信控國際資本有限公司
XinKong International Capital Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 993)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2024

The board (the "**Board**") of directors (the "**Directors**") of XinKong International Capital Holdings Limited (the "**Company**") is pleased to present to its shareholders (the "**Shareholders**") the consolidated results of the Company and its subsidiaries (collectively referred to as the "**Group**"), which is extracted from the consolidated financial statements for the year ended 31 December 2024 (the "**Year**"), together with the comparative figures for the year ended 31 December 2023 (the "**Last Year**") as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2024

	Notes	**2024** *HK$'000*	2023 *HK$'000*
REVENUE			
Commission and fee income	5	**5,990**	15,115
Interest income	5		
Interest income calculated using the effective interest method		**76,446**	136,654
Others		**8,724**	19,980
Investment income	5	**1,281**	30,394
		92,441	202,143

	Notes	**2024** *HK$'000*	2023 *HK$'000*
Net gain/(loss) on financial assets at fair value through profit or loss		**105,358**	(202,905)
Net gain arising from disposal of financial assets at fair value through other comprehensive income		**–**	2,055
Net (loss)/gain arising from disposal of financial assets at amortised cost		**(10,030)**	102,114
Other income and gains or losses, net		**8,805**	55,117
Brokerage and commission expenses		**(7)**	(14)
Administrative and other operating expenses		**(63,121)**	(137,939)
Impairment losses, net		**(134,207)**	(259,925)
Finance costs	6	**(264,022)**	(327,299)
LOSS BEFORE TAX	7	**(264,783)**	(566,653)
Income tax credit/(expense)	8	**23,739**	(140)
LOSS FOR THE YEAR		**(241,044)**	(566,793)
Attributable to:			
Equity holders of the Company		**(642,716)**	(967,291)
Holder of perpetual capital securities		**401,672**	400,498
		(241,044)	(566,793)
BASIC LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	9	**(HK7.4 cents)**	(HK11.1 cents)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2024 *HK$'000*	2023 *HK$'000*
LOSS FOR THE YEAR	**(241,044)**	(566,793)
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that may be reclassified to profit or loss in subsequently periods:		
Fair value gain/(loss) on financial assets at fair value through other comprehensive income	**19,584**	(44,171)
Net (reversal of)/provision for impairment of financial assets at fair value through other comprehensive income included in profit or loss	**(8,468)**	82,113
Reclassification adjustments relating to disposal of financial assets at fair value through other comprehensive income during the year	**–**	(2,055)
Exchange differences on translation of foreign operations, net	**12,892**	8,481
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**24,008**	44,368
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**(217,036)**	(522,425)
Attributable to:		
Equity holders of the Company	**(618,708)**	(922,923)
Holder of perpetual capital securities	**401,672**	400,498
	(217,036)	(522,425)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	Notes	**31 December 2024** **HK$'000**	31 December 2023 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**606**	2,464
Other long term assets		**1,043**	1,043
Intangible assets		**2,350**	2,350
Right-of-use assets		**1,887**	668
Financial assets at fair value through profit or loss	10	**782,015**	869,652
Financial assets at fair value through other comprehensive income	11	**24,575**	21,286
Other loans and debt instruments	13	**271,509**	414,338
Total non-current assets		**1,083,985**	1,311,801
CURRENT ASSETS			
Advances to customers in margin financing	14	**11,543**	11,431
Accounts receivable	15	**3,299**	243,646
Prepayments, deposits and other receivables		**13,319**	54,664
Financial assets at fair value through profit or loss	10	**283,423**	381,357
Financial assets at fair value through other comprehensive income	11	**52,628**	112,552
Finance lease receivables	12	**8,675**	84,477
Other loans and debt instruments	13	**67,750**	–
Amounts due from related parties		**11,003**	27,467
Tax recoverable		**161**	161
Restricted bank balances		**99,518**	95,828
Deposits in other financial institutions		**17,344**	13,527
Cash and deposits with banks		**413,122**	1,581,355
Total current assets		**981,785**	2,606,465

	Notes	31 December 2024 HK$'000	31 December 2023 HK$'000
CURRENT LIABILITIES			
Accounts payable	16	**100,798**	98,559
Other liabilities, payables and accruals		**266,864**	159,236
Interest-bearing borrowings		**–**	2,320,319
Repurchase agreements		**–**	54,019
Amounts due to related parties		**84,418**	80,141
Tax payable		**49,411**	74,781
Lease liabilities		**2,023**	812
Total current liabilities		**503,514**	2,787,867
NET CURRENT ASSETS/(LIABILITIES)		**478,271**	(181,402)
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,562,256**	1,130,399
NON-CURRENT LIABILITIES			
Other liabilities, payables and accruals		**3,504**	3,504
Interest-bearing borrowings		**3,832,133**	2,783,549
Total non-current liabilities		**3,835,637**	2,787,053
Net liabilities		**(2,273,381)**	(1,656,654)
EQUITY			
Share capital		**8,710**	8,710
Share premium and reserves		**(8,525,707)**	(7,906,999)
Equity attributable to owners of the Company		**(8,516,997)**	(7,898,289)
Perpetual capital securities classified as equity instruments		**6,243,616**	6,241,635
Total equity		**(2,273,381)**	(1,656,654)

Notes:

1. CORPORATE AND GROUP INFORMATION

The Company is a limited liability company incorporated in Bermuda and its shares are listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**" or "**HKEx**"). The principal activity of the Company is investment holding. The Group is principally engaged in the brokerage and dealing of securities, margin financing, loan financing, financial advisory, direct investments, investment holding, provision of advising on corporate finance services and provision of management and consultancy services. The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The principal place of operations of the Company is 15th floor, China Huarong Tower, 60 Gloucester Road, Wanchai, Hong Kong. The intermediate controlling shareholder of the Company is China CITIC Financial AMC International Holdings Limited (formerly known as China Huarong International Holdings Limited) ("**CFAIH**") that is incorporated in Hong Kong through Camellia Pacific Investment Holding Limited and Right Select International Limited, both of which are incorporated in the British Virgin Islands and wholly-owned subsidiaries of CFAIH. China CITIC Financial Asset Management Co., Ltd. ("**CCFAMC**"), a company established in the PRC and whose shares are listed on the Stock Exchange, became the ultimate holding company since 2015. Currently, major Shareholders of CCFAMC include the CITIC Group Corporation, Ministry of Finance (the "**MOF**"), China Insurance Rongxin Private Fund Co., Ltd., China Life Insurance (Group) Company, Warburg Pincus and Sino-Ocean Group Holding Limited.

2. BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") (which include all applicable HKFRSs, Hong Kong Accounting Standards ("**HKASs**") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"), the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"), and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for financial assets at fair value through profit or loss ("**FVTPL**"), and financial assets at fair value through other comprehensive income ("**FVTOCI**"), which are measured at fair value, as explained in the accounting policies set out below.

These financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise indicated.

Going concern basis

As at 31 December 2024, the Group had net current assets at HK$478 million (2023: net current liabilities of HK$181 million), net liabilities of HK$2,273 million (2023: net liabilities of HK$1,657 million) and incurred a loss of HK$241 million (2023: net loss of HK$567 million) for the year then ended.

In view of above circumstances, the directors have given consideration to the future liquidity and performance of the Group and its available sources of finance in assessing whether the Group will have sufficient financial resources to continue as a going concern. In order to improve the Group's liquidity and cash flows to sustain the Group as a going concern, the Group has implemented or is in the process of implementing the following measures:

(i) Bank credit facilities for financing

As at 31 December 2024, the Group has total bank credit facilities of HK$100,000,000 (2023: approximately HK$1,706,626,000), of which HK$nil (2023: HK$820,000,000) were utilised by the Group.

(ii) Support from intermediate controlling shareholder

The Group has obtained a letter of support from its intermediate controlling shareholder, CFAIH, who has confirmed its intention to provide sufficient financial support to the Group to enable it to meet its obligations and liabilities as and when they fall due, where the Directors are of the opinion that the financial support from CFAIH will continue to be forthcoming. As at 31 December 2024, CFAIH, directly and indirectly through its subsidiaries, lent an aggregate of HK$10.1 billion to the Group in forms of intercompany loans and perpetual securities (2023: HK$10.5 billion). Depending on the need for working capital, the Group may need to obtain the loans at different times and amounts.

(iii) Disposal of publicly traded bonds and listed equity securities

In respect of public trade bonds and the listed equity securities in Hong Kong held by the Group which are classified either as financial assets at fair value through profit or loss or as financial assets at fair value through other comprehensive income in the consolidated statement of financial position as at 31 December 2024, the Directors are of the opinion that the Group would be able to dispose of such investments as and when needed to alleviate the Group's liquidity pressure.

(iv) Measures to recover project cashflows, control expenses and contain capital expenditures

The Group will take active measures to improve its cash flow through focus of resources to recover cashflows from existing projects and investments in the upcoming year. At the same time, the Group will continue to take active measures to control administrative costs through various channels including communication of the budget, control and monitoring by finance department within the Group.

(v) Actively develop licensed business

The Group continue to focus on the development of licensed business, including securities brokerage, asset management and corporate finance. The Group will seek for opportunities to explore new markets for its licensed business.

The Directors have reviewed the Group's cash flow projections prepared by management. The cash flow projections cover a period of not less than twelve months from 31 December 2024. They are of the opinion that, taking into account the abovementioned plans and measures, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within twelve months from 31 December 2024. Accordingly, the Directors are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Should the going concern assumption be inappropriate, adjustments may have to be made to write down the values of assets to their recoverable amounts, to provide for any further liabilities that might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in the consolidated financial statements. The Audit Committee of the Board has confirmed that it has objectively and critically reviewed the measures mentioned above. The Audit Committee of the Board and the Board have confidence in the Group's management and concurred with management's view that the Group's business plan for the next twelve months is feasible and achievable. The Group has actively implemented, or is actively implementing, all the improvement targets outlined above for the purposes of increasing profits and improving the cash flow position of the Group.

Basis of consolidation

The consolidated financial statements include the financial statements of the Group for the year ended 31 December 2024. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee.

(b) rights arising from other contractual arrangements.

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised HKFRSs for the first time for the current year's 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*

The nature and the impact of the revised HKFRSs are described below:

(a) 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.

(b) 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 January 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.

(c) 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.

4. OPERATING SEGMENT INFORMATION

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker is the person or group that allocates resources to and assesses the performance of the operating segments of an entity. The Group has determined the Executive Committee as its chief operating decision maker.

Specifically, the Group's reportable and operating segments are as follows:

(a) the securities segment comprises the broking and dealing of securities and the provision of margin financing services.

(b) the corporate finance segment provides securities underwriting and sponsoring and financing advisory services to institutional clients.

(c) the asset management and direct investment segment comprises the provision of asset management services and direct investments in equities, bonds, funds, derivative instruments and other financial products.

(d) the financial services and others segment comprises finance lease services, business consulting services, financing services and other related services.

Segment performance is evaluated based on reportable segment result, which is measured consistently with the Group's loss before tax except that certain other income and gains or losses, certain finance costs and other unallocated expenses (including certain staff costs, certain rental expenses, certain depreciation, certain legal and professional fees and certain other expenses, incurred for strategic planning of the Group) are excluded from such measurement.

For the measurement of segment liabilities and results, interest-bearing borrowings are not allocated to segments while their corresponding finance costs are allocated to segment results.

(a) Operating segments

The following tables present the revenue and results for the years ended 31 December 2024 and 2023 for the Group's operating segments.

For the year ended 31 December 2024

	Securities	Corporate finance	Asset management and direct investment	Financial services and others	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenue					
Commission and fee income	**4,483**	**–**	**1,507**	**–**	**5,990**
Interest income	**453**	**–**	**84,717**	**–**	**85,170**
Investment income	**–**	**–**	**1,281**	**–**	**1,281**
	4,936	**–**	**87,505**	**–**	**92,441**
Net gain on financial assets at fair value through profit or loss	**–**	**–**	**105,358**	**–**	**105,358**
Net loss arising from disposal of financial assets at amortised cost	**–**	**–**	**–**	**(10,030)**	**(10,030)**
Other income and gains or losses, net	**5,696**	**51**	**18,502**	**(26,405)**	**(2,156)**
	10,632	**51**	**211,365**	**(36,435)**	**185,613**
Segment results	**14,736**	**(3,681)**	**(184,110)**	**(84,779)**	**(257,834)**
Unallocated other income and gains or losses, expenses, net					**(6,949)**
Loss before tax					**(264,783)**
Income tax credit					**23,739**
Loss for the year					**(241,044)**

Other segment information for the year ended 31 December 2024

	Securities *HK$'000*	**Corporate finance** *HK$'000*	**Asset management and direct investment** *HK$'000*	**Financial services and others** *HK$'000*	**Unallocated** *HK$'000*	**Total** *HK$'000*
Finance costs	**–**	**–**	**(249,248)**	**–**	**(14,774)**	**(264,022)**
Net provision for impairment of other loans and debt instruments	**–**	**–**	**(86,072)**	**–**	**–**	**(86,072)**
Net reversal of impairment of advances to customers in margin financing	**11,215**	**–**	**–**	**–**	**–**	**11,215**
Net provision for impairment of finance lease receivables	**–**	**–**	**–**	**(46,973)**	**–**	**(46,973)**
Net reversal of impairment of financial assets at fair value through other comprehensive income	**–**	**–**	**8,468**	**–**	**–**	**8,468**
Net provision for impairment of other financial assets at amortised cost	**(8)**	**–**	**(4,004)**	**–**	**–**	**(4,012)**
Net provision of impairment of other asset	**–**	**–**	**(16,833)**	**–**	**–**	**(16,833)**
Depreciation	**(1)**	**–**	**(2,850)**	**–**	**–**	**(2,851)**

For the year ended 31 December 2023

	Securities *HK$'000*	Corporate finance *HK$'000*	Asset management and direct investment *HK$'000*	Financial services and others *HK$'000*	Total *HK$'000*
Segment revenue					
Commission and fee income	7,994	2,601	4,520	–	15,115
Interest income	3,258	–	102,144	51,232	156,634
Investment income	–	–	30,394	–	30,394
	11,252	2,601	137,058	51,232	202,143
Net loss on financial assets at fair value through profit or loss	–	–	(202,905)	–	(202,905)
Net gain arising from disposal of financial assets at fair value through other comprehensive income	–	–	2,055	–	2,055
Net gain arising from disposal of financial assets at amortised cost	–	–	–	102,114	102,114
Other income and gains or losses, net	8,125	185	55,567	(15,151)	48,726
	19,377	2,786	(8,225)	138,195	152,133
Segment results	(819)	(3,271)	(591,602)	90,697	(504,995)

	Securities *HK$'000*	Corporate finance *HK$'000*	Asset management and direct investment *HK$'000*	Financial services and others *HK$'000*	Total *HK$'000*
Unallocated other income and gains or losses, expenses, net					(61,658)
Loss before tax					(566,653)
Income tax expense					(140)
Loss for the year					(566,793)

Other segment information for the year ended 31 December 2023

	Securities *HK$'000*	Corporate finance *HK$'000*	Asset management and direct investment *HK$'000*	Financial services and others *HK$'000*	Unallocated *HK$'000*	Total *HK$'000*
Finance costs	–	–	(233,547)	–	(93,752)	(327,299)
Net provision for impairment of other loans and debt instruments	–	–	(119,521)	–	–	(119,521)
Net provision for impairment of advances to customers in margin financing	(10,443)	–	–	–	–	(10,443)
Net provision for impairment of finance lease receivables	–	–	–	(44,747)	–	(44,747)
Net provision for impairment of financial assets at fair value through other comprehensive income	–	–	(82,113)	–	–	(82,113)
Net provision for impairment of other financial assets at amortised cost	(7)	–	(3,094)	–	–	(3,101)
Depreciation	(4)	–	(31,930)	–	–	(31,934)

The following tables present the assets and liabilities for the Group's operating segments as at 31 December 2024 and 2023. During the year, certain corporate assets have been re-allocated into the respective segments. The corresponding segment comparative information has been restated to conform with the current year's presentation.

As at 31 December 2024

	Securities *HK$'000*	**Corporate finance** *HK$'000*	**Asset management and direct investment** *HK$'000*	**Financial services and others** *HK$'000*	**Total** *HK$'000*
Total segment assets	**205,848**	**10,126**	**1,742,287**	**71,351**	**2,029,612**
Intercompany eliminations					**(7,236)**
Other unallocated assets					**43,394**
Total assets					**2,065,770**
Total segment liabilities	**121,204**	**–**	**354,262**	**26,472**	**501,938**
Intercompany eliminations					**(7,236)**
Other unallocated liabilities					**3,844,449**
Total liabilities					**4,339,151**

As at 31 December 2023

	Securities *HK$'000*	Corporate finance *HK$'000*	Asset management and direct investment *HK$'000*	Financial services and others *HK$'000*	Total *HK$'000*
Total segment assets	317,398	17,282	2,793,130	726,774	3,854,584
Intercompany eliminations					1,090
Other unallocated assets					62,592
Total assets					3,918,266
Total segment liabilities	115,413	–	37,560	305,621	458,594
Intercompany eliminations					1,090
Other unallocated liabilities					5,115,236
Total liabilities					5,574,920

(b) Geographical information

The Group's operations are located in Hong Kong and Mainland China.

Information about the Group's revenue from external customers is presented based on the location of the operations.

Information about the Group's non-current assets is presented based on the geographical location of the assets.

	Revenue from external customers		**Non-current assets**	
	2024	2023	**2024**	2023
	HK\$'000	*HK\$'000*	***HK\$'000***	*HK\$'000*
Hong Kong	**32,667**	150,911	**4,838**	5,477
Mainland China	**59,774**	51,232	**5**	5
Total	**92,441**	202,143	**4,843**	5,482

Note: Non-current assets excluded financial assets.

(c) Information about major customers

During the year ended 31 December 2024, two external customers namely customer A and customer D contributed more than 10% of total revenue of the Group (2023: three external customers namely customer A, customer B and customer C contributed more than 10% of total revenue of the Group):

	2024	2023
	HK\$'000	*HK\$'000*
Customer A from asset management and direct investment*:	**59,468**	59,468
Customer B from asset management and direct investment:	**–**	28,359
Customer C from financial services and others:	**–**	49,214
Customer D from asset management and direct investment:	**10,153**	11,941

* *The corresponding receivable of the revenue has been fully provided for impairment.*

5. REVENUE

The Group's revenue is disaggregated as follows:

	2024	2023
	HK\$'000	*HK\$'000*
Revenue from contracts with customers		
Commission and fee income *(note (i))*:		
Fee and commission income on securities dealing and brokerage	**4,192**	7,875
Placing and underwriting fee income	**–**	1
Consultancy and financing advisory fee income	**–**	2,600
Management fee income	**1,507**	1,764
Other service income	**291**	2,875
	5,990	15,115

	2024	2023
	HK$'000	*HK$'000*
Revenue from other sources		
Interest income:		
Interest income calculated using the effective interest method		
Interest income from other loans and debt instruments	**75,993**	82,164
Interest income from finance lease receivables	**–**	51,232
Interest income from margin financing activities	**453**	3,258
	76,446	136,654
Interest income – others:		
Interest income from financial assets at fair value through profit or loss	**4,078**	9,210
Interest income from financial assets at fair value through other comprehensive income	**4,646**	10,770
	8,724	19,980
Total interest income	**85,170**	156,634
Investment income:		
Dividend income	**1,281**	30,394
Total revenue	**92,441**	202,143

Note:

(i) Disaggregated revenue information for revenue from contracts with customers

	2024	2023
	HK$'000	*HK$'000*
Services transferred at a point in time	**4,483**	12,351
Services transferred over time	**1,507**	2,764
Total revenue from contracts with customers	**5,990**	15,115

6. FINANCE COSTS

	2024	2023
	HK$'000	*HK$'000*
Interest on bank borrowings	**14,774**	93,751
Interest on repurchase agreements and other activities	**290**	3,989
Interest on loans from an intermediate holding company		
– repayable on demand and within one year	**–**	11,069
– repayable in more than one year but not more than five years	**213,455**	81,593
– repayable in more than five years	**–**	32,410
Interest on loans from an immediate holding company		
– repayable on demand and within one year	**33,335**	51,878
– repayable in more than five years	**–**	49,628
Interest on a loan from a fellow subsidiary		
– repayable on demand and within one year	**–**	2,593
– repayable in more than one year but not more than five years	**2,133**	–
Interest on lease liabilities	**35**	388
	264,022	327,299

7. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging/(crediting):

	2024	2023
	HK$'000	*HK$'000*
Depreciation of property, plant and equipment	**1,858**	2,859
Depreciation of right-of-use assets	**993**	29,075
Auditor's remuneration	**3,900**	5,150
Legal and professional fees	**8,862**	8,885
Salaries, bonuses and allowances (including directors' remuneration)	**18,111**	27,452
Pension scheme contributions (including directors' remuneration)	**1,264**	1,545
Net provision for impairment of other loans and debt instruments	**86,072**	119,521
Net (reversal of)/provision for impairment of advances to customers in margin financing	**(11,215)**	10,443
Net provision for impairment of finance lease receivables	**46,973**	44,747
Net (reversal of)/provision for impairment of financial assets at fair value through other comprehensive income	**(8,468)**	82,113
Net provision for impairment of accounts receivable	**4,012**	3,101
Net provision for impairment of other assets	**16,833**	–

8. INCOME TAX

	2024	2023
	HK$'000	*HK$'000*
Current tax:		
Hong Kong	**–**	140
Over (under)-provision in prior years:		
Hong Kong	**180**	–
Mainland China	**(23,919)**	–
	(23,739)	140

The directors of the Company considered the amount involved upon implementation of the two-tiered profits tax rates regime insignificant to the consolidated financial statements. Hong Kong Profits Tax was calculated at 16.5% of the estimated assessable profits for both years.

Hong Kong Profits Tax has been provided at the rate of 16.5% (2023: 16.5%) on the estimated assessable profits arising in Hong Kong during the year.

Under the Law of the PRC on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of the EIT Law, the tax rate of the subsidiaries in Mainland China was 25% for the year (2023: 25%).

A reconciliation of the tax applicable to loss before tax at the statutory rate of Hong Kong, where the Company is headquartered, to the tax expense is as follows:

	2024	2023
	HK$'000	*HK$'000*
Loss before tax	**(264,783)**	(566,653)
Tax at the statutory tax rate of 16.5% (2023: 16.5%)	**(43,689)**	(93,498)
Effect of different tax rate of 8.25% under two-tiered tax regime (2023: 8.25%)	**(110)**	(180)
Over-provision in prior years	**(23,739)**	–
Income not subject to tax	**(2,911)**	(15,600)
Expenses not deductible for tax	**11,946**	8,703
Effect of tax loss not recognised	**168,697**	95,309
Temporary difference not recognised	**(99,030)**	(1,594)
Tax loss utilised	**(27,643)**	(510)
Effect of different tax rate of subsidiaries operating on other jurisdiction	**(7,260)**	7,510
Tax (credit)/charge for the year	**(23,739)**	140

At the end of the year, the Group has unused tax losses arising in Hong Kong of approximately HK$9,449,734,000 (2023: HK$9,164,634,000) available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. The group also has tax losses arising in PRC of HK$820,674,000 (2023: HK$447,284,000) that will expire in one to five years for offsetting against future taxable profits. As of 31 December 2024, no deferred tax asset has been recognised due to the unpredictability of future profit streams.

At 31 December 2024, the Group has other deductible temporary differences of HK$859,352,000 (2023: HK$1,500,479,000). No deferred tax asset has been recognised in relation to such deductible temporary difference as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

At 31 December 2024 and 2023, in the opinion of the directors that there was no significant unrecognised deferred tax liability for taxes that would be payable on the unremitted earnings of the Group's subsidiaries established in PRC that are subject to withholding taxes.

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

The calculation of basic loss per share attributable to ordinary equity holders of the Company is as follows:

	2024	2023
	HK$'000	*HK$'000*
Loss		
Loss for the year attributable to ordinary equity holders of the Company, used in the basic loss per share calculation	**(642,716)**	(967,291)

	Number of shares	
	2024	2023
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares in issue during the year used in the basic loss per share calculation	**8,709,586**	8,709,586

No diluted loss per share was presented for both years because there were no potential dilutive ordinary shares during both the current and prior years.

10. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2024	2023
	HK$'000	*HK$'000*
Financial assets at fair value through profit or loss ("FVTPL")		
Non-current:		
– Unlisted fund investments	**320,120**	468,897
– Listed fixed income securities	**33,480**	122,622
– Unlisted fixed income securities *(note (ii))*	**428,415**	278,133
	782,015	869,652
Current:		
– Unlisted fund investments *(note (i))*	**168,392**	323,917
– Listed equity investments	**10,513**	15,613
– Listed fixed income securities	**104,518**	41,827
	283,423	381,357
Total financial assets at FVTPL	**1,065,438**	1,251,009

Notes:

(i) The Group expects to realise the unlisted fund investments of approximately HK$168,392,000 (2023: HK$323,917,000) within the next twelve months and has accordingly classified them as current assets.

(ii) The coupon rate of these unlisted fixed income securities is 7% (2023: 7%) per annum as at 31 December 2024. The Group expects to realise such unlisted fixed income securities in more than 1 year (2023: expects to realise such unlisted fixed income securities in more than 1 year).

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2024	2023
	HK$'000	*HK$'000*
Non-current:		
Fixed income investments, at fair value	**24,575**	21,286
Current:		
Fixed income investments, at fair value	**52,628**	112,552
	77,203	133,838

During the year, the gain in respect of changes in the fair value of the Group's financial assets at FVTOCI recognised in other comprehensive income amounted to approximately HK$19,584,000 (2023: loss of approximately HK$44,171,000). During the year, the Group has made net reversal of impairment of financial assets at fair value through other comprehensive income included in profit or loss of HK$8,468,000 (2023: net provision for impairment of HK$82,113,000). Total allowance for impairment as at 31 December 2024 is HK$224,671,000 (2023: HK$273,859,000). During the year, there is no gain or loss arising from the redemption of financial assets at FVTOCI (2023: gain of approximately HK$2,055,000 was reclassified from other comprehensive income to profit or loss upon disposal).

Interest income derived from financial assets at FVTOCI was recognised as "interest income from financial assets at fair value through other comprehensive income" within "revenue".

12. FINANCE LEASE RECEIVABLES

	2024	2023
	HK$'000	*HK$'000*
Minimum finance lease receivables:		
Within one year	**174,709**	596,812
Less: Unearned finance income	**–**	–
Net amount of finance lease receivables	**174,709**	596,812
Less: Allowance for expected credit losses ("**ECL**")	**(166,034)**	(512,335)
Carrying amount of finance lease receivables	**8,675**	84,477
Present value of minimum finance lease receivables:		
Within one year	**174,709**	596,812

Movement of ECL

	HK$'000
At 1 January 2023	747,717
Net provision for impairment for the year	44,747
Written off	(3,802)
Disposal	(266,954)
Exchange difference on translation of foreign operations	(9,373)
At 31 December 2023 and 1 January 2024	**512,335**
Net provision for impairment for the year	**46,973**
Written off	**(48,258)**
Disposal	**(339,323)**
Exchange difference on translation of foreign operations	**(5,693)**
At 31 December 2024	**(166,034)**

At 31 December 2024, finance lease receivables were all secured by the lease assets which are mainly motor vehicles and equipment. Interest rates of the above finance leases ranged from 6.80% to 9.75% per annum (2023: 6.80% to 9.75% per annum).

13. OTHER LOANS AND DEBT INSTRUMENTS

	2024	2023
	HK$'000	*HK$'000*
Other loans and debt instruments	**1,333,979**	1,322,986
Less: Allowance for expected credit losses	**(994,720)**	(908,648)
	339,259	414,338
Analysed as:		
Non-current	**271,509**	414,338
Current	**67,750**	–
	339,259	414,338

As at 31 December 2024, other loans and debt instruments have contractual interest rates ranging from 8.5% to 25% per annum (2023: 8.5% to 25% per annum).

As at 31 December 2024, other loans and debt instruments with a carrying amount of approximately HK$339,259,000 were secured by equity interests in companies listed in Hong Kong and land and properties in Mainland China (2023: approximately HK$414,338,000 were secured by equity interests in companies listed in Hong Kong and land and properties in Mainland China).

One of the other loans with a carrying amount of approximately HK$67,750,000 (2023: nil) was expected to be settled within one year. No aging analysis is disclosed as in the opinion of the directors of the Company, the aging analysis does not give additional values.

Regular reviews on other loans and debt instruments are conducted by the risk management department based on the latest status of other loans and debt instruments, and the latest announced or available information about the borrowers and the underlying collaterals held. Apart from collateral monitoring, the Group seeks to maintain effective control over its loans and debt instruments in order to minimise credit risk by regularly reviewing the borrowers' and/or guarantors' financial position.

The management of the Group estimates the amount of loss allowance for expected credit loss on these credit impaired loan receivables by assessing the present value of estimated future cash flows with the consideration of expected future credit loss of the respective loans which are based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors or borrowers, which include any (i) significant financial difficulty of the debtors or borrowers, (ii) breach of contract or probability that the debtors or borrowers will enter bankruptcy and (iii) the status and progress of financial restructuring, general economic conditions and both the current conditions at the reporting date as well as the forecast of future conditions with significant judgments involved. Moreover, the Group also reviews and assesses the fair value of the collateral received from the customers in determining the impairment with the involvement of third party qualified valuers, if necessary. The assessment of the credit risk and therefore expected cash flows of the respective loan involves a high degree of estimation and uncertainty. In the opinion of the directors of the Company, the impairment provision for the current period is sufficient.

As at 31 December 2024, the gross carrying amount of other loans and debt instruments under 12-month ECL, lifetime ECL (not credit-impaired) and lifetime ECL (credit-impaired) were nil (2023: nil), HK$68,211,000 (2023: HK$123,058,000) and HK$1,265,768,000 (2023: HK$1,199,928,000), respectively.

As at 31 December 2024, the average loss rates of other loans and debt instruments under 12-month ECL, lifetime ECL (not credit-impaired) and lifetime ECL (credit-impaired) were nil (2023: nil), 0.68% (2023: 4.84%) and 79% (2023: 75%), respectively.

As at 31 December 2024 and 31 December 2023, the contractual amount outstanding on other loans and debt instruments that have been written off were nil.

14. ADVANCES TO CUSTOMERS IN MARGIN FINANCING

	2024	2023
	HK$'000	*HK$'000*
Advances to customers in margin financing	**93,999**	105,102
Less: Allowance for expected credit losses	**(82,456)**	(93,671)
	11,543	11,431

The advances to customers in margin financing are interest-bearing and secured by the underlying pledged securities. The Group maintains a list of approved securities for margin lending at a specific loan to collateral ratio. Any excess in the lending ratio will trigger a margin call in the case of which the customers have to make additional funds available for the shortfall.

No ageing analysis is disclosed as in the opinion of the directors of the Company, the ageing analysis does not give additional value in the view of the revolving nature of the business of securities margin financing.

The Group allows a credit period of up to the settlement dates of the respective securities transactions or a credit period mutually agreed with the contracting parties. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables so as to minimise credit risk. Advances for margin financing are secured by the pledge of customers' securities as collaterals. The credit facility limits to customers in margin financing are determined by the market value of the collateral securities accepted by the Group. Overdue balances are reviewed regularly by the management. The carrying amount of the loans and the market value of the collateral securities are reviewed regularly by the risk management department. Securities are assigned with specific margin ratios for calculating their margin values. Additional funds or collateral are required if the outstanding amount exceeds the eligible margin value of securities deposited. The collateral held can be repledged or sold at the Group's discretion to settle any outstanding amount owed by margin clients.

All the pledged securities were listed equity securities in the respective stock exchanges in Hong Kong as at 31 December 2024 and 2023, amounted to HK$13,385,000 and HK$71,227,000, respectively. The loans are repayable on demand subsequent to the settlement date of the trade.

As at 31 December 2024, the Group has concentration of credit risk as 99% (2023: 95%) of the total advances to securities margin clients due from the Group's five largest securities margin clients.

In determining the allowances for credit impaired loans to margin clients, the management of the Group also takes into account the shortfall by comparing the market value of securities pledged as collateral and the outstanding balance of the loan to margin clients individually taking into account of the subsequent settlement or executable settlement plan and restructuring arrangements. The management of the Group estimates the amount of expected credit loss allowance on these credit impaired loan receivables by assessing the present value of estimated future cash flows with the consideration of expected future credit losses of the respective loans which are based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors or borrowers, which include any (i) significant financial difficulty of the debtors or borrowers, (ii) breach of contract or probability that the debtors or borrowers will enter bankruptcy and (iii) the status and progress of financial restructuring, general economic conditions and both the current conditions at the reporting date as well as the forecast of future conditions with significant judgments involved. Moreover, the Group also reviews and assesses the market value of the collateral received from the customers in determining the impairment with the involvement of independent qualified valuers, if necessary.

The assessment of the credit risk and therefore expected cash flows of the respective loan involves a high degree of estimation and uncertainty. In the opinion of the directors of the Company, the impairment provision for the current period is sufficient.

As at 31 December 2024, the gross carrying amount for 12-month ECL, lifetime ECL (not credit-impaired) and lifetime ECL (credit-impaired) were HK$700,000 (2023: HK$11,019,000), nil (2023: nil) and HK$93,299,000 (2023: HK$94,083,000), respectively.

As at 31 December 2024, the average loss rates for 12-month ECL, lifetime ECL (not credit-impaired) and lifetime ECL (credit-impaired) were 0.01% (2023: 0.22%), nil (2023: nil) and 88.4% (2023: 99.5%), respectively.

As at 31 December 2024 and 31 December 2023, the contractual amount outstanding on advances to customers in margin financing that have been written off, but were still subject to enforcement activity was nil.

15. ACCOUNTS RECEIVABLE

	2024	2023
	HK$'000	*HK$'000*
Accounts receivable from:		
– securities, futures and options dealing services		
– clients	**1,007**	296
– brokers, dealers and clearing houses	**2,240**	2,145
– corporate finance and asset management	**6,358**	6,608
– direct investment and others	**73,992**	310,883
	83,597	319,932
Less: Allowance for expected credit losses	**(80,298)**	(76,286)
	3,299	243,646

Accounts receivable from clients, brokers, dealers and clearing houses arising from the business of dealing in securities are repayable on demand subsequent to the settlement date and bear variable interests at commercial rates. The normal settlement terms of accounts receivable arising from the business of dealing in securities are two days after the trade date or at specific terms agreed with clients, brokers and dealers.

Normal settlement terms of accounts receivable arising from the business corporate finance and asset management are determined in accordance with the agreed terms, usually within 3 months after the service was provided.

An ageing analysis of the Group's accounts receivable, based on the trade date and net of allowance for expected credit losses, is as follows:

	2024	2023
	HK$'000	*HK$'000*
0–30 days	**2,949**	239,256
31–90 days	**–**	–
91–365 days	**–**	–
Over 365 days	**350**	4,390
	3,299	243,646

Movement of ECL

	2024	2023
	HK$'000	*HK$'000*
At beginning of year	**76,286**	133,289
Net provision for impairment	**4,012**	3,101
Amount written off during the year	**–**	(60,104)
At end of year	**80,298**	76,286

For accounts receivable from clients, the management ensures that the available cash balance and listed equity securities belonging to accounts receivable clients in which the Group holds as custodian are sufficient to cover the amounts due to the Group. For the remaining accounts receivable that are overdue, management maintains effective control over the repayment schedule and assesses the latest status of the debtors.

As at 31 December 2024, accounts receivable amounting to HK6,358,000 (2023: HK$6,608,000) arose from corporate finance and asset management business which is under the scope of HKFRS 15 and accounts receivable amounting to HK$73,992,000 (2023: HK$310,883,000) arose from direct investment business. The Group performs impairment assessment under lifetime ECL on these balances individually for debtors. As at 31 December 2024, allowance amounting to HK$79,999,000 (2023: HK$75,995,000) was made accordingly.

The remaining allowance for expected credit losses of accounts receivable is the provision for individually impaired accounts receivable from securities clients of approximately HK$299,000 (2023: HK$291,000).

16. ACCOUNTS PAYABLE

An ageing analysis of the Group's accounts payable, based on the settlement due date, is as follows:

	2024	2023
	HK$'000	*HK$'000*
Current to 1 month	**100,798**	98,559

The accounts payable are unsecured and repayable on the settlement date of the relevant trades or upon demand from customers.

As at 31 December 2024, accounts payable with a carrying amount of approximately HK$99,111,000 (2023: HK$96,966,000) are interest-bearing at bank savings deposit rates.

17. DIVIDENDS

The Directors of the Company do not recommend the payment of any dividend for the Year. No dividend was paid to the Shareholders of the Company for the years ended 31 December 2024 and 31 December 2023. The Board has resolved not to declare the payment of any dividend for the years ended 31 December 2024 and 31 December 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL HIGHLIGHTS

For the Year, the Group recorded a revenue of approximately HK$92,441,000 (Last Year: approximately HK$202,143,000), net gain on financial assets at fair value through profit or loss of approximately HK$105,358,000 (Last Year: net loss of approximately HK$202,905,000), and net gain arising from disposal of financial assets at fair value through other comprehensive income of HK$nil (Last Year: net gain of approximately HK$2,055,000) and net loss arising from disposal of financial assets at amortised cost of HK$10,030,000 (Last Year: net gain of HK$102,114,000). Therefore, total revenue, investment gains or losses described above amounted to approximately HK$187,769,000 (Last Year: net gain of approximately HK$103,407,000). The Group recorded a loss for the Year of approximately HK$241,044,000 as compared to a loss of approximately HK$566,793,000 for Last Year. Loss attributable to Shareholders for the Year was approximately HK$642,716,000 as compared to that of HK$967,291,000 for Last Year. The decrease in net loss for the Year was mainly due to the decrease in impairment provision made by the Group in respect of its direct investment in debt instruments, trade receivables, loans and margin financing advances, finance costs and administrative and other operating expenses as well as the increase in total revenue and investment income as mentioned above.

Basic loss per share was HK7.4 cents for the Year as compared to basic loss per share of HK11.1 cents for Last Year. No diluted loss/earnings per share has been presented for the Year and Last Year as there was no dilutive ordinary shares for the Year.

BUSINESS REVIEW

In 2024, as geopolitical conflicts escalated, protectionism rose further, and the global economy recovered slowly, the external environment became increasingly challenging while the performance of different economies diverged markedly. However, major central banks further loosened their monetary policies, and a number of measures introduced by Mainland China to boost the economy gradually showed their effectiveness, providing certain support for the overall economy of Hong Kong.

Securities

Securities business segment includes the provision of online and offline securities transactions, custodian services, financing and investment advisory services. During 2024, the Group persisted in compliant business operation and has expedited business transformation with a focus on its principal licensed business against a complicated economic environment and lacklustre market sentiments. Meanwhile, it continued to achieve cost reduction, efficiency enhancement, diversification of revenue sources and conservation of resources with more robust business development and marketing effort. In connection with the development of financial technology, the mobile APP “XinKong Caifutong (信控財富通)” has been in smooth operation with constant updates. In connection with its custodian business, the

Group continued to enhance business synergies and assisted in the disposal of stock assets in existing projects within the system to increase intermediary income. In connection with the management of existing projects, the Group further improved its risk control measures with enhanced efforts in cooperation and communication with customers to ensure principal and interest repayments as due for existing normal projects.

For the Year, the revenue from the securities segment was approximately HK$4,936,000 as compared to approximately HK$11,252,000 for Last Year. The year-on-year decrease in total revenue was attributable mainly to the decrease in interest income following effort to reduce risk exposures relating to interest-generating assets, coupled with the decrease in revenue from new share subscription, commission and financing interest as a whole in the midst of a lacklustre securities market. The result of the securities business segment for the Year recorded the profit of approximately HK$14,736,000 as compared to the loss of approximately HK$819,000 for Last Year, which was mainly due to the increase in the market value of collateral securities associated with Stage 3 margin loan clients that resumed trading in 2024.

Asset Management and Direct Investment

The asset management and direct investment segment is engaged in the provision of asset management and fund management services and investment of its own funds in equity, debt, funds and other financial products. In 2024, amid persistent global political and economic turmoil, the US economy demonstrated relative resilience. However, market concerns grew over the escalating unilateral protectionism under the new US administration, which could spur inflationary pressures and sustain the elevated US 10-year treasury bond yields and US dollar exchange rates. For the Hong Kong and China markets, after a sluggish first half year, signs of improvement were shown, which was boosted by the Central Government's policy package in September, but momentum weakened again thereafter. Local market sentiment remained cautious, and the asset management and direct investment business was still subject to considerable challenge. To address changes in the market this year, the Group enhanced its risk control measures in relation to market risks and credit risks and ensured the stable performance of its existing assets subject to persistent risk control. Meanwhile, we continued to focus on asset management within the sector of non-performing assets, in particular investment and financing for central and state-owned enterprises as well as relief for distressed assets enterprises, with a view to striving for countercyclical investment gains.

For the Year, the revenue from this segment was approximately HK$87,505,000, versus the segment revenue of approximately HK$137,058,000 for Last Year. The decrease in revenue was attributable mainly to the relative decrease in interest income in line with the reduction in asset size as a result of the ongoing cutback of risk assets. The net gain or loss on financial assets at fair value through profits or loss shifted from a net loss of approximately HK$202,905,000 for Last Year to a net gain of approximately HK$105,358,000 for the Year. The segment result for the Year recorded a loss of approximately HK$184,072,000, versus the segment result for Last Year recorded a loss of approximately HK$591,602,000, which was attributable mainly to the fair value change on financial assets at fair value through profit or loss.

Corporate Finance

In 2024, the capital market in Hong Kong exhibited an overall recovery trend. The Hang Seng Index rose by 17.67% for the entire year, with the IT sector outperforming at a 43.3% gain, while the healthcare sector lagged significantly, recording a 20.1% decline. In the IPO market, 70 companies successfully listed on the Hong Kong stock exchange during the year, raising a total of HK$87.5 billion in proceeds, positioning Hong Kong as the fourth-largest global IPO market by fundraising volume. On one hand, the Group continued to advance the transformation of its licensed business, as it strengthened compliance awareness and enhanced risk control, whilst seeking cost reductions, cost effectiveness and operational efficiency. On the other hand, the Group has established a list of clients for marketing visits in coordinated development with CCFAMC's non-performing assets business to strive for playing an instrumental supporting role, in a gradual endeavour to forge its advantages in differentiated operations and achieve breakthrough.

For the Year, no revenue was generated from the corporate finance segment due to departmental staff optimization and departmental functions repositioning, as compared to the revenue of approximately HK$2,601,000 for Last Year. The segment result was a loss of approximately HK$3,681,000 as compared to a loss of approximately HK$3,271,000 for Last Year.

Financial Services and Others

Financial services and others segment includes provision of finance lease services and other related services in Mainland China. It is focusing on providing services to the basic industries which conform to the PRC's industrial policy and economic development trend, by way of introducing financial leasing to relevant industries with a view to obtaining rental income. In line with the current business development strategies and positioning of the Group, the financial services and other businesses still mainly focus on gradually recovering the existing projects, and no new projects were added during the Year.

During the Year, the revenue from this segment was HK$nil (Last Year: HK$51,232,000) and net loss of approximately HK$10,030,000 was recorded (Last Year: net income of approximately HK$102,114,000) from the disposal of financial assets at amortised cost. The segment result was a loss of approximately HK$84,779,000 (Last Year: segment gain of approximately HK$90,697,000), mainly due to no segment revenue was recorded for the Year and net loss was incurred from the disposal of financial assets measured at amortised cost.

PROSPECTS

In 2025, the global economy will still demonstrate relatively strong resilience. However, numerous uncertainties such as the increasingly intense trade tensions, the rising risks of protectionism, and the potentially escalating geopolitical conflicts may all lead to a significant slowdown in the global economic growth rate. Against challenges and uncertainties in the external environment, economic growth in Mainland China and Hong Kong will inevitably be subject to pressure.

The Group will closely monitor the global situation and overcome hurdles with focused efforts. In connection with the securities business, the Group will continue to enhance its standard of compliant operation, procure cost reduction and efficiency enhancement and maintain its market competitiveness on the basis of ensuring operational compliance, to further enhance its operational efficiency and quality of customer services. An emphasis will be placed on the institutional business and the intermediary business to increase revenue contributions from the institutional business. Meanwhile, the customer marketing channel will be further broadened by bolstering business synergies and product research and development efforts. We will explore the direction of transformation and development to cultivate our distinctive competitive advantages. In connection with asset management business, as the geopolitical rivalry and the high interest rate cycle could be longer than expected, the Group will grasp special investment opportunities present in the current market, and make deeper countercyclical efforts in the "major non-performing asset" segment, fully taking advantage of CCFAMC's business experience and synergy strengths in non-performing asset industry. The Group will focus on central and state-owned enterprises, material reorganisation and relief of distressed enterprises, among others, in vigorous development of countercyclical asset management businesses. In connection with corporate finance business, aligned with CCFAMC' core business realignment strategy, the Group has concentrated on the non-performing asset (NPA) sector, developing a specialized investment banking model. By leveraging cross-border financial collaboration mechanisms, the Group has been actively exploring the opportunities of participating in the cross-border disposal of non-performing assets.

FINANCIAL REVIEW

Capital Structure

As at 31 December 2024, the total number of issued Shares of the Company (with par value of HK$0.001 each) was 8,709,586,011. Total equity was approximately HK$-2,273,381,000 (31 December 2023: approximately HK$-1,656,654,000).

Liquidity and Financial Resources

The Group regularly reviews its liquidity position and actively manages liquidity and financial resources according to the changes in economic environment and business development needs. As at 31 December 2024, the Group had total cash and deposits with banks amounting to approximately HK$413,122,000 as compared to approximately HK$1,581,355,000 as at 31 December 2023, excluding client funds that were kept in separate designated bank accounts of approximately HK$99,518,000 (31 December 2023: approximately HK$95,828,000) and deposits in other financial institutions of approximately HK$17,344,000 (31 December 2023: approximately HK$13,527,000). As at 31 December 2024, 69% (31 December 2023: 67%) of the Group's cash and deposits with banks was denominated in HKD or RMB. The Group's gearing ratio as at 31 December 2024 was 186% as compared to 130% as at 31 December 2023, being calculated as borrowings over the Group's total assets. The change in gearing was attributable to a decrease in the Group's total assets in the Year.

The Group has been committed to expanding the financing channel and maintaining an appropriate allocation of repayment schedules and overall fund application to maintain robust financial position. As at 31 December 2024, the Group obtained shareholder loans and perpetual capital bonds from CFAIH in an aggregate principal amount of approximately US$1,279,173,000 (equivalent to approximately HK$9,929,603,000) (31 December 2023: approximately US$1,069,233,000 (equivalent to approximately HK$8,352,179,000)) to support the business of the Group. The proceeds had been applied in full to working capital immediately after closing. The Shareholder loans were subject to interest at fixed annual interest rates ranging from 5.797% to 6.86% (31 December 2023: annual rates of 4.3% to 7.98%) and were repayable within one to five years from the end of the Year (31 December 2023: in one to six years from the end of the year).

As at 31 December 2024, the Group had no loan denominated in USD from Right Select International Limited (direct controlling shareholder of the Company) (31 December 2023: US$260,940,000 (equivalent to approximately HK$2,039,415,000)). The Group had a RMB loan of RMB26,000,000 (equivalent to approximately HK$28,077,000) from a fellow subsidiary (31 December 2023: RMB loan of RMB50,000,000 (equivalent to approximately HK$55,174,000)). Such loan was subject to interest at a fixed annual interest rate of 5.43% (31 December 2023: annual rates of 3.87% to 5.81%) and were repayable in four years from the end of the Year (31 December 2023: in one to six years from the end of the Year).

As at 31 December 2024, the Group did not utilise bank credit facilities (31 December 2023: utilised approximately HK$820,000,000), all subject to floating interest rates).

As at 31 December 2024, the Group had undrawn bank credit facilities of HK$100,000,000 (31 December 2023: approximately HK$886,626,000), providing the Group with additional liquidity as and when required.

Taking into account the financial resources and banking and other financing available to the Group, including but not limited to internally generated cashflow, cash on hand and bank balances, and external loans, the Group anticipates sufficient working capital for its present requirements for at least the next 12 months.

For the subsidiaries licensed by the Securities and Futures Commission of Hong Kong, the Group ensures each of the subsidiaries maintains a flexible liquidity level adequate to support the level of regulated activities with a sufficient buffer to accommodate increases in liquidity requirements arising from potential increases in the level of business activities. During the Year, all the licensed subsidiaries complied with the liquidity requirements under the Securities and Futures (Financial Resources) Rules.

Charges on Group Assets

As at 31 December 2024, the Group had not pledged any time deposits (31 December 2023: nil) to secure the bank loan facilities of the Group.

Foreign Exchange Exposures

The Group's principal operations in Hong Kong and overseas are transacted and recorded in Hong Kong dollars and United States dollars, while principal operations in the PRC are transacted and recorded in Renminbi. The Group is not exposed to material foreign exchange risks because the Hong Kong dollar is pegged to the United States dollar. Other foreign currency exposure is relatively insignificant when compared to our total assets and liabilities. As such, we consider our foreign exchange risk exposure manageable and the Group will closely monitor such risk exposure from time to time.

Contingent Liabilities

The Group had no material contingent liabilities as at 31 December 2024 and 31 December 2023.

Significant Securities Investment

As at 31 December 2024, the Group held the following significant investments:

(1) 1,836,000 ordinary shares (31 December 2023: 1,836,000 ordinary shares) and a secured bond issued by ARTA TechFin Corporation Limited (formerly known as Freeman FinTech Corporation Limited) ("**Freeman**"), at a cost of HK$7,803,000 and HK$402,630,000, respectively. Freeman is a company incorporated in Cayman Islands and listed on the Main Board of the Stock Exchange (stock code: 279), principally engaging in financial businesses. The shares held by the Group represents 0.01% (31 December 2023: 0.01%) of the equity interests in Freeman. The respective fair values of the shares and convertible bond as at 31 December 2024 were HK$66,000 and HK$428,415,000 (31 December 2023: HK$75,000 and HK$278,133,000 respectively), which aggregated to approximately 20.7% (31 December 2023: 7.1%) of the total assets of the Group. During the Year, the Group's unrealised fair value loss on the shares of Freeman was HK$9,000 and unrealised fair value gain on convertible bond was HK$154,666,000.

    This significant investment is not primarily held for trading. It was acquired by a subsidiary of Huarong Investment Stock Corporation Limited ("**HRIV**") in August 2017 as a long-term investment and subsequently has been in default since April 2019. Freeman had previously entered into the temporary liquidation procedure and a provisional liquidator was appointed. The provisional liquidator conducted an external price inquiry and bidding over the pledge of the project and the unrealised fair value gain reflected the recent quotation price. The sales of the relevant collateral are still in process.

(2) 20,000 Class B participating shares of All-Stars SP IV A Limited (the "**Fund I**", a corporate fund), at a cost of US$20,000,000. The total assets of the Fund I as at 31 December 2023 were approximately US$81.92 million, with the principal asset being the equity interest in TUJIA.COM INTERNATIONAL ("**TUJIA**"), where the Class B participating shares held by the Group were mainly used for the investment in Tranche E preference shares of TUJIA. Fund I has been expired at the end of September 2024 and 5,342,255 of Tranche E preference shares of TUJIA were distributed to the Group in specie upon its expiry. The fair value of such shares as at 31 December 2024 was US$18,936,000 (31 December 2023: US$18,962,000), representing approximately 7.12% of the total asset value of the Group (31 December 2023: 3.78%). Subsequently, the Group intends to seek exit opportunities through equity transfer or disposal in secondary market.

(3) The loan arrangement with Crown International Corporation Limited. This project was originally a margin financing project, which converted the advances to customers in margin financing into other loans and debt instruments through a deed of assignment on 29 June 2020 (the "**Loan**"). The total amount of the Loan was HK$618,013,000. The collaterals under the Loan primarily consisted of ordinary shares of Crown International Corporation Limited (the "**Crown International**"). Crown International is a company incorporated in Hong Kong and listed on the Main Board of the Stock Exchange (stock code: 727). Crown International and its subsidiaries are principally engaged in the business of property investment, property development, hotel operations, comprehensive healthcare business and trading of premium white spirit. As at 31 December 2024, the Group held 2,013,932,000 pledged shares, representing approximately 38.00% of the issued shares of Crown International (31 December 2023: 2,013,932,000 shares, representing 57.01%). The fair value of the pledged shares as at 31 December 2024 was HK$217,505,000 (31 December 2023: HK$59,358,000), representing approximately 10.53% of the total asset value of the Group (31 December 2023: 1.51%). The trading in shares of Crown International was suspended in 2023, and was subsequently resumed in May 2024. The Group measured the fair value of the pledged shares based on their market price as at 31 December 2024. A net impairment reversal amounting to approximately HK$151,775,000 was recorded in respect of such project for the year, resulting from the effects of the increase in the fair value of the collateral and additional impairment for the interest receivables of the project.

    The Group intends to seek exit opportunities by way of debt assignment or phased disposal of collaterals.

(4) Shares of All-Stars Investment Private Partners Fund L.P. (the "**Fund II**", a corporate fund), at a cost of US$30,000,000, representing 6.7077% of the Fund II. The total assets of the Fund II as at 31 December 2023 were approximately US$303.89 million, with the principal asset being the equity interest in certain listed or unlisted companies. The fair value of the investment as at 31 December 2024 was US$17,833,657 (31 December 2023: US$21,603,616), representing approximately 6.70% of the total asset value of the Group (31 December 2023: 4.31%).

The Fund II is currently in normal operation. Subsequently, the Group intends to seek exit opportunities through equity transfer or disposal in secondary market.

PROVISION FOR IMPAIRMENT

I. Overall provision for impairment

The Group recognised impairment provision for expected credit loss for financial assets at amortised cost and financial assets at fair value through other comprehensive income in accordance with the expected credit loss model under Hong Kong Financial Reporting Standards 9 Financial Instruments ("**HKFRS 9**"). Provision for allowance of expected credit losses is computed as the difference between the carrying value of the relevant financial instruments and the present values of estimated future cashflows, taking into account the expected future credit losses of the financial instruments.

The Group has established credit risk policies and processes for impairment assessment in accordance with HKFRS 9, including the establishment and approval of models, as well as the choice and application of assumptions and major inputs. In accordance with HKFRS 9, the Group has distinguished the stages of impairment provision for the relevant items into stage one (no significant increase in credit risk since initial recognition), stage two (significant increase in credit risk) or stage three (credit-impaired) based on the impact of credit risk on the items held.

The major credit risk and expected credit loss faced by the Group is mainly derived from other loans and debt instruments, advances to customers in margin financing, financial assets at fair value through other comprehensive income, finance lease receivables, accounts receivable and amount due from an associate. The Group closely monitors its other loans and debt instruments, advances to customers in margin financing, financial assets at fair value through other comprehensive income, finance lease receivables, accounts receivable and amount due from an associate on an ongoing basis. In the event of the lender or issuer of the item being subject to overdue risks, decline in the value of collaterals or negative public opinion in the market, the Group will conduct thorough investigation of the causes of the events and adopt remedial measures such as timely liaison with the customers for early repayment and obtaining supplementary collaterals.

At the same time, the Group verifies the stage of impairment provision of the item according to information on the item known or collected. For stage one or stage two, the impairment amount of expected credit loss is determined through the expected credit loss model. For the stage three, impairment is charged according to individual assessment.

The Group recorded net impairment loss of approximately HK$134 million for the Year, which was mainly attributable to the following:

- advances to customers in margin financing under a margin financing project was converted into other loans and debt instruments through a deed of assignment on 29 June 2020. The collateral under the project mainly consists of shares of a listed company in Hong Kong, the trading of which was suspended in 2023 and subsequently resumed in May 2024. The Group estimated its fair value according to the market prices of the pledged shares as at 31 December 2024. A net impairment reversal amounting to approximately HK$152 million was recorded for the project during the year, reflecting the combined effects of the increase in the fair value of the collateral and additional impairment charges on the project's interest receivables.

- a fixed income project of the Group entered into in 2017 for investment purpose, the main collaterals of which are equity interests of a project company holding shops in Lijiang, the PRC. The project was classified as stage three in mid-2021 due to consecutive overdue situations. In view of the decline in the valuation of the net asset value of the equity interest of the project companies held as underlying collateral during the year and the consecutive overdue situations of the project, the management expected low chances to recover interest receivables for the project and made full impairment provision for the interest accrued out of prudence. The provision for impairment of the project made during the Year amounted to approximately HK$243 million in total.

- two finance lease projects entered into by the Group during its ordinary course of business in 2017 and 2019, respectively, the debtor of which is a company engaged in the car rental business. The primary risk control measures include an equity interest guarantee from its affiliated company and the custody of vehicle registration certificates. The Group has initiated arbitration proceedings. However, given the slow progress of the arbitration process and the rapid depreciation of the leased vehicles which results in low residual value, management has prudently assessed that even if the claim is successful, there remains a significant risk that the remaining exposure may not be fully recovered through the enforcement of the guarantees. Accordingly, an impairment provision of approximately HK$30 million was made for these projects during the year.

The Group will assess the expected credit risk and impairment of financial assets at amortised cost and financial assets at fair value through other comprehensive income on an ongoing basis and communicate with the management and/or Board on the impact of the relevant events on specific items and on the financial reporting of the Group in a timely manner in accordance with internal procedures. At the same time, the Group will actively take further actions to collect unrecovered amounts and endeavour to recover amounts from customers through various means, including legal actions and disposal of collaterals.

II. Provision for Impairment of publicly issued bonds

The Group invests in public offer bonds from time to time according to the investment strategy. These bonds are classified as financial assets at fair value through other comprehensive income based on the Business Model Test in accordance with the applicable accounting standard. Fair values of these bonds are measured at their open market prices. In respect of the estimation of expected credit losses ("**ECL**") on these publicly-issued bonds, these bonds are classified into stage 1, 2 or 3 in accordance with the applicable accounting standard. Risk management department of the Company verifies and assesses the information obtained by frontline business teams during its risk management process, and determine the stages of these bonds for provision of ECL.

The amount of impairment of publicly-issued bonds under stage 1 and stage 2 is determined from the ECL model, which is developed by the Company with the assistance of an independent third-party consultant, whereby impairment is measured based on factors such as probability of default, loss given default and exposure at default. Having considered that fair values of these bonds adequately indicate the recoverable value, the amount of impairment of stage 3 publicly-issued bonds is determined according to the market values of these bonds as at the end of the Year.

The Group made a reversal of impairment provision of HK$8,468,000 for its financial assets at fair value through other comprehensive income for the Year. The investment cost of the main bond products involved is approximately HK$302 million and the carrying amount is approximately HK$77 million, with the remaining maturity mainly ranging from one to five years, and the coupon rate ranging from 3.8% to 9.5% per annum.

III. Finance lease business and provision for impairment

Impairment of finance lease projects

As one of the financial services of the Group, the Company provides finance lease services in Mainland China through its indirectly wholly-owned subsidiary Zhongju (Shenzhen) Financial Leasing Co., Ltd. ("**Zhongju Financial Leasing**").

Zhongju Financial Leasing provides finance lease services mainly by way of sale-and-leaseback model, under which the lessee assigns the ownership of its properties to the lessor and leases the properties back from the lessor for financing purposes. In practice, a lessee enters into a sale-and-purchase agreement with Zhongju Financial Leasing regarding property(ies) for lease to sell such property(ies). Zhongju Financial Leasing pays the consideration to acquire the ownership of such property(ies) and then enters into a sale-and-leaseback agreement with and lease the property(ies) back to the lessee, whereby the lessee pays rental installments to Zhongju Financial Leasing according to the payment schedule.

As at 31 December 2024, Zhongju Financial Leasing held three outstanding finance lease projects which were initially invested back in 2017. The total carrying amount of these projects as at the same date was approximately HK$8,675,000. These projects accounted for approximately 0.42% of the Group's total assets.

These projects are entered with various counterparties who operate in car leasing, and wire processing. In terms of geographical distribution, the finance lease business is conducted in the Mainland China, including Guangdong Province and Anhui Province, etc.

Based on the Group's current business development strategy and positioning, the Group's finance lease business will be mainly focusing on the recovery of the outstanding finance lease projects. The Group does not have any current plan for investment in new finance lease projects in the near future.

Principal terms of finance lease projects

Depending on credit conditions of customers and the quality of collaterals, duration of finance lease projects ranges from three to five years while interest rates of finance lease projects range from 6.8% per annum to 9.75% per annum under the respective sale-and-leases back agreements. Margin deposit at a range from 2% to 7% of the financing amount is received. Customers shall repay the outstanding balance on a quarterly basis.

In addition, finance lease receivables are pledged with electrical cable production equipment and passenger vehicles, as well as equity interests in companies.

Credit risk assessment and impairment provision for finance lease projects

All the finance lease projects held by the Group are classified as stage 3 for ECL estimation. During the Year, the Company performed analysis and forecast on the realisable values of the leased assets and the pledged collaterals for each finance lease project. A total provision for impairment of approximately HK$46,973,000 was made in respect of the three projects for the Year.

Key internal control measures

The Group adopts the following internal control measures when conducting the finance lease business:

1. *Daily risk monitoring*

   Zhongju Financial Leasing conducts ongoing daily tracking and monitoring of the risks associated with invested projects. In the event of any delay in lease payments or breach of other contract terms by the debtors, the alert signal will be activated and Zhongju Financial Leasing will report the conditions to the risk department and management of the Company in a timely manner, and adopt active measures to alleviate the situation. Meanwhile, Zhongju Financial Leasing also closely monitors the operating and financial conditions of lessees and guarantors, requests them to furnish their financial statements each quarter, conducts regular on-site visits and inspection of the debtors to obtain information on their business updates, conditions of the leased assets and project progress, and conduct ongoing assessment and analysis of risks associated with them.

2. *Actions taken in respect of overdue projects*

   In the event of overdue loans, Zhongju Financial Leasing will issue a loan call demand note to the debtor and maintain close liaison with the debtor and report the latest progress to the Company's risk management department and the management in a timely manner, striving to identify appropriate solutions in a short period of time to eliminate or reduce the project risk. If both parties are unable to reach a settlement before a specified deadline and the risk cannot be alleviated, the Company will resort to a variety of means such as litigation, transfer of credit exposures and introduction of investors to undergo debt restructuring, among others, depending on the current risk conditions of the project. In respect of finance lease projects which are on stage 3, the Company has taken actions to collect payments and will endeavour to exit from the project through the aforementioned means.

3. *Management and decision-making process*

The Company manages its finance lease projects in accordance with the project management requirements for creditor right projects. The Company's Risk Management Department assesses the impairment of financial assets at amortised cost and financial assets at fair value through other comprehensive income on an ongoing basis and communicates with the management and/or the Board in a timely manner in respect of the impact of relevant events on specific projects and on the Group's financial report. The Company's management reviews on a quarterly basis the results of risk classification for credit right projects, including finance lease projects, as examined by the Risk Management Department and reviews on a half-yearly basis the impairment provision amount of such projects as examined by the Risk Management Department, and makes recommendations to the Board accordingly. At the Board level, the Audit Committee convenes a regular meeting each quarter to discuss with the management on the impaired projects and review the structure review or audit results reported by the external auditor in respect of material accounting matters during the interim review and year-end audit; the Risk Management Committee convenes meetings on a half-yearly basis to receive reports on the development of the Company's risk management organisation structure and systems, key projects risk updates and impairment provisions and make recommendations for improvement, and supervises the ongoing improvement of the Group's risk and internal control mechanism. The Board is responsible for the final approval of the Company's interim and annual financial reports.

EMPLOYEE AND REMUNERATION POLICY

As at 31 December 2024, the Group employed a total of 12 employees (31 December 2023: 16 employees). The Group's recruitment and promotion of staff is based on consideration of multiple factors, such as job nature, market rates, relevant experience, individual merits and development potential of the employees, and may also offer discretionary incentives and bonuses by reference to indicators such as market conditions, the Company's business performance, individual staff performance and fulfilment of compliance requirements, among others, with a view to rewarding staff contributions as well as retaining and incentivising employees with superior competence and extensive experience to continue to deliver value for the Group. Other benefits offered by the Group include, but are not limited to, group medical plans and group life insurance, etc.

The Group is committed to providing employees with an environment conducive to ongoing learning and development. The Group arranges both internal and external multi-dimensional training and development plans for staff and offer incentives for off-duty studies to eligible staff to encourage voluntary learning and ongoing self-improvement to cope with the requirements of the Group's business development.

CHANGES IN DIRECTORS AND INFORMATION OF DIRECTORS

Changes in Director of the Company and information of Directors subsequent to the date of the 2024 interim report of the Company are as follows:

(1) Mr. Zhang Xing resigned as Chairman of the Board and a non-executive Director with effect from 8 November 2024 due to change in work arrangement.

(2) Mr. Wang Cheng has been appointed as the Chairman of the Board and a non-executive Director with effect from 8 November 2024.

(3) Ms. Tan Jieyu has been appointed as a non-executive Director with effect from 16 December 2024.

(4) Mr. Hung Ka Hai Clement, an independent non-executive Director, ceased to be a non-executive director of High Fashion International Limited (stock code: 608) with effect from 1 January 2025, and ceased to be an independent non-executive director of JX Energy Ltd. (HKEx: 3395) with effect from 24 December 2024.

(5) Mr. Ma Lishan, an independent non-executive Director, ceased to be an independent non-executive director of SRE Group Limited (former HKEX stock code: 1207, delisted on 20 February 2025) with effect from 13 February 2025.

(6) Mr. Ma Lishan currently serves as an independent non-executive director of Sunac China Holdings Limited ("**Sunac**"), a company incorporated in the Cayman Islands with its shares listed on the Main Board of the Stock Exchange in 2010 (Stock Code: 1918). The company focuses on real estate as its core business, with operations spanning property development, property management, ice-snow operations management, cultural tourism, and cultural activities. On 10 January 2025, Sunac received a winding-up petition (the "**Petition**") filed by China Cinda (HK) Asset Management Co., Limited (the "**Petitioner**") at the High Court of the Hong Kong Special Administrative Region (the "**High Court**") in relation to the non-repayment of the loan to the Petitioner as lender by Shining Delight Investment Limited (an indirect wholly owned subsidiary of Sunac) as borrower and Sunac as guarantor, in the aggregate principal amount of US$30,000,000 and accrued interests. The High Court has ordered the hearing of the Petition to be adjourned to 28 April 2025. Mr. Ma is not aware of any existing or potential claims that have been or will be brought against him personally in connection with the winding-up proceedings. The Board considers that the relevant events do not in any way relate to the affairs of the Group, and there is no evidence casting doubt upon the suitability of Mr. Ma to serve as an independent non-executive Director, and the Board considers that it is appropriate for Mr. Ma to continue to serve as an independent non-executive Director.

ANNUAL GENERAL MEETING

The annual general meeting of the Company is scheduled to be held on 19 June 2025 (the "**AGM**"). A notice convening the AGM will be published in due course.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 16 June 2025 to Thursday, 19 June 2025, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to qualify for attending and voting at the forthcoming AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Friday, 13 June 2025.

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

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

CORPORATE GOVERNANCE PRACTICES

Throughout the Year, the Company has adopted the principles and has complied with all the applicable and implemented code provisions of the Corporate Governance Code set out in Appendix C1 (formerly Appendix 14) of the Listing Rules.

Details of the Company's corporate governance practices during the Year will be included in the Corporate Governance Report set out in the Company's annual report 2024.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") set out in Appendix C3 (formerly Appendix 10) to the Listing Rules as its own code of conduct regarding securities transactions by the Directors of the Company. In response to specific enquiry made by the Company, all Directors confirmed that they have fully complied with the required standards as set out in the Model Code throughout the Year.

AUDIT COMMITTEE

The Audit Committee under the Board currently comprises three independent non-executive Directors, namely Mr. Hung Ka Hai Clement, Mr. Ma Lishan and Mr. Guan Huanfei. The principal duties of the Audit Committee include the review and supervision of the Group's financial reporting system, financial statements and internal control procedures. The Audit Committee has reviewed the accounting principles and practices adopted by the Group with the management and discussed auditing, internal control and financial reporting matters. The annual results and audited consolidated financial statements of the Group for the Year have been reviewed by the Audit Committee.

SCOPE OF WORK OF ERNST & YOUNG

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of other comprehensive income and the related notes thereto for the year ended 31 December 2024 as set out in this preliminary announcement have been agreed by the Group's auditor, Ernst & Young, to the amounts set out in the Group's audited consolidated financial statements for the Year. The work performed by Ernst & Young in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Ernst & Young on this preliminary announcement.

EVENTS AFTER THE END OF THE REPORTING PERIOD

The Group has no significant events subsequent to the end of the Year up to the date of this announcement.

PUBLICATION OF ANNUAL REPORT

The 2024 annual report of the Company will be published on the websites of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the Company (www.hrif.com.hk) in due course by the end of April 2025.

By order of the Board
XinKong International Capital Holdings Limited
Wang Cheng
Chairman

Hong Kong, 28 March 2025

As at the date of this announcement, the Board comprises Mr. Wang Cheng and Ms. Tan Jieyu as non-executive Directors, Mr. Chen Qinghua and Mr. Lu Xinzheng as executive Directors, and Mr. Hung Ka Hai Clement, Mr. Ma Lishan and Mr. Guan Huanfei as independent non-executive Directors.