “**2021 USD Bonds**”) to independent third parties. The 2021 USD Bonds bear interest from 9 February 2021 (inclusive) at the fixed rate of 4.00% per annum and guaranteed by SWSC. Interest on 2021 USD Bonds is payable semiannually in arrears. The 2021 USD Bonds are listed on the Stock Exchange. For the years ended 31 December 2023 and 2022, the Company repurchased and cancelled US\$10,000,000 and US\$75,500,000 of 2021 USD Bonds respectively. The remaining portion of US\$92,500,000 was fully settled in February 2024.

The 2021 USD Bonds were carried at amortised cost using an effective interest rate of 4.2% per annum. The fair value determined with reference to the quoted price provided by brokers/financial institutions as at 31 December 2023 was approximately HK\$717,370,000.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

14. SHARE CAPITAL

	At 30 June 2024 (Unaudited)		At 31 December 2023 (Audited)	
	Number of shares '000	Amount HK\$'000	Number of shares '000	Amount HK\$'000
Authorised:				
Ordinary shares of HK\$0.1 each				
At beginning and end of the reporting period	4,000,000	400,000	4,000,000	400,000
Issued and fully paid:				
At the end of the reporting period	3,661,830	366,182	3,661,830	366,182

15. OTHER EQUITY INSTRUMENT

On 15 October 2019, the Company issued HK\$580 million perpetual securities (the “**other equity instrument**”) with an initial distribution rate of 3.875% per annum. From 15 October 2022, the distribution rate increased to 3.92% per annum. The Company may, at its sole discretion, elect to defer, in whole or in part, any distribution declared by the Company. The other equity instrument has no fixed redemption date and may be redeemed in whole or in part at any time at the sole discretion of the Company on giving prior notice to the holder of the other equity instrument, in accordance with the terms and conditions stated in the subscription agreement. The other equity instrument constitutes direct, unconditional, subordinated and unsecured obligations of the Company and is classified as equity instruments and recorded as equity in the consolidated statement of financial position. On 14 October 2021, the Company had declared a distribution in the amount of approximately HK\$4,803,000 to the holder of other equity instrument and had fully settled the said distribution on 15 February 2022. No distribution declared during the six months ended 30 June 2024 and the year ended 31 December 2023.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

16. RELATED PARTY TRANSACTIONS

In addition to the transactions and balances disclosed elsewhere in these interim condensed consolidated financial statements, there were related party transactions entered into by the Group during the reporting period, details of which are set out below:

Related party relationship	Nature of transaction	Unaudited	
		Six months ended 30 June	
		2024	2023
		HK\$'000	HK\$'000
Key management personnel, including Directors	Salaries, fees, commission and allowances	4,940	5,337
	Contributions to retirement benefit schemes	65	76
Immediate holding company	Short-term loan interest expenses	3,102	–
		8,107	5,413

Related party relationship	Nature of balance	Unaudited	Audited
		At	At
		30 June 2024	31 December 2023
		HK\$'000	HK\$'000
Immediate holding company	Amount due to immediate holding company (<i>Note</i>)	128,451	–

Note:

On 9 February 2024, the Controlling Shareholder's Loan of HK\$120,000,000 were advanced from SSII. The Controlling Shareholder's Loan is unsecured, unguaranteed, interest-bearing at fixed rate of 6.1475% and repayable on or before 31 December 2024;

During the six months ended 30 June 2024, the Controlling Shareholder's Revolving Loan of approximately HK\$5,349,000 were advanced from SSII under the revolving facility agreement entered with SSII on 28 March 2024. The Controlling Shareholder's Revolving Loan is unsecured, unguaranteed, interest-bearing at fixed rate of 6.18774% and repayable on or before 31 December 2024.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

17. COMMITMENT

Capital commitments

There was no capital expenditure in respect of the acquisition of fixed assets contracted for but not provided in the interim condensed consolidated financial statements as at 30 June 2024 and 31 December 2023.

18. FAIR VALUE MEASUREMENTS

The following presents the assets and liabilities measured at fair value in addition to the fair value disclosed elsewhere in these interim condensed consolidated financial statements on a recurring basis at 30 June 2024 and 31 December 2023 across the three levels of the fair value hierarchy defined in HKFRS 13, Fair value measurement, with the fair value measurement categorised in its entirety based on the lowest level input that is significant to the entire measurement. The levels of inputs are defined as follows:

- Level 1 (highest level): Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 (lowest level): Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

At 30 June 2024 (Unaudited)

	Total HK\$'000	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000
Assets measured at fair value				
Financial assets at fair value through profit or loss				
— Debt securities listed in Hong Kong	-	-	-	-
— Debt securities listed outside Hong Kong	-	-	-	-
Financial assets at fair value through other comprehensive income				
— Unlisted equity securities	-	-	-	-

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

18. FAIR VALUE MEASUREMENTS (Continued)

At 31 December 2023 (Audited)

	Total HK\$'000	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000
Assets measured at fair value				
Financial assets at fair value through profit or loss				
— Debt securities listed in Hong Kong	60,726	60,726	—	—
— Debt securities listed outside Hong Kong	38,364	38,364	—	—
Financial assets at fair value through other comprehensive income				
— Unlisted equity securities	—	—	—	—

No movements in fair value measurements within Level 3 during the reporting period.

Valuation processes of the Group

The Directors determine the policies and procedures for both recurring and non-recurring fair value measurement. In estimating the fair value of an asset or a liability, the Directors use market-observable data to the extent it is available. Where Level 1 and Level 2 inputs are not available, the Directors would engage third party qualified valuer to perform the valuation for significant assets and liabilities.

OTHER INFORMATION



DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2024, none of the Directors, the chief executive of the Company or their respective associates had any interests and short positions in the shares, underlying shares and/or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "**SFO**")) which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which were recorded in the register required to be kept pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the Review Period were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate granted to any Directors or their respective spouse or children under the age of 18, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the Directors, their respective spouse or children under the age of 18 to acquire such rights in any other body corporate.

OTHER INFORMATION

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

As at 30 June 2024, the substantial shareholders of the Company (other than Directors and chief executive of the Company whose interests or short positions have been disclosed in the "Directors' and Chief Executive's Interests in Shares, Underlying Shares and Debentures" above) who had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO and to the best knowledge of the Company are as follows:

Interests in long positions in the ordinary shares of the Company (the "Shares")

Names	Notes	Capacity and nature of interest	Number of Shares held	Approximate percentage of issued voting Shares
Southwest Securities International Investment Limited (" SSII ")	1	Beneficial owner	2,713,469,233	74.10%
Southwest Securities Co., Ltd. (" SWSC ")	1	Interest of controlled corporation	2,713,469,233	74.10%
Mr. Wong Man Hin Max (" Mr. Wong ")	2	Beneficial owner	2,713,469,233	74.10%

Notes:

1. SSII is wholly owned by SWSC. SWSC is therefore deemed, or taken to be, interested in all shares in which SSII is interested for the purpose of the SFO.
2. On 21 June 2024, Mr. Wong has entered into a share sale and purchase agreement with SSII, pursuant to which Mr. Wong has conditionally agreed to acquire, among other things, 2,713,469,233 Shares from SSII.

Save as disclosed above, as at 30 June 2024, the Company has not been notified of any other persons (other than Directors or chief executive of the Company) who had an interest or short position in the shares or underlying shares of the Company that were recorded in the register required to be kept under Section 336 of the SFO.

OTHER INFORMATION



ADVANCE TO AN ENTITY

On 13 February 2018, Southwest Securities (HK) Brokerage Limited (西證(香港)證券經紀有限公司), a wholly-owned subsidiary of the Company (the “**Lender**”) advanced to Jaguar Asian Limited (a company incorporated under the laws of the British Virgin Islands with limited liability, the “**Borrower**”) a secured security margin loan facility of up to HK\$270 million (the “**Loan**”). The repayment date of the Loan was extended from 13 February 2019 to 28 April 2019 on 13 February 2019 by way of an amendment deed.

On 16 October 2019, the Lender entered into a restructuring deed (the “**Restructuring Deed**”) of even date with the Borrower and the relevant guarantors to, amongst others, extend the repayment date of the outstanding amounts under the facility as follows:

- (i) as to HK\$10,000,000 on or before the date falling three days after the date of the Restructuring Deed and as to HK\$20,000,000 on or before the date falling thirty days after the date of the Restructuring Deed, in respect of which HK\$19,084,932 is to be applied towards repayment of the interests accrued from 13 February 2019 up to and including 15 September 2019 and HK\$10,915,068 towards repayment of the Loan;
- (ii) as to HK\$30,000,000 on or prior to the date falling six months of the date of the Restructuring Deed, which is to be applied towards repayment of the Loan;
- (iii) as to HK\$50,000,000 on or prior to the date falling nine months of the date of the Restructuring Deed, which is to be applied towards repayment of the Loan; and
- (iv) as to the balance of the Loan and all other sums payable on or before the date falling twelve months of the date of the Restructuring Deed.

As at 30 June 2024, the outstanding amount of the Loan and interest were approximately HK\$664.6 million with an interest rate of 12% per annum and default interest rate 20% per annum, and were secured by a charge over 588,720,412 ordinary shares in the issued share capital of Yi Hua Holdings Limited (the issued shares of which were delisted from the Main Board of the Stock Exchange on 21 March 2022) beneficially owned by the Borrower.

Details of the Loan are set out in the announcements of the Company dated 14 February 2018, 13 February 2019, 16 October 2019 and 28 August 2020.

OTHER INFORMATION

On 16 October 2020, the Lender initiated civil litigation (the “**Litigation**”) in the PRC against (1) Mr. Chen Da Ren (陳達仁); (2) Zhaoqing Jiazhou New City Real Estate Industry Development Company Limited* (肇慶市加洲新城房地產實業開發有限公司) (“**Zhaoqing Jiazhou**”); and (3) Jiangmen Jinhui Century Plaza Property Management Company Limited* (江門市金滙世紀廣場物業管理有限公司) (“**Jiangmen Jinhui**”) to recover the Loan advanced to the Borrower together with the relevant interest. Each of Mr. Chen Da Ren, Zhaoqing Jiazhou and Jiangmen Jinhui is a guarantor of the Loan.

On 14 July 2021, the Lender initiated an arbitration in the PRC (“**Arbitration**”) against (1) Zhenjiang Hualong Plaza Real Estate Co., Ltd.* (鎮江華龍廣場置業有限公司) (“**Zhenjiang Hualong**”); and (2) Zhenjiang Yihao Real Estate Co., Ltd.* (鎮江逸豪置業有限公司) (“**Zhenjiang Yihao**”) to recover the Loan advanced to the Borrower together with the relevant interest. Each of Zhenjiang Hualong and Zhenjiang Yihao is a guarantor of the Loan.

On 19 October 2020, the Litigation was accepted by the Intermediate People’s Court of Jiangmen City, Guangdong Province* (廣東省江門市中級人民法院). On 28 July 2021, the Arbitration was accepted by Shanghai Arbitration Commission (上海仲裁委員會).

As at the date of this report, the Intermediate People’s Court of Jiangmen City, Guangdong Province, has issued a first instance judgment in favor of the Lender’s main litigation claims which has taken effect. On 28 April 2024, the High People’s Court of Guangdong Province ruled that the appeals of Zhaoqing Jiazhou and Jiangmen Jinhui are deemed to have been withdrawn automatically. While Shanghai Arbitration Commission issued the arbitration award that denied all the claims of the Lender, further legal measures have been taken by the Lender to revoke the said arbitration award and recover the Loan.

The Company will make further announcements in due course to inform the Shareholders and potential investors of the Company of any further significant development in the Litigation or Arbitration and the recovery of the Loan.

As of 31 December 2020, the Company had made full impairment provision in respect of the Loan.

CORPORATE GOVERNANCE

It is the belief of the Board that good corporate governance plays a vital part in maintaining the success of the Company. The Company is committed to maintaining high standards of corporate governance to safeguard the interests of the shareholders of the Company and to enhance corporate value accountability. The Company has adopted and complied with the applicable code provisions of the Corporate Governance Code (the “**CG Code**”) as set out in Appendix C1 to the Listing Rules. The Board will continue to review and enhance its corporate governance practice of the Company to ensure compliance with the CG Code and align with the latest developments.

* translation for reference only

OTHER INFORMATION



CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY DIRECTORS

During the Review Period, the Company has adopted the Model Code for Securities Transactions by Directors of the Listed Issuers (the “**Model Code**”) set out in Appendix C3 to the Listing Rules. The Company has made specific enquiry with each Director and, based on such enquiry, confirmed that all the Directors have complied with the required standard as set out in the Model Code.

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company during the Review Period.

REVIEW OF INTERIM FINANCIAL INFORMATION

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including a review of the unaudited interim condensed consolidated financial statements for the six months ended 30 June 2024 and this interim report.

CHANGE OF AUDITORS

Ernst & Young resigned as auditor of the Company on 7 July 2021 and SHINEWING (HK) CPA Limited (“**SHINEWING**”) was appointed as auditor of the Company at the special general meeting on 28 July 2021. Save as disclosed above, there were no other changes of auditors by the Company in the past three years as at the date of this report. SHINEWING is subject to reappointment as independent auditor of the Group at the annual general meeting of the Company.

CONTINUED SUSPENSION OF TRADING

Trading in the shares of the Company on the Stock Exchange, which was suspended with effect from 9:00 a.m. on 4 March 2024, remains suspended and will continue to be so until the Company fulfils the resumption guidance (and any supplement or modification thereto) given by the Stock Exchange. Shareholders and potential investors should exercise caution when dealing in securities of the Company.

By order of the Board

Huang Changsheng

Executive Director and Chief Executive Officer

Hong Kong, 23 August 2024

Southwest Securities International Securities Limited
西證國際證券股份有限公司

