

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



Capture Your Future with Solid Foundation

Interim Report

2024/25

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Sunwah Kingsway is committed to the core values of integrity, teamwork, respect, responsibility and the pursuit of excellence.

We believe that successful companies are built on these core values, the same ones that align and guide our thinking and actions in every area of our business. Our established core values have served our Group well and will continue to guide our growth into the future.

Corporate Information

GENERAL INFORMATION

CHAIRMAN

Jonathan Koon Shum Choi

EXECUTIVE DIRECTOR

Michael Koon Ming Choi (*Chief Executive Officer*)

NON-EXECUTIVE DIRECTOR

Janice Wing Kum Kwan

INDEPENDENT NON-EXECUTIVE DIRECTORS

Robert Tsai To Sze

Elizabeth Law

Huanfei Guan

Julianne Pearl Doe (*appointed on 28 November 2024*)

LEGAL ADVISORS TO THE COMPANY

As to Hong Kong Law:

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As to Bermuda Law:

Conyers Dill & Pearman

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AUDITOR

Ernst & Young

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979 King's Road

Quarry Bay, Hong Kong

REGISTERED OFFICE

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Hamilton HM 11, Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

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89 Queensway, Hong Kong

COMPANY SECRETARY

Vincent Wai Shun Lai

AUTHORISED REPRESENTATIVES

Michael Koon Ming Choi

Vincent Wai Shun Lai

BERMUDA PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Appleby Global Corporate Services (Bermuda) Limited

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Hamilton HM EX, Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited

Room 1712-1716, 17th Floor,

Hopewell Centre, 183 Queen's Road East,

Hong Kong

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited

Bank of China (Hong Kong) Limited

China Construction Bank (Asia) Corporation Limited

COMPOSITION OF BOARD COMMITTEES

AUDIT COMMITTEE

Robert Tsai To Sze (*Chairperson*)

Elizabeth Law

Huanfei Guan

NOMINATION COMMITTEE

Elizabeth Law (*Chairperson*)

Jonathan Koon Shum Choi

Robert Tsai To Sze

Huanfei Guan

COMPENSATION COMMITTEE

Elizabeth Law (*Chairperson*)

Jonathan Koon Shum Choi

Robert Tsai To Sze

Huanfei Guan

CORPORATE GOVERNANCE COMMITTEE

Elizabeth Law (*Chairperson*)

Janice Wing Kum Kwan

Huanfei Guan

Julianne Pearl Doe (*appointed on 28 November 2024*)

Independent Review Report



Ernst & Young
27/F, One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong

TO THE BOARD OF DIRECTORS OF SUNWAH KINGSWAY CAPITAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 3 to 25, which comprises the condensed consolidated statement of financial position of Sunwah Kingsway Capital Holdings Limited (the “Company”) and its subsidiaries (the “Group”) as at 31 December 2024 and the related condensed consolidated income statement, comprehensive income, changes in equity and cash flows for the six-month period then ended, and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 Interim Financial Reporting (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review 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 HKICPA. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

Ernst & Young
Certified Public Accountants
Hong Kong

28 February 2025

Condensed Consolidated Income Statement

	Notes	Six months ended 31 December	
		2024	2023
		Unaudited HK\$'000	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
		22,663	23,017
Net loss on financial assets and liabilities at fair value through profit or loss	3	(6,361)	(21,420)
Other income and gains or losses	4	178	439
		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	6	–	4,030
Share of loss of a joint venture		(8)	(4)
Share of profit/(loss) of associates		529	(604)
		(25,199)	(30,302)
Income tax credit	8	12	168
		(25,187)	(30,134)
Attributable to:			
Owners of the Company		(25,187)	(29,948)
Non-controlling interests		–	(186)
		(25,187)	(30,134)
Basic and diluted loss per share	10	(3.38) HK cents	(4.05) HK cents

Condensed Consolidated Statement of Comprehensive Income

	Six months ended 31 December	
	2024	2023
	Unaudited HK\$'000	Unaudited HK\$'000
Loss for the period	(25,187)	(30,134)
Other comprehensive (expense)/income:		
<i>Items that will not be reclassified to profit or loss:</i>		
Land and buildings held for own use (note 11)		
– Deficit on revaluation	(26,583)	(5,339)
– Income tax effect	5,440	1,546
	(21,143)	(3,793)
<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
	(666)	1,944
Other comprehensive expense for the period	(21,809)	(1,849)
Total comprehensive expense for the period	(46,996)	(31,983)
Total comprehensive expense attributable to:		
Owners of the Company	(46,996)	(31,797)
Non-controlling interests	–	(186)
Total comprehensive expense for the period	(46,996)	(31,983)

Condensed Consolidated Statement of Financial Position

	Notes	31 December 2024 Unaudited HK\$'000	30 June 2024 Audited HK\$'000
Non-current assets			
Investment properties		61,745	68,599
Properties and equipment	11	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	12	1,198	42,978
		378,285	457,665
Current assets			
Financial assets at fair value through profit or loss	12	261,534	213,096
Accounts, loans and other receivables	13	121,075	118,062
Bank balances and cash – trust accounts	14	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	15	5,810	8,302
Net assets attributable to holders of non-controlling interests in consolidated investment funds	16	57,748	55,990
Accruals, accounts and other payables	17	442,371	344,924
Lease liabilities		132	130
Contract liabilities		2,200	19
Bank loans and overdraft	18	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

Condensed Consolidated Statement of Changes in Equity

	Attributable to owners of the Company							Non-controlling interests	Total
	Share capital	Share premium	Special reserve	Capital reserve on consolidation	Exchange reserve	Properties revaluation reserve	(Accumulated deficits)/ retained earnings		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 July 2024 (audited)	74,452	371,300	39,800	63,392	(6,327)	167,303	(363)	709,557	-
Loss for the period	-	-	-	-	-	-	(25,187)	(25,187)	-
Exchange differences arising on translation of financial statements of foreign operations	-	-	-	-	(666)	-	-	(666)	-
Deficit on revaluation of land and buildings held for own use	-	-	-	-	-	(21,143)	-	(21,143)	-
Total comprehensive expense for the period	-	-	-	-	(666)	(21,143)	(25,187)	(46,996)	-
2024 final dividend payable	-	-	-	-	-	-	(7,445)	(7,445)	-
At 31 December 2024 (unaudited)	74,452	371,300*	39,800*	63,392*	(6,993)*	146,160*	(32,995)*	655,116	-
At 1 July 2023 (audited)	73,957	370,642	39,800	63,392	(6,440)	192,126	71,132	804,609	343
Loss for the period	-	-	-	-	-	-	(29,948)	(29,948)	(186)
Exchange differences arising on translation of financial statements of foreign operations	-	-	-	-	1,277	-	-	1,277	-
Reclassification adjustments for foreign operation disposed of during the period	-	-	-	-	667	-	-	667	-
Deficit on revaluation of land and buildings held for own use	-	-	-	-	-	(3,793)	-	(3,793)	-
Total comprehensive income/(expense) for the period	-	-	-	-	1,944	(3,793)	(29,948)	(31,797)	(186)
2023 final dividend payable	-	-	-	-	-	-	(7,396)	(7,396)	-
Disposal of interest in subsidiaries	-	-	-	-	-	-	-	-	(157)
At 31 December 2023 (unaudited)	73,957	370,642*	39,800*	63,392*	(4,496)*	188,333*	33,788*	765,416	-

* Those reserve accounts comprise the consolidated reserves of HK\$580,664,000 (31 December 2023: HK\$691,459,000) in the condensed consolidated statement of financial position.

Condensed Consolidated Statement of Cash Flows

Six months ended 31 December

	2024	2023
	Unaudited	Unaudited
	HK\$'000	HK\$'000
		(Restated)
Operating activities		
Loss before tax	(25,199)	(30,302)
Adjustments for:		
Depreciation	4,369	5,105
Finance costs	3,101	3,541
Dividend income	(3,804)	(2,895)
Interest income	(11,187)	(11,822)
Gain on disposal of subsidiaries	–	(4,030)
Share of losses of a joint venture	8	4
Share of (profits)/losses of associates	(529)	604
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)
Operating cash flows before changes in working capital	(25,396)	(41,952)
(Increase)/decrease in financial assets at fair value through profit or loss	(6,657)	37,945
Increase in accounts, loans and other receivables	(4,665)	(7,877)
(Increase)/decrease in bank balances and cash – trust accounts	(78,671)	39,757
Increase/(decrease) in accruals, accounts and other payables	90,000	(27,355)
Increase in contract liabilities	2,181	–
Decrease in financial liabilities at fair value through profit or loss	(2,493)	(1,669)
Decrease/(increase) in other assets	1,045	(1,012)
Cash used in operations	(24,656)	(2,163)
Interest received	10,925	11,248
Dividend received	5,158	3,985
Interest paid	(3,098)	(3,537)
Interest portion of lease payments	(3)	(14)
Profits tax refunded/(paid)	80	(137)
Net cash (used in)/generated from operating activities	(11,594)	9,382
Investing activities		
Payment for purchase of properties and equipment	(403)	(435)
Net cash inflows from disposal of subsidiaries	–	3,138
Net cash (used in)/generated from investing activities	(403)	2,703

Condensed Consolidated Statement of Cash Flows

	Six months ended 31 December	
	2024 Unaudited HK\$'000	2023 Unaudited HK\$'000 (Restated)
Financing activities		
Proceeds from bank loans	587,258	1,277,700
Repayment of bank loans	(583,698)	(1,277,700)
Injection from holders of non-controlling interests in consolidated investment funds	780	–
Withdrawal of holders of non-controlling interests in consolidated investment funds	–	(1,887)
Principal portion of lease payments	(65)	(54)
Net cash generated from/(used in) financing activities	4,275	(1,941)
Net (decrease)/increase in cash and cash equivalents	(7,722)	10,144
Cash and cash equivalents at 1 July 2024/2023	35,523	84,110
Effect of foreign exchange rate changes, net	(443)	1,176
Cash and cash equivalents at 31 December 2024/2023	27,358	95,430
Analysis of the balances of cash and cash equivalents:		
Bank balances and cash	98,543	155,872
Bank overdraft	(71,185)	(60,442)
	27,358	95,430

Notes to Condensed Consolidated Financial Statements

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.

Notes to Condensed Consolidated Financial Statements

2 MATERIAL ACCOUNTING POLICIES (Continued)

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
	6,297	6,833
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
	9,829	11,012
<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
	16,366	16,184
	22,663	23,017

3 REVENUE (Continued)

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 HK\$'000	Corporate finance and capital markets HK\$'000	Asset management HK\$'000	Others HK\$'000	Total HK\$'000
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	5,089	867	41	300	6,297
Geographical markets					
Hong Kong	5,073	867	41	300	6,281
Other countries	16	–	–	–	16
Total revenue from contracts with customers	5,089	867	41	300	6,297
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	5,089	867	41	300	6,297

Notes to Condensed Consolidated Financial Statements

3 REVENUE (Continued)**DISAGGREGATION OF REVENUE FROM CONTRACTS WITH CUSTOMERS (Continued)**

For six months ended 31 December 2023

Segments	Brokerage and financing HK\$'000	Corporate finance and capital markets HK\$'000	Asset management HK\$'000	Others HK\$'000	Total HK\$'000
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
Total revenue from contracts with customers	5,217	1,251	65	300	6,833
Geographical markets					
Hong Kong	4,953	1,251	65	300	6,569
Other countries	264	–	–	–	264
Total revenue from contracts with customers	5,217	1,251	65	300	6,833
Timing of revenue recognition					
Services transferred at a point in time	5,217	916	65	300	6,498
Services transferred over time	–	335	–	–	335
Total revenue from contracts with customers	5,217	1,251	65	300	6,833

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

	Six months ended 31 December	
	2024 HK\$'000	2023 HK\$'000
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)
	(6,361)	(21,420)

Notes to Condensed Consolidated Financial Statements

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						
	Proprietary investment	Property investment	Brokerage and financing	Corporate finance and capital markets	Asset management	Others	Consolidated
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	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)

Notes to Condensed Consolidated Financial Statements

5 SEGMENT INFORMATION (Continued)

	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 2024 HK\$'000	30 June 2024 HK\$'000
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
Total assets	1,251,433	1,210,966

6 DISPOSAL OF SUBSIDIARIES

On 10 October 2023, the Group entered into an agreement to dispose of the entire equity interest in subsidiaries, Dragon Tycoon (HK) Holdings Limited and Dragon Sphere (HK) Holdings Limited and its subsidiaries (collectively referred to as “Dragon Group”), to a connected person at a total consideration of HK\$3,269,000. Out of the total consideration, HK\$3,169,000 was used to settle the intercompany debts owed to the Group and HK\$100,000 represented cash received from the buyer. Dragon Group is engaged in asset management service in mainland China. The disposal of the Dragon Group was completed on 1 November 2023. The net liabilities of Dragon Group at the date of disposal were as follows:

	HK\$'000
Properties and equipment	1,894
Intangible assets	269
Accounts, loans & other receivables	1,072
Cash and cash equivalents	131
Accruals, accounts and other payables	(5,905)
Lease liabilities	(1,901)
Net liabilities disposed of	(4,440)
Cash consideration received for disposal	100
Net liabilities disposed of	4,440
Non-controlling interests	157
Release of exchange reserve upon disposal of foreign operations	(667)
Gain on disposal	4,030
Net cash inflow arising on disposal:	
Cash consideration received for disposal	100
Cash consideration received for settlement of the intercompany debts	3,169
Less: cash and cash equivalents disposed of	(131)
	3,138

Notes to Condensed Consolidated Financial Statements

7 LOSS BEFORE TAX

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

	Six months ended 31 December	
	2024	2023
	HK\$'000	HK\$'000
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

8 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	–	–
	–	–
Overprovision in prior years	(16)	–
Deferred tax	4	(168)
	(12)	(168)

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%.

9 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

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.

10 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)
Number of shares		
Number of ordinary shares for the purpose of basic and diluted loss per share	744,519,306	739,571,391

11 PROPERTIES AND EQUIPMENT

As at 31 December 2024, the revaluation deficit, net of the related deferred tax, of approximately HK\$21,143,000 (31 December 2023: deficit of HK\$3,793,000) was charged to the properties revaluation reserve. The fair value of the Group's land and buildings as at 31 December 2024 and 30 June 2024 has been arrived at on the basis of a valuation carried out on the respective date by RHL Appraisal Limited, an independent qualified professional valuer not connected with the Group, who has appropriate qualifications and recent experience in the valuation of similar properties in the relevant locations.

Notes to Condensed Consolidated Financial Statements

12 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<i>Notes</i>	31 December 2024 HK\$'000	30 June 2024 HK\$'000
Listed equity securities, at quoted price			
– in Hong Kong		161,815	152,891
– outside Hong Kong		10,120	5,006
Listed equity security, at fair value			
– outside Hong Kong		39,182	–
Listed debt securities, at quoted price			
– in Hong Kong	<i>(a)</i>	11,228	22,020
– outside Hong Kong	<i>(a)</i>	27,009	12,155
Bond and money market funds, at quoted price		12,180	10,578
Overseas unlisted equity securities	<i>(b)</i>	868	42,648
Unlisted debt security		330	330
Unlisted investment funds	<i>(c)</i>	–	10,446
		262,732	256,074
Represented by:			
Non-current		1,198	42,978
Current		261,534	213,096
		262,732	256,074

Notes:

- (a) The Group held listed debt securities with fair value of HK\$31,605,000 as at 31 December 2024 (30 June 2024: HK\$27,715,000) which will be due in 2025 to 2054 (30 June 2024: 2024 to 2035). The Group also held perpetual debts listed in Hong Kong and overseas, with fair value of HK\$5,083,000 (30 June 2024: HK\$4,937,000) and HK\$1,549,000 (30 June 2024: HK\$1,523,000) respectively as at 31 December 2024.
- (b) The fair value of overseas unlisted equity securities has been arrived at on the basis of valuation carried out by independent qualified professional valuers not connected to the Group who have appropriate qualifications and recent experience in the valuation of similar securities. The fair value measurement of the overseas unlisted equity securities is described in note 24 to the condensed consolidated financial statements.
- (c) The fair value is based on the net asset value of underlying investments reported by the administrator as of the end of the reporting period.

13 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.

Notes to Condensed Consolidated Financial Statements

13 ACCOUNTS, LOANS AND OTHER RECEIVABLES (Continued)

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

14 BANK BALANCES AND CASH – TRUST ACCOUNTS

The Group maintains segregated clients' accounts with licensed banks to hold clients' monies arising from normal course of business in connection with the Group's brokerage activities. The cash held on behalf of clients is restricted and governed by the Securities and Futures (Client Money) Rules (Chapter 571I) of the laws of Hong Kong under the Securities and Futures Ordinance. The Group has recognised the corresponding clients' accounts payable to respective clients.

15 FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	31 December 2024 HK\$'000	30 June 2024 HK\$'000
Financial liabilities at fair value through profit or loss arising from short selling activities	5,810	8,302

Balance represented the fair value of listed equity securities from short selling activities as at 31 December 2024 and 30 June 2024.

16 NET ASSETS ATTRIBUTABLE TO HOLDERS OF NON-CONTROLLING INTERESTS IN CONSOLIDATED INVESTMENT FUNDS

Net assets attributable to holders of non-controlling interests in the consolidated investment funds, namely MEC Asian Fund and SWK Dynamic OFC, are reflected as a liability since they can be put back to the Group for cash. The realisation of net assets attributable to holders of non-controlling interests in investment funds cannot be predicted with accuracy since these represent the interest of non-controlling shareholders in consolidated investment funds that are subject to the actions of the non-controlling investors.

17 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
	426,814	337,219
Other creditors, accruals and other provisions	15,557	7,705
	442,371	344,924

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.

18 BANK LOANS AND OVERDRAFT

	31 December 2024 HK\$'000	30 June 2024 HK\$'000
Unsecured bank overdraft	7,997	10,000
Secured bank overdraft (Note)	63,188	63,295
Secured bank loans (Note)	3,560	–
	74,745	73,295

Note: The bank loans as at 31 December 2024 are repayable within one year. The overdraft is secured by the Group's land and building held for own use and investment properties with fair value of approximately HK\$240 million (30 June 2024: HK\$270 million) and HK\$38 million (30 June 2024: HK\$43 million) respectively. The bank loans are secured by the Group's financial assets at fair value through profit or loss with fair value of approximately HK\$5 million (30 June 2024: nil). For the period ended 31 December 2024, the overdraft bear interest at HKD best lending rate (30 June 2024: HKD best lending rate), and the bank loans bear interest at 1.2% (30 June 2024: nil).

One of the Group's banking facilities is subject to covenant which a certain loan-to-value ratio shall be maintained. The Group is required to repay part of the bank loans to maintain the specified ratio when necessary. The Group regularly monitors its compliance with these covenants. As at 31 December 2024 and 30 June 2024, none of the covenants relating to the facilities drawn had been breached.

Notes to Condensed Consolidated Financial Statements

19 COMMITMENTS**COMMITMENTS UNDER OPERATING LEASES AS LESSOR**

As at 31 December 2024 and 30 June 2024, the Group had future aggregate minimum lease payments receivable under non-cancellable operating leases in respect of office premises which fall due as follows:

	31 December 2024 HK\$'000	30 June 2024 HK\$'000
Within one year	1,159	2,368
Between one and two years	–	232
	1,159	2,600

Leases are negotiated and rentals are fixed for original lease terms of 2 to 3 years. The Group does not provide an option to the lessees to purchase the leased assets at the expiry of the lease period.

20 CONTINGENT LIABILITIES

During the ordinary course of business the Group is subject to threatened or actual legal proceedings brought by or on behalf of investors or other third parties, as well as legal and regulatory reviews, challenges, investigations and enforcement actions, in Hong Kong. All such material matters are periodically reassessed, with the assistance of external professional advisers where appropriate, to determine the likelihood of the Group incurring a liability. In those instances where it is concluded that it is more likely than not that a payment will be made, a provision is established to management's best estimate of the amount required at the relevant period end date. In some cases it will not be possible to form a view, for example because the facts are unclear or because further time is needed properly to assess the merits of the case, and no provisions are held in relation to such matters. However, the Group does not currently expect the final outcome of any such case to have a material adverse effect on its financial position, operations or cash flows.

In 2019, the Group placed a 130% short selling deposit, of approximately HK\$29.8 million, on a suspended security listed on the Main Board of the Stock Exchange at its Hong Kong clearing house account on behalf of its client. The Hong Kong Clearing house refunded the deposit to the Group after the delisting of the security. The Group signed a letter of indemnity to Hong Kong Securities Clearing Co. Ltd. which agree to undertake all potential claims in connection with the shortfall of the shares.

21 JOINT VENTURE AGREEMENT

On 1 December 2016, the Group entered into a joint venture agreement with several joint venture partners to establish a joint venture company in Chongqing, the PRC. Subject to the approvals of the China Securities Regulatory Commission ("CSRC"), it is contemplated that the joint venture company will become a full-licensed securities company principally engaged in the provision of regulated securities brokerage services, securities underwriting and sponsor services, proprietary trading, securities and asset management and any other business approved by the CSRC in the PRC. Pursuant to the joint venture agreement, the Group will make a capital contribution of RMB330 million into the joint venture company, representing a 22% equity interest in the joint venture company. The transaction will be fully financed by the Group's internal resources. The joint venture agreement and the transactions were approved by the Company's shareholders at the special general meeting held in February 2017. The Group received an acknowledged receipt for the application from the CSRC on 28 December 2018. The Group is currently waiting for the reply from the CSRC.

22 RELATED PARTY AND CONNECTED PARTY TRANSACTIONS

The following is a summary of significant related party and connected party (as defined in the Listing Rules) transactions which were carried out in the normal course of the Group's business:

(A) KEY MANAGEMENT PERSONNEL REMUNERATION

	Six months ended 31 December	
	2024	2023
	HK\$'000	HK\$'000
Fees	1,018	1,100
Salaries, commission and other allowance	2,892	2,892
Retirement scheme contributions	117	117
	4,027	4,109

(B) OTHERS

	Six months ended 31 December	
	2024	2023
	HK\$'000	HK\$'000
Brokerage commission earned on securities, options and futures dealing		
– Group's directors, their close family members and their companies	113	55
Consultancy and management fees earned		
– a company controlled by a Group's director	300	300
Clients' accounts payable		
– Group's directors, their close family members and their companies	21,501	9,797

(C) LOANS TO ASSOCIATES

The Group provided pro-rata shareholder loans to associates for the acquisition of investment properties in Japan. As at 31 December 2024, a loan with the principal amount of HK\$4,233,000 (30 June 2024: HK\$4,139,000) is unsecured, interest bearing at 5% per annum and repayable in January 2026. The other loan with the principal amount, net of imputed interest, of HK\$8,522,000 (30 June 2024: HK\$8,416,000) is unsecured, interest free and repayable in October 2025.

23 FINANCIAL INSTRUMENTS

The Group's activities expose it to a variety of financial risks: credit risk, liquidity risk, price risk, foreign exchange risk and interest rate risk.

The unaudited interim condensed consolidated financial statements do not include all financial risk management information and disclosures related to the unaudited interim condensed consolidated financial statements, and should be read in conjunction with the consolidated financial statements for the year ended 30 June 2024.

There has been no change in the risk management policies during the current six-month period.

Notes to Condensed Consolidated Financial Statements

24 FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

FAIR VALUE OF THE GROUP'S FINANCIAL ASSETS AND FINANCIAL LIABILITIES THAT ARE MEASURED AT FAIR VALUE ON A RECURRING BASIS

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements are observable.

- Level 1 fair value measurements are quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)
	31 December 2024 HK\$'000	30 June 2024 HK\$'000			
<i>Financial assets</i>					
Listed equity securities	171,708	157,614	Level 1	Quoted price in an active market	N/A
Listed equity securities	227	283	Level 2	Quoted market prices from dealers	N/A
Overseas listed equity security	39,182	–	Level 2	Quoted price discounted for lack of marketability	N/A
Listed debt securities	38,237	34,175	Level 2	Quoted market prices from dealers	N/A
Bond and money market funds	12,180	10,578	Level 2	Quoted market prices from dealers	N/A
Unlisted investment funds	–	10,446	Level 2	Dealing price of the fund derived from the net asset value of the investment with reference to observable quoted price of underlying investment portfolio in active markets	N/A
Unlisted debt security	330	330	Level 2	Quoted price in an inactive market	N/A
Overseas unlisted equity security	–	41,780	Level 2	Recent transaction price in an inactive market	N/A
Overseas unlisted equity security	868	868	Level 3	Income approach	Cost of capital of 23.8% (30 June 2024: 23.8%) Discount for lack of control of 13% (30 June 2024: 13%) Discount for lack of marketability of 29% (30 June 2024: 29%)
<i>Financial liabilities</i>					
Listed equity securities	5,810	8,302	Level 1	Quoted price in an active market	N/A
Net assets attributable to holders of non-controlling interests in consolidated investment funds	57,748	55,990	Level 2	Net asset value of underlying investments determined with reference to active market price	N/A

24 FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (Continued)

For overseas unlisted equity security under level 3 of the fair value hierarchy with quantitative significant unobservable inputs developed by the Group when measuring the fair value, a 10% increase/decrease in the cost of capital used in isolation would result in a decrease in the fair value measurement of the overseas unlisted equity security of HK\$28,000 (30 June 2024: HK\$28,000) or an increase of HK\$31,000 (30 June 2024: HK\$31,000). A 10% increase/decrease in discount for lack of control and discount for lack of marketability used in isolation would result in a decrease/increase in the fair value measurement of the overseas unlisted equity security of HK\$13,000 (30 June 2024: HK\$13,000) and HK\$35,000 (30 June 2024: HK\$35,000) respectively.

RECONCILIATION OF LEVEL 3 FAIR VALUE MEASUREMENTS

	Financial assets at fair value through profit or loss	
	31 December 2024 HK\$'000	30 June 2024 HK\$'000
Opening balance	868	49,366
Transfer to level 2	–	(41,780)
Fair value change charged to profit or loss	–	(6,718)
	868	868

For the six-month period ended 31 December 2023, the total gains or losses for the period included in profit or loss represent unrealised loss of HK\$154,000 for the period related to financial assets measured at FVTPL under Level 3 held at the end of the reporting period.

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the interim condensed consolidated financial statements approximate their fair value.

FAIR VALUE MEASUREMENT AND VALUATION PROCESS

Management is responsible for determining the appropriate valuation techniques and inputs for fair value measurements. In estimating the fair value of the financial instruments, the Group uses market-observable data to the extent it is available. In estimating the fair value of a financial asset under level 3 of the fair value hierarchy, the Group has engaged the valuer to establish appropriate valuation technique. The management reviews the valuations bi-annually.

25 KEY SOURCES OF ESTIMATION UNCERTAINTY

In preparing these interim condensed consolidated financial statements, management is required to exercise significant judgments in the selection and application of accounting principles, including making estimates and assumptions. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. In preparing the unaudited interim condensed consolidated financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the audited consolidated financial statements for the year ended 30 June 2024.

26 COMPARATIVE FIGURES

Certain comparative figures have been restated to conform with the current period's presentation.

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.

Management Discussion and Analysis

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.

RISK MANAGEMENT

The Group's business, financial conditions and results of operations may be affected by risks and uncertainties pertaining to the Group's business. The factors explained below could cause the Group's financial conditions or results of operations to differ materially from expected or historical results. Please refer to the note "Financial instruments" on page 23 for a more detailed discussion of specific risks. There may be other risks in addition to those mentioned in the Interim Report that are unknown to the Group, or which may not be material now but could be material in the future.

The Group's results are affected by trends in the industry in which it operates, particularly, investment, brokerage, corporate finance and capital markets. Income from these operations is dependent upon the interest rates, conditions in global investment and money markets and therefore there can be no assurance that changes in these conditions will not adversely affect the Group's financial conditions and results of operations.

The Group operates in highly competitive and rapidly changeable markets. New market entrants, the intensification of price competition by existing competitors, product innovation or technical advancement could adversely affect the Group's financial conditions and results of operations. When the price of securities (listed or unlisted) decreases, it will adversely affect the value of our investment portfolio.

The introduction of new legislation and rules by The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), the Hong Kong Securities and Futures Commission and other regulatory bodies in Hong Kong and overseas may induce change in market conditions that may adversely affect the operating results of the Company.

RISK MANAGEMENT POLICIES AND PROCEDURES

The Group has established policies and procedures for risk management which are reviewed regularly by the management to ensure the proper monitoring and control of all major risks arising from the Group's activities. The Group's Legal and Compliance Department, together with the Finance and Accounts Department and other control committees also perform regular reviews to supplement the various internal control measures adopted by management and various divisions within the Group to ensure compliance with policies and procedures.

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.

Management Discussion and Analysis

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.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 31 December 2024, the interests and/or short positions of each director and chief executive in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV the Hong Kong Securities and Futures Ordinance ("SFO")), as recorded in the register maintained under Section 352 of the SFO or as notified to the Company were as follows:

(I) Interest in Long Positions of Ordinary Shares of the Company

Name of director	Type of interest	Number of ordinary shares in the Company	% of total issued shares
Dr Jonathan Koon Shum Choi*	Corporate	218,319,857	29.32%
Dr Jonathan Koon Shum Choi	Personal	204,746,039	27.50%
Mr Michael Koon Ming Choi	Personal	65,789,509	8.83%
Mr Michael Koon Ming Choi	Corporate	11,307,612	1.52%

* Dr Jonathan Koon Shum Choi is deemed to be interested in 218,319,857 ordinary shares by virtue of the SFO. Such interest in shares is also set out under the section "Substantial shareholders' interests and short positions in the shares and underlying shares of the Company" shown on page 31.

Save as disclosed above, none of the directors and chief executive of the Company or any of their spouses or children under 18 years of age has interests or short positions in the shares, underlying shares or debentures of the Company and associated corporations as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code").

Save as disclosed above, as at 31 December 2024, none of the directors and chief executive had any interests or short positions in the shares of the Company and its associated corporations as defined in the SFO, and none of the directors and chief executive or any of their spouses or children under 18 years of age had been granted any rights to subscribe for the shares of the Company, or had exercised any such rights during the period.

Save as disclosed above, at no time during the period was the Company or any of its holding companies, subsidiaries and fellow subsidiaries a party to any arrangement to enable the directors or chief executive of the Company to hold any interests or short positions in the shares or underlying shares in, or debentures of, the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31 December 2024, the register of substantial shareholders maintained under Section 336 of the SFO shows that the Company had been notified of the following substantial shareholders' interests, being 5% or more of the Company's issued share capital. These interests represent long positions in the shares of the Company.

Name of shareholder	Country of incorporation	Number of ordinary shares in the Company		% of total issued shares	Note
		Direct interest	Deemed interest		
(1) Dr Jonathan Koon Shum Choi	N/A	204,746,039	218,319,857	56.82%	(a)
(2) World Developments Limited	British Virgin Islands	185,701,741	–	24.94%	(a)
(3) Sunwah International Limited ("SIL")	Bermuda	–	185,701,741	24.94%	(a)
(4) Sun Wah Capital Limited	British Virgin Islands	32,618,116	185,701,741	29.32%	(a)
(5) Mr Michael Koon Ming Choi	N/A	65,789,509	11,307,612	10.35%	

Note:

- (a) 185,701,741 shares represent the same interest and are therefore duplicated amongst World Developments Limited, SIL, Sun Wah Capital Limited and Dr Jonathan Koon Shum Choi. World Developments Limited is a wholly owned subsidiary of SIL. Sun Wah Capital Limited beneficially owns 100% of the issued share capital of SIL and therefore is deemed (by virtue of the SFO) to be interested in these 185,701,741 shares. Dr Jonathan Koon Shum Choi, beneficially owns or has control of more than one-third of the issued share capital of Sun Wah Capital Limited and therefore is deemed (by virtue of the SFO) to be interested in these 185,701,741 shares. As Dr Jonathan Koon Shum Choi beneficially owns or has control of more than one-third of the issued share capital of Sun Wah Capital Limited, he is therefore deemed (by virtue of the SFO) to be interested in 32,618,116 shares directly owned by Sun Wah Capital Limited. Ms Janice Wing Kum Kwan, the spouse of Dr Choi, is deemed (by virtue of the SFO) to be interested in all beneficial and deemed interest of Dr Jonathan Koon Shum Choi.

Save as disclosed above, the register of substantial shareholders maintained under Section 336 of the SFO shows that the Company had not been notified by any substantial shareholders' interests and short positions, being 5% or more of the Company's issued share capital.

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 (the "Listing Rules") on the Stock Exchange throughout the six months ended 31 December 2024.

SHARE OPTION SCHEME

The Company adopted a share option scheme (the "Share Option Scheme") on 24 November 2020. The principal terms of the Share Option Scheme are summarised in the circular of the Company dated 20 October 2020. The main purpose of the Share Option Scheme is to provide incentives or rewards to participants for their contribution to the Group and/or to enable the Group to recruit and retain high caliber employees and attract human resources that are valuable to the Group.

During this period, no share option had been granted, exercised, cancelled or lapsed under the Share Option Scheme.

Management Discussion and Analysis

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.

On behalf of the Board

Michael Koon Ming Choi

Chief Executive Officer

Hong Kong, 28 February 2025

Directory of Licensed Subsidiaries and Affiliates

LICENSED SUBSIDIARIES OF SUNWAH KINGSWAY CAPITAL HOLDINGS LIMITED

Kingsway Financial Services Group Limited

Licensed Corporation of the Hong Kong Securities and Futures Commission
Exchange Participant of The Stock Exchange of Hong Kong
Broker Participant of Hong Kong Securities Clearing Company Limited
Exchange Participant of Hong Kong Futures Exchange
Participant of HKFE Clearing Corporation Limited
Options Trading Exchange Participant of SEHK
SEOCH Direct Clearing Participant
Lead Underwriter and Securities Broker licence for B-Shares of Shenzhen and Shanghai Stock Exchanges granted by the China Securities Regulatory Commission
B-Shares Special Seat Holder of Shenzhen Stock Exchange
B-Shares Tangible Trading Seat Holder of Shanghai Stock Exchange
B-Shares Special Clearing Participant of China Securities Depository and Clearing Corporation Limited – Shenzhen Branch
B-Shares Clearing Participant of China Securities Depository and Clearing Corporation Limited – Shanghai Branch

Kingsway Capital Limited

Licensed Corporation of the Hong Kong Securities and Futures Commission
Main Board and GEM Board Sponsor of The Stock Exchange of Hong Kong

Kingsway SW Asset Management Limited

Licensed Corporation of the Hong Kong Securities and Futures Commission

Kingsway SW Finance Limited

Money Lender registered with the HKSAR Government

AFFILIATED & OVERSEAS OFFICES

China

- 廣東新華滙富商業保理有限公司
1215, Fuli Yingfeng Building,
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SUNWAH KINGSWAY
新華滙富

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