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SUNWAH KINGSWAY
新華滙富

SUNWAH KINGSWAY CAPITAL HOLDINGS LIMITED

新華滙富金融控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 00188)

**INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2024**

The Board of Directors of Sunwah Kingsway Capital Holdings Limited (the “Company”) hereby submit the unaudited interim condensed consolidated financial statements of the Company and its subsidiaries (the “Group”) for the six months ended 31 December 2024.

CONDENSED CONSOLIDATED INCOME STATEMENT

	<i>Notes</i>	Six months ended 31 December	
		2024 Unaudited HK\$'000	2023 Unaudited HK\$'000
Revenue			
Commission and fee income		6,297	6,833
Interest income arising from financial assets at amortised cost		9,829	11,012
Interest income arising from debt securities at fair value through profit or loss		1,358	810
Dividend income		3,804	2,895
Rental income		1,375	1,467
		<hr/>	<hr/>
	3	22,663	23,017
Net loss on financial assets and liabilities at fair value through profit or loss	4	(6,361)	(21,420)
Other income and gains or losses	5	178	439
		<hr/>	<hr/>
		16,480	2,036
Commission expenses		(666)	(742)
General and administrative expenses		(30,588)	(33,634)
Finance costs		(3,101)	(3,541)
Net impairment losses on financial instruments		(13)	(3,571)
Fair value changes on investment properties		(6,854)	(1,914)
Changes on non-controlling interests in consolidated investment funds		(978)	7,642
Gain on disposal of subsidiaries		–	4,030
Share of loss of a joint venture		(8)	(4)
Share of profit/(loss) of associates		529	(604)
		<hr/>	<hr/>
Loss before tax	6	(25,199)	(30,302)
Income tax credit	7	12	168
		<hr/>	<hr/>
Loss for the period		(25,187)	(30,134)
		<hr/>	<hr/>
Attributable to:			
Owners of the Company		(25,187)	(29,948)
Non-controlling interests		–	(186)
		<hr/>	<hr/>
Loss for the period		(25,187)	(30,134)
		<hr/> <hr/>	<hr/> <hr/>
Basic and diluted loss per share	9	(3.38) HK cents	(4.05) HK cents
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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 31 December	
	2024	2023
	Unaudited HK\$'000	Unaudited HK\$'000
Loss for the period	<u>(25,187)</u>	<u>(30,134)</u>
Other comprehensive (expense)/income:		
<i>Items that will not be reclassified to profit or loss:</i>		
Land and buildings held for own use		
– Deficit on revaluation	(26,583)	(5,339)
– Income tax effect	<u>5,440</u>	<u>1,546</u>
	<u>(21,143)</u>	<u>(3,793)</u>
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences arising on translation of financial statements of foreign operations	(666)	1,277
Reclassification adjustment for foreign operations disposed of during the period	–	667
	<u>(666)</u>	<u>1,944</u>
Other comprehensive expense for the period	<u>(21,809)</u>	<u>(1,849)</u>
Total comprehensive expense for the period	<u><u>(46,996)</u></u>	<u><u>(31,983)</u></u>
Total comprehensive expense attributable to:		
Owners of the Company	(46,996)	(31,797)
Non-controlling interests	–	(186)
Total comprehensive expense for the period	<u><u>(46,996)</u></u>	<u><u>(31,983)</u></u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Notes</i>	31 December 2024 Unaudited HK\$'000	30 June 2024 Audited HK\$'000
Non-current assets			
Investment properties		61,745	68,599
Properties and equipment		251,228	281,777
Intangible assets		2,190	2,190
Interest in a joint venture		23,793	23,801
Interests in associates		20,632	20,109
Loans to and amounts due from associates		14,131	13,798
Other assets		3,368	4,413
Financial assets at fair value through profit or loss		1,198	42,978
		378,285	457,665
Current assets			
Financial assets at fair value through profit or loss		261,534	213,096
Accounts, loans and other receivables	10	121,075	118,062
Bank balances and cash – trust accounts		391,996	313,325
Cash and cash equivalents		98,543	108,818
		873,148	753,301
Current liabilities			
Financial liabilities at fair value through profit or loss		5,810	8,302
Net assets attributable to holders of non-controlling interests in consolidated investment funds		57,748	55,990
Accruals, accounts and other payables	11	442,371	344,924
Lease liabilities		132	130
Contract liabilities		2,200	19
Bank loans and overdraft		74,745	73,295
Current tax liabilities		1,450	1,386
		584,456	484,046
Net current assets		288,692	269,255
Total assets less current liabilities		666,977	726,920
Non-current liabilities			
Deferred tax liabilities		11,682	17,118
Lease liabilities		179	245
		11,861	17,363
NET ASSETS		655,116	709,557
CAPITAL AND RESERVES			
Share capital		74,452	74,452
Reserves		580,664	635,105
Equity attributable to owners of the Company		655,116	709,557
Non-controlling interests		–	–
TOTAL EQUITY		655,116	709,557

NOTES

1 BASIS OF PREPARATION

The 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 “Stock Exchange”) and with Hong Kong Accounting Standard 34, Interim Financial Reporting (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

2 MATERIAL ACCOUNTING POLICIES

The unaudited interim condensed consolidated financial statements have been prepared on the historical cost basis, except for investment properties, land and buildings held for own use and financial assets/liabilities at fair value through profit or loss that are measured at revalued amounts or fair values, as appropriate.

Other than changes in accounting policies resulting from application of the amendments to Hong Kong Financial Reporting Standards (“HKFRSs”), the accounting policies and methods of computation used in the unaudited interim condensed consolidated financial statements for the six months ended 31 December 2024 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 30 June 2024.

Application of the Amendments to HKFRSs

In the current interim period, the Group has applied, for the first time, the following amendments HKFRSs issued by the HKICPA which are mandatory effective for the annual period beginning on or after 1 January 2024 for the preparing of the Group’s unaudited interim condensed consolidated financial statements.

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current (the “2020 Amendments”)
Amendments to HKAS 1	Non-current Liabilities with Covenants (the “2022 Amendments”)
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

Amendments to HKFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of HKFRS 16, the amendments did not have any impact on the financial position or performance of the Group.

The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period. The Group has reassessed the terms and conditions of its liabilities as at 1 July 2023 and 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

Amendments to HKAS 7 and HKFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the Group's financial statements.

3 REVENUE

The principal activities of the Group are investment in securities, securities broking and margin financing, provision of financial advisory services, money lending, other securities related financial services and leasing of investment properties.

	Six months ended 31 December	
	2024	2023
	HK\$'000	HK\$'000
Revenue from contracts with customers		
<i>Commission and fee income</i>		
– securities, options, funds and futures brokerage	2,918	3,620
– underwriting and placements in equity capital markets	–	603
– corporate finance	867	648
– asset management	41	38
– handling and settlement fee income	1,854	1,454
– miscellaneous fee income	617	470
	<u>6,297</u>	<u>6,833</u>
Revenue from other sources		
<i>Interest income arising from financial assets at amortised cost</i>		
– bank deposits	6,542	8,686
– margin and cash clients	194	212
– loans	2,651	1,643
– others	442	471
	<u>9,829</u>	<u>11,012</u>
<i>Interest income arising from debt securities at fair value through profit or loss</i>	1,358	810
<i>Dividend income</i>	3,804	2,895
<i>Rental income</i>	1,375	1,467
	<u>16,366</u>	<u>16,184</u>
	<u><u>22,663</u></u>	<u><u>23,017</u></u>

Disaggregation of revenue from contracts with customers

The following illustrates the disaggregated revenue information of the Group's revenue from contracts with customers:

For six months ended 31 December 2024

Segments	Brokerage and financing <i>HK\$'000</i>	Corporate finance and capital markets <i>HK\$'000</i>	Asset management <i>HK\$'000</i>	Others <i>HK\$'000</i>	Total <i>HK\$'000</i>
Type of services					
Brokerage service	2,918	–	–	–	2,918
Capital market service	–	–	–	–	–
Corporate finance service	–	867	–	–	867
Asset management service	–	–	41	–	41
Handling and settlement service	1,854	–	–	–	1,854
Other services	317	–	–	300	617
Total revenue from contracts with customers	<u>5,089</u>	<u>867</u>	<u>41</u>	<u>300</u>	<u>6,297</u>
Geographical markets					
Hong Kong	5,073	867	41	300	6,281
Other countries	16	–	–	–	16
Total revenue from contracts with customers	<u>5,089</u>	<u>867</u>	<u>41</u>	<u>300</u>	<u>6,297</u>
Timing of revenue recognition					
Services transferred at a point in time	5,089	280	41	300	5,710
Services transferred over time	–	587	–	–	587
Total revenue from contracts with customers	<u>5,089</u>	<u>867</u>	<u>41</u>	<u>300</u>	<u>6,297</u>

For six months ended 31 December 2023

Segments	Brokerage and financing <i>HK\$'000</i>	Corporate finance and capital markets <i>HK\$'000</i>	Asset management <i>HK\$'000</i>	Others <i>HK\$'000</i>	Total <i>HK\$'000</i>
Type of services					
Brokerage service	3,620	–	–	–	3,620
Capital market service	–	603	–	–	603
Corporate finance service	–	648	–	–	648
Asset management service	–	–	38	–	38
Handling and settlement service	1,454	–	–	–	1,454
Other services	143	–	27	300	470
	<u>5,217</u>	<u>1,251</u>	<u>65</u>	<u>300</u>	<u>6,833</u>
Total revenue from contracts with customers	<u>5,217</u>	<u>1,251</u>	<u>65</u>	<u>300</u>	<u>6,833</u>
Geographical markets					
Hong Kong	4,953	1,251	65	300	6,569
Other countries	264	–	–	–	264
	<u>5,217</u>	<u>1,251</u>	<u>65</u>	<u>300</u>	<u>6,833</u>
Total revenue from contracts with customers	<u>5,217</u>	<u>1,251</u>	<u>65</u>	<u>300</u>	<u>6,833</u>
Timing of revenue recognition					
Services transferred at a point in time	5,217	916	65	300	6,498
Services transferred over time	–	335	–	–	335
	<u>5,217</u>	<u>1,251</u>	<u>65</u>	<u>300</u>	<u>6,833</u>
Total revenue from contracts with customers	<u>5,217</u>	<u>1,251</u>	<u>65</u>	<u>300</u>	<u>6,833</u>

4 NET LOSS ON FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	Six months ended 31 December	
	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Listed equity securities	(4,437)	(21,221)
Listed debt securities	489	(1,487)
Listed derivatives	(2,425)	1,820
Bond and money market funds	90	5
Unlisted investment funds	(78)	(124)
Overseas unlisted equity securities	–	(413)
	<u>(6,361)</u>	<u>(21,420)</u>

5 SEGMENT INFORMATION

The following is an analysis of the Group's revenue and results by operating segment for the periods under review:

	Six months ended 31 December 2024						Consolidated HK\$'000
	Proprietary investment HK\$'000	Property investment HK\$'000	Brokerage and financing HK\$'000	Corporate finance and capital markets HK\$'000	Asset management HK\$'000	Others HK\$'000	
Commission and fee income	-	-	5,089	867	41	300	6,297
Interest income arising from financial assets at amortised cost	413	104	9,197	5	2	108	9,829
Interest income arising from debt securities at fair value through profit or loss	1,358	-	-	-	-	-	1,358
Other income	3,804	1,375	-	-	-	-	5,179
Inter-segment revenue	11	-	566	-	1,244	5,449	7,270
Segment revenue	5,586	1,479	14,852	872	1,287	5,857	29,933
Net loss on financial assets and liabilities at fair value through profit or loss	(6,358)	-	(3)	-	-	-	(6,361)
Other income and gains or losses	176	124	25	-	-	(147)	178
Eliminations	(11)	-	(566)	-	(1,244)	(5,449)	(7,270)
	(607)	1,603	14,308	872	43	261	16,480
Loss before tax	(10,267)	(6,207)	2,088	(3,447)	(453)	(6,913)	(25,199)
	Six months ended 31 December 2023						
	Proprietary investment HK\$'000 (Restated)	Property investment HK\$'000 (Restated)	Brokerage and financing HK\$'000 (Restated)	Corporate finance and capital markets HK\$'000	Asset management HK\$'000 (Restated)	Others HK\$'000	Consolidated HK\$'000 (Restated)
Commission and fee income	-	-	5,217	1,251	65	300	6,833
Interest income arising from financial assets at amortised cost	183	116	10,493	13	3	204	11,012
Interest income arising from debt securities at fair value through profit or loss	810	-	-	-	-	-	810
Other income	2,895	1,467	-	-	-	-	4,362
Inter-segment revenue	425	-	619	-	1,412	6,143	8,599
Segment revenue	4,313	1,583	16,329	1,264	1,480	6,647	31,616
Net (loss)/gain on financial assets and liabilities at fair value through profit or loss	(21,423)	-	3	-	-	-	(21,420)
Other income and gains or losses	(58)	120	266	-	9	102	439
Eliminations	(425)	-	(619)	-	(1,412)	(6,143)	(8,599)
	(17,593)	1,703	15,979	1,264	77	606	2,036
Loss before tax	(19,079)	(1,368)	(3,086)	(3,917)	2,950	(5,802)	(30,302)

The following is an analysis of the Group's assets by operating segment:

	31 December	30 June
	2024	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
Proprietary investment	299,825	299,806
Property investment	103,307	110,070
Brokerage and financing	584,773	508,608
Corporate finance and capital markets	8,154	5,508
Asset management	1,007	1,053
Others	254,367	285,921
	<hr/>	<hr/>
Total assets	1,251,433	1,210,966
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6 LOSS BEFORE TAX

Loss before tax is arrived at after crediting/(charging):

	Six months ended 31 December	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Staff costs	(17,534)	(19,068)
Lease payments not included in the measurement of lease liabilities	(66)	(97)
Depreciation	(4,369)	(5,105)
Interest expenses on		
– unsecured bank overdrafts	(6)	(4)
– brokerage clients	(1,163)	(1,551)
– secured bank loans wholly repayable within one year and overdrafts	(1,512)	(1,875)
– others	(417)	(97)
– lease liabilities	(3)	(14)
Net impairment losses on financial instruments on		
– accounts, loans and other receivable	(273)	(3,571)
– recoveries of loan receivable written off in prior years	260	–
Exchange gain (net)	159	439
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7 INCOME TAX IN THE CONDENSED CONSOLIDATED INCOME STATEMENT

	Six months ended 31 December	
	2024	2023
	HK\$'000	HK\$'000
Current tax		
– Hong Kong	–	–
– Mainland China	–	–
	<u>–</u>	<u>–</u>
Overprovision in prior years	(16)	–
Deferred tax	4	(168)
	<u>4</u>	<u>(168)</u>
	<u>(12)</u>	<u>(168)</u>

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for the current and prior periods. No tax is payable on the profits of certain subsidiaries arising in Hong Kong for the period since the estimated assessable profits of these subsidiaries of the Group of HK\$2.1 million (31 December 2023: HK\$0.8 million) are wholly set off by tax losses brought forward. Subsidiaries in mainland China are subject to PRC Enterprise Income Tax at 25%.

8 DIVIDENDS

Dividends recognised as distributions during the period:

	Six months ended 31 December	
	2024	2023
	HK\$'000	HK\$'000
Final dividend in respect of the previous financial year, declared and payable of 1 HK cent per share (2023: paid of 1 HK cent per share)	7,445	7,396
	<u>7,445</u>	<u>7,396</u>

Subsequent to the end of the interim reporting period, at a meeting held on 28 February 2025, the directors declared an interim dividend of 1 HK cent per share (31 December 2023: 1 HK cent per share) for an aggregate amount of HK\$7,603,000 (31 December 2023: HK\$7,445,000) based on the number of shares in issue at 28 February 2025.

9 LOSS PER SHARE

The calculation of basic and diluted loss per share attributable to the owners of the Company is based on the following:

	Six months ended 31 December	
	2024	2023
	HK\$'000	HK\$'000
Loss		
Loss for the purposes of basic and diluted loss per share		
Loss attributable to owners of the Company for the period	(25,187)	(29,948)
	<u>(25,187)</u>	<u>(29,948)</u>
Number of shares		
Number of ordinary shares for the purpose of basic and diluted loss per share	744,519,306	739,571,391
	<u>744,519,306</u>	<u>739,571,391</u>

10 ACCOUNTS, LOANS AND OTHER RECEIVABLES

	<i>Notes</i>	31 December 2024 HK\$'000	30 June 2024 HK\$'000
Accounts and loan receivables			
Amounts due from brokers and clearing houses	<i>(a)</i>	65,719	71,892
Amounts due from margin clients	<i>(b)</i>	9,327	7,684
Amounts due from cash clients	<i>(c)</i>	20,016	8,996
Loan receivables	<i>(d)</i>	45,106	48,021
Other accounts receivable	<i>(e)</i>	569	46
		140,737	136,639
Less: Impairment allowances		(23,979)	(23,706)
		116,758	112,933
Prepayments, deposits and other receivables			
Less: Impairment allowances		4,317	5,129
		–	–
		4,317	5,129
		121,075	118,062

Notes:

- (a) Amounts due from brokers and clearing houses are required to be settled on the settlement day determined under the relevant market practices or exchange rules.

Amounts due from brokers of HK\$7,124,000 (30 June 2024: HK\$10,638,000) was pledged as collateral for the stock borrowing transactions.

- (b) Margin clients of the brokerage division are required to pledge securities as collateral to the Group in order to obtain the credit facilities for securities trading. The amount of credit facilities granted to them is determined based on a discount to the value of securities accepted by the Group. The amounts due from margin clients are repayable on demand and bear interest at commercial rates. At 31 December 2024, the total market value of securities pledged as collateral in respect of the loans to margin clients was approximately HK\$114 million (30 June 2024: HK\$9 million). Management monitors the market value of collateral during the reviews of the adequacy of the impairment allowances. The fair value of collateral can be objectively ascertained to cover the outstanding amount of the loan balances under stage 1 based on quoted prices of collateral.
- (c) There are no credit terms granted to cash clients of the brokerage division except for financing of IPO subscriptions. They are required to settle their securities trading balances on the settlement day determined under the relevant market practices or exchange rules.
- (d) Loan receivables comprised fixed-rate loan receivables of HK\$17 million (30 June 2024: HK\$18 million) and factoring receivables of HK\$28 million (30 June 2024: HK\$30 million), and accumulated impairment allowances of HK\$18 million (30 June 2024: HK\$18 million) as at 31 December 2024. The credit terms for loans granted by the Group's brokerage and financing division are determined by management with reference to the financial background and the value and nature of collateral pledged by the borrowers. The loan receivables are mainly secured by personal/corporate guarantee, properties and trade receivables. The contractual maturity date of the loan receivables is normally within one year.

- (e) The Group normally allows credit periods of up to 30 days to customers, except for certain creditworthy customers with long term relationships and stable repayment patterns, where the terms are extended to a longer period.

The ageing analysis of accounts and loan receivables net of impairment losses based on date of invoice/advance/trade date/contractual maturity date is as follows:

	31 December 2024 HK\$'000	30 June 2024 HK\$'000
Current and within one month	110,540	104,139
More than one month and within three months	–	–
More than three months	6,218	8,794
	116,758	112,933

Included in the above table, loan receivables of approximately HK\$20,814,000 and HK\$6,205,000 were aged within one month and more than three months respectively (30 June 2024: approximately HK\$21,481,000 and HK\$8,790,000 were aged within one month and more than three months respectively).

The movements in the allowance for impairment losses for accounts, loans and other receivables for the Group were as follows:

	Amounts due from margin clients HK\$'000	Amounts due from cash clients HK\$'000	Loan receivables HK\$'000	Other accounts receivable HK\$'000	Total HK\$'000
At 1 July 2023	22,858	357	35,105	234	58,554
Impairment losses recognised	–	166	7,694	166	8,026
Amounts written off as uncollectible	(17,410)	(15)	(25,049)	(400)	(42,874)
At 30 June 2024 and 1 July 2024	5,448	508	17,750	–	23,706
Impairment losses (reversed)/recognised	–	(64)	337	–	273
At 31 December 2024	5,448	444	18,087	–	23,979

11 ACCRUALS, ACCOUNTS AND OTHER PAYABLES

	31 December 2024 HK\$'000	30 June 2024 HK\$'000
Accounts payable (on demand or within one month)		
Amounts due to brokers and clearing houses	14,436	3,262
Clients' accounts payable	411,554	327,281
Others	824	6,676
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	426,814	337,219
Other creditors, accruals and other provisions	15,557	7,705
	<hr/>	<hr/>
	442,371	344,924
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The settlement terms of payable to brokers, clearing houses and securities trading clients arising from the ordinary course of business of broking in securities range from one to two days after the trade date of those transactions. Deposits exceeding the margin requirement received from clients for their trading of futures contracts are payable on demand.

MANAGEMENT DISCUSSION AND ANALYSIS

THE MARKET

The Hong Kong stock market remained weak at the beginning of the third quarter of 2024 due to uncertainties around the pace of US interest rate cuts and the economic outlook for Hong Kong. Following the US's reduction of interest rates in mid-September and China's announcement of a package of support measures at the end of September, market sentiment improved significantly. The Hang Seng Index reached a 32-month peak of 23,241 on 7 October 2024. However, the market soon turned downward as China's stimulus measures did not meet expectations. The decline accelerated after the new US President-elect announced several policies which might lead to high interest rates to persist for a longer period. Consequently, the Hang Seng Index dropped and closed at 20,060 at the end of December 2024, compared with 17,719 at the end of June 2024 and 17,047 at the end of December 2023. Despite this, the index rose by 13% in the second half of 2024. The average monthly aggregate turnover on the Main Board and GEM Board during the six months ended 31 December 2024 ("the first half year of FY2025") surged by 64% to HK\$3,179 billion, compared with HK\$1,942 billion for the six months ended 31 December 2023 ("the first half year of FY2024") in response to improved market sentiment, aligning with the rise in the Hang Seng Index. The funds raised from IPOs on the Main Board experienced a substantial increase to HK\$74 billion in the first half year of FY2025, compared to HK\$28 billion in the first half year of FY2024. This revival was primarily driven by the listing of a major Chinese home appliance manufacturer during the period. This IPO was the largest in Hong Kong since 2021 and raised HK\$27 billion.

FINANCIAL HIGHLIGHTS

The Group recorded a loss after tax of HK\$25 million for the first half year of FY2025, compared to a loss of HK\$30 million for the same period of FY2024. After taking into account the other comprehensive expense for the period, the Group recorded a total comprehensive expense of HK\$47 million for the first half year of FY2025, compared to an expense of HK\$32 million for the first half year of FY2024. The vacancy rate for Grade A office space on Hong Kong Island remained high in 2024. This was mainly due to increased competition for new supply within the district and high interest rates, resulting in a significant decline in rental prices. Central District has also experienced a double-digit drop in rents, reflecting the challenges faced in the current market. Our own used properties are continuing to face a decline in market value. We recorded a revaluation deficit, net of tax, of HK\$21 million for the first half-year of FY2025, compared to the HK\$4 million deficit recorded during the same period last year and the HK\$25 million loss experienced in FY2024.

Commission and fee income from our financial intermediary business amounted to HK\$6 million for the first half year of FY2025, compared to HK\$7 million for the first half year of FY2024. Interest income decreased by HK\$1 million to HK\$11 million for the first half year of FY2025, down from HK\$12 million for the first half year of FY2024. We did not benefit from the general increase in market turnover as investors continue to move to large online trading platforms, which offer substantial discounts in commission. Dividend and rental income increased slightly to HK\$5 million for the first half year of FY2025, up from HK\$4 million for the first half year of FY2024. The Group recorded a net loss of

HK\$6 million on financial assets and liabilities at fair value through profit or loss for the first half year of FY2025, compared to a loss of HK\$21 million for the first half year of FY2024. General and administrative expenses decreased by HK\$3 million, reaching HK\$31 million for the first half year of FY2025, down from HK\$34 million for the first half year of FY2024. This reduction primarily resulted from lower staff costs and other general operating expenses. Interest expenses dropped from HK\$4 million in the first half of FY2024 to HK\$3 million in the first half of FY2025.

BROKERAGE AND FINANCING

Total revenue of the division was HK\$15 million for the first half year of FY2025, compared to HK\$16 million for the first half year of FY2024. The reduction in interest income, amounting to HK\$2 million, was mainly due to lower bank deposit rates. Correspondingly, the interest paid to brokerage clients decreased by HK\$1 million compared to the same period last year. The division's performance improved during the period through effective cost control measures and a reduction in impairment loss on loan receivables. It recorded a net profit of HK\$2 million for the first half year of FY2025, compared to a net loss of HK\$3 million for the same period of FY2024.

As of 31 December 2024, the margin loans, fixed-rate loans and factoring receivables, after accounting for expected credit loss, amounted to HK\$31 million, compared to HK\$33 million as of 30 June 2024. The Group continued to uphold stringent measures in approving loan facilities and evaluating collateral. Additional collateral was requested from several clients to enhance loan quality. Consequently, the impairment loss for this period was minimal, compared to the HK\$4 million recorded during the same period last year.

CORPORATE FINANCE AND CAPITAL MARKETS

Total revenue of the division was HK\$1 million for both the first half year of FY2025 and FY2024. The division focused on sponsorship mandate and successfully signed several financial advisory agreements during the period. This has enhanced our service offerings and strengthened our market presence.

The capital market remained lackluster in our target client segment, resulting in no fee income being recognised in the first half year of FY2025, compared to HK\$1 million in placement fees recorded in the first half year of FY2024.

ASSET MANAGEMENT

Total revenue of the division was HK\$1 million for both the first half year of FY2025 and FY2024. The division is currently collaborating with various investment managers to provide a variety of asset management products tailored for high-net-worth clients.

PROPRIETARY INVESTMENT

Total revenue of the division was HK\$6 million for the first half year of FY2025, compared to HK\$4 million for the first half year of FY2024. After including net gain or loss on disposal of financial assets and liabilities at fair value through profit or loss, net outflow before overheads for the division was HK\$1 million for the first half year of FY2025, compared to HK\$17 million for the first half year of FY2024. In the first half of FY2025, the Hang Seng Index increased by 13% to 20,060 at the end of December 2024. However, our strategic listed equity investments reported a net loss of HK\$4 million during the period which adversely impacted the performance of the division.

As of 31 December 2024, the carrying value of the unlisted investments, listed equity securities and listed debt securities and exchange traded fund portfolio was HK\$1 million, HK\$211 million and HK\$51 million respectively (30 June 2024: HK\$53 million, HK\$158 million and HK\$45 million). Our investment in an unlisted equity security was successfully listed on Nasdaq during the period. Consequently, along with the redemption of unlisted investment funds, the portfolio of unlisted investments experienced a significantly decline, becoming minimal as of 31 December 2024. A six-month lock-up period was established for this equity security, resulting in a lock-up discount of HK\$3 million recorded for the first half year of FY2025. The market price of the equity security has exhibited high volatility since its listing. We will closely monitor its performance and develop a suitable investment strategy for this investment after the end of the lock-up period. This equity security was identified as the largest investment of the financial asset at fair value through profit or loss, representing approximately 3.1% of the Group's consolidated total assets as of 31 December 2024. The directors considered investments with a fair value exceeding 5% of the Group's consolidated total assets as a significant investment.

PROPERTY INVESTMENTS

Total revenue of the division was HK\$1 million for the first half year of FY2025, compared to HK\$2 million for the same period of last year. The properties rented out generated steady cash flow for the division. However, total retail sales in Hong Kong experienced a significant decline in 2024. This downturn is attributed to reduced consumer spending and a structural shift in the consumption habits of both local residents and tourists particularly impacting demand for retail shops located in secondary areas. Our retail shop in Kwun Tong has been vacant since November 2024, negatively affecting the division's performance during the first half year of FY2025. Additionally, the retail shop recognised a revaluation loss of HK\$5 million for this period, compared to the HK\$2 million loss recorded in the same period of last year. The development process of the land owned by the joint venture property project company has slowed down. As the preliminary development costs are being financed through internal resources, the share of loss of a joint venture remains minimal.

To date, the division holds a shop and a carpark in Hong Kong and an office property in mainland China. In addition, the Group has invested in two associated companies which hold commercial properties in Japan and a joint venture company which holds two adjacent parcels of land in Hong Kong.

OUTLOOK

The investment market heated up again in January and February 2025. Expectation of more favorable policies in China outweighed the negative impact of higher trade tariff and other restrictive measures imposed by the US on China. The Hang Seng Index broke the height last recorded in October 2024 and market turnover remains at a high level. The performance of the Company will improve if this bullish sentiment continues.

LIQUIDITY AND FINANCIAL RESOURCES

Total assets as at the end of December 2024 were HK\$1,251 million, of which approximately 70% were current in nature. Net current assets were HK\$289 million, accounting for approximately 44% of the net assets of the Group as at end of December 2024. The Group had cash and cash equivalents of HK\$99 million as at end of December 2024, primarily in Hong Kong and US dollars.

The Group generally finances its daily operations from internal resources. Total borrowings of HK\$75 million as at the end of December 2024 were used to finance its investment portfolio. The bank loans and overdraft were denominated in Hong Kong dollars and charged at floating interest rate. The Group's gearing ratio was approximately 11% as at the end of December 2024. As of 31 December 2024, the office and investment properties with a carrying value of HK\$278 million and financial assets at fair value through profit or loss with fair value of HK\$5 million were pledged to banks as securities for the banking facilities.

Other than the indemnity provided to the Hong Kong Securities Clearing Co. Ltd., the Group had no other material contingent liabilities as at the end of December 2024. The Company provided corporate guarantees of HK\$210 million for banking facilities granted to its subsidiaries.

FOREIGN EXCHANGE EXPOSURE

The Group's assets are mainly in Hong Kong and mainland China and most of the monetary assets and liabilities of the Group are denominated in HK\$. As part of our investment monitoring, financial assets denominated in foreign currencies, including equity and debt investments, are monitored on a daily basis together with the changes in market value of these investments. Financial instruments may be used as part of the overall investment strategy if deemed necessary by the investment managers. The Group operates a factoring business and purchased properties in mainland China. Taking into account all relevant macroeconomic factors and the size of assets held, the Group believes that there is no need to hedge these assets denominated in RMB. Management will monitor the situation closely and introduce suitable hedging measures if there are any material adverse changes. The Group does not have other material exposure to fluctuation in exchange rates and no hedging instruments are used.

EMPLOYMENT, TRAINING AND DEVELOPMENT POLICIES

The number of full time employees of the Group decreased to 60 as of 31 December 2024 from 62 as of 31 December 2023. Remunerations and bonus are based on performance and are reviewed annually in conjunction with the annual employee performance appraisal. It also takes into consideration the results of the division to which the employee belongs and the Group as a whole. The Group provides a full induction program and inhouse training courses to all staff – particularly professionals registered with relevant regulatory bodies who must meet their mandatory continued professional training requirements. A share option scheme is available to directors, employees and consultants of the Group.

INTERIM DIVIDEND

The Board of Directors has declared an interim dividend of 1 HK cent per ordinary share for the six months ended 31 December 2024 (six months ended 31 December 2023: 1 HK cent). The dividend will be payable on Friday, 28 March 2025 to shareholders whose names appear on the Register of Members at the close of business on Wednesday, 19 March 2025.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Monday, 17 March 2025 to Wednesday, 19 March 2025, both days inclusive, during which period no transfers of shares will be registered. To determine entitlement to the interim dividend, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's Branch Share Registrars, Computershare Hong Kong Investor Services Limited (at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong), for registration not later than 4:30 p.m. on Friday, 14 March 2025.

CORPORATE GOVERNANCE CODE

The Company has applied the principles and has complied with the code provisions of the Corporate Governance Code as set out in Appendix C1 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the six months ended 31 December 2024.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the six months ended 31 December 2024, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for securities transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 of the Listing Rules. The Company has made specific enquiry of all directors regarding any non-compliance with the Model Code during the six months period under review and they have all confirmed that they have complied with the required standard set out in the Model Code.

AUDIT COMMITTEE

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed financial reporting matters including the review of the interim report and the unaudited interim condensed consolidated financial statements for the six months ended 31 December 2024. Terms of reference of the Audit Committee are available on request to shareholders of the Company. The Audit Committee is also responsible for reviewing the Group's financial controls, risk management and internal control systems. The Audit Committee has begun to implement the above responsibilities, including without limitation, reviewing the Company's risk relating to strategy, operation and finance and enhancing the Group's capacity to cope with the risk associated with the business of the Group.

SCOPE OF WORK OF MESSRS. ERNST & YOUNG

The Group's external auditor has carried out a review of the unaudited interim condensed consolidated financial statements in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Hong Kong Institute of Certified Public Accountants. Ernst & Young's independent review report will be included in the interim report.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT FOR THE SIX MONTHS ENDED 31 DECEMBER 2024 ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This announcement of interim results for the six months ended 31 December 2024 is published on the website of the Stock Exchange at <http://www.hkexnews.hk> and the website of the Company at <http://www.sunwahkingsway.com>. The interim report for the six months ended 31 December 2024 of the Company containing all information as required by the Listing Rules will be published on the aforesaid websites in due course and dispatched to Shareholders, upon request.

On behalf of the Board
Michael Koon Ming Choi
Chief Executive Officer

Hong Kong, 28 February 2025

As at the date of this announcement, the directors of the Company are Jonathan Koon Shum Choi as Chairman, Michael Koon Ming Choi as Chief Executive Officer & Executive Director, Janice Wing Kum Kwan as Non-Executive Director, Robert Tsai To Sze, Elizabeth Law, Huanfei Guan and Julianne Pearl Doe as Independent Non-Executive Directors.