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CSC HOLDINGS LIMITED
中策資本控股有限公司

(Incorporated in Hong Kong with limited liability)
(Stock Code: 235)

INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2024

The Board of Directors (the “**Board**”) of CSC Holdings Limited (the “**Company**”) hereby announces the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the six months ended 30 June 2024 together with comparative figures as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2024

	<i>Notes</i>	Six months ended 30 June	
		2024	2023
		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Revenue	3	19,888	51,267
Interest income		19,431	50,284
Commission, handling income and others		457	983
Other income	5	20,130	20,465
Other loss		(523)	(1)
Staff costs		(20,332)	(15,522)
Other expenses		(15,909)	(25,404)
Loss on financial assets at fair value through profit or loss	6	(654)	(3,809)
Provision for impairment losses under expected credit loss model, net of reversal	9	(2,651)	(49,019)
Finance costs	7	(808)	(289)

		Six months ended 30 June	
		2024	2023
	<i>Notes</i>	HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Loss before tax		(859)	(22,312)
Income tax (expense) credit	8	<u>(1,067)</u>	<u>10,316</u>
Loss for the period attributable to owners of the Company	9	<u>(1,926)</u>	<u>(11,996)</u>
Other comprehensive income (expense)			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Fair value loss on debt instruments at fair value through other comprehensive income		–	(3,101)
Provision for impairment loss on debt instruments at fair value through other comprehensive income included in profit or loss	9	–	336
Exchange differences arising on translation of financial statements of foreign operations		<u>344</u>	<u>2</u>
Other comprehensive income (expense) for the period		<u>344</u>	<u>(2,763)</u>
Total comprehensive expense for the period attributable to owners of the Company		<u>(1,582)</u>	<u>(14,759)</u>
Loss per share attributable to owners of the Company			
– Basic	<i>11</i>	<u>HK(0.01) cent</u>	<u>HK(0.06) cent</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2024

	<i>Notes</i>	At 30 June 2024 <i>HK\$'000</i> (Unaudited)	At 31 December 2023 <i>HK\$'000</i> (Audited)
Non-current assets			
Property, plant and equipment		6,222	7,595
Right-of-use assets		30,825	36,631
Goodwill		4,000	4,000
Club debentures		1,928	1,928
Loan receivables	12	230,934	127,002
Deferred tax assets		5,215	6,276
Total non-current assets		279,124	183,432
Current assets			
Debt instruments at fair value through other comprehensive income	13	4,418	4,418
Loan receivables	12	623,343	640,230
Trade and other receivables	14	198,478	127,183
Income tax recoverable		228	207
Financial assets at fair value through profit or loss	15	9,258	9,912
Bank balances and cash		1,151,075	1,312,947
Total current assets		1,986,800	2,094,897
Current liabilities			
Trade and other payables	16	22,613	27,888
Income tax payable		3,200	3,200
Lease liabilities		9,801	9,730
Total current liabilities		35,614	40,818
Net current assets		1,951,186	2,054,079
Total assets less current liabilities		2,230,310	2,237,511
Non-current liability			
Lease liabilities		20,164	25,783
Net assets		2,210,146	2,211,728
Capital and reserves			
Share capital		3,216,110	3,216,110
Reserves		(1,005,964)	(1,004,382)
Total equity		2,210,146	2,211,728

Notes:

1. Basis of preparation

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 “*Interim Financial Reporting*” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) as well as the applicable disclosure requirements of Appendix D2 to the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”).

The financial information relating to the year ended 31 December 2023 that is included in the condensed consolidated financial statements as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to these statutory financial statements disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Chapter 622 of the Laws of Hong Kong) (“**Hong Kong Companies Ordinance**”) is as follows:

The Company has delivered the financial statements for the year ended 31 December 2023 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance.

The Company’s auditor has reported on those financial statements. The auditor’s report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

The condensed consolidated financial statements are presented in Hong Kong dollar (“**HK\$**”) which is the functional currency of the Company. All values are rounded to the nearest thousand (HK\$’000) unless otherwise indicated.

2. Principal accounting policies

The condensed consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments, which are measured at fair value.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2024 are the same as those presented in the Group’s audited consolidated financial statements for the year ended 31 December 2023.

Application of amendments to Hong Kong Financial Reporting Standards (“HKFRSs”)

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the annual period beginning on 1 January 2024 for the preparation of the condensed consolidated financial statements:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

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

3. Revenue

An analysis of the Group's revenue for the period is as follows:

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Commission and handling income from securities brokerage business	457	983
Revenue from contracts with customers	457	983
Interest income from securities margin financing business	4,769	3,697
Interest income from money lending business	14,662	46,587
	19,888	51,267

During the six months ended 30 June 2024 and 2023, the revenue is recognised at a point in time except for interest income which fall outside the scope of HKFRS 15.

4. Segment information

The following is an analysis of the Group's revenue and results by operating segments, based on information provided to the chief operating decision maker, for the purposes of allocating resources and assessment of segment performance. This is also the basis upon which the Group is arranged and organised.

The Group's operating segments under HKFRS 8 are as follows:

- (i) Investment in securities
- (ii) Trading
- (iii) Money lending
- (iv) Securities brokerage

Segment revenue and results

The following is an analysis of the Group's revenue and results by operating segments:

	Investment in securities <i>HK\$'000</i> (Unaudited)	Trading <i>HK\$'000</i> (Unaudited)	Money lending <i>HK\$'000</i> (Unaudited)	Securities brokerage <i>HK\$'000</i> (Unaudited)	Total <i>HK\$'000</i> (Unaudited)
Six months ended 30 June 2024					
Segment revenue					
External sales/sources	-	-	14,662	5,226	19,888
Results					
Segment results	(548)	5,651	15,025	5,058	25,186
Other income					9,001
Other loss					(522)
Central administrative expenses					(33,716)
Finance costs					(808)
Loss before tax					(859)
Income tax expense					(1,067)
Loss for the period					(1,926)
Six months ended 30 June 2023					
Segment revenue					
External sales/sources	-	-	46,587	4,680	51,267
Results					
Segment results	(12,166)	5,118	4,489	4,859	2,300
Other income					10,798
Other loss					(1)
Central administrative expenses					(35,120)
Finance costs					(289)
Loss before tax					(22,312)
Income tax credit					10,316
Loss for the period					(11,996)

Segment (loss) profit represents loss incurred/profit earned by each segment without allocation of certain other income, certain other loss, central administrative expenses, finance costs and income tax (expense) credit.

5. Other income

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Bank interest income	20,030	16,910
Others	100	3,555
	<u>20,130</u>	<u>20,465</u>

6. Loss on financial assets at fair value through profit or loss

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Unrealised loss on financial assets at fair value through profit or loss ("FVTPL")	654	3,809
	<u>654</u>	<u>3,809</u>

7. Finance costs

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest on lease liabilities	808	289
	<u>808</u>	<u>289</u>

8. Income tax (expense) credit

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Tax (charge) credit comprises:		
Current tax	(6)	8,825
Deferred tax	(1,061)	1,491
	<u>(1,067)</u>	<u>10,316</u>
Income tax (expense) credit recognised in profit or loss	<u>(1,067)</u>	<u>10,316</u>

Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. Accordingly, the Hong Kong Profits Tax of the qualifying group entity is calculated at 8.25% on the first HK\$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2 million.

9. Loss for the period

Loss for the period has been arrived at after charging the following items:

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Provision for impairment loss on loan receivables	2,651	40,614
Provision for impairment loss on debt instruments at fair value through other comprehensive income (“FVTOCI”)	–	336
Provision for impairment loss on other receivables	–	8,069
	<u> </u>	<u> </u>
Total impairment losses	<u>2,651</u>	<u>49,019</u>
Depreciation of property, plant and equipment	1,374	1,411
Depreciation of right-of-use assets	5,072	4,506
	<u> </u>	<u> </u>

10. Dividend

No dividends were paid, declared or proposed during the current interim period (30 June 2023: nil). The directors of the Company have determined that no dividend will be paid in respect of the current interim period.

11. Loss per share

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

	Six months ended 30 June	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Loss:		
Loss for the period attributable to owners of the Company for the purpose of calculating basic loss per share	<u>1,926</u>	<u>11,996</u>
	Six months ended 30 June	
	2024	2023
	'000	'000
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating basic loss per share	<u>20,385,254</u>	<u>20,385,254</u>

Diluted loss per share for the six months ended 30 June 2024 and 2023 are not presented as there were no dilutive potential ordinary shares in issue during both periods.

12. Loan receivables

	At 30 June 2024 <i>HK\$'000</i> (Unaudited)	At 31 December 2023 <i>HK\$'000</i> (Audited)
Fixed-rate loan receivables	1,316,940	1,253,368
Less: impairment allowance	<u>(462,663)</u>	<u>(486,136)</u>
	<u>854,277</u>	<u>767,232</u>
Analysed as:		
Current portion	623,343	640,230
Non-current portion	<u>230,934</u>	<u>127,002</u>
	<u>854,277</u>	<u>767,232</u>
Analysed as:		
Secured	848,300	760,314
Unsecured	<u>5,977</u>	<u>6,918</u>
	<u>854,277</u>	<u>767,232</u>

At 30 June 2024, the range of interest rates and maturity dates attributed to the Group's performing loan receivables were 8.5% to 13% (31 December 2023: 8.5% to 13%) per annum and from 28 October 2024 to 31 March 2026 (31 December 2023: 4 March 2024 to 31 March 2026) respectively.

An analysis of the Group's fixed-rate loan receivables by their respective contractual maturity dates is as follows:

	At 30 June 2024 <i>HK\$'000</i> (Unaudited)	At 31 December 2023 <i>HK\$'000</i> (Audited)
Fixed-rate loan receivables:		
Within one year or on demand	623,343	640,230
In more than one year but not more than two years	230,934	7,797
In more than two years but not more than five years	<u>–</u>	<u>119,205</u>
	<u>854,277</u>	<u>767,232</u>

The Group provided impairment allowance of HK\$2,651,000 (30 June 2023: HK\$40,614,000) on loan receivables for the current interim period.

13. Debt instruments at fair value through other comprehensive income

	At 30 June 2024 <i>HK\$'000</i> (Unaudited)	At 31 December 2023 <i>HK\$'000</i> (Audited)
Listed investments, at fair value:		
– Debt securities listed overseas (31 December 2023: overseas) with fixed interest at 9.50% (31 December 2023: 9.50%) per annum and contractual maturity date on 29 March 2024 (31 December 2023: 29 March 2024)	<u>4,418</u>	<u>4,418</u>
Analysed as:		
Current portion	<u>4,418</u>	<u>4,418</u>

At 30 June 2024, debt instruments at FVTOCI were stated at fair values which were determined based on the quoted market closing price.

The Group did not provide impairment allowance (30 June 2023: provided impairment allowance of HK\$336,000) on debt instruments at FVTOCI for the current interim period.

14. Trade and other receivables

	At 30 June 2024 <i>HK\$'000</i> (Unaudited)	At 31 December 2023 <i>HK\$'000</i> (Audited)
Trade receivables of securities brokerage business:		
– Cash clients (<i>Note (i)</i>)	3,101	938
– Margin clients (<i>Note (i)</i>)	169,944	106,293
– Hong Kong Securities Clearing Company Limited (“HKSCC”) (<i>Note (i)</i>)	<u>–</u>	<u>640</u>
	173,045	107,871
Other receivables (<i>Note (ii)</i>)	<u>25,433</u>	<u>19,312</u>
	<u>198,478</u>	<u>127,183</u>

Notes:

- (i) For the securities brokerage business, the normal settlement terms of trade receivables from cash clients and HKSCC are two trading days after trade date. The trade receivables from cash and margin clients and HKSCC with carrying amounts totalling HK\$173,045,000 (31 December 2023: HK\$107,871,000) were not past due at the end of the reporting period.

Margin clients are required to pledge securities as collateral to the Group in order to obtain the credit facilities for securities trading. The amount of credit facilities granted to them individually is determined based on a discount on the market value of the securities pledged to the Group. Any excess in lending ratio will trigger a margin call for which the client concerned has to make good the shortfall. At 30 June 2024, the market value of the securities pledged by the clients to the Group as collateral for margin financing amounted to HK\$639,950,000 (31 December 2023: HK\$528,386,000).

- (ii) Included in other receivables were unrestricted deposits of HK\$400,000 (31 December 2023: HK\$405,000) placed with securities brokers. The remaining balance of other receivables represented mainly interest receivables, prepayment and deposits for office use.

The Group did not provide impairment allowance (30 June 2023: provide impairment allowance of HK\$8,069,000) on other receivables for the current interim period.

15. Financial assets at fair value through profit or loss

	At 30 June 2024 <i>HK\$'000</i> (Unaudited)	At 31 December 2023 <i>HK\$'000</i> (Audited)
Listed investments, at fair value:		
– Equity securities listed in Hong Kong (<i>Note</i>)	<u>9,258</u>	<u>9,912</u>
Analysed as:		
Current portion	<u>9,258</u>	<u>9,912</u>

Note: The fair values of the listed equity securities were determined based on the quoted market closing prices available on the Hong Kong Stock Exchange.

16. Trade and other payables

	At 30 June 2024 <i>HK\$'000</i> (Unaudited)	At 31 December 2023 <i>HK\$'000</i> (Audited)
Trade payables of securities brokerage business:		
– Cash clients (<i>Note</i>)	17,010	14,936
– Margin clients (<i>Note</i>)	1,911	6,312
– HKSCC (<i>Note</i>)	970	–
	<hr/>	<hr/>
	19,891	21,248
Accrued charges and other payables	2,722	6,640
	<hr/>	<hr/>
	22,613	27,888
	<hr/> <hr/>	<hr/> <hr/>

Note: For securities brokerage business, the normal settlement terms of trade payables to cash and margin clients and HKSCC are two trading days after trade date.

INTERIM DIVIDEND

The Board has resolved not to declare an interim dividend for the six months ended 30 June 2024 (30 June 2023: nil).

BUSINESS REVIEW

During the six months ended 30 June 2024 (“**HY2024**”), the Group continued to principally engage in the businesses of investment in securities, trading, money lending as well as securities brokerage.

During HY2024, the business conditions faced by the Group continued to be challenging, whilst in the macro context, the recovery of the Hong Kong economy was hindered by the elevated interest rate environment, ongoing geopolitical tensions and the pace of China’s economic growth. In view of these challenges and uncertainties, the Group continued to adopt a cautious and disciplined approach in managing its businesses throughout the review period.

For HY2024, the Group recorded a decrease in revenue by 61% to HK\$19,888,000 (30 June 2023: HK\$51,267,000), mainly due to the decrease in interest income from the money lending operation, and a loss attributable to owners of the Company of HK\$1,926,000 (30 June 2023: HK\$11,996,000). The basic loss per share for the interim period was HK0.01 cent (30 June 2023: HK0.06 cent).

Investment in Securities

The Group generally acquires securities listed on the Hong Kong Stock Exchange or other recognised stock exchanges and over-the-counter markets with good liquidity that can facilitate swift execution of securities transactions, and sometimes directly from target companies. For making investment or divestment decision on securities of individual target company, references will usually be made to the latest financial information, news and announcements issued by the target company, investment analysis reports that the Company has access to, as well as industry or macroeconomic news. When deciding on acquiring securities to be held for long-term purpose, particular emphasis will be placed on the past financial performance of the target company including its sales and profit growth, financial healthiness, dividend policy, business prospects, industry and macroeconomic outlook. When deciding on acquiring securities to be held other than for long-term purpose, in addition to the factors mentioned, references will also be made to prevailing market sentiments in different sectors of the investment markets. In terms of return, for long-term securities investments, the Company mainly emphasises on return of investment in the form of capital appreciation and dividend/interest income. For securities investments other than for long-term holding, the Company mainly emphasises on return of investment in the form of trading gains.

At 30 June 2024, the Group's securities investments comprised (i) a financial asset at FVTPL portfolio comprising equity securities listed in Hong Kong valued at HK\$9,258,000 (31 December 2023: HK\$9,912,000); and (ii) a debt instrument at FVTOCI portfolio comprising debt securities listed on overseas stock exchange valued at HK\$4,418,000 (31 December 2023: HK\$4,418,000). As a whole, the Group's securities investments recorded no revenue (30 June 2023: nil) and a loss of HK\$548,000 (30 June 2023: HK\$12,166,000) for the current period, representing mainly the unrealised loss booked in the Group's financial asset at FVTPL portfolio.

Financial assets at FVTPL

At 30 June 2024, the Group held a financial asset at FVTPL portfolio amounting to HK\$9,258,000 measured at market/fair value. During HY2024, the portfolio did not generate any revenue (30 June 2023: nil) and recorded a loss on financial assets at FVTPL of HK\$654,000 (30 June 2023: HK\$3,809,000), representing the unrealised loss attributed to the decrease in fair value of the Group's listed equity securities portfolio.

The Group is committed to closely monitor the financial performance of its financial asset at FVTPL portfolio through making investment and divestment decisions on individual securities from time to time based on, amongst others, the internal assessments on prospects of the individual securities and publicly available information of the investee companies.

At 30 June 2024, the Group's financial asset at FVTPL portfolio of HK\$9,258,000 comprised mainly the equity securities of a property company listed on the Hong Kong Stock Exchange.

Debt instruments at FVTOCI

At 30 June 2024, the Group's debt instrument at FVTOCI portfolio of HK\$4,418,000 was measured at market/fair value. During HY2024, the Group's debt instrument at FVTOCI portfolio did not generate any revenue (30 June 2023: nil). According to the contractual maturity profile of the debt securities, the debt instruments at FVTOCI are in default and classified as current assets. During HY2024, the Group had not acquired or disposed of any debt securities.

At 30 June 2024, there had been no significant change in the market/fair value of the debt instrument at FVTOCI portfolio from the prior year end and no fair value change was recognised (30 June 2023: a fair value loss of HK\$3,101,000 was recognised as other comprehensive expense) for the interim period.

For HY2024, the Group had not recognised any impairment loss on debt instruments at FVTOCI as there was no significant change in the expected loss given default of such debt instruments (30 June 2023: recognised impairment loss of HK\$336,000).

At 30 June 2024, the Group's debt instrument at FVTOCI portfolio of HK\$4,418,000 comprised the debt securities of a Mainland based property company.

Trading

During HY2024, the Group's trading operation did not generate any revenue (30 June 2023: nil) as its commodities trading activities with customers in Europe remained temporarily halted, mainly due to volatile market conditions, particularly in terms of pricing. The profit of the operation of HK\$5,651,000 (30 June 2023: HK\$5,118,000) represented mainly the interest income earned from the cash deposit reserved for pledging as security for bank credit facilities. The Group remains committed to the development of its trading business and has been consistently sourcing and evaluating business opportunities. The management will continue to closely follow the market conditions of the global commodity market, and will step up its effort in proactively seizing business opportunities with a view to improving the results of the operation.

Money Lending

The Group's money lending business is conducted through CS Credit Limited, U Credit (HK) Limited and Chap Yik Limited, all are wholly-owned subsidiaries of the Company, and are licensed to conduct money lending activities under the Money Lenders Ordinance. The Group aims to make loans that could be covered by sufficient collateral, preferably commercial and residential properties in Hong Kong, and to borrowers with good credit history. The Group has a stable source of loan deals from its own business network and marketing agents. For HY2024, the operation recorded a decrease in revenue by 69% to HK\$14,662,000 (30 June 2023: HK\$46,587,000) while recorded an increase in profit by 235% to HK\$15,025,000 (30 June 2023: HK\$4,489,000). The decrease in revenue was mainly due to the lower average amount of performing loans advanced to borrowers during HY2024 whilst the improvement in operating results was mainly attributed to the decrease in provision for impairment loss on loan receivables by 93% to HK\$2,651,000 (30 June 2023: HK\$40,614,000).

The Group performs impairment assessment on loan receivables under the expected credit loss (“ECL”) model. The measurement of ECL is a function of the probability of default, the loss given default (i.e., the magnitude of the loss if there is a default) and the exposure at default (i.e., the magnitude of the loss after accounting for the value of the collateral if there is a default). The assessments of the probability of default and loss given default are based on historical data and forward-looking information, whilst the valuations of the properties and assets pledged to the Group as collateral are, where appropriate, performed by independent professional valuers engaged by the Group at each reporting date for the purpose of determining ECL. In accordance with the Group’s loan impairment policy, the amount of ECL is updated at each reporting date to reflect the changes in credit risk on loan receivables since initial recognition. At the period end, the impairment allowance recognised primarily represented the credit risk involved in collectability of certain default and non-default loans determined under the Group’s loan impairment policy, with reference to factors including the credit history and financial conditions of the borrowers, the ageing of the overdue balances, the realisation value of the collateral pledged to the Group, and forward-looking information including the future macroeconomic conditions affecting the borrowers.

The Group has a system in place to closely monitor the recoverability of its loan portfolio, its credit monitoring measures include regular collateral value review against market information and regular communication with the borrowers of their financial positions, through which the Group will be able to keep updated with the latest credit profile and risk associated with each individual borrower and could take appropriate actions for loan recovery at the earliest time. If circumstances require, the Group will commence legal actions against the borrowers for recovery of the overdue loans and take possession of the collateral pledged. At 30 June 2024, the balance of impairment allowance decreased by 5% or HK\$23,473,000 to HK\$462,663,000 (31 December 2023: HK\$486,136,000), which comprised a sum of HK\$9,077,000 being impairment provision for the current period, a sum of HK\$6,426,000 being reversal of impairment provision owing to settlement of loans and improvement in credit quality of the borrowers, and a sum of HK\$30,605,000 being written off as the related loan was fully-impaired. There had been no change in the method used in determining the impairment allowance on loan receivables from the prior financial year.

The gross carrying amount of the Group’s loan portfolio amounted to HK\$1,316,940,000 (31 December 2023: HK\$1,253,368,000), increased by 5% or HK\$63,572,000 from the prior year end as certain new loans were granted during the review period. The net carrying amount of the loan portfolio, after impairment allowance, amounted to HK\$854,277,000 (31 December 2023: HK\$767,232,000) at the period end, and details of the portfolio are as follows:

Category of borrowers	Approximate weighting to the carrying amount of the Group's loan portfolio %	Interest rate per annum %	Maturity
Individual	25.72	10.375 - 18.00	Within one year
Corporate	47.25	8.00 - 18.00	Within one year
Corporate	27.03	8.50 - 10.00	Over one year but within two years
	<u>100.00</u>		

At 30 June 2024, 99% (31 December 2023: 99%) of the carrying amount of the loan portfolio (after impairment allowance) was secured by collateral including properties in Hong Kong, listed equity securities and debt securities, with the remaining 1% (31 December 2023: 1%) being unsecured. At the period end, the loans made to all borrowers were term loans of which an amount of HK\$623,343,000 (31 December 2023: HK\$640,230,000) was due within one year, HK\$230,934,000 (31 December 2023: HK\$7,797,000) was due over one year but within two years and no loan (31 December 2023: HK\$119,205,000) was due over two years but within three years. The loan(s) made to the largest borrower and the five largest borrowers represented 35% (31 December 2023: 39%) and 76% (31 December 2023: 86%) respectively of the Group's loan portfolio (on a net of impairment allowance basis) at the period end. At 30 June 2024, loans were granted to 19 (31 December 2023: 16) borrowers who are Hong Kong residents and companies incorporated in Hong Kong, British Virgin Islands, Cayman Islands and Seychelles.

Securities Brokerage

The Group's securities brokerage business is conducted through CS Wealth Securities Limited, a wholly-owned subsidiary of the Company licensed by the Hong Kong Securities and Futures Commission to engage in dealing in securities activities (i.e., Type 1 regulated activity). For HY2024, the overall revenue of the operation increased by 12% to HK\$5,226,000 (30 June 2023: HK\$4,680,000), while its profit increased by 4% to HK\$5,058,000 (30 June 2023: HK\$4,859,000). The increase in revenue of the operation was the combined effect of the decrease in brokerage commission income by 54% to HK\$457,000 (30 June 2023: HK\$983,000), largely due to the decreased volume of customers' trade, and the increase in interest income from margin financing by 29% to HK\$4,769,000 (30 June 2023: HK\$3,697,000), mainly due to the higher average amount of margin loans advanced to clients during the period. The increase in the operation's profit was primarily the result of the increase in margin interest income.

In 2022, the Group acquired an asset management company which is licensed by the Hong Kong Securities and Futures Commission to engage in advising on securities and asset management activities (i.e., Type 4 and 9 regulated activities). It is the plan that this company will engage in fund management activities for equity, fixed income as well as alternative investments, which are activities expected to create synergies with the Group's securities brokerage operation.

Overall Results

For HY2024, the Group recorded an 84% decrease in loss attributable to owners of the Company to HK\$1,926,000 (30 June 2023: HK\$11,996,000), and a total comprehensive expense attributable to owners of the Company of HK\$1,582,000 (30 June 2023: HK\$14,759,000), which included an exchange gain arising on translation of financial statements of the Group's foreign operations of HK\$344,000 (30 June 2023: HK\$2,000). The loss results recorded by the Group was the combined effect of (i) the decrease in provision for impairment loss on loan and other receivables to HK\$2,651,000 (30 June 2023: HK\$48,683,000); (ii) the decrease in revenue from the money lending business to HK\$14,662,000 (30 June 2023: HK\$46,587,000); and (iii) the recognition of income tax expense of HK\$1,067,000 (30 June 2023: income tax credit of HK\$10,316,000).

FINANCIAL REVIEW

Liquidity, Financial Resources and Capital Structure

For HY2024, the Group financed its businesses mainly by funds generated from operations and shareholders' funds. At the period end, the Group had current assets of HK\$1,986,800,000 (31 December 2023: HK\$2,094,897,000) and liquid assets comprising bank balances and cash (excluding clients' money held relating to the Group's securities brokerage business) as well as listed financial assets at FVTPL totalling HK\$1,144,775,000 (31 December 2023: HK\$1,302,603,000). The Group's current ratio, calculated based on current assets over current liabilities of HK\$35,614,000 (31 December 2023: HK\$40,818,000), was at a strong ratio of about 55.8 (31 December 2023: 51.3).

At 30 June 2024, the Group's trade and other receivables amounted to HK\$198,478,000 (31 December 2023: HK\$127,183,000), which mainly comprised trade receivables from margin clients of the securities brokerage business of HK\$169,944,000 (31 December 2023: HK\$106,293,000). At the period end, the market value of the securities pledged by the clients to the Group as collateral for margin financing amounted to HK\$639,950,000 (31 December 2023: HK\$528,386,000), mainly because the market value of those securities pledged to the Group exceeded the margin client receivables on an individual basis, no impairment loss allowance was provided on these receivables accordingly. At the period end, the Group had deferred tax assets amounting to HK\$5,215,000 (31 December 2023: HK\$6,276,000), which were principally related to the allowance for ECL of loan receivables at the period end.

At 30 June 2024, the equity attributable to owners of the Company amounted to HK\$2,210,146,000 (31 December 2023: HK\$2,211,728,000) and was equivalent to an amount of approximately HK10.84 cents (31 December 2023: HK10.85 cents) per share of the Company. The decrease in equity attributable to owners of the Company of HK\$1,582,000 was mainly due to the loss recognised by the Group during the period.

The Group's gearing ratio, calculated on the basis of total liabilities of HK\$55,778,000 (31 December 2023: HK\$66,601,000) divided by the equity attributable to owners of the Company of HK\$2,210,146,000 (31 December 2023: HK\$2,211,728,000), was at a low level of about 3% (31 December 2023: 3%).

The increase in the Group's finance costs to HK\$808,000 (30 June 2023: HK\$289,000) was mainly a result of the recognition of interest on lease liabilities of a lease for the whole current interim period in contrast to the recognition of the same in only part of the prior period.

With the amount of liquid assets on hand, the management is of the view that the Group has sufficient financial resources to meet its ongoing operational requirements.

PROSPECTS

The Group is prudently optimistic about the prospects of its businesses in the medium to long term, as global economic activities have increased alongside the recovery and growth of the global economy, and the Hong Kong economy is on a stable recovery path. Nonetheless, ongoing geopolitical tensions and the global interest rates outlook may pose uncertainties in different markets. Looking forward, the management will continue to adopt a cautious and disciplined approach in managing the Group's businesses, as well as in seizing new business and investment opportunities that are expected to bring long-term benefits to the Group. The management continues to evaluate investment opportunities in certain target companies engaged in the financial industry, aiming to enlarge the Group's scale of operation and diversify its income base. Announcements will be made to inform shareholders of significant developments in these investment opportunities as and when appropriate.

CORPORATE GOVERNANCE

The Company had complied with all the applicable code provisions of the Corporate Governance Code set out in Appendix C1 to the Listing Rules for the six months ended 30 June 2024.

REVIEW OF INTERIM FINANCIAL INFORMATION

The Group's condensed consolidated financial statements for the six months ended 30 June 2024 have not been audited, but have been reviewed by the Audit Committee and the Company's auditor, Deloitte Touche Tohmatsu, in accordance with Hong Kong Standard on Review Engagements 2410, "*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*" issued by the HKICPA. The report on review of interim financial information by the auditor will be included in the 2024 Interim Report to be despatched to the shareholders of the Company.

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

During the six months ended 30 June 2024, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

By Order of the Board
CSC Holdings Limited
Dr. Or Ching Fai
Chairman

Hong Kong, 28 August 2024

As at the date of this announcement, the Board comprises one Non-executive Director, namely Dr. Or Ching Fai (Chairman); three Executive Directors, namely Mr. Sue Ka Lok (Chief Executive Officer), Mr. Chow Kam Wah and Mr. Chow Man Wai, Tony; and four Independent Non-executive Directors, namely Ms. Ma Yin Fan, Mr. Chow Yu Chun, Alexander, Mr. Leung Hoi Ying and Mr. Lam Kin Fung, Jeffrey.