



兴证国际
INDUSTRIAL SECURITIES INTERNATIONAL

興證國際金融集團有限公司

China Industrial Securities International Financial Group Limited

(Incorporated in the Cayman Islands with limited liability)

Stock code : 6058



FOCUS ON VALUE
CREATE THE FUTURE
WITH **WISDOM**



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Corporate Information

BOARD OF DIRECTORS

Non-executive Directors

Mr. Xiong Bo (*Chairman*) (Appointed on 4 March 2024)
Mr. Hu Pingsheng (*Chairman*) (Resigned on 4 March 2024)

Executive Directors

Ms. Zhang Chunjuan (*Chief Executive Officer*)
(Appointed on 18 January 2024)
Mr. Cai Junzheng (*Chief Executive Officer*)
(Resigned on 18 January 2024)

Independent Non-executive Directors

Ms. Hong Ying
Mr. Tian Li
Mr. Qin Shuo

BOARD COMMITTEES

Audit Committee

Ms. Hong Ying (*Chairlady*)
Mr. Xiong Bo (Appointed on 4 March 2024)
Mr. Hu Pingsheng (Resigned on 4 March 2024)
Mr. Tian Li

Remuneration Committee

Mr. Tian Li (*Chairman*)
Mr. Xiong Bo (Appointed on 4 March 2024)
Mr. Hu Pingsheng (Resigned on 4 March 2024)
Mr. Qin Shuo

Nomination Committee

Mr. Xiong Bo (*Chairman*) (Appointed on 4 March 2024)
Mr. Hu Pingsheng (*Chairman*) (Resigned on 4 March 2024)
Mr. Tian Li
Mr. Qin Shuo

COMPANY SECRETARY

Ms. Tsang Wing Man

AUTHORISED REPRESENTATIVES

Ms. Zhang Chunjuan
Ms. Tsang Wing Man

AUDITOR

KPMG
*Public Interest Entity Auditor registered in accordance with
the Accounting and Financial Reporting Council Ordinance*

REGISTERED OFFICE

PO Box 1350
Windward 3, Regatta Office Park
Grand Cayman KY1-1108
Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

32/F, Infinitus Plaza
199 Des Voeux Road Central
Hong Kong

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

CAYMAN ISLANDS SHARE REGISTRAR

Tricor Services (Cayman Islands) Limited
Third Floor Century Yard
Cricket Square, P.O. Box 902
Grand Cayman, KY1-1103
Cayman Islands

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
Industrial Bank Co., Ltd., Hong Kong Branch
The Hongkong and Shanghai Banking Corporation Limited
Standard Chartered Bank (Hong Kong) Limited
CMB Wing Lung Bank Limited
Shanghai Pudong Development Bank Co., Ltd., Hong Kong Branch
China Everbright Bank Co., Ltd., Hong Kong Branch
Chiyu Banking Corporation Limited
China Minsheng Bank Corp., Ltd., Hong Kong Branch
Nanyang Commercial Bank, Limited
China Zheshang Bank Co., Ltd, Hong Kong Branch

WEBSITE

www.xyzq.com.hk

STOCK CODE

6058



Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

The board of directors (the "Board") of China Industrial Securities International Financial Group Limited (the "Company") announces the unaudited condensed consolidated results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 June 2024 together with the comparative figures as follows:

	Notes	For the six months ended 30 June	
		2024 HK\$ Unaudited	2023 HK\$ Unaudited
Commission and fee income	3	141,299,173	95,510,693
Interest revenue	3	72,773,734	46,076,263
Net trading and investment income	3	204,802,065	109,749,041
Total revenue	3	418,874,972	251,335,997
Other income	3	102,627,933	91,378,729
Finance costs		(232,062,063)	(106,064,274)
Commission and fee expenses		(44,639,184)	(24,627,198)
Staff costs	5	(101,204,007)	(71,318,719)
Other operating expenses		(57,300,117)	(69,496,980)
Impairment losses on financial assets	5	11,239,922	1,113,516
Other gains or losses	5	(735,234)	2,572,188
Profit before taxation	5	96,802,222	74,893,259
Taxation	6	(8,133,005)	(12,699,278)
Profit for the period		88,669,217	62,193,981
Attributable to:			
Owners of the Company		88,669,217	62,193,981
Earnings per share attributable to ordinary equity holders of the Company			
Basic (expressed in HKD)	8	0.0182	0.0155

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

	For the six months ended 30 June	
	2024 HK\$ Unaudited	2023 HK\$ Unaudited
Profit for the period	88,669,217	62,193,981
Other comprehensive income		
Items that will not be reclassified to profit or loss:		
– Equity instruments designated at fair value through other comprehensive income		
– Changes in fair value	26,021,792	19,735,892
– Income tax impact	(4,088,574)	–
Items that may be reclassified subsequently to profit or loss:		
– Debt investments at fair value through other comprehensive income		
– Changes in fair value	24,859,410	3,184,100
– Reclassification adjustment to profit or loss on disposal	(2,450,418)	–
– Income tax impact	(3,677,927)	–
Other comprehensive income for the period, net of tax	40,664,283	22,919,992
Total comprehensive income for the period	129,333,500	85,113,973
Attributable to:		
Owners of the Company	129,333,500	85,113,973

The notes on pages 9 to 31 form part of this interim financial report.



Condensed Consolidated Statement of Financial Position

		As at 30 June 2024 HK\$ Unaudited	As at 31 December 2023 HK\$ Audited
	<i>Notes</i>		
Non-current assets			
Property and equipment		46,265,409	56,906,975
Intangible assets		11,949,873	11,248,970
Financial assets at fair value through profit or loss	9	13,844,778	15,159,814
Debt investments at amortised cost	11	278,650,019	278,122,966
Reverse repurchase agreements		90,131,764	93,288,805
Statutory deposits		16,578,903	12,748,741
Deferred tax assets		106,637,057	120,804,400
Deposits, other receivables and prepayments		6,394,948	6,436,948
		570,452,751	594,717,619
Current assets			
Accounts receivable	12	1,722,383,760	1,010,886,882
Financial assets at fair value through profit or loss	9	5,226,507,446	4,919,759,113
Financial assets at fair value through other comprehensive income	10	4,040,258,661	4,385,085,302
Statutory deposits		13,721,533	10,404,961
Deposits, other receivables and prepayments		273,653,819	317,850,920
Tax receivable		1,808,472	1,808,472
Bank balances – trust accounts		2,159,966,807	3,419,362,123
Bank balances – general accounts and cash		1,495,274,484	1,892,147,583
		14,933,574,982	15,957,305,356
Current liabilities			
Accounts payable	14	2,999,208,492	3,510,257,387
Accruals and other payables		65,031,009	24,026,268
Amount due to a related party		2,220,807	4,723,189
Contract liabilities		4,308,638	4,308,726
Tax payable		8,020,039	6,274,228
Financial liabilities at fair value through profit or loss	13	7,587,965	30,659,837
Repurchase agreements		3,964,457,075	3,341,795,173
Bank borrowings	15	1,012,550,673	2,184,584,146
Notes	16	144,336,313	168,281,769
Bonds	16	–	2,087,232,051
Lease liabilities		19,357,222	19,349,190
Other liabilities		134,540,293	140,274,408
		8,361,618,526	11,521,766,372
Net current assets		6,571,956,456	4,435,538,984

Condensed Consolidated Statement of Financial Position

	<i>Notes</i>	As at 30 June 2024 HK\$ Unaudited	As at 31 December 2023 HK\$ Audited
Non-current liabilities			
Repurchase agreements		522,108,306	876,991,121
Bonds	16	2,362,339,433	–
Deferred tax liabilities		2,166	15,814
Lease liabilities		20,483,604	29,307,470
		2,904,933,509	906,314,405
Net assets			
		4,237,475,698	4,123,942,198
Equity			
Share capital	17	400,000,000	400,000,000
Share premium		3,379,895,424	3,379,895,424
Accumulated loss		(1,027,132,386)	(1,102,906,837)
Other reserve		11,577,844	11,577,844
Capital reserve		442,441,821	442,441,821
Fair value reserve		30,692,995	(7,066,054)
Equity attributable to holders of the ordinary shares		3,237,475,698	3,123,942,198
Equity attributable to holder of other equity instruments		1,000,000,000	1,000,000,000
Total equity			
		4,237,475,698	4,123,942,198

The notes on pages 9 to 31 form part of this interim financial report.



Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2024

	Equity attributable to owners of the Company								
	Share capital	Share premium	Capital reserve	Other reserve	Fair value reserve	Accumulated loss	Ordinary shareholders sub-total	Other equity instruments	Total equity
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
At 1 January 2024 (audited)	400,000,000	3,379,895,424	442,441,821	11,577,844	(7,066,054)	(1,102,906,837)	3,123,942,198	1,000,000,000	4,123,942,198
Profit for the period	-	-	-	-	-	88,669,217	88,669,217	-	88,669,217
Other comprehensive income for the period	-	-	-	-	40,664,283	-	40,664,283	-	40,664,283
Total comprehensive income for the period	-	-	-	-	40,664,283	88,669,217	129,333,500	-	129,333,500
Transfer of fair value reserve to accumulated loss upon disposal	-	-	-	-	(2,905,234)	2,905,234	-	-	-
Distribution to holder of other equity instruments	-	-	-	-	-	(15,800,000)	(15,800,000)	-	(15,800,000)
At 30 June 2024 (unaudited)	400,000,000	3,379,895,424	442,441,821	11,577,844	30,692,995	(1,027,132,386)	3,237,475,698	1,000,000,000	4,237,475,698

For the six months ended 30 June 2023

	Equity attributable to owners of the Company								
	Share capital	Share premium	Capital reserve	Other reserve	Fair value reserve	Accumulated loss	Ordinary shareholders sub-total	Other equity instruments	Total equity
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
At 1 January 2023 (audited)	400,000,000	3,379,895,424	442,441,821	11,577,844	(94,917,854)	(1,144,119,533)	2,994,877,702	1,000,000,000	3,994,877,702
Profit for the period	-	-	-	-	-	62,193,981	62,193,981	-	62,193,981
Other comprehensive income for the period	-	-	-	-	22,919,992	-	22,919,992	-	22,919,992
Total comprehensive income for the period	-	-	-	-	22,919,992	62,193,981	85,113,973	-	85,113,973
Transfer of fair value reserve to accumulated loss upon disposal	-	-	-	-	(417,222)	417,222	-	-	-
At 30 June 2023 (unaudited)	400,000,000	3,379,895,424	442,441,821	11,577,844	(72,415,084)	(1,081,508,330)	3,079,991,675	1,000,000,000	4,079,991,675

The notes on pages 9 to 31 form part of this interim financial report.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2024

	For the six months ended 30 June	
	2024 HK\$ Unaudited	2023 HK\$ Unaudited
NET CASH GENERATED FROM OPERATING ACTIVITIES	329,846,780	12,299,366
INVESTING ACTIVITIES		
Dividends and interest received from investments	110,069,095	63,759,891
Purchase of property and equipment	(464,759)	(365,500)
Purchase of intangible assets	(3,570,553)	(3,519,352)
Purchase of financial assets at fair value through other comprehensive income	(794,371,488)	(1,408,238,357)
Proceeds from disposal of financial assets at fair value through other comprehensive income	1,190,811,803	73,216,781
Purchase of debt investments at amortised cost	-	(14,280,494)
NET CASH GENERATED FROM/(USED IN) INVESTING ACTIVITIES	502,474,098	(1,289,427,031)
FINANCING ACTIVITIES		
Interest paid	(235,331,561)	(75,095,331)
Bank borrowings raised	1,811,910,000	3,730,000,000
Repayments of bank borrowings	(2,980,795,000)	(2,980,000,000)
Proceeds from issue of notes	194,508,144	-
Redemption of notes	(218,619,212)	-
Proceeds from issue of bonds	2,337,993,527	-
Redemption of bonds	(2,071,955,500)	-
Capital element of lease rentals paid	(8,815,834)	(13,962,454)
Interest element of lease rentals paid	(1,125,044)	(345,425)
Withdrawals from third-party unitholders/shareholders of consolidated investment funds	(5,348,369)	(18,880,830)
Distribution to holder of other equity instruments	(15,800,000)	-
NET CASH (USED IN)/GENERATED FROM FINANCING ACTIVITIES	(1,193,378,849)	641,715,960
NET DECREASE IN CASH AND CASH EQUIVALENTS	(361,057,971)	(635,411,705)
CASH AND CASH EQUIVALENTS AS AT BEGINNING OF THE PERIOD	1,764,542,103	2,703,948,516
CASH AND CASH EQUIVALENTS AS AT END OF THE PERIOD	1,403,484,132	2,068,536,811
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS		
Bank balances – general accounts and cash	1,194,357,004	1,853,386,952
Time deposits with original maturity of less than three months when acquired	209,127,128	215,149,859
Cash and cash equivalents as stated in the consolidated statement of cash flows	1,403,484,132	2,068,536,811
Time deposits with original maturity more than three months but less than one year when acquired	91,790,352	-
Bank balances- general accounts and cash as stated in the consolidated statement of financial position	1,495,274,484	2,068,536,811
NET CASH GENERATED FROM OPERATING ACTIVITIES INCLUDE:		
Interest received	219,661,007	153,929,949
Dividend received	2,086,388	1,499,397

The notes on pages 9 to 31 form part of this interim financial report.



Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

1. GENERAL

The Company was incorporated and registered as an exempted company with limited liability in the Cayman Islands under the Cayman Companies Law on 21 July 2015. The addresses of the registered office and principal place of business of the Company are disclosed in the Corporate Information section of the interim report.

The Company is an investment holding company. The Group is principally engaged in the provision of brokerage services, margin financing services, corporate finance services, asset management services and financial products and investments. Its immediate holding company is Industrial Securities (Hong Kong) Financial Holdings Limited ("Industrial Securities (Hong Kong)"). Industrial Securities Co., Ltd. ("Industrial Securities"), a company incorporated in the People's Republic of China (the "PRC"), is the ultimate holding company of the Company. The shares of Industrial Securities are listed on the Shanghai Stock Exchange in the PRC.

2. BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES

(a) Basis of preparation

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with Hong Kong Accounting Standard ("HKAS") 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). It was authorised for issue on 19 August 2024.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2023 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2024 annual financial statements. Details of any changes in accounting policies are set out in note 2(b).

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2023 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

(b) Changes in accounting policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2023, except for the adoption of the following amendments to HKFRSs for the first time for the current period's financial information. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Amendments to HKFRS 16	<i>Lease liability in a sale and leaseback</i>
Amendments to HKAS 1	<i>Classification of liabilities as current or non-current</i>
Amendments to HKAS 1	<i>Non-current liabilities with covenants</i>
Amendments to HKAS 7 and HKFRS 7	<i>Supplier finance arrangements</i>

The adoption of these amendments to HKFRSs does not have a significant impact on the interim condensed consolidated financial statements of the Group.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

3. REVENUE AND OTHER INCOME

An analysis of revenue and other income is as follows:

Revenue

	For the six months ended 30 June	
	2024 HK\$ Unaudited	2023 HK\$ Unaudited
Commission and fee income		
Brokerage:		
Commission and fee income from securities brokerage	77,388,520	55,292,504
Commission and fee income from futures and options brokerage	5,921,647	4,163,554
Insurance brokerage commission income	1,914,308	4,408,381
	85,224,475	63,864,439
Corporate finance:		
Commission income on placing, underwriting and sub-underwriting	38,682,565	16,929,369
– Debt securities	39,416	1,000
– Equity securities	607,735	360,000
Corporate advisory fee income	–	3,335,128
Sponsor fee income	9,389,455	3,368,102
Arrangement fee income		
	48,719,171	23,993,599
Asset management:		
Asset management fee income	6,218,442	6,620,655
Investment advisory fee income	1,137,085	1,032,000
	7,355,527	7,652,655
	141,299,173	95,510,693
Interest revenue		
Financial products and investments:		
Interest income from reverse repurchase agreements	2,835,410	3,016,788
Interest income from debt investments at fair value through other comprehensive income	48,957,180	23,019,362
Interest income from debt investments at amortised cost	6,040,519	4,531,131
	57,833,109	30,567,281
Margin financing:		
Interest income from margin financing	14,940,625	15,508,982
	72,773,734	46,076,263

Notes to the Condensed Consolidated Financial Statements



For the six months ended 30 June 2024

3. REVENUE AND OTHER INCOME (Continued)

Revenue (Continued)

	For the six months ended 30 June	
	2024 HK\$ Unaudited	2023 HK\$ Unaudited
Net trading and investment income		
Financial products and investments:		
Interest income from financial assets at fair value through profit or loss	167,903,138	114,500,960
Dividend income from financial assets at fair value through profit or loss	2,086,388	1,499,397
Net loss on financial assets at fair value through profit or loss	(45,019,423)	(81,578,609)
Net gain on derivatives	19,668,063	13,894,436
Net gain on financial liabilities at fair value through profit or loss	1,484,870	4,466,884
Dividend income from equity instruments designated at fair value through other comprehensive income	56,228,611	56,965,973
Net gain on disposal of debt investments at fair value through other comprehensive income	2,450,418	–
	204,802,065	109,749,041
Total revenue	418,874,972	251,335,997

Timing of revenue recognition for commission and fee income from customers

	For the six months ended 30 June	
	2024 HK\$ Unaudited	2023 HK\$ Unaudited
A point in time	129,426,104	82,705,752
Over time	11,873,069	12,804,941
	141,299,173	95,510,693

Other income

	For the six months ended 30 June	
	2024 HK\$ Unaudited	2023 HK\$ Unaudited
Interest income from financial institutions	95,264,428	89,870,331
Sundry income	7,363,505	1,508,398
	102,627,933	91,378,729

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

4. SEGMENT REPORTING

Information reported to the Board of the Company, being the chief operating decision maker (“CODM”), for the purposes of resource allocation and assessment of segment performance focuses on types of services provided. The CODM considers the Group’s operations are located in Hong Kong.

The Group’s reportable and operating segments under HKFRS 8 are as follows:

Wealth management – provision of securities, futures, options and insurance brokerage, financial products and margin financing services to clients;

Corporate finance – provision of corporate advisory, sponsor, placing and underwriting services of debt and equity securities and structured products arrangement services;

Asset management – provision of fund management, discretionary account management and investment advisory services;

Financial products and investments – proprietary trading and investment of funds, debt and equity securities, fixed income, derivatives and other financial products; and

Others – other business in addition to the above, including head office operations and investment holding platforms, and management of general working capital.

The accounting policies of the operating segments are the same as the Group’s accounting policies. Inter-segment revenues are charged among segments at an agreed rate with reference to the rate normally charged to third party customers, the nature of services or the costs incurred. During the current period, the Group has consolidated the “Brokerage” and “Margin financing” segments into “Wealth management” segment. Accordingly, the comparative information has been restated to conform with the current period’s presentation.

For the six months ended 30 June 2024 (unaudited)

	Wealth management	Corporate finance	Assets management	Financial products and investments	Others	Eliminations	Consolidated
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
Segment revenue and result							
Commission and fee income	85,224,475	48,719,171	7,355,527	-	-	-	141,299,173
Interest revenue	14,940,625	-	-	57,833,109	-	-	72,773,734
Net trading and investment income	-	-	-	204,802,065	-	-	204,802,065
Inter-segment revenue	194,415	-	3,963,540	-	-	(4,157,955)	-
Segment revenue	100,359,515	48,719,171	11,319,067	262,635,174	-	(4,157,955)	418,874,972
Revenue presented in the condensed consolidated statement of profit or loss and other comprehensive income							418,874,972
Segment results	71,217,165	10,925,062	(7,683,614)	10,986,709	11,356,900	-	96,802,222
Profit before taxation presented in the condensed consolidated statement of profit or loss and other comprehensive income							96,802,222

Notes to the Condensed Consolidated Financial Statements



For the six months ended 30 June 2024

4. SEGMENT REPORTING (Continued)

For the six months ended 30 June 2023 (unaudited)

	Wealth management HK\$	Corporate finance HK\$	Assets management HK\$	Financial products and investments HK\$	Others HK\$	Eliminations HK\$	Consolidated HK\$
Segment revenue and result							
Commission and fee income	63,864,439	23,993,599	7,652,655	-	-	-	95,510,693
Interest revenue	15,508,982	-	-	30,567,281	-	-	46,076,263
Net trading and investment income	-	-	-	109,749,041	-	-	109,749,041
Inter-segment revenue	19,689	-	4,146,273	-	-	(4,165,962)	-
Segment revenue	79,393,110	23,993,599	11,798,928	140,316,322	-	(4,165,962)	251,335,997
Revenue presented in the condensed consolidated statement of profit or loss and other comprehensive income							<u>251,335,997</u>
Segment results	48,218,496	278,229	(7,143,174)	7,732,520	25,807,188	-	<u>74,893,259</u>
Profit before taxation presented in the condensed consolidated statement of profit or loss and other comprehensive income							<u>74,893,259</u>

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

5. PROFIT BEFORE TAXATION

	For the six months ended 30 June	
	2024 HK\$ Unaudited	2023 HK\$ Unaudited
Profit before taxation has been arrived at after charging/(crediting):		
Staff costs (including directors' remuneration)	101,204,007	71,318,719
Salaries and bonuses	98,978,989	69,346,503
Contribution to the Mandatory Provident Fund Scheme	1,813,661	1,643,848
Other staff costs	411,357	328,368
Legal and professional fee	4,828,525	4,568,786
Amortisation of intangible assets	2,869,650	3,166,638
Depreciation	11,106,325	21,664,224
Owned property and equipment	2,133,552	7,658,848
Right-of-use assets	8,972,773	14,005,376
Maintenance fee	9,191,291	8,907,152
Impairment losses on financial assets	(11,239,922)	(1,113,516)
Secured margin loans	(11,137,612)	(1,527,029)
Debt investments at amortised cost	(3,684)	(36,147)
Debt investments at fair value through other comprehensive income	(98,626)	449,660
Other gains or losses	735,234	(2,572,188)
Exchange loss/(gain)	1,120,980	(767,937)
Other gain	(385,746)	(1,804,251)

6. TAXATION

	For the six months ended 30 June	
	2024 HK\$ Unaudited	2023 HK\$ Unaudited
Hong Kong Profits Tax:		
Current period	1,745,811	3,513,007
Over-provision in prior year	-	(10,001)
	1,745,811	3,503,006
Deferred tax	6,387,194	9,196,272
	8,133,005	12,699,278

Notes to the Condensed Consolidated Financial Statements



For the six months ended 30 June 2024

6. TAXATION *(Continued)*

The provision for Hong Kong Profits Tax is calculated by applying the annual effective tax rate of 16.5% (2023: 16.5%) to the estimated assessable profit for the six months ended 30 June 2024, except for one entity of the Group which is a qualifying corporation under the two-tiered Profits Tax rate regime.

For this qualifying entity, the first HK\$2,000,000 of assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%.

7. DIVIDENDS

No dividend in respect of the year ended 31 December 2023 and 2022 respectively were declared and paid to ordinary shareholders of the Company.

The Board did not declare the payment of interim dividend for the six months ended 30 June 2024 and 2023.

8. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to ordinary equity holders of the Company is based on the following data:

	For the six months ended 30 June	
	2024 HK\$ Unaudited	2023 HK\$ Unaudited
Earnings (HK\$)		
Earnings for the purpose of basic earnings per share:		
Profit for the period attributable to owners of the Company	88,669,217	62,193,981
Less: distribution to holder of other equity instruments	(15,800,000)	–
Profit for the period attributable to ordinary equity holders of the Company	72,869,217	62,193,981
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	4,000,000,000	4,000,000,000

For each of the six months ended 30 June 2024 (unaudited) and 30 June 2023 (unaudited), there were no potential ordinary shares in issue, thus no diluted earnings per share is presented.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 30 June 2024 HK\$ Unaudited	As at 31 December 2023 HK\$ Audited
Equity securities		
– Listed in Hong Kong	55,615,132	75,318,872
– Listed outside Hong Kong	56,836,193	66,429,215
Debt securities		
– Listed in Hong Kong	2,364,605,685	2,256,099,746
– Listed outside Hong Kong	1,185,615,262	863,792,864
– Unlisted	1,424,368,845	1,361,957,116
Funds		
– Unlisted	145,327,575	310,753,781
Derivatives	7,983,532	567,333
	5,240,352,224	4,934,918,927
Analysed as		
Current	5,226,507,446	4,919,759,113
Non-current	13,844,778	15,159,814
	5,240,352,224	4,934,918,927

Notes to the Condensed Consolidated Financial Statements



For the six months ended 30 June 2024

10. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	As at 30 June 2024 HK\$ Unaudited	As at 31 December 2023 HK\$ Audited
Equity instruments designated at FVTOCI (<i>note</i>)		
– Listed in Hong Kong	1,667,686,868	1,925,150,134
– Listed outside Hong Kong	669,304,653	552,974,766
– Unlisted	–	102,603,406
Debt securities		
– Listed in Hong Kong	1,205,211,002	1,382,616,164
– Listed outside Hong Kong	498,056,138	397,477,297
– Unlisted	–	24,263,535
	4,040,258,661	4,385,085,302
Analysed as		
Current	4,040,258,661	4,385,085,302
Non-current	–	–
	4,040,258,661	4,385,085,302

Note: The Group has designated those equity instruments at fair value through other comprehensive income (“FVTOCI”) as these investments are not held for trading purpose.

11. DEBT INVESTMENTS AT AMORTISED COST

	As at 30 June 2024 HK\$ Unaudited	As at 31 December 2023 HK\$ Audited
Debt securities		
– Listed in Hong Kong	239,576,650	239,041,810
– Listed outside Hong Kong	39,167,650	39,179,121
Less: impairment allowance	(94,281)	(97,965)
	278,650,019	278,122,966
Analysed as		
Current	–	–
Non-current	278,650,019	278,122,966
	278,650,019	278,122,966

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

12. ACCOUNTS RECEIVABLE

	As at 30 June 2024 HK\$ Unaudited	As at 31 December 2023 HK\$ Audited
Accounts receivable arising from the business of dealing in securities:		
Secured margin loans	1,570,294,996	1,385,823,142
Less: impairment allowance	(905,400,776)	(916,538,388)
	664,894,220	469,284,754
Clearing houses	117,944,902	114,184,353
Cash clients	262,472,595	61,707,836
Brokers	60,118,919	77,817,868
Less: impairment allowance	(899,958)	(899,958)
	439,636,458	252,810,099
	1,104,530,678	722,094,853
Accounts receivable arising from the business of dealing in futures and options contracts:		
Clearing houses	27,678,425	17,492,319
Brokers	54,577,599	53,202,829
	82,256,024	70,695,148
Accounts receivable arising from the business of corporate finance	14,809,729	11,409,121
Accounts receivable arising from the business of asset management	4,991,105	8,164,969
Less: impairment allowance	(1,831,387)	(1,831,387)
	3,159,718	6,333,582
Accounts receivable arising from the business of financial products and investments:		
Brokers	517,627,611	200,354,178
	1,722,383,760	1,010,886,882

Notes to the Condensed Consolidated Financial Statements



For the six months ended 30 June 2024

12. ACCOUNTS RECEIVABLE *(Continued)*

Secured margin loans

As at 30 June 2024 and 31 December 2023, the secured margin loans are repayable on demand subsequent to settlement date.

Accounts receivable (except for secured margin loans)

Except for secured margin loans, the normal settlement terms of accounts receivable arising from the business of dealing in securities are two days after trade date. The normal settlement terms of accounts receivable arising from the business of dealing in futures and options contracts are one day after trade date.

In respect of accounts receivable arising from the business of dealing in future and options contracts, under the settlement arrangement with HKFE Clearing Corporation Limited ("HKCC"), all open positions held at HKCC are treated as if they were closed out and reopened at the relevant closing quotation as determined by HKCC. Profits or losses arising from this "mark-to-market" settlement arrangement are included in accounts receivable with HKCC. In accordance with the agreement with the brokers, mark-to-market profits or losses are treated as if they were settled and are included in accounts receivable with brokers.

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

Normal settlement terms of accounts receivable arising from brokers arising from the business of financial products and investments are determined in accordance with the agreed terms which are normally two to five days after the trade date.

In view of the nature of business of dealing in securities, futures and options contracts and financial products and investments, no aging analysis on those accounts receivable is disclosed, as in the opinion of the directors of the Company, the aging analysis does not give additional value in view of the nature of the business.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

12. ACCOUNTS RECEIVABLE *(Continued)*

Accounts receivable (except for secured margin loans) *(Continued)*

The following is an aging analysis of gross accounts receivable arising from the business of corporate finance and asset management based on date of invoice/accrual at the reporting date:

Corporate finance clients

	As at 30 June 2024 HK\$ Unaudited	As at 31 December 2023 HK\$ Audited
Less than 31 days	4,672,946	5,613,487
31–60 days	2,384,697	437,668
61–90 days	390,965	390,775
91–180 days	1,225,145	1,172,325
Over 180 days	6,135,976	3,794,866
	14,809,729	11,409,121

Asset management clients

	As at 30 June 2024 HK\$ Unaudited	As at 31 December 2023 HK\$ Audited
Less than 31 days	1,148,725	1,280,280
31–60 days	975,526	464,297
61–90 days	331,939	422,347
91–180 days	331,249	1,072,112
181–365 days	464,387	2,076,938
Over 365 days	1,739,279	2,848,995
	4,991,105	8,164,969

During the six months ended 30 June 2024 and the year ended 31 December 2023, no margin loans were granted to the directors of the Company and directors of the subsidiaries.

The Group offsets certain accounts receivable and accounts payable when the Group currently has a legally enforceable right to set off the balances; and intends to settle on a net basis or to realise the balances simultaneously.

Notes to the Condensed Consolidated Financial Statements



For the six months ended 30 June 2024

13. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 30 June 2024 HK\$ Unaudited	As at 31 December 2023 HK\$ Audited
Held for trading		
Short position in listed debt securities	–	11,063,700
Derivatives	7,587,965	525,974
	7,587,965	11,589,674
Designated at fair value through profit or loss		
Unlisted issued structured products	–	19,070,163
	7,587,965	30,659,837
Analysed as:		
Current	7,587,965	30,659,837
Non-current	–	–
	7,587,965	30,659,837

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

14. ACCOUNTS PAYABLE

	As at 30 June 2024 HK\$ Unaudited	As at 31 December 2023 HK\$ Audited
Accounts payable arising from the business of dealing in securities:		
Clearing house	151,271,238	50,202,501
Brokers	3,673,771	12,489,121
Clients	2,119,977,798	3,216,060,730
	2,274,922,807	3,278,752,352
Accounts payable arising from the business of dealing in futures and options contracts:		
Clients	286,192,835	213,802,958
Accounts payable arising from the business of asset management:		
Clients	29,862,795	1,808
Accounts payable arising from the business of financial products and investments:		
Brokers	393,214,459	11,014,000
Clients	15,015,596	6,686,269
	408,230,055	17,700,269
	2,999,208,492	3,510,257,387

In respect of accounts payable arising from the business of dealing in securities, accounts payable to clearing house represent trades pending settlement arising from business of dealing in securities transactions which are normally two trading days after the trade date or at specific terms agreed with clearing house. The majority of the accounts payable to cash clients and margin clients are repayable on demand except where certain balances represent trades pending settlement or margin deposits and cash collateral received from clients for their trading activities under the normal course of business. Only the amounts in excess of the required margin deposits and cash collateral stipulated are repayable on demand.

Accounts payable to brokerage clients (except certain balances arising from trades pending settlement) mainly include money held on behalf of clients at banks and at clearing houses by the Group, and are interest-bearing at the prevailing market interest rate.

Notes to the Condensed Consolidated Financial Statements



For the six months ended 30 June 2024

14. ACCOUNTS PAYABLE *(Continued)*

In respect of accounts payable arising from the business of dealing in futures and options contracts, settlement arrangements with clients follow the same settlement mechanism with HKCC or brokers and profits or losses arising from mark-to-market settlement arrangement are included in accounts payables with clients. Accounts payable to clients arising from the business of dealing in futures and option contract are non-interest bearing.

The normal settlement terms of accounts payable arising from the business of dealing in securities for cash clients are two days after trade date and accounts payable arising from the business of dealing in futures contracts are one day after trade date. No aging analysis is disclosed as in the opinion of the directors of the Company, the aging analysis does not give additional value in view of the nature of the business.

In respect of accounts payable arising from the business of financial products and investments, accounts payable to brokers represent trades pending settlement which are normally determined in accordance with the agreed terms and which are normally two to five days after the trade date.

The Group has accounts payable arising from the business of dealing in securities of HK\$686,339 due to the immediate holding company as at 30 June 2024 (31 December 2023: HK\$2,660,046).

15. BANK BORROWINGS

	As at 30 June 2024 HK\$ Unaudited	As at 31 December 2023 HK\$ Audited
Variable rate borrowings	1,012,550,673	2,184,584,146
Repayable within one year and contain a repayable on demand clause	1,012,550,673	2,184,584,146
Repayable within a period of more than one year but not exceeding two years	-	-
	1,012,550,673	2,184,584,146

The bank borrowings consist of loans borrowed by the Group from banks to facilitate investment and general working capital.

The interest rate of the Group's bank borrowings ranged from 2.1% to 5.63% as at 30 June 2024 (31 December 2023: 6.17% to 6.65%).

At 30 June 2024, the equivalent amount of HK\$1,011,115,000 (net of the bank charge) (31 December 2023: HK\$2,180,000,000) had been drawn by the Group under the aggregated banking facilities of HK\$9,348,075,500 (31 December 2023: HK\$8,276,564,000) of the Group. Industrial Securities provided letters of comfort to support the banking facilities of the Group amounting to HK\$5,546,672,000 as at 30 June 2024 (31 December 2023: HK\$4,547,085,000). Out of which HK\$511,115,000 had been drawn as at 30 June 2024 (31 December 2023: HK\$1,380,000,000).

No bank borrowings were secured by charges over client's pledged securities as at 30 June 2024 and 31 December 2023.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

16. BONDS AND NOTES

Bonds

In February 2021, the Company issued US\$300,000,000 corporate bonds (the "2021 Corporate Bonds") with fixed interest rate of 2% per annum with a three-year maturity which is guaranteed by the Company's controlling shareholder, Industrial Securities Co., Ltd..

In 2022, the Company repurchased the 2021 Corporate Bonds with an aggregate principal amount of US\$35,000,000 in the open market. Such repurchased 2021 Corporate Bonds were cancelled subsequently in accordance with their respective terms and conditions. The remaining principal amount of US\$265,000,000 of the 2021 Corporate Bonds was fully redeemed in February 2024 upon maturity.

On 2 February 2024, the Company issued US\$300,000,000 corporate bonds with floating interest rate of secured overnight financing rate + 0.9% per annum with a three year maturity which is guaranteed by the Company's controlling shareholder, Industrial Securities Co., Ltd.

Notes

In 2023, the Company has established the Euro-commercial paper programme under which it may offer and issue unsecured notes in tranches of an aggregate principal amount of up to HK\$5,000,000,000 (or its equivalent in other currencies) to professional investors. As at 30 June 2024, the Company has outstanding notes of HK\$143,133,232 (31 December 2023: HK\$167,244,300) with tenors not more than 364 days. The interest rate of outstanding notes ranged from 2.35% to 5.35% (31 December 2023: 3.15% to 5.83%).

17. SHARE CAPITAL

Details of the share capital are as follows:

	Number of ordinary shares of HK\$0.10 each	Share capital HK\$
Authorised:		
As at 1 January 2023, 31 December 2023, 1 January 2024 and 30 June 2024	20,000,000,000	2,000,000,000
Issued and fully paid:		
As at 1 January 2023, 31 December 2023, 1 January 2024 and 30 June 2024	4,000,000,000	400,000,000

18. OTHER EQUITY INSTRUMENT

On 16 June 2021, the Company issued HK\$1,000,000,000 subordinated perpetual securities (the "Perpetual Securities") to Industrial Securities (Hong Kong). There is no maturity date for the Perpetual Securities. The Company has the sole and absolute discretion to defer any distributions. The Perpetual Securities constitute direct, unconditional, unsecured and subordinated obligations of the Company and are classified as equity instruments and recorded as equity in the condensed consolidated statement of financial position. As at 30 June 2024, the distribution rate of the Perpetual Securities is 4.625% per annum (31 December 2023: 1.58%).

Notes to the Condensed Consolidated Financial Statements



For the six months ended 30 June 2024

19. FINANCIAL INSTRUMENTS

Financial risk management objectives and policies

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

The unaudited condensed consolidated interim financial statements do not include all financial risk management information and disclosures related to the unaudited condensed consolidated financial statements, and should be read in conjunction with the consolidated financial statements for the year ended 31 December 2023.

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

Fair value measurement of financial instruments

For financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1: Inputs are quoted prices (unadjusted) in active market for identical assets or liabilities that the entity can access at the measurement date;
- Level 2: Inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly;
- Level 3: Inputs are unobservable inputs for the asset or liability.

Fair value of the financial assets and financial liabilities that are not measured on a recurring basis

The fair value of financial assets and financial liabilities not measured at fair value on a recurring basis is estimated using discounted cash flow method.

The carrying amounts of the financial assets and financial liabilities not measured at fair value on a recurring basis approximate their fair values as at 30 June 2024 and 31 December 2023.

Fair value of the financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following tables give information about how the fair values of these financial assets and financial liabilities are determined including their fair value hierarchy, valuation technique(s) and key inputs used.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

19. FINANCIAL INSTRUMENTS (Continued)

Fair value of the financial assets and financial liabilities that are measured at fair value on a recurring basis (Continued)

	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)
	30 June 2024 HK\$ Unaudited	31 December 2023 HK\$ Audited		
1) Financial assets at fair value through profit or loss				
Equity securities				
– Traded on stock exchanges	112,451,325	141,748,087	Level 1	Quoted price in active markets
Debt securities				
– Traded on stock exchanges and unlisted	3,965,454,080	3,590,194,429	Level 2	Quoted from brokers or market makers
– Unlisted	296,141,459	178,122,391	Level 2	Recent transaction price
– Unlisted	712,994,253	713,532,906	Level 3	Fair value of collaterals (<i>note a</i>)
Funds				
– Unlisted public	16,356,268	192,220,467	Level 1	Quoted price in active market
– Unlisted private	115,126,529	103,373,500	Level 2	Observable quoted price of underlying investment in active market
– Unlisted private	13,844,778	15,159,814	Level 3	Direct market comparison approach with NAV of fund provided by external counterparty (<i>note b</i>)
Derivatives	7,983,532	567,333	Level 2	Return calculated by relevant index and quoted market prices
	5,240,352,224	4,934,918,927		

Notes to the Condensed Consolidated Financial Statements



For the six months ended 30 June 2024

19. FINANCIAL INSTRUMENTS (Continued)

Fair value of the financial assets and financial liabilities that are measured at fair value on a recurring basis (Continued)

	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)
	30 June 2024 HK\$ Unaudited	31 December 2023 HK\$ Audited		
2) Financial assets at fair value through other comprehensive income				
Equity instruments designated at FVTOCI				
– Traded on stock exchanges and unlisted	2,336,991,521	2,580,728,306	Level 2	Quoted from brokers or market makers
Debt securities at FVTOCI				
– Traded on stock exchanges and unlisted	1,703,267,140	1,804,356,996	Level 2	Quoted from brokers or market makers
	4,040,258,661	4,385,085,302		
3) Financial liabilities held for trading				
Short position in listed debt securities	–	11,063,700	Level 2	Quoted from brokers or market makers
Derivative	7,587,965	525,974	Level 2	Return calculated by relevant index
	7,587,965	11,589,674		
4) Financial liabilities designated at fair value through profit or loss				
Unlisted structured products (with the underlying investment related to unlisted fund)	–	19,070,163	Level 2	Observable quoted price of underlying investments in active market
	–	19,070,163		

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

19. FINANCIAL INSTRUMENTS *(Continued)*

Fair value of the financial assets and financial liabilities that are measured at fair value on a recurring basis *(Continued)*

Notes:

- (a) The unobservable inputs are the fair value of collaterals. Due to limitation of public information, management has exercised significant judgement in determining the fair value of collaterals.
- (b) The directors of the Company determined that the reported net asset value of the unlisted investment fund represents the fair value of the fund. The directors of the Company considered that the relationship of unobservable inputs to the fair value of such investment is in positive relationship that the higher the reported net asset value adopted in the valuation assessment, the higher the fair value would be resulted.

There were no transfers between Level 1 and 2 during the six months ended 30 June 2024 and 2023.

The movement during the period in the balance of Level 3 fair value measurements is as follows:

	2024		2023	
	Financial liabilities at fair value through profit or loss HK\$	Financial assets at fair value through profit or loss HK\$	Financial liabilities at fair value through profit or loss HK\$	Financial assets at fair value through profit or loss HK\$
As at 1 January	–	728,692,720	–	734,690,376
Total loss in profit or loss	–	(1,853,689)	–	(1,451,480)
As at 30 June	–	726,839,031	–	733,238,896

Notes to the Condensed Consolidated Financial Statements



For the six months ended 30 June 2024

19. FINANCIAL INSTRUMENTS (Continued)

Derivative financial instruments

	Notional Amount		Fair Value			
	As at 30 June 2024 HK\$ Unaudited	As at 31 December 2023 HK\$ Audited	Assets As at 30 June 2024 HK\$ Unaudited	As at 31 December 2023 HK\$ Audited	Liabilities As at 30 June 2024 HK\$ Unaudited	As at 31 December 2023 HK\$ Audited
Foreign currency exchange futures	38,936,125	292,942,112	175,261	–	–	(2,434,259)
Interest rate futures	335,812,800	156,310,000	–	–	(3,420,060)	(5,691,398)
Total	374,748,925	449,252,112	175,261	–	(3,420,060)	(8,125,657)
Less: Settlement			(175,261)	–	3,420,060	8,125,657
Net position			–	–	–	–

Under the daily mark-to-market and settlement arrangement, any gains or losses of the Group's position in futures traded through China Industrial Securities International Futures Limited, a wholly-owned subsidiary of the Company, were settled daily with the broker. Accordingly, the net position of the above derivative contracts was nil as at 30 June 2024 and 31 December 2023.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

20. RELATED PARTY TRANSACTIONS

Saved as disclosed elsewhere in the notes to the unaudited condensed consolidated financial statements, the Group had the following material transactions with related parties.

(a) Compensation of key management personnel

The remuneration of key management during the six months ended 30 June 2024 and 2023 was as follows:

	For the six months ended 30 June	
	2024 HK\$ Unaudited	2023 HK\$ Unaudited
Salary and short-term benefits	15,754,879	16,670,332
Post-employment benefits	93,000	91,500

(b) Consultancy services from a fellow subsidiary

On 27 September 2016, the Company and Industrial Securities (Shenzhen) Company Limited (“Industrial Securities (Shenzhen)”) entered into a service agreement (the “Service Agreement”). On 3 April 2018, the Company and Industrial Securities (Shenzhen) entered into a supplemental service agreement (the “Supplemental Service Agreement”). Details of the Service Agreement and the Supplemental Service Agreement are set out in section headed “Connected Transactions” in the Prospectus and in the announcement dated 3 April 2018 respectively.

On 3 November 2021, the Company and Industrial Securities (Shenzhen) entered into a supplemental service agreement (the “Supplemental Service Agreement 2021”), pursuant to which, Industrial Securities (Shenzhen) will provide the new services to the Group: (i) logistics management services to the Group, including but not limited to provision of client visits, answering customer service calls, and financial settlement services; (ii) information consultancy services (excluding licensing information consultancy services), including but not limited to the provision of consultancy services on economic information and delivery and consultancy services on business information; (iii) corporate management services, including but not limited to personnel training services; (iv) software development services; and (v) information technology consultancy services, including but not limited to the provision of cross-border information technology support.

On 3 November 2021, the Company and Industrial Securities (Shenzhen) renewed the Service Agreement (as amended by the Supplement Service Agreement 2021) (the “Renewal Service Agreement”) for a further term of three years from 1 January 2022 to 31 December 2024. Details of the Supplemental Service Agreement 2021 and the Renewal Service Agreement are set out in the announcement dated 3 November 2021 of the Company.

During the six months ended 30 June 2024, the Company paid a consultancy service fee of HK\$7,200,372 (2023: HK\$7,765,455) under the service agreements.

Notes to the Condensed Consolidated Financial Statements



For the six months ended 30 June 2024

21. INTEREST IN CONSOLIDATED STRUCTURED ENTITIES

The Group had consolidated certain structured entities including investment funds. For the investment funds where the Group involves as manager and also as investor, the Group assesses whether the combination of funds it held together with its remuneration creates exposure to variability of returns from the activities of the investment funds that is of such significance that it indicates that the Group is a principal.

Third-party interests in consolidated structured entities consist of third-party unit holders/shareholders' interests in consolidated structured entities which are reflected as a liability since they can be put back to the Group for cash. The realisation of net assets attributable to third-party unit holders/shareholders' interests in consolidated structured entities cannot be predicted with accuracy since these represent the interests of third-party unit holders/shareholders in consolidated investment funds that are subject to the actions of third-party unit holders/shareholders.

For the six months ended 30 June 2024, gain from changes in interests held by third-party unit holders/shareholders of HK\$385,746 (2023: HK\$1,804,251) in consolidated structured entities are included as other gain within other gains or losses in the condensed consolidated statement of profit or loss and other comprehensive income and the interests held by third-party unit holders/shareholders amounted to HK\$134,540,293 (31 December 2023: HK\$140,274,408) as at 30 June 2024 are included in other liabilities in the condensed consolidated statement of financial position.

22. COMPARATIVE FIGURES

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

Management Discussion and Analysis

HONG KONG CAPITAL MARKET REVIEW

The Hang Seng Index closed at 17,719 points as at the end of June 2024, representing an increase of 3.9% as compared with the end of 2023. In the primary market, the total amount of funds raised from January to June 2024 was HK\$65.2 billion, representing a decrease of 13.0% from HK\$75.0 billion in the corresponding period in 2023. Among which, HK\$13.2 billion was raised from IPOs, representing a decrease of 26.2% from HK\$17.9 billion in the corresponding period in 2023. In the secondary market, the average daily turnover of securities from January to June 2024 was HK\$110.4 billion, representing a year-on-year decrease of 4.5%. As at the end of June 2024, the total market cap of Hong Kong's securities market was HK\$32.1 trillion, representing an increase of 3.5% as compared with the end of 2023.

In the first half of 2024, the global economy recovery was better than expected and economic activity proved more resilient than expected. Nevertheless, global investment remained weak under the backdrop of high interest rates. The Federal Reserve kept its interest rate policy unchanged, the US dollar index remained strong, global financing costs remained high, and monetary policy divergence intensified. In the first half of the year, Hong Kong's economy showed a trend of stable recovery, continuing to deepen its position and advantages as an international financial centre. In the first half of the year, the Hong Kong Stock Exchange welcomed the listing of the first spot virtual asset ETFs and launched a number of enhancements to "Swap Connect", which increased the variety of products available in the Hong Kong market and provided investors with more diversified choices, thereby contributing to the internationalisation of RMB and enhancing Hong Kong's competitiveness as an international financial centre.

RESULTS AND OVERVIEW OF THE COMPANY

For the six months ended 30 June 2024, the Group recorded operating revenue of HK\$418.87 million (2023: HK\$251.34 million), representing an increase of HK\$167.53 million; and net profit was HK\$88.67 million (2023: HK\$62.19 million), representing an increase of HK\$26.48 million. The increase in profit was mainly attributable to the significant growth in revenue from the Group's core business of wealth management, corporate finance, financial products and investments.

For the six months ended 30 June 2024, the Group's operating revenue from wealth management services, corporate finance services, asset management services, financial products and investments saw an increase of 26.21%, an increase of 103.08%, a decrease of 3.79% and an increase of 87.17% year-on-year, respectively.

BUSINESS REVIEW OF THE COMPANY

The Group's operating revenue derives from (i) wealth management; (ii) corporate finance; (iii) asset management; and (iv) financial products and investments.

Wealth management

For the six months ended 30 June 2024, the Group's revenue from wealth management business amounted to HK\$100.17 million (2023: HK\$79.37 million), representing a year-on-year increase of 26.21%. Among this revenue, commission and fee income from the brokerage services amounted to HK\$85.22 million (2023: HK\$63.86 million), representing a year-on-year increase of 33.45%. The wealth management business accelerated its transformation from the traditional brokerage commission income model to a diversified income model involving products, transactions and services, focusing on the development of customer-driven wealth management business by offering diversified products and globalised trading market services to respond swiftly to market changes and meet client needs. Overseas research continued to maintain its leading position in the industry and empower the business. Focusing on the investment research services, it has expanded the research service coverage for financial institution customers such as high-net-worth individuals, mutual funds, insurance fund institutions, high-quality private equity funds and hedge funds, thereby driving the revenue growth of the institutional brokerage business. At the same time, we continued to optimise the customer structure and actively provided high-quality customers with margin financing services. Despite the slowdown in overall market transactions in Hong Kong, the size of margin financing still achieved a growth of 13% as compared to the beginning of the year. The Company was honoured with the Wealth Management Platform – Outstanding Award by Bloomberg Businessweek in the first half of 2024.



Management Discussion and Analysis

Corporate finance

For the six months ended 30 June 2024, the Group's revenue from corporate finance business amounted to HK\$48.72 million (2023: HK\$23.99 million), representing a year-on-year increase of 103.08%.

Among this revenue, commission income from placing, underwriting and sub-underwriting of debt securities amounted to HK\$38.68 million (2023: HK\$16.93 million), representing a year-on-year increase of 128.47%; arrangement fee income for the first half of 2024 amounted to HK\$9.39 million (2023: HK\$3.37 million), representing a year-on-year increase of 178.64%. For the six months ended 30 June 2024, against the backdrop of high US dollar interest rates and increasingly fierce market competition, the Group as a bond underwriter has completed a total of 105 underwritings of offshore bonds, ranking 8th among Chinese securities brokers in Hong Kong in the Bloomberg China Offshore Bond Ranking, up 2 places from the beginning of the year. It won the Bloomberg Businessweek Bond Excellence Award in the first half of 2024.

For the six months ended 30 June 2024, the Group's corporate finance advisory fee income was recorded HK\$0.61 million (2023: HK\$0.36 million), representing a year-on-year increase of 69.44%. Despite the year-on-year growth in corporate finance advisory fee income, the sponsor fee income was adversely affected by the poor performance of the IPO market due to the sluggish Hong Kong stock market capitalisation.

Asset management

For the six months ended 30 June 2024, the Group's revenue from asset management business amounted to HK\$7.36 million (2023: HK\$7.65 million), representing a year-on-year decrease of 3.79%. The Group continued to build up its core competence of investment research integration. The fixed-income funds captured the opportunity arising from the high US dollar interest rates to deliver stable and high-yield returns to customers. Moreover, the Group is also actively preparing for the US dollar and Hong Kong dollar money market funds to meet the investment needs of the high net-worth clientele. As of the end of June 2024, the Group had 29 asset management products in total and the scale of assets under management was approximately HK\$9,500 million.

Financial products and investments

For the six months ended 30 June 2024, the Group's profit from financial products and investments amounted to HK\$262.64 million (2023: HK\$140.32 million), representing a year-on-year increase of 87.17%. In the first half of 2024, under the prudent and neutral risk preference, the Group strictly controlled credit risk and seized the market opportunities under the high US dollar interest rates, gradually increasing the scale of low-risk fixed-income debt securities with reasonable yields, which drove the investment return to outperform the benchmark index (Bloomberg Barclays China US Dollar Bond Index).

FINANCIAL POSITION

As at 30 June 2024, the total assets of the Group decreased by 6.33% to HK\$15,504.03 million (31 December 2023: HK\$16,552.02 million).

As at 30 June 2024, the total liabilities of the Group decreased by 9.35% to HK\$11,266.55 million (31 December 2023: HK\$12,428.08 million).

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 30 June 2024, the net current assets of the Group increased by 48.17% to HK\$6,571.96 million (31 December 2023: HK\$4,435.54 million). As at 30 June 2024, the current ratio of the Group (defined as current assets divided by current liabilities as at the end of the respective financial year/period) was 1.79 times (31 December 2023: 1.38 times).

Management Discussion and Analysis

For the six months ended 30 June 2024, the net cash outflow of the Group was HK\$396.88 million (31 December 2023: net cash outflow of HK\$811.80 million), and the bank balance of the Group as at 30 June 2024 was HK\$1,495.27 million (31 December 2023: HK\$1,892.15 million).

As at 30 June 2024, the total bank borrowings of the Group decreased by 53.65% to HK\$1,012.55 million (31 December 2023: HK\$2,184.58 million).

On 2 February 2024, the Group issued US\$300,000,000 three-year guaranteed bonds. As at 30 June 2024, the Group had outstanding bonds of HK\$2,362.34 million (31 December 2023: HK\$2,087.23 million) and outstanding notes of HK\$144.34 million (31 December 2023: HK\$168.28 million). As at 30 June 2024, the gearing ratio of the Group (defined as the sum of repurchase agreements, bank borrowings, outstanding bonds and outstanding notes divided by total equity) decreased by 21.1% to 188.9% (31 December 2023: 210.0%).

Total equity attributable to holders of ordinary shares of the Company amounted to HK\$3,237.48 million as at 30 June 2024 (31 December 2023: HK\$3,123.94 million).

FUTURE PLAN

In the face of the volatile market environment in the first half of 2024, the Group adhered to its prudent and effective risk management system and measures, and was assigned a first-time “BBB” long-term issuer default rating and a first-time “bbb” shareholder support rating with a “stable” outlook by Fitch, an international credit rating agency. Looking ahead to the second half of 2024, the Group will continue to strengthen its development in professionalism, and improve corporate profitability. First, the Group will continue to deepen wealth management business transformation, capitalise on the synergistic efficiency of the “institutional sales and tradings” ecosystem, expand customer resources, and diversify sources of income. Second, with respect to the asset management business, the Group will focus on the investment research capabilities, and continue to enrich its product lines to fully satisfy the asset allocation needs of customers. Third, in terms of investment banking business, our debt financing business will leverage on its brand and professional advantages to consolidate and enhance its leading position in the bond underwriting market; the equity financing business will capture the new opportunities for reform, and continue to monitor new policy reform and existing customers conversion. Fourth, the Group will continue to execute stringent risk control, uphold the prudent investment strategy, control the scale and adjust the structure, improve asset application capability and benefit, diversify investment products, and strengthen the yield and resilience of the investment portfolio. Fifth, the Group will continue to deepen business innovation, promote derivative business development, gradually enrich the business model and product tools, and facilitate the steady growth of OTC derivatives business. Meanwhile, it will continue to improve its compliance and risk control management system, maintain a neutral and moderate risk preference, and stick to the bottom line of compliance and risk control to ensure high-quality sustainable development. It will optimise the allocation of human, financial and material resources and improve the work efficiency and productivity of its staff. The Group is embarking on a new journey with vitality, while focusing on development with the concerted efforts. The Group will continue to promote the high-quality development of its business operations in order to bring desirable positive returns for its shareholders.

SIGNIFICANT INVESTMENTS AND MATERIAL ACQUISITION OR DISPOSAL OF SUBSIDIARIES AND AFFILIATED COMPANIES

For the six months ended 30 June 2024, the Group had no significant investments, material acquisition or disposal of subsidiaries or affiliated companies.



Management Discussion and Analysis

PLEDGE OF ASSETS BY THE GROUP

For the six months ended 30 June 2024, the Group's assets pledged were mainly debt securities pledged as collaterals for repurchase agreements and other borrowings.

EMPLOYEE AND REMUNERATION POLICY

As at 30 June 2024, the Group had 224 full-time employees including the Directors. Total remuneration for the six months ended 30 June 2024 amounted to HK\$101.20 million. The remuneration policy will be reviewed by the Group from time to time in accordance with market practice, and the bonus will be distributed with reference to individual performance appraisal, prevailing market condition and the financial performance of the Group. Other employee benefits include contributions to the mandatory provident fund scheme and medical care insurance.

CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities for the six months ended 30 June 2024 and up to the date of this report.

EVENTS AFTER THE REPORTING PERIOD

As of the date of this report, the Board was not aware of any significant events related to the business or financial performance of the Group after the reporting period.

RISK MANAGEMENT

Risk management framework and mechanism

The Group has established a comprehensive risk management organisational structure consisting of the Board, management, the risk management committee, risk management department, departments and subsidiaries. The Board shall undertake the ultimate responsibility for comprehensive risk management, be responsible for the supervision and guidance of the risk management of the Company, approve the risk preference of the Company, and control the overall risk of the Company within a reasonable range to ensure that the Company can effectively manage the risk control in business activities. The management shall lead and manage various risks in the course of business of the Company and promote the planning, construction and implementation of the comprehensive risk management system of the Company. The risk management committee under the management shall carry out the risk management work of the Company with the authorisation of the management, be responsible for guiding, supervising and coordinating the implementation of the work related to risk management of the Company, provide advice on the improvement and updating of the organisational system, and promote the comprehensive risk management construction of the Company. Under the leadership of the compliance and risk control director, the risk management department shall organise and promote the comprehensive risk management work of the Company, organise to conduct identification, evaluation, monitoring, analysis and tests on the overall risk, aggregate risk faced in the course of operation and management of the Company and its changing trend, and put forward corresponding control measures and solutions.

The Group has built three lines of defence for risk management, of which the first line of defence is effective self-control by all departments and subsidiaries, the second line of defence is professional risk management by the risk management department before and during business operations, and the third line of defence is post-supervision and evaluation by the audit department. The design of the "three lines of defence" (三道防線) of risk management governance structure has effectively provided guarantees for the efficiency and effectiveness of risk management.

Management Discussion and Analysis

The Group has implemented the risk preference, quota management and authorisation management system, kept the business philosophy of “stable operation for sustainable development” (穩健經營、長遠發展) based on the neutral and prudent risk preference determined by the Board, and adhered to the development idea of seeking progress while keeping performance stable, conducted precise identification, careful evaluation, dynamical monitoring, timely response and overall management on various risks, such as liquidity risk, market risk, credit risk, operational risk, reputation risk, and compliance and legal risk in a timely manner in the course of business of the Company to ensure that various risks were controlled within a reasonable range that is measurable, controllable, acceptable and without spillover. The Group has endeavoured to build a sound organisational structure, operational management system, quantifiable risk indicator system, reliable information system and professional talent team, so as to realise the detectability, measurability, analysis and risk-response in risk management, facilitating the sound business development of the Group in the long run and the achievement of strategic objectives.

Credit risk

The Group’s exposure to credit risk refers to the risk of losses to the Group arising from non-performance by the debtors or counterparties. The Group has established a risk management committee to review and monitor the implementation of credit risk management policies, and to update relevant risk management policies to adapt to changes. The Group has also set up an investment and financing business review committee, which is responsible for reviewing and re-examining the policies relating to credit approval, transaction limits and credit limits. The Group has regularly re-examined the implementation of existing investment and financing projects and margin loans to assess the credit risk exposure, and has taken appropriate measures to mitigate risks.

The Group has closely monitored the risk limit indicators of credit business, adopted measures such as daily mark-to-market and timely warning, and established a public opinion information monitoring mechanism for debtors, collaterals and counterparties to effectively respond to sudden public events to formulate response plans in advance. We will regularly conduct stress tests, take appropriate measures to compensate for or minimise losses in the event that customers may not fulfil their obligations, properly resolve risks, and effectively carry out post-investment management. We will also regularly measure the impairment of our financial assets and make provision for expected credit losses in a timely manner, in accordance with the latest standards on financial instruments and using reasonable and evidence-based forward-looking information based on our existing business.

Liquidity risk

The Group’s exposure to liquidity risk refers to the risk of failure to obtain sufficient capital at reasonable cost in time to repay debts which are falling due, fulfil other payment obligations and meet the liquidity requirement for ordinary business operation.

The Group has formulated liquidity risk management system and process to identify, address, monitor and mitigate potential liquidity risks, and maintained liquidity and financial resource requirements in accordance with applicable laws and regulations (such as the Securities and Futures (Financial Resources) Rules (Chapter 571N of the Laws of Hong Kong)).

The Group has formulated a multi-level authorisation mechanism and internal policies for managing and approving the use and allocation of capital. It has set up restrictions on authorisation in respect of any commitments or capital outflows (such as procurement, investment and loans), and evaluated the impact of such transactions on capital adequacy.



Management Discussion and Analysis

The Group has met its financing needs primarily through obtaining bank loans from certain banks and issuing bonds, and constantly explored and expanded financing channels and methods. The Group has also adopted strict liquidity management measures, including but not limited to daily monitoring reports, future cash flow forecasts and liquidity stress tests, to ensure that the planning and management of liquidity is prepared well and that the Group satisfies the capital requirements stipulated by applicable laws.

Market risk

The Group's exposure to market risk refers to the risk of potential losses incurred to the Group arising from adverse changes in exchange rates, interest rates and prices of financial assets.

The Group has formulated policies and procedures to monitor and control market risks arising from carrying out business. Prior to engaging in any new transaction or launching any new business, each business segment of the Group will arrange professionals with appropriate qualifications and industry experience to discuss and evaluate the relevant market risks, and develop management and mitigation measures for such market risk.

The Group has set up market risk limit indicators, and regularly reviewed and adjusted market strategies to adapt to changes in operating results, risk tolerance and market conditions. In terms of financial products and investment business, the Group has formulated different selection criteria for bonds and other fixed-income products, prudently selected industries and enterprises, and followed up and monitored macro-economic trends to optimise investment strategies.

Operational risk

The Group's exposure to operational risk refers to the risk of losses to the Group caused by imperfect or defective internal procedures, employees, information systems or external events. The main goal of the operational risk management of the Group is to promote a good operational risk management culture according to the regulatory requirements and the development strategy of the Company, establish and improve the operational risk management framework and system in line with the actual situation of the Company, and reduce the frequency and impact of operational risk events.

The Group has established an operational risk management structure consisting of the Board, management, the risk management committee, the risk management department and each functional department. The management of operational risk involves all departments and all employees, with penetration into various business activities, business processes and operational procedures.

The Group has established a sound management mechanism and effective internal control procedures. Through operational risk policies, risk reporting mechanisms, operational risk limit indicators, risk control matrices, operational risk systems and risk warnings, the operational risk events will be identified, evaluated, monitored and followed up before, during and after events. At the same time, through sharing the cases of operational risk and training, the overall operational risk awareness of the Group has been improved, the operational risk management has been strengthened, and the ability to respond on operational risk has been improved. The risk management department has regularly analysed and evaluated operational risk events, continuously monitored the operational risk conditions and its changing trend of the Group, and regularly reported the implementation of relevant indicators, and also followed up operational risk events to ensure that the operational risk losses of the Company are under control, and improved operational risk monitoring and management.

The Group has set up a business continuity management mechanism, in place with contingency plans and business continuity plans combined with risk scenarios, business models, system settings and other important risk factors, and retained sufficient disaster recovery office facilities, regularly carried out business continuity exercises, comprehensively improved the Group's ability to respond to emergencies and operational interruptions to ensure smooth and orderly operation.

Management Discussion and Analysis

Compliance and legal risks

The Group has proactively promoted the establishment of a stable and sound compliance and legal risk management framework, formulated relevant policies, processes and templates, kept a close eye on the prevailing laws and regulations relating to business operations, and made timely adjustments and improvements to the internal compliance and legal risk management policies and processes based on the changes of external laws and regulations to ensure that the Company's business operations comply with the laws and regulations as amended from time to time.

The Group has set up a compliance management structure and established three lines of defence for compliance management, of which the legal and compliance department takes the lead in formulating the compliance management policies, procedures and guidelines of the Group, providing compliance advice for various business plans and affairs, closely monitoring the compliance operation of the licensed businesses of the Group, and supervising all business segments to strictly implement relevant regulatory requirements. Meanwhile, in order to foster a sound compliance culture atmosphere and strengthen compliance awareness, the legal and compliance department has taken the lead in organising various types of training for employees, with a view to strengthening the skills of employees, enhancing the professionalism and efficiency of the Group, and providing internal guidance for the latest regulatory updates.

The legal and compliance department of the Group is assisted by full-time legal personnel. Meanwhile, the Group has engaged four legal consultants who have cooperated with the Group throughout the years and maintained close relationships with other external law firms. Through close cooperation with full-time legal personnel and external legal advisers or law firms, the Group can prevent and address various legal risks in a timely manner.

Reputation risk

The Group's exposure to reputation risk refers to the risk of negative views on the Company from investors, issuers, regulatory agencies, self-regulatory organisations, the public and the media due to the Company's behaviour or external events, and the violations of integrity rules, professional ethics, business regulations, industry rules and conventions, and other related behaviours by the Company's personnel, which in turn damage the Company's brand value, adversely affect the Company's normal operation, or even exert an impact on the stability of the market and the society. With a complete corporate governance structure, the Group has proactively promoted the construction of reputation risk management mechanism, effectively prevented reputation risk and addressed reputation risk events by upholding the principles of prevention first, proactivity and swift response, and conducted all-rounded and whole-process management over classification, identification, assessment, reporting, handling and evaluation of reputation risk occurred in the course of the operation and management, so as to minimise losses and negative impacts on the reputation and brand image of the Group. During the reporting period, the Group has further improved its reputation risk management system, maintained an overall stable public sentiment, and has not experienced major reputation risk events.



Other Information

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 June 2024, the interests and short positions in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) held by the Directors and chief executive of the Company (the "Chief Executive") which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO) or have been entered in the register maintained by the Company pursuant to section 352 of the SFO, or as otherwise have been notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules (the "Model Code") were as follows:

Long Position in Ordinary Shares of HK\$0.1 each of the Company

Name of Director	Capacity/Nature	No. of Shares held	Approximate percentage	Amount of debentures held
Xiong Bo (Appointed on 4 March 2024)	Beneficial owner	2,058,531	0.05%	–
Zhang Chunjuan	Beneficial owner	1,004,000	0.03%	HK\$5,900,000 USD900,000

Save as disclosed above, as at 30 June 2024, none of the Directors or Chief Executive had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he was taken or deemed to have under such provisions of the SFO) or which was required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

Other Information

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES

So far as the Directors and the Chief Executive are aware, as at 30 June 2024, the following persons/corporations (other than a Director or the Chief Executive) had interests or short positions in the Shares and the underlying Shares, which were notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO and entered in the register maintained by the Company pursuant to Section 336 of the SFO were as follows:

Name	Nature of Interest	No. of Shares held	Approximate percentage of Shareholding
Industrial Securities (Hong Kong) Financial Holdings Limited	Beneficial owner	2,263,971,644	56.60%
Industrial Securities Co., Ltd.* (Note 1)	Interest of controlled corporation	2,263,971,644	56.60%
Harvest Capital Management Co., Ltd (Note 2)	Investment manager	293,232,000	7.33%
Harvest Fund Management Co., Ltd. (Note 2)	Interest of controlled corporation	293,232,000	7.33%
China Credit Trust Co., Ltd. (Note 2)	Interest of controlled corporation	293,232,000	7.33%
Hao Kang Financial Holdings (Group) Limited (Note 3)	Beneficial owner	205,853,089	5.15%
Apex Trade Holdings Limited (Note 3)	Interest of controlled corporation	205,853,089	5.15%
Chen Jiaquan (Note 3)	Interest of controlled corporation	205,853,089	5.15%
Yang Zhiying (Note 4)	Interest of spouse	205,853,089	5.15%

Notes:

- Industrial Securities Co., Ltd.* holds the entire issued share capital of Industrial Securities (Hong Kong) Financial Holdings Limited. Therefore, Industrial Securities Co., Ltd.* is deemed or taken to be interested in all the Shares held by Industrial Securities (Hong Kong) Financial Holdings Limited for the purposes of the SFO.
- China Credit Trust Co., Ltd holds 40% of the entire issued share capital of Harvest Fund Management Co., Ltd., and Harvest Fund Management Co., Ltd. holds 75% of the entire issued share capital of Harvest Capital Management Co., Ltd. Therefore, China Credit Trust Co., Ltd and Harvest Fund Management Co., Ltd. are deemed or taken to be interested in all the Shares held by Harvest Capital Management Co., Ltd for the purposes of the SFO.
- Chen Jiaquan holds 70% of the total issued share capital of Apex Trade Holdings Limited and is the sole director of Hao Kang Financial Holdings (Group) Limited and therefore is deemed or taken to be interested in all the Shares held by Apex Trade Holdings Limited and Hao Kang Financial Holdings (Group) Limited for the purpose of the SFO.
- Yang Zhiying is the spouse of Chen Jiaquan. Under the SFO, Yang Zhiying is deemed, or is taken to be, interested in all the Shares in which Chen Jiaquan is interested.

* For identification purpose only



Other Information

Save as disclosed above, as at 30 June 2024, the Company has not been notified by any persons, other than the Directors and the Chief Executive who had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY AND ITS SUBSIDIARIES

On 9 February 2024, the Company has redeemed all of its outstanding 2% corporate bonds due 2024 with an aggregate principal amount of US\$265,000,000, the redemption price equals to 100% of the principal amount plus accrued and unpaid interest.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company and its subsidiaries during the six months ended 30 June 2024 (including sales of treasury shares (as defined in the Listing Rules)).

During the six months ended 30 June 2024, the Company did not hold any treasury shares.

COMPETING INTERESTS

Save for the continuing connected transactions as disclosed in the section headed "Relationship with the controlling shareholders" and "Connected transactions" in the prospectus of the Company dated 30 September 2016, none of the Directors or the controlling shareholders of the Company nor their respective close associates as defined in the Listing Rules had any interest in business that competed or might compete with business of the Group during the six months ended 30 June 2024.

CHANGES IN INFORMATION OF DIRECTORS

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in information of Directors subsequent to the date of the 2023 annual report of the Company are set out below:

Director	Details of Change
Xiong Bo	Appointed as a director of Intelligent Capital Company Limited on 8 July 2024
Zhong Chunjuan	Resigned as a chief financial officer of Industrial Securities (Hong Kong) Financial Holdings Limited on 29 July 2024
Hong Ying	Appointed as an independent director of Shanghai RAAS Blood Products Co., Ltd. (Shenzhen Stock Exchange, stock code: 002252) on 30 July 2024

Other Information

CONTINUING DISCLOSURE OBLIGATION UNDER RULE 13.21 OF THE LISTING RULES

On 31 December 2020, the Company as borrower entered into a facility letter (the "Facility Letter") with a bank as lender to renew an uncommitted revolving loan facility in an aggregate amount of up to HK\$800,000,000. As a condition of the Facility Letter, it shall be an event of default if Industrial Securities Co., Ltd.* ("Industrial Securities") ceases to remain as the single largest shareholder of the Company.

On 17 May 2023, the Company as borrower entered into a facility letter (the "Facility Letter") with a bank as lender (the "Lender") to renew the facility, pursuant to which the Lender has agreed to make available an uncommitted revolving loan facility in an aggregate amount of up to HK\$500,000,000 (or its equivalent in USD) to the Company. As a condition of the Facility Letter, it shall be an event of default if Industrial Securities ceases to directly or indirectly own at least 51% of the issued share capital of the Company.

On 28 June 2023, the Company as borrower entered into a facility letter (the "Facility Letter") with a bank as lender (the "Lender"), pursuant to which the Lender has agreed to make available an uncommitted revolving loan facility in an aggregate amount of up to HK\$100,000,000 to the Company. As a condition of the Facility Letter, it shall be an event of default if Industrial Securities ceases to be the single largest shareholder of the Company and hold not less than 51% of the issued share capital of the Company.

On 30 October 2023, the Company as borrower entered into a facility letter (the "Facility Letter") with a bank as lender (the "Lender"), pursuant to which the Lender has agreed to make available an offshore revolving loan facility in an aggregate amount of up to US\$50,000,000 (or its equivalent in HKD). As a condition of the Facility Letter, it shall be an event of default if Industrial Securities ceases to maintain (directly or indirectly) control over the Company.

On 16 November 2023, the Company as borrower entered into a facility letter (the "Facility Letter") with a bank as lender (the "Lender") to renew the facility, pursuant to which the Lender has agreed to make available an uncommitted revolving loan facility in an aggregate amount of up to US\$35,000,000 (or its equivalent in HKD or RMB) to the Company. As a condition of the Facility Letter, it shall be an event of default if Industrial Securities ceases to own (either directly or indirectly) at least 51% of the issued share capital of the Company.

On 29 November 2023, the Company and China Industrial Securities International Brokerage Limited ("CISI Brokerage"), a direct wholly-owned subsidiary of the Company, as borrower, entered into a facility letter (the "Facility Letter A") with a bank as lender, pursuant to which the lender has agreed to make available an uncommitted short term loan facility in an aggregate amount of up to HK\$900,000,000 to the Company and CISI Brokerage. The Company provides a guarantee (the "Guarantee") for CISI Brokerage and controls the amount of this guarantee not to exceed HK\$900,000,000 through internal control. As a condition of the Facility Letter A, it shall be an event of default if Industrial Securities ceases to beneficially own (either directly or indirectly) at least 51% of the issued share capital of the Company and CISI Brokerage.

On 29 November 2023, CISI Brokerage as borrower entered into a short term loan for initial public offering financing facility letter (the "Facility Letter B") with a bank as lender, pursuant to which the maximum amount will be determined by the lender at sole absolute discretion on or before each loan advance to the Company. As a condition of the Facility Letter B, it shall be an event of default if Industrial Securities ceases to beneficially own (either directly or indirectly) at least 51% of the issued share capital of the Company and CISI Brokerage.

On 18 January 2024, the Company as borrower entered into a supplemental facility letter (the "Supplemental Facility Letter") with a bank as lender (the "Lender") to renew the facility, pursuant to which the Lender has agreed to make available an uncommitted revolving loan facility in an aggregate amount of up to HK\$300,000,000. As a condition of the Facility Letter, it shall be an event of default if Industrial Securities ceases to maintain directly or indirectly not less than 51% of the issued share capital of the Company and maintain the absolute management control over the Company.



Other Information

On 26 January 2024, the Company as borrower entered into a facility letter (the "Facility Letter") with a bank as lender (the "Lender"), pursuant to which the Lender has agreed to make available uncommitted bank facilities in an aggregate amount of up to HK\$3,000,000,000 to the Company. As a condition of the Facility Letter, it shall be an event of default if Industrial Securities ceases to own and maintain (directly or indirectly) at least 51% of the issued share capital of the Company.

On 12 April 2024, the Company as borrower entered into a facility letter (the "Facility Letter") with a bank as lender (the "Lender"), pursuant to which the Lender has agreed to make available a revolving loan facility in an aggregate amount of up to US\$25,000,000 to the Company. As a condition of the Facility Letter, it shall be an event of default if Industrial Securities ceases to own and maintain (directly or indirectly) at least 51% of the issued share capital of the Company.

On 17 June 2024, the Company as borrower entered into a facility letter (the "Facility Letter") with a bank as lender (the "Lender") to renew the facility, pursuant to which the Lender has agreed to make available an uncommitted revolving loan facility in an aggregate amount of up to US\$65,000,000 (or its equivalent in HKD or RMB) to the Company. As a condition of the Facility Letter, it shall be an event of default if Industrial Securities ceases to be the (direct or indirect) legal and beneficial owner of at least 51% of the issued share capital of the Company and ceases to maintain the management control over the Company.

On 28 June 2024, the Company as borrower entered into a facility letter (the "Facility Letter") with a bank as lender (the "Lender") to renew the facility, pursuant to which the Lender has agreed to make available an uncommitted revolving loan facility in an aggregate amount of up to HK\$300,000,000 to the Company. As a condition of the Facility Letter, it shall be an event of default if Industrial Securities ceases to hold directly or indirectly not less than 51% of the issued share capital of the Company and maintain the absolute management control over the Company.

On 8 August 2024, the Company as borrower entered into a facility letter (the "Facility Letter") with a bank as lender (the "Lender"), pursuant to which the Lender has agreed to make available an uncommitted revolving loan facility in an aggregate amount of up to US\$20,000,000 to the Company. As a condition of the Facility Letter, it shall be an event of default if Industrial Securities ceases to own (whether directly or indirectly) at least 51% of the issued share capital of the Company and maintain the control over the Company.

As at the date of this report, the above specific performance obligations imposed on Industrial Securities under the aforesaid facility letters continued to exist.

Other Information

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the Model Code. Having made specific enquiry of all Directors, all Directors have confirmed that they have complied with the required standard set out in the Model Code and the code of conduct regarding securities transactions by Directors adopted by the Company during the six months ended 30 June 2024.

CORPORATE GOVERNANCE

The Company has complied with the code provisions as set out in the Corporate Governance Code (the "CG Code") as contained in Appendix C1 to the Listing Rules during the six months ended 30 June 2024.

AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") has been established with written terms of reference in compliance with the Listing Rules and code provisions under the CG Code. The Audit Committee currently comprises a non-executive Director and two independent non-executive Directors, namely Mr. Xiong Bo, Ms. Hong Ying and Mr. Tian Li. The chairlady of the Audit Committee is Ms. Hong Ying.

The Group's unaudited condensed consolidated results for the six months ended 30 June 2024 have been reviewed by the Audit Committee, which was of the opinion that such results have complied with the applicable accounting standards, the requirements under the Listing Rules and other applicable legal requirements and that adequate disclosures have been made.