民銀資本
CMBC CAPITAL HOLDINGS LIMITED

Incorporated in Bermuda with limited liability
Stock Code : 1141

ANNUAL REPORT 2024

Contents

Abbreviations

In this annual report, the following abbreviations have the following meanings unless otherwise specified:

"Audit Committee"	the audit committee of the Board
"Board"	the Board of Directors of the Company
"Bye-laws"	the bye-laws of the Company
"China Minsheng Bank"	China Minsheng Banking Corp., Ltd. (中國民生銀行股份有限公司), a joint stock limited company incorporated in the PRC with limited liability, the H shares of which are listed on the Stock Exchange (stock code: 1988) and the A shares of which are listed on the Shanghai Stock Exchange (stock code: 600016)
"China Minsheng Bank Group"	China Minsheng Bank and its subsidiaries (excluding the members of the Group)
"CMBC HK Branch"	the Hong Kong branch of China Minsheng Bank
"CMBCI"	CMBC International Holdings Limited, a company incorporated in Hong Kong with limited liability and an indirect controlling Shareholder of the Company
"CMBCIC"	CMBC International Capital Limited, a company incorporated in Hong Kong with limited liability and a direct wholly-owned subsidiary of the Company
"CMBC International Investment"	CMBC International Investment Limited, a company incorporated in the British Virgin Islands with limited liability and a controlling Shareholder of the Company
"CMBC International Investment (HK)"	CMBC International Investment (HK) Limited, a company incorporated in Hong Kong with limited liability and an indirect controlling Shareholder of the Company
"CMBC Securities"	CMBC Securities Company Limited, a company incorporated in Hong Kong with limited liability and a direct wholly-owned subsidiary of the Company
"Company"	CMBC Capital Holdings Limited

Abbreviations

"controlling shareholder"	has the meaning ascribed to it under the Listing Rules
"CG Code"	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules
"Director(s)"	director(s) of the Company
"Executive Committee"	the executive committee of the Board
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong Dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Listing Rule(s)"	The Rules Governing the Listing of Securities on the Stock Exchange
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
"Money Lenders Ordinance"	the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
"Nomination Committee"	the nomination committee of the Board
"PRC" or "China"	the People's Republic of China, for the purpose of this annual report only, excluding Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
"Previous Year"	the financial year ended 31 December 2023
"Remuneration Committee"	the remuneration committee of the Board
"Reporting Year"	the financial year ended 31 December 2024
"Risk Management and Internal Control Committee"	the risk management and internal control committee of the Board

Abbreviations

"SFC"	the Securities and Futures Commission
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
"Shareholder(s)"	holder(s) of the Share(s)
"Share(s)"	ordinary shares of HK$0.4 each in the capital of the Company
"Share Award Scheme"	the share award scheme adopted by the Company on 19 February 2016
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Strategic Development Committee"	the strategic development committee of the Board
"US"	The United States of America
"US$"	United States Dollars, the lawful currency of the US
"%"	per cent

Corporate Information

(as at the date of this annual report)

BOARD OF DIRECTORS

Executive Directors

Mr. Li Baochen *(Chairman)*
Mr. Li Ming *(General Manager)*
Mr. Ng Hoi Kam

Non-executive Directors[3]

Mr. Yang Kunpeng
Ms. Wu Yuan[1]

Independent Non-executive Directors

Mr. Lee, Cheuk Yin Dannis
Mr. Wu Bin
Mr. Wang Lihua

AUDIT COMMITTEE

Mr. Lee, Cheuk Yin Dannis *(Chairman)*
Mr. Wu Bin
Mr. Wang Lihua

REMUNERATION COMMITTEE[2][3]

Mr. Wu Bin *(Chairman)*
Ms. Wu Yuan[1]
Mr. Wang Lihua

NOMINATION COMMITTEE[2][3]

Mr. Wu Bin *(Chairman)*
Ms. Wu Yuan[1]
Mr. Wang Lihua

COMPANY SECRETARY

Mr. Wong Tin Yu

TRADING OF SHARES

The Stock Exchange of Hong Kong Limited

STOCK CODE

1141

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

45/F, One Exchange Square
8 Connaught Place
Central, Hong Kong

PRINCIPAL BANKERS

China Minsheng Banking Corp., Ltd
Industrial and Commercial Bank of China Limited
Shanghai Pudong Development Bank Co., Ltd
CMB Wing Lung Bank Limited
Bank of China (Hong Kong) Limited

LEGAL ADVISER

Ashurst Hong Kong
43/F Jardine House
1 Connaught Place
Central
Hong Kong

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants Hong Kong
Registered Public Interest Entity Auditor

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Appleby Global Corporate Services (Bermuda) Limited
Canon's Court, 22 Victoria Street
PO Box HM 1179, Hamilton HM EX
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

WEBSITE

http://www.cmbccap.com

Notes:

(1) Ms. Wu Yuan was appointed as a non-executive Director and a member of the Nomination Committee, the Remuneration Committee and the Strategic Development Committee, with effect from 31 December 2024.

(2) Mr. Li Baochen was appointed as a member of the Nomination Committee and the Remuneration Committee, with effect from 28 June 2024. Mr. Li subsequently ceased to be a member of the Nomination Committee and the Remuneration Committee, with effect from 31 December 2024.

(3) Mr. Li Wenshi retired as a non-executive Director and ceased to be a member of the Nomination Committee, the Remuneration Committee and the Strategic Development Committee, with effect from 28 June 2024.

Chairman's Statement

ECONOMIC AND MARKET REVIEW

In 2024, while the global economy steadily recovered amidst fluctuations, it was also challenged by a series of complex factors. The US economy demonstrated robust growth, dispelling earlier recession fears, with a notable trend toward a "soft landing". The European economy emerged from stagnation, showing recovery-driven growth in major countries. East Asia experienced a mixed economic performance, with Japan weakly recovering from early year earthquakes and South Korea's economy and political landscape facing turbulence. Within the new global industrial chain landscape, emerging markets in Asia and some US near-shoring and friend-shoring countries led growth. As global inflation continued to decline, most countries' monetary policies returned to a balance between inflation and growth targets. The US Federal Reserve began its rate-cutting cycle last September, reducing rates three times during the year by a total of 100 basis points, improving global liquidity. However, following Donald Trump's re-election, inflation expectations slightly rebounded, weakening the outlook for future rate cuts.

In 2024, China's economy achieved steady growth supported by a series of policies. Policies to expand domestic demand were implemented effectively, gradually unleashing domestic demand potential, with investment and consumption maintaining their stable contribution to economic growth. Amid the continued recovery of the global economy and the "rush for exports" effect triggered by Trump's tariff policies, external demand made a stronger contribution to the economy. Particularly since September, the implementation of a series of national policies to stabilize growth strengthened economic performance, resulting in a better-than-expected recovery in the fourth quarter.

In 2024, Hong Kong's economy and financial markets faced numerous challenges but maintained a steady recovery. The Hong Kong economy was impacted by high interest rates and the appreciation of the Hong Kong Dollars following the US Dollars, with local demand continuing to show a northward shift. However, thanks to efforts by the Hong Kong Special Administrative Region (HKSAR) Government, including measures such as "withdraw the harsh measures" for property market, attracting talent, and revitalizing financial markets, the economy achieved modest growth. In the financial market, the US Federal Reserve's first rate cut, initially expected in March, was delayed until September. Although the first rate cut exceeded expectations in magnitude, starting in October, market concerns over a more hawkish rate cutting path by the US Federal Reserve—driven by the "Trump deal"—intensifying global and Hong Kong market volatility.

Chairman's Statement

ECONOMIC AND MARKET REVIEW (CONTINUED)

From the perspective of the stock market, Hong Kong stocks rebounded with volatility after four consecutive years of decline. The Hang Seng Index rose 17.7% for the year, with the price-to-earnings ratio increasing by approximately 7.1% compared to the end of last year, reflecting steady improvement in corporate profitability. The primary market stabilized, with 70 new listings throughout the year, on par with last year, and only 9 of them debuting below their offering prices, significantly fewer than in 2023. Total fundraising reached HK$87.6 billion, representing an 89% year-on-year increase, primarily driven by large new listings such as Midea Group, Horizon Robotics, SF Holdings, and China Resources Beverage. From the bond market perspective, supported by the US Federal Reserve's rate cutting cycle, a more relaxed financing environment, and domestic incremental policy packages, the issuance of offshore Chinese bonds in the primary market improved in 2024. Yields in the secondary market were generally on the rise as valuations and investor sentiment showed signs of recovery.

In 2024, Hong Kong regulators continued to strengthen the regulatory framework to address increasingly complex financial risks and market challenges. The SFC enhanced regulation in the areas of virtual assets and financial technology, achieving notable results in maintaining market order and combating illegal and non-compliant activities. By promoting the entry of mid- to long-term capital into the market, the stability and vitality of the market were effectively enhanced. Meanwhile, the Stock Exchange introduced a series of long-term measures to improve infrastructure, which further strengthened connections and interactions with international markets and consolidated Hong Kong's position as a leading international financial center.

BUSINESS REVIEW

The Group had built a cooperative development system with China Minsheng Bank in a regular and efficient manner, through which it can leverage the enormous network and customer base of China Minsheng Bank to facilitate the comprehensive and steady development of the Group in the areas of bond underwriting, corporate financing, asset management, investment and financing, etc. The Group responded to the challenges brought about by the external environment, adjusted its business development strategies in a timely manner, to ensure a balance between the development of various business segments, further strengthened its operational capabilities and paid close attention to its risk management, maintaining a reasonable debt structure and abundant liquidity to deal with the global market uncertainty.

Chairman's Statement

BUSINESS REVIEW (CONTINUED)

During the Reporting Year, with respect to the bond underwriting business, the Group completed the underwriting of 264 bond issuance projects, representing a significant increase as compared to the Previous Year. The total issuance volume of offshore Chinese bonds in 2024 increased significantly as compared to 2023, driving the growth of the Group's bond underwriting business. In 2024, the US Federal Reserve cut interest rates by a total of 1%, resulting in a slight increase in the issuance of US dollar-denominated bonds as compared to 2023. In addition, the issuance of offshore RMB-denominated bonds in the market in 2024 also increased as compared to 2023, and the overall market supply and issuance environment were better as compared to that of 2023. With respect to the corporate finance business, the Group continued to develop its listing sponsorship and stock underwriting business steadily. Acting as sponsor, the Group assisted Newtrend Technology Co., Ltd., Yoc Group, and Huoli Group Holdings Limited in submitting listing applications to the Stock Exchange. As an independent financial advisor, the Group assisted Wanguo Gold Group Limited in completing a connected transaction and issuing consideration shares. The Group also acted as a financial advisor for a privatization and a very substantial disposal, which were completed in January and February 2025, respectively. Furthermore, the Group participated as a joint bookrunner or higher level of role in 22 Hong Kong IPO equity underwriting projects, and one Hong Kong IPO placing project. By the end of 2024, our IPO projects had increased compared to 2023. In asset management, the Group made new advancements in product innovation and net value performance. During the Reporting Year, the Group actively responded to the Hong Kong SAR Government's policy direction by establishing CMBC Asset Management Open-ended Fund Company, further enriching the variety of asset management products and continuously enhancing the market competitiveness of its asset management business. The Group maintained steady progress in managing net asset values, standardizing product operations, and strengthening risk controls, with annual performance leading the market. Two of the Group's public funds were successfully included in the SFC's list of eligible collective investment schemes under the New Capital Investment Entrant Scheme, further attracting high-net-worth individuals and enterprises and contributing to Hong Kong's economic development. The Group also actively built its asset management brand, receiving awards such as the "China Offshore Bond (3-Year)" Investment Performance Award from the Insights & Mandate magazine. The Group continued to maintain leading rankings in the One-Year and Three-Year "Greater China Bond Fund Performance Lists" by Wind Information and the Chinese Asset Management Association of Hong Kong. In relation to the investment and financing business, the Group maintained a steady and flexible investment strategy while deploying investment products in diversified markets, including but not limited to listed bonds, listed equities, unlisted equities, unlisted funds and loans.

BUSINESS REVIEW (CONTINUED)

During the Reporting Year, the Group's total revenue (including net gains or losses from investments) was approximately HK$363.4 million, representing an increase of approximately 133.3% from approximately HK$155.7 million in the Previous Year. The net profit for the Reporting Year was approximately HK$50.8 million, compared to a net loss of approximately HK$572.3 million in the Previous Year, representing a turnaround to profitability. The Group's total assets decreased by approximately 15.7% from approximately HK$4.56 billion as at 31 December 2023 to approximately HK$3.84 billion as at 31 December 2024. With respect to dividend, the Board did not recommend the payment of a final dividend for the Reporting Year (Previous Year: Nil).

FUTURE OUTLOOK AND STRATEGY

Looking forward to 2025, the "America First" and "Isolationism" policies implemented by Donald Trump following his election as the new US president—particularly the imposition of reciprocal tariffs globally and increased tariffs on certain countries and industries—are expected to disrupt international trade and global supply chains. Geopolitical uncertainties are on the rise, with significant unpredictability surrounding the Russia-Ukraine conflict and the Middle East situation. The international order established since World War II faces certain challenges. Expectations of inflation driven by tariffs may influence the US Federal Reserve's rate cutting path, while economic trajectories between the US and its allies may diverge, reducing monetary policy synchronization and potentially disrupting global financial markets. Tensions in US-China relations are likely to remain high, with a significant increase in trade disputes between the two nations.

In 2025, China's economy is expected to maintain its recovery. As monetary policy shifts toward moderate easing and fiscal policy continues to intensify efforts through increased deficits, special government bonds, and debt resolution plans, domestic demand is likely to sustain recovery, countering downward pressure on external demand. Since the beginning of the year, technological innovation has surged, with Chinese enterprises achieving breakthroughs across multiple sectors, drawing significant attention from global investors to Chinese assets. In Hong Kong, the recovery of technology stocks since the start of the year and the increase in mainland companies listing in Hong Kong have gradually revitalized the financial sector. The Hong Kong government also plans to introduce several measures to drive economic growth, promote the transformation and upgrading of traditional industries, and improve social well-being, all of which are expected to benefit Hong Kong's economic performance.

Overall, in 2025, risks and opportunities will coexist in Hong Kong and overseas financial markets. The economic development potential of Mainland China and Hong Kong is expected to effectively address external geopolitical and economic challenges.

The Group will adhere to the overall theme of resolute development and continuous innovation, and seriously implement the strategic plan of China Minsheng Bank to move towards capital-light investment banking, with the development of licensing businesses as its core strategy.

Chairman's Statement

FUTURE OUTLOOK AND STRATEGY (CONTINUED)

As an important member of the China Minsheng Bank Group and its offshore investment banking platform, the Group will rely on China Minsheng Bank's brand and client resources, focusing on strategic clients of its head office and branches in the PRC, exploring cross-border business opportunities for its overseas business, and providing a full range of investment banking services to its clients, with a view to becoming a platform for the provision of China Minsheng Bank's international investment banking products and services as well as a platform for the provision of financial services for cross-border business of its key clientele, and to create greater and longer-term investment return for the Shareholders.

Management Discussion and Analysis

BUSINESS REVIEW

The Group is currently licensed to engage in Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities, as well as financing and money lending business with the capacity as "exempted persons" defined in the Money Lenders Ordinance (no license required pursuant to the Money Lenders Ordinance). The Group has all material licenses required for provision of services currently expected to be requested by most of its existing and potential clients.

During the Reporting Year, the Group's profit attributable to owners of the Company amounted to approximately HK$50.8 million (Previous Year: loss of approximately HK$572.3 million), representing a turnaround from the Previous Year. The Group's basic and diluted earnings per share was HK4.59 cents for the Reporting Year (Previous Year: basic and diluted loss per share of HK51.04 cents).

The Group's revenue and net investment gains or losses increased by approximately 133.3% to approximately HK$363.4 million during the Reporting Year, compared to approximately HK$155.7 million in the Previous Year. This was primarily attributable to the change in fair value of financial assets from loss to gain year-on-year and the significant year-on-year decrease in trading losses as a result of the increase in the price of financial assets compared to last year due to the improvement in capital market conditions during the Reporting Year. Notwithstanding the scale of bond investments and external loans decreased, resulting in the decrease in the income from financial investments and loans and financing during the Reporting Year, overall revenue and net investment gains or losses increased year-on-year.

Management Discussion and Analysis

BUSINESS REVIEW (CONTINUED)

The table below presents the breakdown of segment revenue and net investment gains or losses and segment results:

	Segment Revenue and Net investment Gains or Losses		Segment Results	
	For the year ended 31 December 2024 HK$'000	For the year ended 31 December 2023 HK$'000	**For the year ended 31 December 2024 HK$'000**	For the year ended 31 December 2023 HK$'000
Securities	**48,122**	33,901	**6,172**	(14,797)
Fixed-income direct investment	**103,887**	137,268	**(14,590)**	(320,648)
Other investment and financing	**35,595**	(170,879)	**12,750**	(300,683)
Asset management	**135,944**	124,425	**110,962**	99,347
Corporate finance and advisory	**39,802**	31,030	**8,424**	10,084
Others	**–**	–	**(55,616)**	(34,289)
Total	**363,350**	155,745	**68,102**	(560,986)

Securities

The Group's securities business mainly includes the provision of brokerage services, securities margin financing and bond underwriting services to clients.

During the Reporting Year, revenue contributed by the securities segment increased to approximately HK$48.1 million and the segment result turned around from loss to profit of approximately HK$6.2 million, as compared to the revenue and loss of approximately HK$33.9 million and HK$14.8 million, respectively, in the Previous Year. The increase in segment revenue and the turnaround of segment results were mainly due to the increase in the revenue of bond underwriting and the decrease in the impairment loss of margin financing business during the Reporting Year.

BUSINESS REVIEW (CONTINUED)

Securities (Continued)

During the Reporting Year, driven by refinancing needs, the number and scale of Chinese offshore bond issuances increased significantly as compared to the Previous Year. The Group's overseas bond underwriting business clients are still mainly financial institutions and local state-owned enterprises. During the Reporting Year, the Group completed the underwriting and issuance of 264 bonds with a total issuance size of more than US$53 billion. The credit qualifications of the underwriters remained sound and healthy.

The Group's securities brokerage business includes trading shares, bonds and other valuable securities of listed companies for clients, while its margin financing business includes provision of stock secured financing for retail, corporate and high net-worth clients requiring finance for purchasing securities. The Group continues to adopt a relatively cautious development strategy as to its securities brokerage business and margin financing business.

Investment and Financing

During the Reporting Year, the external environment was more challenging. Since 2024, the Chinese government has implemented a more proactive fiscal policy and the Chinese central bank has stepped up the intensity of its monetary policy to support the high-quality development of the real economy, bringing investment opportunities for Chinese assets. Inflation in Europe and the United States has declined, and central banks around the world cut interest rates successively, which drove down benchmark rates. However, as the US presidential election settled and investors repriced the risks of tariffs and reflation, the market faced greater uncertainty and volatility. During the Reporting Year, the return from investment grade Chinese dollar bonds was relatively stable, while the performance of high-yield Chinese dollar bonds diverged. The performance of A-shares and Hong Kong stocks lagged behind as compared with the stock markets in Europe, the US and Japan, etc. In this regard, the Group increased the provision for expected credit losses on certain high-yield bond investments, adjusted the fair value of certain investments in equity securities on a case-by-case basis and further strengthened the risk control over the financing business.

BUSINESS REVIEW (CONTINUED)

Investment and Financing (Continued)

In terms of investments, the Group focused on the Greater China region, and gradually expanded to other developed regions such as Asia, Europe and the US, with a focus on industries that are in the growth or expansion stage and with highly competitive barriers, and actively sought companies with outstanding core technology advantages and stronger revenue growth and profit potential. The Group also focused on technological and innovative enterprises and medical and pharmaceutical healthcare enterprises with higher growth potential that comply with the requirements of Chapter 18A of the Listing Rules.

In terms of financing, the Group provided customised financing solutions in different structures or forms according to customers' needs and provided a series of services including transaction structure design, coordination of professional parties and overall financing arrangements. Specific products include, but are not limited to, syndicated loans, asset-backed loans, merger and acquisition loans, equity pledge financing, bridge financing, etc. The Group adopts a prudent development strategy with respect to financing based on risk control.

Fixed-income direct investment

During the Reporting Year, revenue and net investment losses from the fixed-income direct investment segment, which included but not limited to coupons from listed bonds under direct investment, amounted to an aggregate of approximately HK$103.9 million as compared to approximately HK$137.3 million in the Previous Year. The segment recorded a loss of approximately HK$14.6 million in the Reporting Year as compared to loss of approximately HK$320.6 million in the Previous Year. The decrease in segment revenue was primarily due to the significant decrease in coupon income as a result of the significant decrease in the scale of bond investments during the Reporting Year, while the decrease in revenue and net investment losses was narrowed by the significant year-on-year decrease in investment losses during the Reporting Year. The significant decrease in segment loss was mainly due to the significant year-on-year decrease in the provision for expected credit losses on bond investments and the significant year-on-year decrease in financing costs due to the US Federal Reserve's interest rate cuts as well as the relative decrease in the scale of financing due to the decline in the scale of investments during the Reporting Year. Provision for expected credit losses on bond investments remained comparatively high during the Reporting Year as some of the defaulted real estate bond issuers did not have a clear restructuring plan yet or the announced restructuring plans did not have significant progress, which increased the uncertainty of repayment.

BUSINESS REVIEW (CONTINUED)

Investment and Financing (Continued)

Other investment and financing

During the Reporting Year, revenue and net investment gains or losses from the other investment and financing segment, which included but not limited to coupons, dividends and distribution income from listed bonds (other than those under fixed-income direct investment), listed equities, unlisted equity interests and unlisted funds, as well as interest income from loans, amounted to an aggregate of approximately HK$35.6 million as compared to approximately -HK$170.9 million in the Previous Year. The turnaround of segment revenue and net investment gains or losses from negative to positive was primarily due to the significant increase in the fair value of investment projects. Segment result turned from a loss to a profit of approximately HK$12.8 million for the Reporting Year, compared with the loss in the Previous Year of approximately HK$300.7 million. The turnaround of segment results was primarily due to the turnaround of segment revenue and net investment gains or losses from negative to positive, as well as the year-on-year decrease in the provision for expected credit losses during the Reporting Year.

The following table sets out the breakdown of investment and financing:

	As at 31 December 2024 HK$'000	As at 31 December 2023 HK$'000
Investment		
Listed equities (measured at FVTPL)	**810**	23,066
Listed equities (measured at FVOCI)	**28,087**	17,710
Unlisted equity interests	**40,552**	200,933
Bonds (measured at FVOCI)	**1,511,889**	2,252,108
Bonds (measured at FVTPL)	**188,567**	383,707
Bonds (measured at amortised cost)	**15,644**	15,740
Unlisted funds	**691,032**	643,242
Total	**2,476,581**	3,536,506
Financing		
Loans and advances	**21,810**	55,137

Management Discussion and Analysis

BUSINESS REVIEW (CONTINUED)

Investment and Financing (Continued)

Other investment and financing (Continued)

As at 31 December 2024, the Group's investment portfolio mainly included, but was not limited to listed equities, bonds, unlisted equity interests and unlisted funds, covering a wide range of sectors such as industrial, healthcare, technology, consumer goods, real estate and finance.

As at 31 December 2024, the proprietary investment assets of the Group amounted to approximately HK$2.5 billion (2023: approximately HK$3.5 billion), including bonds investment of approximately HK$1.7 billion (2023: approximately HK$2.7 billion). The future performance of such portfolio will depend on many factors, including uncertainties in the financial markets, the economic development trends in both Hong Kong and the Mainland China and investors' sentiment.

During the Reporting Year, the Group's investment portfolio generated a revenue of approximately HK$119.7 million (Previous Year: approximately HK$267.8 million) in total, including interest income of approximately HK$43.8 million (Previous Year: approximately HK$93.8 million) from debt securities investments, interest income of approximately HK$9.5 million (Previous Year: approximately HK$33.9 million) from FVTPL investments and dividend income and other investment income of approximately HK$66.3 million (Previous Year: approximately HK$140.1 million).

For investments classified as financial assets measured at FVOCI and FVTPL, the Group recorded an overall net gain during the Reporting Year which mainly comprised: (i) net gains from disposal recognised in the consolidated statement of profit or loss and other comprehensive income; (ii) net losses not recycled through profit or loss upon disposal of financial assets measured at FVOCI; and (iii) fair value gains recognised in fair value reserve through other comprehensive income.

BUSINESS REVIEW (CONTINUED)

Investment and Financing (Continued)

Other investment and financing (Continued)

The Group maintains a consistent and stable principle for its proprietary bond investment, adopts revenue-based (including charging fixed contractual interest and receiving gains on disposal) trading strategy. Adopting a top-down/bottom-up approach in its investment analysis, the Group is committed to identifying investment opportunities with sustainable and high-level revenue within limited volatility. The Group adopts a prudent risk management strategy and makes a reasonable risk estimate for its investments in order to strike a balance between risk management and revenue generation. At the same time, the Group adheres to the principle of investment diversification and has established explicit guidelines which stipulate that the position in any single bond shall not account for more than 5% of the overall position at the time of acquisition, and the portfolio shall be diversified by investing in various issuers in a wide range of sectors.

The unlisted direct investment business of the Group, which includes equity interests and funds, mainly focuses on technological and innovative enterprises and new consumption enterprises with stronger growth potential.

The Group engages in financing and loan provision business in the capacity of an "exempted person" as defined under the Money Lenders Ordinance which does not require a licence under the Money Lenders Ordinance. The Group conducts the relevant business by relying on the said exemption by virtue of China Minsheng Bank, being a bank, i.e. an authorised institution, which holds a valid banking licence under the Banking Ordinance (Cap. 155, Laws of Hong Kong).

The loan business of the Group focuses on short-to-mid term financing so as to maintain the flexible configuration and high liquidity of the Group's assets. During the Reporting Year, the Group granted loans to two market players ("Borrowers"), involving various types of market players in consumer discretionary industry. The Group implements pre-, peri- and post-investment management. Through putting in place practicable risk control measures and rigorous risk review on each client and each project, the overall credit and operational risks of the loan business of the Group are controllable. The Group constantly monitors and adjusts the concentration, maturity profile and risk-to-revenue ratio of its asset portfolio, in order to strike a balance between the overall risk and revenue generation.

Management Discussion and Analysis

BUSINESS REVIEW (CONTINUED)

Investment and Financing (Continued)

Other investment and financing (Continued)

The Group's finance provision business has been conducted using the unsecured loan from CMBCI. The interest rate is determined according to the market interest rate. Specifically, at each quarter of the Reporting Year, the interest rate was determined with reference to the applicable HIBOR/Term SOFR rate plus a reasonable margin and funding cost of CMBCI. During the Reporting Year, in supporting the business development of the Group, the annual interest rate charged to the Group by CMBCI was 4%.

As a general principle, the Group chooses customers with good financial position and steady business operation (no quantitative benchmark), which enable them to pay loan interest and repay the loan principal in accordance with the proposed repayment schedule, as assessed by the Group before granting loans.

In deciding whether to grant the loan to corporate customers, the Group does not have any specific requirements on the customers' industry, business operation location, minimum amount of revenue and profit in the last 12 months, minimum amount of total assets, financial benchmarks or operation history. Each application is considered on a case-by-case basis. As a general principle, the Group will take into account factors such as whether the credibility of the customers can match the amount of loans to be granted, whether the collaterals to be provided by the customers are sufficient in value and whether they are liquid, and whether the proposed term and interest rate of the loans can match the overall credibility of and collaterals to be provided by such customers.

In terms of individual customers, the Group currently does not have any specific requirements on the age group, occupation, minimum monthly income or minimum amount of assets. Each application is considered on a case-by-case basis. As a general principle, the Group will take into account factors such as the customers' credit history, assets, the quality and liquidity of the collaterals provided, and the size and terms of the loan. During the Reporting Year, the Group had not granted loans to individual customers.

All loans were secured by pledge(s) over shares of private or listed companies and a majority of them was also guaranteed by the respective ultimate beneficial owner(s) of the Borrowers.

All Borrowers and their ultimate beneficial owners are independent third parties of the Group and had no past business dealing with the Group. They were sourced by the Group's deal teams via market information and were not referred by the senior management of the Group. The Group did not have any agreement, arrangement, understanding or undertaking (whether formal or informal and whether express or implied) with any connected person of the Group with respect to the granting of loans to the Borrowers.

BUSINESS REVIEW (CONTINUED)

Investment and Financing (Continued)

Other investment and financing (Continued)

The loan terms were determined with reference to factors including the financing costs, customers' requirements, credit assessment on customers (including income of customers), value, liquidity and enforceability of collaterals, prevailing market interest rates for similar loans, prevailing market condition, the term of the loan and the use of proceeds.

The principal amount of loans as at the end of the Reporting Year were in the range from US$10,000,000 to US$30,000,000, denominated in US$. The proposed usages of the loan proceeds were refinancing existing indebtedness or financing general working capital of the Borrowers. Pursuant to the relevant agreements, the interest rates charged to the Borrowers for the outstanding loans were 7% per annum. The loan receivables were overdue. As of the date of this report, the Group has been taking various steps and actions to recover the loans, including but not limited to the ongoing litigation with the obligors and the ongoing negotiation of the debt restructuring plan with the obligors.

The total loan receivables of the Group at the end of the Reporting Year amounted to approximately HK$256,500,000 (2023: approximately HK$286,740,000), of which: (i) the amount of loan receivables due from the largest Borrower was approximately HK$176,309,000 (2023: approximately HK$177,421,000), representing approximately 69% (2023: approximately 62%) of the total loan receivables of the Group; (ii) the amount of loan receivables due from all two Borrowers was approximately HK$256,500,000 (the amount of loan receivables due from all three borrowers in 2023: approximately HK$286,740,000), representing 100% (2023: 100%) of the total loan receivables of the Group; and (iii) the amount of allowance for expected credit losses provided for the loan receivables was approximately HK$234,690,000 (2023: approximately HK$231,603,000) which was determined by expected credit loss model (the "ECL Model") or valuation prepared by an independent professional valuer. As at 31 December 2024, loan receivables from the two Borrowers with an aggregate amount of approximately HK$256,500,000 were overdue for more than 90 days.

As (i) all Borrowers and their ultimate beneficial owners are independent third parties of the Group, and (ii) all applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of each of the loans granted to the Borrowers were less than 5%, each of the loans was not subject to disclosure requirements set out in Chapter 14 and/or Chapter 14A of the Listing Rules.

The Group has in place practice guidelines for controlling the overall credit and operation risk, loan recoverability monitoring and loan collection. After the grant of loan, the business team and risk management department of the Group together monitor the financial conditions of the customers and the collaterals or the guarantors (if any) on a regular basis and take appropriate follow-up action with the counterparties including follow-up calls and site visits where the financial condition of the counterparties deteriorates or the value of the collaterals decreases dramatically.

Management Discussion and Analysis

BUSINESS REVIEW (CONTINUED)

Investment and Financing (Continued)

Other investment and financing (Continued)

The Group monitors the revenue, profit and cash flows, as well as asset quality of the borrowers and guarantors (collectively, "Obligor(s)") to assess their financial conditions. In particular, the Group assesses the Obligors' capability to generate steady profit and cash flows. Further, the Group reviews the business development of the Obligors and assesses whether their financial performance meets the expectation, and whether their milestones (if any) are completed as scheduled. In addition, the Group monitors the size of other debts of the Obligors and their repayment schedules (if obtainable), and assesses whether the Obligors have the corresponding repayment ability. Further, the Group monitors whether the Obligors are able to cover their capital expenditures with operating cash flows and external funding. The Group also pays attention to the news and other public information of the Obligors. In case the Obligor is a listed company, the Group monitors its announcements and the financial information disclosed to the public.

For the collaterals, the Group values the collaterals regularly on a semi-annual or annual basis. If the collaterals are listed shares, the Group monitors the market performance and price movement on daily basis. Where the collateral is a real estate, the Group requires a professional third-party valuer to issue a valuation report.

The Directors ensure the effectiveness of the Group's risk management and internal control systems for credit risk exposure assessment and management, loan recoverability and collateral adequacy through their design and participation in the Group's three-tiered risk management and internal control framework.

(i) At the Board level, the Risk Management and Internal Control Committee holds semi-annual meetings to review and evaluate the risk management and internal control systems and assess their effectiveness through reviewing the risk management report submitted by the Company, discussing with the management on the major findings and management's responses to these findings and suggestions and ensuring the Company provides timely enhancement or ratifications to issues raised. The Audit Committee holds semi-annual meetings to review and evaluate the consolidated financial statements of the Group for the relevant reporting period (including the accounting policies and practices in respect of the impairment assessment), and review and monitor the Group's risk management and internal control systems through reviewing the internal audit report submitted by the Company, discussing with the management on relevant findings and suggestions, considering management's response to these findings and suggestions, and urging the Company to complete any ratification in a timely manner.

BUSINESS REVIEW (CONTINUED)

Investment and Financing (Continued)

Other investment and financing (Continued)

(ii) At the management level, all executive Directors of the Company are members of the investment and financing approval committee, which is set up by the management. The executive Directors participate and vote in the committee meetings held from time to time to evaluate and approve investment, divestment or enforcement of loan transactions. During the meeting, the executive Directors assess various matters such as the credit risk exposure, recoverability of the loan, adequacy of the collateral, commercial rationale, fairness and reasonableness of the key terms and conditions, benefits to the Group and its shareholders, through reviewing the due diligence report submitted by business units and discussing the proposed transactions with other investment and financing approval committee members including heads of risk management, legal and compliance departments. During the meeting, the executive Directors also request additional approval conditions or enforcement action for business units to execute in order to mitigate credit risk exposure and increase recoverability of the loan and adequacy of the collateral.

(iii) Further, at the management level, the executive Directors participate and vote in management meetings held from time to time to review and approve the Group's credit policies. In particular:

(a) in order to mitigate credit risk exposure, the management has approved the procedural guidelines and the concentration-restriction policy for the Group's investment and financing business, as well as the issuer whitelist for debt investments;

(b) in order to monitor the recoverability of loans, the management has approved the post-investment policy, pursuant to which the Group holds monthly meetings for each of the outstanding loan projects. During the meetings, the business units report to the risk management department and the management in charge on the Obligors' progress of loan repayment, completion of any milestone events, and discuss the Obligors' latest operational condition, financial status including collateral value and relevant market and industry information; and

(c) in order to monitor the adequacy of collaterals, the management has approved the collateral management policy, pursuant to which the Group requires valuation of collaterals periodically.

BUSINESS REVIEW (CONTINUED)

Investment and Financing (Continued)

Other investment and financing (Continued)

(iv) At the department level, the executive Directors supervise work conducted by departments responsible for executing risk management tasks (including business units, legal and compliance department, and risk management department), which monitor business operations throughout the entire process. In particular, the front office business unit conducts due diligence on proposed transactions. The middle office including risk management, legal and compliance departments, reviews the risks, legal and compliance issues involved in each transaction. The investment and financing approval committee approves each transaction. The internal audit department independently inspects by spot checking on a completed transaction and ensures its initiation, approval and execution meets the Group's internal control policies and procedures, and report to the Audit Committee.

As discussed above, the Directors fulfill their obligations in overseeing lending transactions by (a) reviewing and monitoring the effectiveness of the Group's internal control and risk management system by members of the Risk Management and Internal Control Committee and Audit Committee, (b) participating in the investment and financing approval committee meetings and approving policies providing guidelines and procedures in investment and financing business, and supervising the relevant departments on their work during due diligence, negotiation and execution process by the executive Directors, and (c) regularly receiving independent inspection reports from internal audit department.

In particular:

(i) before a proposed lending transaction can be submitted to the investment and financing approval committee for assessment, the Directors (through policies providing guidelines and procedures approved by them) require completion of relevant due diligence, site visits and research, know-your-client exercise, connected transaction and anti-money laundering reviews, commercial risk reviews, and key term reviews by business units, risk management department and legal and compliance department;

(ii) during the investment and financing approval committee meeting, the reporting and discussion focus on the borrower's and guarantor's repayment capacity, repayment sources, transaction structure, guarantee measures, collateral value and liquidity, loan purpose, and the reasonableness of core terms such as amount and duration. The executive Directors also examine the borrower's operational and financial status, industry trends, and the borrower's position within the industry, ensuring that the borrower has adequate repayment capacity and willingness at the time of approval and granting of the loan. Only projects approved by the investment and financing approval committee can proceed to the implementation stage; and

BUSINESS REVIEW (CONTINUED)

Investment and Financing (Continued)

Other investment and financing (Continued)

(iii) during negotiation and execution stages, the executive Directors also request the Group's own legal department and engage external lawyers to review financing agreements and related documents.

All of the above measures help support and facilitate the Directors' prudent assessment (i) of the commercial rationale for entering into each of the lending transactions of the Group, (ii) on whether the terms of transaction are fair and reasonable, and (iii) on whether the use of funds by the Group is in the interests of the Group and its Shareholders as a whole.

Where an Obligor is in default, the Group shall take necessary action(s) to safeguard its interests which includes, but are not limited to, issuing demand letters, enforcing the loan collaterals, negotiating for settlement plans, and/or commencing legal proceedings. Prior to taking any such actions, the investment and financing approval committee normally convenes a meeting to consider and approve the necessary action(s). To the extent necessary, the Group also seeks advice from third party advisors such as receivers, legal advisors and valuers.

The Group has established the ECL Model to measure the credit losses and impairment of the loans that reflects the changes in credit risk of the underlying assets. The management has the overall responsibility for the Group's credit policies and oversees the credit quality of the Group's receivables and loans portfolio. In addition, the management assesses the recoverable amount of loan receivables individually and incorporates them into the Group's ECL Model which is reviewed or audited by the Group's auditors at each reporting date to ensure that adequate impairment losses are made for irrecoverable amounts.

The Group's provision for impairment of financing and money lending business for the Reporting Year was approximately HK$3,087,000 (Previous Year: approximately HK$89,954,000). The decrease in provision for impairment was mainly due to the fact that a larger amount of allowance for expected credit losses had been provided for the two loans since they were past due in 2021 and 2022 respectively, and the percentage of provision reached over 86% at the end of 2023, which resulted in a year-on-year decrease in the provision for expected credit losses during the Reporting Year. As of the date of this annual report, the Group has been taking various steps and actions to recover the loans, including but not limited to the ongoing litigation with the obligors and the ongoing negotiation of the debt restructuring plan with the obligors.

Further details of the loan and advances and ECL Model for the Reporting Year are set out in notes 2(s), 20 and 35(a) to the consolidated financial statements.

Management Discussion and Analysis

BUSINESS REVIEW (CONTINUED)

Asset Management

The Group's asset management business is the provision of asset management services to its clients, covering SFC authorised funds (commonly known as "public funds"), private funds, discretionary managed accounts and investment advisory services, and is committed to providing one-stop, multi-level asset management service solutions to clients based on their needs. Among which, there are two major categories of public funds issued, including bond funds and debt-equity hybrid funds; private funds include private equity-investment funds, hybrid multi-strategy funds, bond-type structured funds and money market funds, etc.

During the Reporting Year, in the face of macroeconomic challenges such as sharp fluctuations in US bond yields, the US election and geopolitical risks, the Group strengthened its risk control measures, proactively optimised and adjusted its investment strategies, and diligently managed the net value of its products, resulting in the satisfactory performance of the net value of its actively managed products. As at 31 December 2024, the performance of public funds was in a leading position with a steady growth in net worth during the Reporting Year. Among them, the net value of CMBC Aggregate Greater China Select Bond Fund Class I (USD) increased by approximately 4.35% and the net value of CMBC Aggregate Greater China Strategy Fund increased by approximately 10.99%. CMBC Aggregate Greater China Select Bond Fund ranked first in the "1-Year Greater China Bond Fund Performance List" in the "Hong Kong Offshore Chinese Public Fund Performance List" jointly announced by Wind Information and the Chinese Asset Management Association of Hong Kong for the first quarter of 2024 for the first time, and ranked third in the "3-Year Greater China Bond Fund Performance List" for the sixth consecutive quarter, and was awarded the "China Offshore Bonds (3 Years)" Investment Performance Award in the 2024 Professional Investment Awards held by the Insights & Mandate magazine.

Meanwhile, in response to the development trend of local asset management and wealth management business in Hong Kong, the Group successfully applied for and established an open-ended fund company in Hong Kong during the Reporting Year. In the future, the Group will launch a number of fund products in a timely manner in accordance with the needs of business development to further enrich the range of asset management products.

During the Reporting Year, the Group's asset management segment recorded revenue and profit of approximately HK$135.9 million and HK$111.0 million, respectively, representing increases as compared with revenue and profit of approximately HK$124.4 million and HK$99.3 million, respectively, of the Previous Year. The increase in segment revenue and profit was mainly due to the adjustment of the fee rates of management fees or advisory fees for certain portfolios and the recognition of performance fees income for certain portfolios during the Reporting Year.

BUSINESS REVIEW (CONTINUED)

Corporate Finance and Advisory

During the Reporting Year, under the market atmosphere dominated by block listings and fierce competition in the industry, the Group continued to rise to the challenge by assisting, in the capacity of sponsor, in the submission of listing applications on the Stock Exchange for Newtrend Technology Co., Ltd., Yoc Group and Huoli Group Holdings Limited, and in the capacity of independent financial advisor, assisted Wanguo Gold Group Limited (Stock Code: 3939) in the completion of a connected transaction and the issue of consideration shares, and acted as financial advisor in the simultaneous implementation of a privatization and a very substantial disposal, which were completed in January and February 2025, respectively. The Group expects that the stock market may continue to be volatile in 2025. However, the Group will continue to make solid preparations. In terms of equity underwriting, the Group completed a total of 22 Hong Kong IPOs during the Reporting Year amidst uncertain market sentiment, acting as joint overall coordinator for the listing of Fujing Holdings Co., Limited (Stock Code: 2497), joint global coordinator for the listing of WellCell Holdings Co., Limited (Stock Code: 2477), Dida Inc. (Stock Code: 2559), Voicecomm Technology Co., Ltd.* (Stock Code: 2495), Dmall Inc. (Stock Code: 2586), and acted as joint bookrunner for 17 other Hong Kong IPOs, as well as participated in one Hong Kong IPO placing project. The aforementioned projects cover industries such as agricultural products, shared mobility, telecommunications network services, engineering and construction, artificial intelligence, SaaS services, city services and property management, data centers, fine chemicals, and cosmetics. As at the end of 2024, the number of our potential IPO projects was higher than in 2023.

During the Reporting Year, the Group's corporate finance and advisory segment recorded revenue of approximately HK$39.8 million (Previous Year: approximately HK$31.0 million) and segment profit of approximately HK$8.4 million (Previous Year: approximately HK$10.1 million) for the Reporting Year. The increase in segment revenue was mainly attributable to the increase in revenue from customer services during the Reporting Year. However, due to the increase in the number of staff in the segment and the increase in operating expenses, segment expenses increased significantly year-on-year, resulting in the decrease in profit year-on-year.

* *For identification purposes only*

Management Discussion and Analysis

BUSINESS REVIEW (CONTINUED)

Administrative Expenses and Finance Costs

Administrative expenses and finance costs for the Reporting Year amounted to an aggregate of approximately HK$281.9 million (Previous Year: approximately HK$403.3 million). The analysis is set out below:

	For the year ended 31 December 2024 HK$'000	For the year ended 31 December 2023 HK$'000
Staff costs	**86,725**	62,822
Depreciation	**21,398**	22,548
Other operating expenses	**66,494**	57,777
Finance costs	**107,275**	260,193
Total	**281,892**	403,340

The increase in staff costs was mainly due to an increase in number of employees during the Reporting Year.

The increase in other operating expenses was mainly due to the increase in advisory fee during the Reporting Year.

The decrease in finance costs was mainly due to a decrease in financing scale and a decrease in interest rates during the Reporting Year.

FINANCIAL REVIEW

Capital Structure

Details of the changes in equity for the Reporting Year are set out in the Consolidated Statement of Changes in Equity.

As at 31 December 2024, the total number of the issued share capital with the par value of HK$0.4 each was 1,099,255,693 and the total equity attributable to Shareholders was approximately HK$1,388.8 million (2023: approximately HK$1,252.7 million).

During the Reporting Year, no Shares had been purchased or granted to the selected persons of the Group under the Share Award Scheme.

FINANCIAL REVIEW (CONTINUED)

Liquidity and Financial Resources

The Group primarily financed its operations with internally-generated cash flows, borrowings, its internal resources and Shareholder's equity.

As at 31 December 2024, the Group had current assets of approximately HK$3,774.1 million (2023: approximately HK$4,445.8 million) and liquid assets comprising cash (excluding cash held on behalf of customers), investment in listed equity securities and debt investments totaling approximately HK$1,954.5 million (2023: approximately HK$3,062.1 million).

The Group's current ratio as at the end of the Reporting Year, calculated based on current assets of approximately HK$3,774.1 million (2023: approximately HK$4,445.8 million) over current liabilities of approximately HK$2,429.5 million (2023: approximately HK$3,257.1 million), was approximately 1.6 (2023: approximately 1.4).

The Group's finance costs for the Reporting Year mainly represented interest on repurchase agreements of approximately HK$62.0 million (Previous Year: approximately HK$140.9 million), the interest on loans from an intermediate holding company of approximately HK$43.3 million (Previous Year: approximately HK$116.9 million), and interest on lease liabilities of approximately HK$1.7 million (Previous Year: approximately HK$2.4 million).

As at 31 December 2024, the Group's indebtedness mainly comprised loans from CMBCI and financial assets sold under repurchase agreements of approximately HK$1,951.0 million (2023: approximately HK$2,834.0 million). The loans principal from CMBCI of approximately HK$1,216.1 million (2023: approximately HK$1,789.3 million) were denominated in Hong Kong dollars and United States dollars and borne interests at rate of 4% per annum (2023: 4% per annum) and were repayable within one year. As at 31 December 2024, the Group entered into repurchase agreements with financial institutions to sell bonds recognised as financial assets measured at fair value through other comprehensive income, financial assets measured at fair value through profit and loss and financial assets measured at amortised cost with carrying amount of approximately HK$957.7 million (2023: approximately HK$1,340.6 million), which are subject to the simultaneous agreements to repurchase these investments at the agreed dates and prices.

The Group's gearing ratio, calculated on the basis of total indebtedness divided by the sum of total indebtedness and equity attributable to the Company's owners, was approximately 58.4% (2023: approximately 69.3%).

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

FINANCIAL REVIEW (CONTINUED)

Pledge of asset

Except as otherwise disclosed, as at 31 December 2024, the Group did not have other pledge or charge on asset (31 December 2023: Nil).

Contingent liability

Except as otherwise disclosed, as at 31 December 2024, the Group did not have other significant contingent liability (31 December 2023: Nil).

Capital commitment

As at 31 December 2024, the Group did not have any significant capital commitment (31 December 2023: Nil).

Significant investments held

As at the end of the Reporting Year, the Group did not hold any single significant investment which accounted for over 5% of its total assets.

Material acquisitions and disposals of subsidiaries and associates

During the Reporting Year, the Group had no material acquisitions or disposals of subsidiaries and associates.

FINAL DIVIDEND

The Board did not recommend any final dividend to the Shareholders for the year ended 31 December 2024 (Previous Year: nil).

FOREIGN CURRENCY RISK MANAGEMENT

The Group's revenue is mainly denominated in United States dollars and Hong Kong dollars while its expenditure is mainly denominated in Hong Kong dollars. The Group's foreign exchange exposure is mainly from the translation of assets and liabilities denominated in United States dollars. As Hong Kong dollars are pegged to United States dollars, the Directors believe that the Group's foreign exchange exposure is manageable and the Group will closely monitor this risk exposure from time to time.

HUMAN RESOURCES AND REMUNERATION POLICY

As at 31 December 2024, the Group had about 93 (2023:72) employees. For the Reporting Year, the total staff costs, including the Directors' remuneration, was approximately HK$86.7 million (Previous Year: approximately HK$62.8 million). Remuneration packages for the employees and Directors are structured by reference to market terms, individual competence, performance and experience. Benefits plans provided by the Group include mandatory provident fund scheme, subsidised training program, share award scheme and discretionary bonuses.

Management Discussion and Analysis

OUTLOOK

Prospect

While the global economy is expected to continue to recover in 2025, the world economy will face multiple challenges from isolationism and trade protectionism after the Trump administration. China's economy is expected to strengthen domestic demand under supportive monetary and fiscal policies and achieve high quality development through technological innovation. The Group remains optimistic about the economic development of China and Hong Kong, while it will also be well-prepared for external uncertainties and geopolitical challenges. It will keep a close watch on the path of interest rate cuts by the US Federal Reserve and global liquidity, prepare for external shocks and challenges, and grasp the opportunities for improvement in Hong Kong's financial market, and proactively serve various types of enterprises in different business areas, so as to continue creating value for the Group's customers and shareholders.

Development Strategy

The Group will adhere to the strategy of "One Minsheng" and conscientiously implement policies made by China Minsheng Bank. Leveraging on its competitive advantages on internationalisation and its Hong Kong licensed investment banking services, the Group will strive to promote cross-border business synergies and coordination, so as to accommodate the diversified financial services needs of China Minsheng Bank and its clientele in an all-round manner; maximise its role as a platform to develop its licensed business and to build a capital-light investment bank; continue to improve its corporate governance and to strengthen its risk management capabilities. Specific measures are set out below:

OUTLOOK (CONTINUED)

Development Strategy (Continued)

(1) Develop the strategic business of investment banking at full steam. For listing sponsorship and stock underwriting business, the Group will give full play to the marketing implementation functions of the industry groups with focuses on high-tech, new energy, technology media telecommunications, consumption and other business directions, and strengthen the execution of the listing sponsorship business. The Group will strengthen the expansion of mergers and acquisitions of financial advisory projects. Based on the new economy, emerging industries and innovative products, the Group will gradually realize the industry diversification and enhance brand effect. In terms of bond underwriting business, the Group has been giving full play to the advantages of resource sharing of China Minsheng system, and has made offshore bond underwriting business an important tool to serve our clients and strengthen customer stickiness. The Group will strengthen the effort on customer maintenance and expansion, focusing on core issuer groups such as central state-owned enterprises, financial institutions and large-scale private enterprises, and continue to strengthen ability to play the role as an overall coordinator and improve business revenue generation levels. The Group has actively responded to China Minsheng Bank's green development strategy, utilise domestic and overseas synergy advantages as well as its own professional capabilities to play an active role in areas including green investment, loans and bond underwriting. For asset management business, the Group will fully utilise the domestic client and channel advantages of China Minsheng Bank to vigorously promote its entrusted asset management services, and to intensify the product net value management. The Group will seize the development opportunities of the Greater Bay Area integration and cross-border connectivity to build a comprehensive and diversified asset management platform.

(2) Solidly promote the fundamental businesses of wealth management. The Group will comprehensively enhance the capability in generating stable cash flows business, and continue to utilize the functions of the wealth management team, institutional business team and research department to empower the development of the investment banking business. The Group will continue to recruit professional and efficient team, steadily improve brokerage and trading capabilities and accelerating the establishment of an one-stop trading platform to steadily achieve profit-making in the trading business of Hong Kong stocks, US stocks, Japanese stocks, futures and over-the-counter products.

OUTLOOK (CONTINUED)

Development Strategy (Continued)

(3) Continuously enhance risk and compliance management capabilities. Adhering to the principles of main responsibility and addressing both symptoms and root causes, and categorized management, the Group has seriously analyzed the causes of the issues, formulated rectification plans and effectively implemented them. In terms of risk governance structure, authorization and concentration, the Group aims to achieve well in planning and implementation. The Group ensures that new investment and financing are properly assessed to strictly control new credit risks. The Group will strictly implement its risk monitoring and early warning duties to closely monitor and provide early warning and prevention in advance. The Group will enhance network security management and accelerate the digital transformation process to provide customers with more intelligent, convenient and personalized financial services, thereby enhancing market competitiveness.

(4) Strengthen the construction of investment banking talent training system. The Group will continue to broaden the recruitment channels, improve the efficiency and quality of recruitment and attract more talents with different backgrounds and skills to lay a solid foundation of human resources for the Company's development. The Group will establish a talent training system that is in benefits of the long-term development of individual employees and the Company to form a solid foundation for the Company's continued success. The Group will strengthen the sense of belonging and loyalty of its employees and improve their overall quality and business capabilities to contribute to the long-term development of the Company.

RISK MANAGEMENT CAPABILITIES

The Group is committed to continuously strengthening its overall risk management capability and has always attached great importance to risk management and internal control. The Board has established the Risk Management and Internal Control Committee to oversee the overall risk management framework of the Group and determine the overall risk appetite and risk management strategy of the Company. The Group implements all-rounded risk management and takes a pragmatic approach to manage different risks based on the professional category, primarily including credit risks, market risks, risks of legal compliance, operation risks and liquidity risks. The Group has implemented all-rounded risk management policies and internal monitoring procedures, in order to monitor, evaluate and manage the risks involved in various businesses. The Group strictly performs risk management tasks within the existing governance framework, enhances risk management and compliance culture and philosophy, and continues to improve the risk management measures and internal control system.

Directors and Senior Management

EXECUTIVE DIRECTORS

Mr. Li Baochen, aged 47, was appointed as an executive Director, the Chairman of the Board, Chairman of both the Executive Committee and Strategic Development Committee, and a member of the Risk Management and Internal Control Committee on 6 January 2023. He is also a director of CMBCI and CMBC Investment (HK) Limited (a directly wholly-owned subsidiary of the Company).

Mr. Li has over 20 years of experience in the financial services industry. Prior to joining the Group, Mr. Li was an executive director and chief executive officer of China Industrial Securities International Financial Group Limited ("**CISI**", a company listed on Stock Exchange; Stock Code: 6058) from 13 January 2020 to 6 December 2022. Mr. Li was also appointed as a director and chief executive officer of Industrial Securities (Hong Kong) Financial Holdings Limited, and a legal representative, an executive director and a general manager of Industrial Securities Consultancy Service (Shenzhen) Company Limited* and director of IS (Hong Kong) Investment Limited on 31 July 2019, 19 May 2020 and 5 June 2020, respectively. Mr. Li was the product manager of personal banking of Industrial and Commercial Bank of China, Shenzhen Branch, the general manager of the market research and development department of China Lianhe Credit Rating Co., Ltd., and the managing director, deputy general manager and general manager of the fixed income business headquarter of Industrial Securities Co., Ltd.* (a company listed on the Shanghai Stock Exchange; Stock Code: 601377.SH).

Mr. Li obtained a master's degree in economics from Nankai University, the PRC in July 2003.

Mr. Li Ming, aged 44, was appointed as an executive Director, the General Manager and a member of each of the Executive Committee, Risk Management and Internal Control Committee and Strategic Development Committee on 6 January 2023. He is also the deputy general manager of CMBCI. Mr. Li Ming is a director of each of CMBC Capital Finance Limited ("**CMBC CF**"), CMBC Securities, CMBC Asset Management Company Limited and CMBC Insurance Consultancy Co Limited, wholly owned subsidiaries of the Company.

Mr. Li Ming has over 22 years of experience in the financial services industry. Prior to joining the Group, Mr. Li Ming has held various positions in China Minsheng Bank and its CMBC HK Branch from 2006 to 2022, with his last position as the vice president (alternate chief executive officer) of CMBC HK Branch. Prior to that, Mr. Li Ming was a relationship manager in the Head Office Banking Operation Department (International Business Department) of China CITIC Bank.

Mr. Li Ming graduated from Central University of Finance and Economics with a bachelor's degree in economic information administration and a master's degree in business administration.

* *For identification purpose only*

EXECUTIVE DIRECTORS (CONTINUED)

Mr. Ng Hoi Kam ("Mr. Ng"), aged 51, joined the Company as the deputy general manager in September 2017 and was appointed as an executive Director on 26 October 2017. Mr. Ng is also a member of each of the Executive Committee and the Strategic Development Committee. Mr. Ng has over 20 years of experience in the investment banking and financial industry focusing on the areas of initial public offerings, mergers and acquisitions, corporate restructuring and other financial advisory services to listed companies and listing applicants in Hong Kong. He led and completed a number of capital markets deals in various sectors including healthcare, technology, utilities and financial, as well as large-scale and complicated merger and acquisition deals including those involving state-owned enterprises of the PRC. Mr. Ng served as the managing director of corporate finance in Haitong International Capital Limited before joining the Group. From July 1997 to December 2000, he worked in Arthur Anderson & Co (now known as PricewaterhouseCoopers). Mr. Ng is a member of the Hong Kong Institute of Certified Public Accountants. He received his Master of Economics from the University of Hong Kong and Bachelor of Business Administration from the Chinese University of Hong Kong.

Mr. Ng is a Responsible Officer and a director of each of CMBCIC and CMBC Securities, both of which are direct wholly-owned subsidiaries of the Company. CMBCIC is licensed by the SFC to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities, and CMBC Securities is licensed by the SFC to carry out type 1 (dealing in securities) and type 4 (advising on securities).

NON-EXECUTIVE DIRECTORS

Mr. Yang Kunpeng ("Mr. Yang"), aged 47, was appointed as a non-executive Director of the Company on 29 June 2021. Mr. Yang is also the chairman of the Risk Management and Internal Control Committee. Mr. Yang joined the Communist Party of China in January 2007. Mr. Yang has extensive experience in the banking industry. In 2003, Mr. Yang worked as the senior manager of credit series in the credit management department of Industrial and Commercial Bank of China Limited ("**ICBC**"). From June 2011 to April 2019, he held various positions in China Minsheng Bank, including director of product risk management center of risk management department of the head office, member of party committee, secretary of discipline inspection commission, assistant to president and vice president of the Tianjin Branch. From April 2019 to March 2021, he served as deputy party secretary, director and general manager of Minsheng Royal Asset Management Co., Ltd.. From March 2021 to August 2024, Mr. Yang was the general manager of the Investment Banking Department of the head office of China Minsheng Bank. From August 2024, Mr. Yang has been the general manager of the Transaction Banking Department of the head office of China Minsheng Bank. Mr. Yang holds a bachelor's degree in business administration from the Business School of Renmin University of China and a master's degree in business administration from the School of Management, Xi'an Jiaotong University.

Directors and Senior Management

NON-EXECUTIVE DIRECTORS (CONTINUED)

Ms. Wu Yuan ("Ms. Wu"), aged 40, was appointed as a non-executive Director on 31 December 2024. She is also a member of the Remuneration Committee, Nomination Committee and Strategic Development Committee. Ms. Wu is currently the deputy general manager of the development planning department of China Minsheng Bank. Ms. Wu has over 17 years of experience in the financial industry. Ms Wu has joined China Minsheng Bank since May 2013. From May 2015 to February 2018, Ms. Wu successively served as deputy general manager and general manager of the private wealth management department of the Shanghai Free Trade Zone branch, as well as general manager of the investment banking department of the Shanghai Free Trade Zone branch. She subsequently worked at the organizational transformation center of the development planning department at the head office of the bank from March 2018 to August 2024, with her last position being director. In September 2024, Ms. Wu was promoted to her current position.

Ms. Wu obtained a bachelor's degree in economics from Peking University in the PRC, and a master's degree in international affairs from Columbia University in the US.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Lee, Cheuk Yin Dannis ("Mr. Lee"), aged 54, was appointed as an independent non-executive Director on 7 June 2017. Mr. Lee is also the chairman of the Audit Committee and a member of Risk Management and Internal Control Committee. Mr. Lee is a first-class honor graduate with a bachelor's degree in Business Administration from Texas A&M University, and a member of the Hong Kong Institute of Certified Public Accountants and the American Institute of Certified Public Accountants (AICPA). He currently holds the positions of managing director of DLK Advisory Limited, independent non-executive director and the chairman of the audit committee of each of Tiangong International Company Limited (Stock Code: 826), Cathay Group Holdings Inc. (Stock Code: 1981; name changed from Cathay Media and Education Group Inc. in April 2024) and C&D Property Management Group Co., Ltd. (Stock Code: 2156). He is also an independent non-executive director of Luen Thai Holdings Limited (Stock Code: 311). Mr. Lee has over 20 years of experience in business operations and expansion, operations in the capital market and accounting, and successfully planned and completed many important initial public offerings and corporate financing projects. Mr. Lee was an executive director of both AMCO United Holding Limited (Stock Code: 630) (resigned in 2011) and AMVIG Holdings Limited (Stock Code: 2300) (resigned in 2010), a non-executive director of Kam Hing International Holdings Limited (Stock Code: 2307) (resigned in 2011), an independent non-executive director of Meilleure Health International Industry Group Limited (Stock Code: 2327)(resigned in 2015) and Southern Energy Holdings Group Limited (formerly known as China Unienergy Group Limited) (Stock Code: 1537) (resigned in 2019), Beijing Gridsum Technology Co., Ltd. (a company listed on NASDAQ (Symbol: GSUM)) (resigned in 2021) and Geely Automobile Holdings Limited (Stock Code: 175) (resigned in 2022).

Directors and Senior Management

INDEPENDENT NON-EXECUTIVE DIRECTORS (CONTINUED)

Mr. Wu Bin ("Mr. Wu"), aged 52, was appointed as an independent non-executive Director on 7 June 2017. Mr. Wu is also the chairman of each of the Nomination Committee and the Remuneration Committee and a member of each of the Strategic Development Committee and the Audit Committee. Mr. Wu is the current president and partner of Zhongping Capital and an equity investment and insurance private equity evaluation expert at Insurance Asset Management Association of China. Mr. Wu holds a doctor's degree in Economics from Fudan University. From September 1998 to February 2014, Mr. Wu served as the deputy general manager of Haitong Securities Co. Ltd. (the shares of which listed on the Shanghai Stock Exchange (Stock Code: 600837.SH) and the Stock Exchange (Stock Code: 6837), the chairman of Haitong UniTrust International Leasing Corporation, the chairman of Haitong Asset Management Corporation and the director of Haitong International Finance Holdings Limited. He also successively served as the vice president of Shanghai Media Group (SMG), the vice chairman of Shanghai Oriental Pearl Group Co., Ltd., the chairman of Shanghai Media Development Corporation, the chairman of Shanghai EPIC Music, and a director of Shanghai Shendi (Group) Co., Ltd. (Shanghai Disney Holdings Limited). Mr. Wu was named as the Shanghai Financial Industry Leader, and was the former vice chairman of compliance committee of Securities Association of China, a member of asset management committee of Securities Association of China and an expert consultant of China Securities Investor Protection Fund.

Mr. Wang Lihua ("Mr. Wang"), aged 62, was appointed as an independent non-executive Director on 7 June 2017. Mr. Wang is also a member of each of the Nomination Committee, the Remuneration Committee and the Audit Committee. Mr. Wang is the current managing partner of Tian Yuan Law Firm. Mr. Wang holds a master's degree in Economic Law from Peking University. He previously served as the president of the 1st Beijing Xicheng Lawyers Association, a standing member of the All China Lawyers Association, a member of the Experts Panel of the Beijing Municipal Government, an expert of the International Chamber of Commerce China, a member of the Review Committee for Mergers and Acquisitions and Restructurings of Listed Companies of China Securities Regulatory Commission ("**CSRC**") for the 3rd session (original) and the 1st, 2nd and 3rd sessions (current), and the independent director of Shandong Xingmin Wheel Co., Ltd., China Minsheng Bank, Xinjiang Chalkis Co., Ltd., Hainan Mining Co., Ltd.(海南礦業股份有限公司)and Shandong Buchang Pharmaceuticals Co., Ltd.(山東步長製藥股份有限公司). Mr. Wang was previously an assistant to the director of law department of Peking University, the vice president of the 7th Council of Beijing Lawyers Association, and a member of the Public Offering Review Committee of CSRC for the 7th and 8th sessions. He serves as the independent director of Tianyang Hongye Technology Co., Ltd.(天陽宏業科技股份有限公司)(the shares of which are listed on the Shenzhen Stock Exchange (Stock Code: 300872.SZ)) and Lepu Medical Technology (Beijing) Co., Ltd.(樂普(北京)醫療器械股份有限公司)(the shares of which are listed on the Shenzhen Stock Exchange (Stock Code: 300003.SZ)).

Directors and Senior Management

SENIOR MANAGEMENT

Mr. Chen Yi ("Mr. Chen"), aged 43, is the deputy general manager of the Group. Mr. Chen joined the Group in May 2017. He is also a director of both CMBC CF and CMBC International Investment (HK). Mr. Chen is mainly responsible for domestic and foreign equity investment business, and market development of the Group's business. Mr. Chen has 19-year experience in financial industry. Since April 2006, Mr. Chen has worked in China Minsheng Bank and served as deputy head and head of secretary department of general office and head of investor relationship management department. Mr. Chen graduated from the University of Wales Swansea with Master of Science in Mathematics and Computing for Finance.

Mr. Li Jianyang, aged 49, is the head of securities department of the Group. Mr. Li Jianyang joined the Group in July 2017. He is also a director of each of CMBC CF, CMBC Securities, CMBC International Investment and CMBC International Investment (HK). Mr. Li Jianyang is mainly responsible for market development of the Group's business. Mr. Li Jianyang has 15-year experience in Hong Kong's capital market. Prior to joining the Group, Mr. Li Jianyang worked in a subsidiary of the investment bank of ICBC group in Hong Kong and the headquarter of ICBC. Mr. Li Jianyang graduated from University of International Business and Economics (UIBE) with Master of Finance.

Mr. Liu Yanming ("Mr. Liu"), aged 43, was appointed as the deputy general manager of the Company in April 2024. Mr. Liu is primarily responsible for managing the businesses of debt capital markets department and fixed income department of the Group. He is also a director of CMBC Securities.

Mr. Liu has over 14 years of experience in the securities industry. Mr. Liu has successively served as the head of the core business departments of many domestic and foreign securities institutions, including CISI, Industrial Securities Co., Ltd., and Sinolink Securities Co., Ltd. He has full coverage of domestic and foreign market products, and has experience in the entire line of business of contracting, execution and underwriting. He has accumulated rich industry resources and profound professional experience. Prior to joining the Group, Mr. Liu was the assistant chief executive officer of CISI.

Mr. Liu holds a Bachelor of Finance degree from Hunan University and a Master of Science degree from Heriot-Watt University in the United Kingdom.

Directors and Senior Management

SENIOR MANAGEMENT (CONTINUED)

Mr. Shek Yeung Eric ("Mr. Shek"), aged 40, was appointed as a deputy general manager of the Company in January 2025. Mr. Shek joined the Company in 2016, and is currently responsible for the management of the Group's risk management department, legal and compliance department, finance department and internal audit department. He is also a director of CMBC International Investment, CMBC Insurance Consultancy Co Limited and certain subsidiaries of the Company.

Prior to joining the Group, Mr. Shek has served as the non-bank financial institution section head of institutions department of Industrial and Commercial Bank of China (Asia) Limited.

Mr. Shek holds a bachelor degree in civic and commercial law from East China University of Political Science and Law and a master degree in business administration from Fudan University.

Mr. Kwok Kei Chi ("Mr. Kwok"), aged 54, was appointed as a deputy general manager of the Company in January 2025. Mr. Kwok is mainly responsible for the management of the Group's operations department, central dealing department and information technology department.

Mr. Kwok has over 28 years of experience in the financial services industry. Prior to joining the Group, he served in various financial institutions, including as the head of China operations and the general manager of operations at CASH Financial Services Group Limited (stock code: 0510); the chief operating officer at I-Access Investors Limited; and the head of the mainland business department, the head of the clientele department, the assistant chief executive officer, the chief risk officer, and chief compliance and risk officer at CISI.

Mr. Kwok holds a bachelor degree in accounting from the University of Abertay (formerly known as Dundee Institute of Technology) and a master degree in finance from the University of Strathclyde.

Report of the Directors

The Directors present their report and the audited consolidated financial statements of the Group for the Reporting Year.

EVENTS AFTER THE REPORTING YEAR

Save as disclosed in this annual report, there were no significant events after the Reporting Year and up to the date of this annual report.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and provision of loan financing services for its subsidiaries. Details of principal activities of its principal subsidiaries are set out in note 39 to the consolidated financial statements.

During the Reporting Year and up to the date of this annual report, the Group expanded its businesses and operations by utilising its licenses issued under the SFO (types 1, 2, 4, 6 and 9 licences).

RESULTS AND DIVIDENDS

The Group's profit for the Reporting Year and the state of affairs of the Group are set out in the consolidated financial statements on pages 114 to 221 of this annual report.

The Board does not recommend any payment of final dividend for the Reporting Year (Previous Year: nil).

DIVIDEND POLICY

Any declaration of dividends will depend upon a number of factors including the earnings and financial condition, operating requirements, capital requirements and any other conditions that our Directors may deem relevant and will be subject to the approval of the Shareholders (in the case of final dividend).

BUSINESS REVIEW

The business review of the Group for the Reporting Year, including an analysis of the Group's financial performance and an indication of likely future developments in the Group's business, is set out in the section headed "Management Discussion and Analysis" on pages 11 to 31 of this annual report, the discussion of which forms part of the Report of the Directors.

SUMMARY FINANCIAL INFORMATION

A summary of the published results, assets and liabilities of the Group for the last five financial years, as extracted from the audited consolidated financial statements and reclassified as appropriate, is set out on page 222 of this annual report. The summary does not form part of the audited consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the Reporting Year are set out in note 16 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in the Company's share capital during the Reporting Year are set out in note 33 to the consolidated financial statements.

SHARE AWARD SCHEME

The Company adopted the Share Award Scheme on 19 February 2016 (the "**Adoption Date**"). For further details of the Share Award Scheme, please refer to the Company's announcement dated 19 February 2016 (the "**Adoption Announcement**").

Subject to any early termination as may be determined by the Board, the Share Award Scheme shall be valid and effective for a term of 10 years commencing on the Adoption Date. The purposes of the Share Award Scheme are to recognise the contributions by certain employees and persons to the Group and to provide them with incentives in order to retain them for the continual operation and development of the Group and to attract suitable personnel for further development of and contribution to the Group.

The Board may select any eligible person (other than excluded person) for participation in the Share Award Scheme and determine the number of the awarded shares to be awarded to the selected persons. The Board is entitled to impose any conditions (including a period of continued service within the Group after the reference date), as it deems appropriate with respect to the entitlement of the selected person to the awarded shares.

The eligible person of the Share Award Scheme comprises of (i) eligible person (whether full time or part time), executives, officers, directors (including executive, non-executive and independent non-executive directors) of any member of the Group; (ii) any holder of any securities issued by any member of the Group or any controlling shareholder; (iii) any business or joint venture partner, contractor, agent or representative, any person provides research, development or technological support or any advisory, consultancy, professional services to the business of the Group, any investor, vendor, supplier, developer or licensor, any customer, licensee, wholesaler, retailer, trader or distributor of goods or services of any member of the Group; which have contributed or will contribute to the growth and development of the Group.

SHARE AWARD SCHEME (CONTINUED)

As soon as practicable after granting the awarded shares, the Board shall cause the awarded amount, related purchase expenses and such other necessary expenses required for the completion of the purchase of all the awarded shares to be paid from the Company's resources into the securities account for the purpose of operating the Share Award Scheme ("**Account**") or to the trustee corporation as may be appointed by the Company for the administration of the Share Award Scheme ("**Trustee**") to be held on trust for the relevant selected person(s) for the purchase of the awarded shares. The administration committee established by the Board or the Trustee shall, within 20 business days on which trading of the Shares is not suspended (or such longer period as the Board may agree from time to time have regard to the circumstances of the purchase concerned), purchase the awarded shares at the prevailing market price.

Any awarded shares and the related income thereof held in the Account or by the Trustee and which are referable to a Selected Person shall vest in that selected person in accordance with the timetable and conditions as imposed by the Board at its absolute discretion.

The Board shall not make any further award of awarded shares which will result in the nominal value of the Shares awarded by the Board under the Share Award Scheme exceeding 10% of the issued share capital of the Company as at the Adoption Date. The maximum number of Shares which may be awarded to a selected person under the Share Award Scheme shall not exceed 1% of the issued share capital of the Company as at the Adoption Date. As Shareholders approved the refreshment of the aforesaid scheme limit at the Company's annual general meeting held on 8 September 2017, the maximum number of awarded shares under the Share Award Scheme would be 4,577,875,772 Shares (after consolidation of the Company's Shares on 29 December 2021, 114,446,894 Shares), representing approximately 10.41% of the total number of issued Shares (excluding any treasury Shares) as at the date of this annual report. The aforesaid limit may be further refreshed or amended by approval of the Shareholders in general meeting.

Where any awarded shares is proposed to be offered to a connected person of the Company (as defined under Chapter 14A of the Listing Rules), such offer of awarded shares has to be first approved by the independent non-executive Directors and the Company will comply with the applicable requirements of Chapter 14A of the Listing Rules and all other applicable laws and regulations in respect of such offer.

SHARE AWARD SCHEME (CONTINUED)

As disclosed in the Adoption Announcement, the Share Award Scheme was not subject to the provisions of Chapter 17 of the Listing Rules. However, the Stock Exchange made amendments to Chapter 17 of the Listing Rules in July 2022, which took effect on 1 January 2023. The amended scope of application of Chapter 17 of the Listing Rules covers the Share Award Scheme. Therefore, the operation of the Share Award Scheme is subject to the provisions of the revised Chapter 17 of the Listing Rules from 1 January 2023. In addition, according to the transitional arrangements provided by the Stock Exchange, the Company can only grant shares to eligible participants as defined in revised Chapter 17 of the Listing Rules under the Share Award Scheme.

Since the Adoption Date, the Company has not granted any share awards under the Share Award Scheme. Accordingly, at the beginning and end of the Reporting Year, the total number of share awards available for grant under the Share Award Scheme was 114,446,894 Shares.

As the Company has yet to set and seek approval by the Shareholders for setting sublimit (as defined in Rule 17.03(3) of the Listing Rules) under the Share Award Scheme pursuant to Rule 17.03B(2) of the Listing Rules, no share awards can be granted to service providers (as defined in Rule 17.03A(1)(c)) under the Share Award Scheme as at the beginning and the end of the Reporting Year.

Save as the abovementioned Share Award Scheme, the Company does not have any other share award schemes or share option schemes during the Reporting Year.

EQUITY-LINKED AGREEMENTS

Except for the Share Award Scheme of the Company disclosed above, no equity-linked agreements that will or may result in the Company issuing shares or that require the Company to enter into any agreements that will or may result in the Company issuing shares were entered into by the Company during the Reporting Year or subsisted at the end of the Reporting Year.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Bye-laws or the laws of Bermuda where the Company is incorporated.

TAX RELIEF AND EXEMPTION

The Company is not aware of any tax relief and exemption available to Shareholders by reason of their holding of the Company's securities. If the Shareholders are unsure about the taxation implications of purchasing, holding, disposing of, dealing in or exercising of any rights in relation to the Shares, they are advised to consult their professional advisers.

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

The Board considered that the repurchase of Shares could increase the net asset value per Share, so the Company repurchased a total of 10,643,000 Shares on the Stock Exchange, with a total consideration (before transaction costs) of approximately HK$2.65 million during the Reporting Year. As at the end of the Reporting Year and the date of this annual report, all repurchased Shares have been cancelled.

Details of the repurchase are as follows:

Month of repurchase	Total Shares repurchased	Highest price paid per Share (HK$)	Lowest price paid per Share (HK$)	Total consideration paid (HK$'000)
January	1,370,000	0.335	0.290	428
February	526,000	0.315	0.290	159
March	119,000	0.305	0.300	36
April	3,856,000	0.305	0.242	1,012
May	740,000	0.260	0.250	188
June	1,782,000	0.245	0.164	317
July	2,157,000	0.240	0.208	484
August	–	–	–	–
September	71,000	0.214	0.202	15
October	22,000	0.560	0.540	12
November	–	–	–	–
December	–	–	–	–
Total:	10,643,000			2,651

The Shares repurchased in September and October 2024 had been held as treasury and subsequently cancelled prior to the end of the Reporting Year.

Save as disclosed above, neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities (including treasury shares) during the Reporting Year.

Report of the Directors

RESERVES

Details of movements in the reserves of the Company and of the Group during the Reporting Year are set out in note 41 to the consolidated financial statements and in the consolidated statement of changes in equity on pages 119 and 120, respectively.

DISTRIBUTABLE RESERVES

As of 31 December 2024, the Company's distributable reserves to the Shareholders included a contributed surplus of approximately HK$1,823.7 million (2023: HK$1,823.7 million). Pursuant to the provisions of the Companies Act 1981 of Bermuda, contributed surplus account of the Company is available for distribution. However, the Company cannot declare or pay a dividend, or make a distribution out of contributed surplus if:

(a) it is, or would after the payment be, unable to pay its liabilities as they become due; or

(b) the realisable value of its assets would thereby be less than the aggregate of its liabilities.

MAJOR CUSTOMERS AND SUPPLIERS

During the Reporting Year, the total revenue attributable to the Group's five largest customers represented approximately 44.4% of the Group's total revenue (Previous Year: approximately 31.2%) and the revenue attributable to the largest customer included therein amounted to approximately 34.5% (Previous Year: approximately 17.6%).

CMBCI, an indirect controlling Shareholder, is the largest customer of the Group. Save as disclosed above, none of the Directors or any of their close associates or any Shareholders (who, to the knowledge of the Board, owns more than 5% of the Company's issued Shares) has any beneficial interest in the Group's five largest customers. As the Group is engaged in the provision of financial services, in the opinion of the Directors, disclosure of information on the Group's suppliers is of no value.

MAJOR RISKS AND UNCERTAINTIES

The business operations of the Group are dependent on various internal or external risk factors, including the economic and market environment in the world, Mainland China and Hong Kong. The principal risks and uncertainties faced by the Group include but not limited to:

(i) credit risk that may arise from default of the Group's business counterparties, including borrowers, trading counterparties and bonds/note issuers;

(ii) market risk that may arise in the value of unlisted and listed securities invested by the Group, including when there is fluctuation of the equity and bond price;

(iii) operational risk that may arise from oversight of internal process management or misconduct of personnel;

(iv) legal and compliance risk that may arise when the Group fails to comply with changes in laws, regulations and rules of regulatory authorities that are applicable to it and its business on a timely manner due to the Group's business development; and

(v) liquidity risk that may arise when the funding requirements are not effectively assessed and predicted and when the Group fails to pay the debts in time as they fall due, fulfil the payment obligations and meet the funding requirements.

ENVIRONMENTAL POLICIES

The Board and the management of the Company are committed to enhancing environment protection by encouraging its employees to reduce consumption of electricity and paper, reduce waste, and use environmentally friendly products whenever possible. Details of the relevant policies are set out in the Environmental, Social and Governance Report on pages 77 to 104 of this annual report.

COMPLIANCE WITH LAWS AND REGULATIONS

The Group's legal and compliance department have established and implemented compliance policies for the Group. The Group has taken various measures, such as improving internal systems, regular trainings and regular internal inspections, to ensure that each potential business transaction engaged by the relevant business teams is in compliance with the applicable laws, regulations and rules, including but not limited to the SFO, the Listing Rules, Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Chapter 615 of the Laws of Hong Kong) and the relevant laws.

Report of the Directors

RELATIONSHIP WITH EMPLOYEES

The Group recognises the unique position and value of its employees. In addition to offering a market competitive remuneration package, the Group also provides an advantageous working environment and organises leisure activities to build up a strong connection with its employees. Details of the employee policies are set out in the Environmental, Social and Governance Report on pages 77 to 104 of this annual report.

RELATIONSHIP WITH CUSTOMERS

The Group is committed to providing excellent services to its customers with a view to maintaining steady business and asset growth as well as long term profitability.

DIRECTORS

The Directors who held office during the Reporting Year and up to the date of this annual report are:

Executive Directors

Mr. Li Baochen *(Chairman)* [(1)]
Mr. Li Ming *(General Manager)*
Mr. Ng Hoi Kam

Non-executive Directors

Mr. Yang Kunpeng
Mr. Li Wenshi [(2)]
Ms. Wu Yuan [(3)]

Independent Non-executive Directors

Mr. Lee, Cheuk Yin Dannis
Mr. Wu Bin
Mr. Wang Lihua

Notes:

(1) Mr. Li Baochen was appointed as a member of the Nomination Committee and Remuneration Committee, with effect from 28 June 2024. Mr. Li subsequently ceased to be a member of the Nomination Committee and Remuneration Committee, with effect from 31 December 2024.

(2) Mr. Li Wenshi retired as a non-executive Director and ceased to be a member of the Nomination Committee, Remuneration Committee and Strategic Development Committee, with effect from 28 June 2024.

(3) Ms. Wu Yuan was appointed as a non-executive Director and a member of the Nomination Committee, Remuneration Committee and Strategic Development Committee, with effect from 31 December 2024.

DIRECTORS' SERVICE CONTRACTS

None of the Directors (including the Directors being proposed for re-election at the forthcoming annual general meeting) has a service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

DIRECTORS' REMUNERATION

Details of the Directors' remuneration are set out in note 11 to the consolidated financial statements.

CONTINUING CONNECTED TRANSACTIONS

The continuing connected transactions that took place during the Reporting Year which do not fall under the Rule 14A.76(1) of the Listing Rules are summarised as follows:

For details, please refer to the Company's announcements in relation to the continuing connected transactions dated 16 December 2021 and 9 December 2022, the circular dated 22 December 2021, and the announcement in relation to the poll results of the special general meeting dated 12 January 2022.

(I) Deposit Services

On 16 December 2021, the Company (for itself and on behalf of other members of the Group) entered into a service agreement with China Minsheng Bank (for itself and on behalf of other members of China Minsheng Bank Group) (the "**2021 Services Agreement**"), pursuant to which, among other things, China Minsheng Bank Group agreed to provide the Group with (among other things) the deposit services (the "**Deposit Services**") according to the terms and conditions as set out in the 2021 Services Agreement. The 2021 Services Agreement shall take effect from 1 January 2022 to 31 December 2024 and is automatically renewable for successive periods of three years thereafter, subject to the compliance with the then applicable requirements of the Listing Rules.

Pursuant to the 2021 Services Agreement, the annual caps for the daily balance of the Group's deposits with China Minsheng Bank Group for the three years ended 31 December 2024 are as follows:

	For the year ended 31 December		
	2022 (HK$ million)	2023 (HK$ million)	2024 (HK$ million)
Daily deposit balance	1,000	1,000	1,000

China Minsheng Bank is an indirect controlling Shareholder and a connected person of the Company. Accordingly, the Deposit Services contemplated under the 2021 Services Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

CONTINUING CONNECTED TRANSACTIONS (CONTINUED)

(I) Deposit Services (Continued)

Since the applicable percentage ratios (other than the profits ratio) pursuant to Rule 14.07 of the Listing Rules in respect of the annual caps under the 2021 Services Agreement exceed 5%, the Deposit Services to be provided under the 2021 Services Agreement are subject to the reporting, announcement, circular, annual review and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

For details, please refer to the Company's announcement dated 16 December 2021, the circular dated 22 December 2021 and the announcement in relation to the poll results of the special general meeting dated 12 January 2022.

(II) China Minsheng AM Services, China Minsheng Distribution Services, China Minsheng Referral Services and China Minsheng Underwriting Services

Pursuant to the 2021 Services Agreement:

- China Minsheng Bank Group agreed to provide the underwriting referral services ("**China Minsheng Underwriting Referral Services**") to the Group;

- the Group agreed to provide subscription referral services ("**China Minsheng Subscription Referral Services**", which together with China Minsheng Underwriting Referral Services are referred to as "**China Minsheng Referral Services**"), to China Minsheng Bank Group;

- the Group agreed to provide the asset management services, investment advisory services and ancillary services ("**China Minsheng AM Services**") to China Minsheng Bank Group, its associates or any third parties who are deemed to be connected with the Company under the Listing Rules;

- China Minsheng Bank Group agreed to provide the distribution services ("**China Minsheng Distribution Services**") to the Group;

- the Group agreed to provide the underwriting services ("**China Minsheng Underwriting Services**") to China Minsheng Bank Group.

CONTINUING CONNECTED TRANSACTIONS (CONTINUED)

(II) China Minsheng AM Services, China Minsheng Distribution Services, China Minsheng Referral Services and China Minsheng Underwriting Services (Continued)

Pursuant to the 2021 Services Agreement, the annual caps for the China Minsheng Referral Services, China Minsheng AM Services, China Minsheng Distribution Services and China Minsheng Underwriting Services for the three years ended 31 December 2024 are as follows:

	For the year ended 31 December		
	2022 (HK$ million)	2023 (HK$ million)	2024 (HK$ million)
China Minsheng Referral Services			
China Minsheng Underwriting Referral Services*	12	12	12
China Minsheng Subscription Referral Services	12	12	12
China Minsheng AM Services			
– Distribution fees*	62	68.2	75.02
– Management fees and advisory fees	148.8	178.56	214.27
– Performance fees	74.4	89.28	107.14
China Minsheng Underwriting Services	11	11	11

* Fees to be payable by the Group to China Minsheng Bank Group

China Minsheng Bank is an indirect controlling Shareholder and a connected person of the Company. Accordingly, each of the China Minsheng Referral Services, China Minsheng AM Services, China Minsheng Distribution Services, and China Minsheng Underwriting Services contemplated under the 2021 Services Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

CONTINUING CONNECTED TRANSACTIONS (CONTINUED)

(II) China Minsheng AM Services, China Minsheng Distribution Services, China Minsheng Referral Services and China Minsheng Underwriting Services (Continued)

Since the applicable percentage ratios (other than the profits ratio) pursuant to Rule 14.07 of the Listing Rules in respect of the annual caps under the 2021 Services Agreement exceed 5%, the China Minsheng Referral Services, China Minsheng AM Services, China Minsheng Distribution Services, and China Minsheng Underwriting Services to be provided under the 2021 Services Agreement are subject to the reporting, announcement, circular, annual review and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

For details, please refer to the Company's announcement dated 16 December 2021, the circular dated 22 December 2021 and the announcement in relation to the poll results of the special general meeting dated 12 January 2022.

(III) Office Sharing

On 9 December 2022, the Company entered into an agreement to renew the office sharing agreement with CMBCI which expired on 31 December 2022 (the "**Office Sharing Agreement**"). Pursuant to the Office Sharing Agreement, the Company agreed to grant CMBCI a non-exclusive right to use the Company's certain office space ("**Office Sharing**"), with the consideration being the sharing fee payable by CMBCI to the Company of HK$740,000 per month (the "**Sharing Fees**").

The Office Sharing Agreement is for a term commencing from 1 January 2023 and ending on 31 December 2025.

The annual caps under the Office Sharing Agreement for the three years ending on 31 December 2025 are as follows:

	For the year ended/ending 31 December		
	2023 (HK$ million)	2024 (HK$ million)	2025 (HK$ million)
Sharing Fees	8.88	8.88	8.88

CONTINUING CONNECTED TRANSACTIONS (CONTINUED)

(III) Office Sharing (Continued)

CMBCI is an indirect controlling Shareholder of the Company. Therefore, CMBCI is a connected person of the Company. Accordingly, the transactions under the Office Sharing Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest percentage ratios (other than the profits ratio) pursuant to Rule 14.07 of the Listing Rules in respect of the annual caps under the Office Sharing Agreement exceed 0.1% but less than 5%, the transactions under the Office Sharing Agreement are subject to the reporting, announcement and annual review requirements under Chapter 14A of the Listing Rules, but are exempt from the circular and the independent Shareholders' approval requirements.

For details, please refer the Company's announcement dated 9 December 2022.

(IV) Custodian Services

Pursuant to the 2021 Services Agreement, China Minsheng Bank Group agreed to provide the Group with (among other things) the custodian services.

CONTINUING CONNECTED TRANSACTIONS (CONTINUED)

(IV) Custodian Services (Continued)

Pursuant to the 2021 Services Agreement, the annual caps for the fees payable to China Minsheng Bank Group by the Group in relation to the custodian services for the three years ended 31 December 2024 are as follows:

	For the year ended 31 December		
	2022 (HK$ million)	2023 (HK$ million)	2024 (HK$ million)
Custodian service fees	9.42	11.30	13.56

China Minsheng Bank is an indirect controlling Shareholder and a connected person of the Company. Accordingly, the custodian services contemplated under the 2021 Services Agreement constitute a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

Since the applicable percentage ratios (other than the profits ratio) pursuant to Rule 14.07 of the Listing Rules in respect of the annual caps of the custodian services under the 2021 Services Agreement exceed 0.1% but below 5%, the custodian services to be provided under the 2021 Services Agreement are only subject to the reporting, announcement and annual review requirements, and are exempt from the circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

For details, please refer to the Company's announcement dated 16 December 2021, the circular dated 22 December 2021 and the announcement in relation to the poll results of the special general meeting dated 12 January 2022.

CONTINUING CONNECTED TRANSACTIONS (CONTINUED)

As the term of the 2021 Services Agreement expired on 31 December 2024, on 29 November 2024, the Company (for itself and on behalf of other members of the Group) had entered into a service agreement (the "**2024 Services Agreement**") with China Minsheng Bank (for itself and on behalf of other members of China Minsheng Bank Group), pursuant to which, among other things:

(a) the Group agreed to provide China Minsheng AM Services to China Minsheng Bank Group, its associates or any third parties who are deemed to be connected with the Company under the Listing Rules, and China Minsheng Bank Group agreed to provide the China Minsheng Distribution Services to the Group;

(b) the Group agreed to provide the China Minsheng Underwriting Services to China Minsheng Bank Group; and

(c) China Minsheng Group agreed to provide the Deposit Services to the Group.

The 2024 Services Agreement shall take effect from 1 January 2025 to 31 December 2027 (both days inclusive) and is automatically renewable for successive periods of three years thereafter, subject to the compliance with the then applicable requirements of the Listing Rules.

For details, please refer to the Company's announcement dated 29 November 2024, the circular dated 13 December 2024 and the announcement in relation to the poll results of the special general meeting dated 31 December 2024.

CONTINUING CONNECTED TRANSACTIONS (CONTINUED)

Annual Actual Amount

Set out below are the actual amount received or receivable/paid or payable for the Reporting Year in relation to the continuing connected transactions contemplated under the 2021 Services Agreement and Office Sharing Agreement:

Continuing Connected Transactions	Payer	Payee	Annual Caps for the year ended 31 December 2024 (HK$ million)	Actual Amount for the year ended 31 December 2024 (HK$ million)
Deposit Services (Daily Deposit Balance)	The Group	China Minsheng Bank Group	1,000	not exceeding the annual cap
China Minsheng Referral Services				
– China Minsheng Underwriting Referral Services	The Group	China Minsheng Bank Group	12	–
– China Minsheng Subscription Referral Services#	China Minsheng Bank Group	The Group	12	–
China Minsheng AM Services				
– Distribution fees	The Group	China Minsheng Bank Group	75.02	–
– Management fees and advisory fees	China Minsheng Bank Group	The Group	214.27	128.92
– Performance fees	China Minsheng Bank Group	The Group	107.14	1.51
China Minsheng Underwriting Services	China Minsheng Bank Group	The Group	11	0.12
Office Sharing	CMBCI	The Company	8.88	8.88
Custodian Services	The Group	China Minsheng Bank Group	13.56	–

During the Reporting Year, the Group received no fees from China Minsheng Bank Group, but received a total commission fee of approximately HK$22.6 million, upon successful subscription of securities by China Minsheng Bank Group as referred by the Group, from the independent third party issuer clients.

CONTINUING CONNECTED TRANSACTIONS (CONTINUED)

Annual Review

The independent non-executive Directors have reviewed and confirmed that the continuing connected transactions were entered into:

(i) in the ordinary and usual course of business of the Group;

(ii) on normal commercial terms or better; and

(iii) according to the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

In accordance with Rule 14A.56 of the Listing Rules, the Company engaged the auditors of the Company to report on the above mentioned continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagement 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" ("**HKSAE 3000 (Revised)**") and with reference to Practice Note 740 (Revised) "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" ("**PN740 (Revised)**") issued by the Hong Kong Institute of Certified Public Accountants.

The auditors have reported to the Directors in accordance with HKSAE 3000 (Revised) and with reference to PN740 (Revised) that the transactions:

(i) have been approved by the Board;

(ii) are, in all material respects, in accordance with the pricing policies of the Group for the transactions involving the provision of goods or services by the Group;

(iii) have been entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and

(iv) have not exceeded the relevant annual caps approved by the independent Shareholders at the special general meeting of the Company.

The auditors have issued an unqualified letter in relation to the continuing connected transactions according to Rule 14A.56 of the Listing Rules, which contains its findings and conclusion. The auditors have also reported their findings and conclusion to the Board.

CONTINUING CONNECTED TRANSACTIONS (CONTINUED)

Annual Review (Continued)

The related party transactions as set out in note 38(a) to the consolidated financial statements constitute the connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules. The Company has complied with the requirements under Chapter 14A during the Reporting Year.

Save as disclosed herein, there was no contract of significance between the Company or any of its subsidiaries and the Company's controlling Shareholder or any of its subsidiaries and there was no contract of significance in relation to the provision of services by the controlling Shareholder or any of its subsidiaries to Company or any of its subsidiaries during the Reporting Year.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

No transactions, arrangements or contracts of significance, to which the Company or its subsidiaries, was a party and in which a Director or an entity connected with a Director had a material interest, whether directly or indirectly, which subsisted during or at the end of the Reporting Year.

DIRECTOR'S INTERESTS IN COMPETING BUSINESSES

None of the Directors is interested in any business apart from the Group's business which competes or is likely to compete, either directly or indirectly with the business of the Group.

REMUNERATION POLICY

The Group remunerates its employees based on their competence, performance, experience and prevailing market terms. Other employee benefits include provident fund scheme, medical insurance, share award scheme as well as discretionary bonuses.

The Directors' remuneration is determined after considering their respective responsibilities and contributions to the Company with reference to market terms and considering any amount of remuneration received by the Directors from the controlling Shareholders.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or subsisted during the Reporting Year.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2024, none of the Directors nor the chief executive of the Company or their respective associates had any interest or short position in the Shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO), which were required to be and were recorded in the register required to be kept by the Company under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the two sections headed "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures" and "Share Award Scheme", at no time during the Reporting Year was the Company or any of its subsidiaries a party to any arrangements which would enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors or their spouse or minor children had any rights to subscribe for the securities of the Company, or had exercised any such rights during the Reporting Year.

PERMITTED INDEMNITY PROVISION

Pursuant to the Bye-laws, every Director shall be entitled to be indemnified out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which he/she may sustain or incur in or about the execution of the duties of his/her office or otherwise in relation thereto, provided that the indemnity shall not extend to any matter in respect of any fraud or dishonesty which may attach to the said persons. Save as disclosed herein, the Company has arranged appropriate directors' and officers' liability insurance coverage for the Directors and officers of the Group during the Reporting Year and up to the date of this annual report.

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS

As at 31 December 2024, according to the public information available on the website of the Stock Exchange and to the knowledge of the Directors, the following Shareholders, other than a Director or the chief executive of the Company, had an interest in the Shares which was recorded in the register required to be kept by the Company under section 336 of the SFO:

Name of Shareholder	Capacity/ Nature of interest	Number of Shares held	Approximate percentage of the issued Shares	Long position/ Short position
China Minsheng Bank	Interest of controlled corporation	760,588,477 (Note)	69.19%	Long position
CMBCI	Interest of controlled corporation	758,166,477 (Note)	68.97%	Long position
	Beneficial owner	2,422,000 (Note)	0.22%	Long position
		760,588,477	69.19%	
CMBC International Investment (HK)	Interest of controlled corporation	758,166,477 (Note)	68.97%	Long position
CMBC International Investment	Beneficial owner	758,166,477 (Note)	68.97%	Long position

Note: CMBC International Investment is beneficially and wholly-owned by CMBC International Investment (HK), which is in turn beneficially and wholly-owned by CMBCI. CMBCI is beneficially and wholly owned by China Minsheng Bank. As such, each of CMBC International Investment (HK), CMBCI and China Minsheng Bank is deemed to be interested in the Shares held by CMBC International Investment and China Minsheng Bank is deemed to be interested in the Shares held by CMBCI.

Save as disclosed above, as at 31 December 2024, according to the public information available on the website of the Stock Exchange and to the knowledge of the Directors, no companies or persons, other than a Director or the chief executive of the Company, had an interest or short position in the Shares and underlying Shares which was recorded in the register required to be kept by the Company under section 336 of the SFO.

Report of the Directors

SIGNIFICANT CONTRACTS

Save as disclosed herein, during the Reporting Year, there is no significant contracts between the Company or any of its subsidiaries and the controlling Shareholder or any of its subsidiaries.

CONFIRMATION OF INDEPENDENCE

The Company has received from each of the independent non-executive Directors the confirmation of independence with reference to Rule 3.13 of the Listing Rules. The Company considers all independent non-executive Directors to be independent.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total issued Shares is held by the public as at the latest practicable date prior to the issue of this annual report.

AUDIT COMMITTEE

The audited consolidated financial statements of the Company for the Reporting Year have been reviewed by the Audit Committee before they were duly approved by the Board under the recommendation of the Audit Committee.

INDEPENDENT AUDITOR

The consolidated financial statements for the Reporting Year have been audited by PricewaterhouseCoopers.

On behalf of the Board

Li Baochen
Chairman

27 March 2025, Hong Kong

Corporate Governance Report

The Group has made continued efforts to incorporate the key elements of good corporate governance into its management structure and internal procedures. The Board is committed to maintaining a high level of corporate governance practices in accordance with applicable regulations.

CORPORATE GOVERNANCE

The Company has complied with all the applicable provisions of the CG Code as set out in Appendix C1 to the Listing Rules throughout the Reporting Year.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix C3 to the Listing Rules as its own code of conduct regarding securities transactions by its Directors. Having made specific enquiries of all Directors, the Company confirms that all Directors have complied with the required standards as set out in the Model Code throughout the Reporting Year.

CONFIRMATION BY THE DIRECTORS PURSUANT TO RULE 3.09D OF THE LISTING RULES

Ms. Wu Yuan was appointed as a Director with effect from 31 December 2024. On the same date, Ms. Wu had obtained the legal advice referred to in Rule 3.09D of the Listing Rules, and has confirmed she understood her obligations as a Director.

Corporate Governance Report

THE BOARD

The Board is currently composed of eight Directors, comprising three executive Directors, two non-executive Directors, and three independent non-executive Directors, whose names and positions are listed on page 5 of this annual report.

During the Reporting Year, the Directors had devoted sufficient time and attention to the Company's affairs. An up-to-date list of the Directors identifying their roles and functions is maintained on the websites of the Company and the Stock Exchange. Independent non-executive Directors are identified as such in all corporate communications containing the names of the Directors.

For biographical details of all current Directors and senior management of the Group, please see "Directors and Senior Management" in this annual report. To the best knowledge of the Directors, save as disclosed in the biographies of the Directors, there are no financial, business, family, or other material or relevant relationships amongst members of the Board during the Reporting Year.

The terms of Mr. Yang Kunpeng and Ms. Wu Yuan, the non-executive Directors, are three years until 29 June 2027 and 31 December 2027, respectively. The independent non-executive Directors are not appointed for specific terms. All Directors are subject to retirement by rotation and re-election by Shareholders at an annual general meeting of the Company in accordance with the Bye-laws.

THE BOARD (CONTINUED)

The Company has implementable and effective mechanisms to ensure independent views and input are available to the Board for the Reporting Year. The Directors, in particular, the independent non-executive Directors are encouraged to actively participate in the meetings of the Board and Board Committees. The Directors are entitled to seek independent professional advice in performing their duties at the Company's expense. During the Reporting Year, the Company did not receive any notification from any of the independent non-executive Directors about any subsequent change of circumstances which may affect his independence. The Board has reviewed and considered that the implementation of the above mechanisms was effective.

Functions of the Board and Delegation of Powers

The principal function of the Board is to, among others, consider and approve the Group's overall business plans and strategies, develop and implement the corporate governance function, and supervise the implementation of these policies and strategies and the overall management of the Group. The Board has delegated the day-to-day operation of the Group to the executive Directors and the management team. Matters such as approval of financial statements, declaration of dividend, capital restructure and issuance of securities, merger and acquisitions, major investments, connected transactions, appointment and removal of Directors and auditors, remuneration policies, etc. are specifically reserved to the Board.

Board and General Meetings

The Directors can attend meetings in person or through other means of electronic communication in accordance with the Bye-laws. Full minutes of the Board and the Board committee meetings (including materials tabled at such meetings) were recorded by the duly appointed secretary of the meeting in sufficient details of the matters considered by the Board and the decisions made, which are kept by such duly appointed secretary of the meeting.

THE BOARD (CONTINUED)

Board and General Meetings (Continued)

Pursuant to the Code Provision C.5.1 of the CG Code, the Board should meet regularly and Board meetings should be held at least four times a year at approximately quarterly intervals. During the Reporting Year, the Board held four meetings. The attendance record of each Director at the meetings of the Board, the Audit Committee, the Remuneration Committee, the Nomination Committee, Risk Management and Internal Control Committee, the Executive Committee and Strategic Development Committee and the general meetings of the Company held during the Reporting Year is as follows, with the figures in the denominators indicating the total number of meetings held in the period in which the individual was a Director/Committee member:

Name of Directors	Board	Audit Committee	Remuneration Committee	Nomination Committee	Risk Management and Internal Control Committee	Strategic Development Committee	Executive Committee	Annual General Meeting	Special General Meeting
Executive Directors									
Mr. Li Baochen *(Chairman)*[(1)]	4/4	N/A	0/0	0/0	2/2	0/0	1/1	1/1	1/1
Mr. Li Ming *(General Manager)*	4/4	N/A	N/A	N/A	2/2	0/0	1/1	1/1	1/1
Mr. Ng Hoi Kam	4/4	N/A	N/A	N/A	N/A	0/0	1/1	1/1	1/1
Non-executive Directors									
Mr. Yang Kunpeng	1/4	N/A	N/A	N/A	1/2	N/A	N/A	0/1	1/1
Mr. Li Wenshi[(2)]	2/2	N/A	1/1	2/2	N/A	0/0	N/A	1/1	0/0
Ms. Wu Yuan[(3)]	0/0	N/A	0/0	0/0	N/A	0/0	N/A	0/0	0/0
Independent Non-executive Directors									
Mr. Lee, Cheuk Yin Dannis	4/4	3/3	N/A	N/A	2/2	N/A	N/A	1/1	1/1
Mr. Wu Bin	4/4	3/3	1/1	2/2	N/A	0/0	N/A	0/1	1/1
Mr. Wang Lihua	4/4	3/3	1/1	2/2	N/A	N/A	N/A	1/1	1/1

(1) Mr. Li Baochen was appointed as a member of the Nomination Committee and Remuneration Committee, with effect from 28 June 2024. Mr. Li subsequently ceased to be a member of the Nomination Committee and Remuneration Committee with effect from 31 December 2024.

(2) Mr. Li Wenshi retired as a non-executive Director and ceased to be a member of the Nomination Committee, Remuneration Committee and Strategic Development Committee, with effect from 28 June 2024.

(3) Ms. Wu Yuan was appointed as a non-executive Director and a member of the Nomination Committee, Remuneration Committee and Strategic Development Committee, with effect from 31 December 2024.

THE BOARD (CONTINUED)

Independent Non-executive Directors

The Company has three independent non-executive Directors which complies with Rules 3.10(1) and 3.10A of the Listing Rules. Furthermore, amongst these three independent non-executive Directors, Mr. Lee, Cheuk Yin Dannis has appropriate professional qualifications or accounting or related financial management expertise as required by Rule 3.10(2) of the Listing Rules. The Company has received from each of its independent non-executive Directors a written confirmation of his independence with reference to Rule 3.13 of the Listing Rules. The Company, based on such confirmations, considers each of Mr. Lee, Cheuk Yin Dannis, Mr. Wu Bin, and Mr. Wang Lihua continues to be independent.

Chairman and General Manager

The chairman of the Board is responsible for overseeing all Board functions, while the executive Directors and the Company's senior management are under the leadership of the general manager of the Company to oversee the day-to-day operations of the Group and implement the strategies and policies approved by the Board.

Directors' and Officers' Liabilities

The Company has arranged for appropriate insurance covering the liabilities in respect of legal action against the Directors and officers that may arise out of its corporate activities. The insurance coverage is reviewed on an annual basis.

Continuing Professional Development

The Company will provide a comprehensive, formal, and tailored induction and briefing to each newly appointed Director on his or her first appointment in order to enable him or her to have appropriate understanding of the business and operations of the Company and that he or she is fully aware of his or her responsibilities and obligations under the Listing Rules, other relevant legal and regulatory requirements and the Company's internal governance policies. Moreover, all Directors are provided with periodic up-to-date information on the Company's performance, position, and prospects to enable the Board as a whole and each Director to discharge their duties.

THE BOARD (CONTINUED)

Continuing Professional Development (Continued)

During the Reporting Year, the training received by each Director is summarised as follows:

	Training related to regulatory development and/or other relevant topics
Executive Directors	
Mr. Li Baochen *(Chairman)*	✓
Mr. Li Ming *(General Manager)*	✓
Mr. Ng Hoi Kam	✓
Non-executive Director	
Mr. Yang Kunpeng	✓
Independent Non-executive Directors	
Mr. Lee, Cheuk Yin Dannis	✓
Mr. Wu Bin	✓
Mr. Wang Lihua	✓

Ms. Wu Yuan was appointed as a Director with effect from 31 December 2024, and had received an induction training before the effect of her appointment.

BOARD COMMITTEES

The Company currently has six Board committees, namely the Audit Committee, Remuneration Committee, Nomination Committee, Risk Management and Internal Control Committee, Strategic Development Committee and Executive Committee, for overseeing particular aspects of the Company's affairs. The Board committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances, at the Company's expenses.

BOARD COMMITTEES (CONTINUED)

Audit Committee

Terms of reference of the Audit Committee are in compliance with the CG Code and are available on the websites of the Stock Exchange and the Company. The primary duties of the Audit Committee are to make recommendations to the Board on the appointment and removal of the external auditor, review the financial statements, and provide advice in respect of financial reporting.

The Audit Committee comprises three independent non-executive Directors, namely, Mr. Lee, Cheuk Yin Dannis (the chairman of the Audit Committee), Mr. Wu Bin, and Mr. Wang Lihua.

The Audit Committee has performed the following major works during the Reporting Year:

(i) to review the annual results and report of the Group for the year ended 31 December 2023;

(ii) to review the interim results and report of the Group for the six months ended 30 June 2024;

(iii) to consider and recommend to the Board the reappointment of auditors for the year ended 31 December 2024;

(iv) to review the internal audit report of the Group; and

(v) to review and approve the continuing connected transactions of the Company.

Remuneration Committee

Terms of reference of the Remuneration Committee are in compliance with the CG Code and are available on the websites of the Stock Exchange and the Company. The Company adopted the model whereby the Remuneration Committee is responsible for determining, with delegated responsibility, the remuneration package of individual executive Directors and senior management according to its terms of reference. The primary duties of the Remuneration Committee are to review performance-based remuneration, ensure none of the Directors determine their own remuneration, and review and/or approve matters relating to share schemes under Chapter 17 of the Listing Rules.

BOARD COMMITTEES (CONTINUED)

Remuneration Committee (Continued)

The Remuneration Committee currently comprises two independent non-executive Directors, namely, Mr. Wu Bin (the chairman of the Remuneration Committee) and Mr. Wang Lihua, and one non-executive Director, namely, Ms. Wu Yuan. For details of the change of composition of the Remuneration Committee during the Reporting Year, please refer to the above section headed "Board and General Meetings".

The Remuneration Committee has performed the following major works during the Reporting Year:

(i) to review and determine, inter alia, the performance and policy and structure for remuneration; and

(ii) to assess the performance of executive Directors.

According to Code Provision E.1.5 of the CG Code, the remuneration of the members of the senior management (other than Directors) by band for the Reporting Year is set out below:

Remuneration bands (HK$)	Number of individual(s)
Up to 2,000,000	1
2,000,001 to up to 3,000,000	–
3,000,001 to up to 4,000,000	–

Remuneration Policy for Directors and Senior Management

The remuneration payable to the employees includes salaries and allowances. The Group's remuneration policies are formulated based on the performance of individual employees and are reviewed regularly. Subject to the Group's profitability, the Group may also provide a discretionary bonus to employees as an incentive for their contribution to the Group. The primary goal of the remuneration policy with regard to the remuneration packages of the executive Directors and Senior Management is to enable the Group to retain and motivate the executive Directors and Senior Management by linking their compensation with performance as measured against corporate objectives achieved. Each of the executive Directors and Senior Management is entitled to the remuneration packages including basic salaries and discretionary bonuses. Mr. Li Baochen, Mr. Li Ming, Mr. Ng Hoi Kam, Mr. Chen Yi and Mr. Li Jianyang receive remuneration from CMBCI for their services to the group headed by CMBCI of which the Company is a member. Accordingly, Mr. Li Baochen, Mr. Li Ming, Mr. Ng Hoi Kam, Mr. Chen Yi and Mr. Li Jianyang did not receive from the Group any remuneration for acting as executive Directors or Senior Management. The Remuneration Committee noted the aforesaid arrangement is due to the services provided by the executive Directors and certain Senior Management to the Group are incidental to their responsibilities to the larger group of CMBCI. Although the remunerations of executive Directors and certain Senior Management are borne by CMBCI, the relevant remuneration packages are in line with the Group's remuneration policy.

BOARD COMMITTEES (CONTINUED)

Nomination Committee

Terms of reference of the Nomination Committee are in compliance with the CG Code and are available on the websites of the Stock Exchange and the Company. The primary duties of the Nomination Committee include reviewing the structure, size, and composition of the Board, assessing the independence of independent non-executive Directors, and making recommendations to the Board on matters relating to the appointment of Directors.

The Board is empowered under the Bye-laws to appoint any person as a Director to fill a casual vacancy or, subject to authorisation by the Members in general meeting, as an additional member of the Board. Qualified candidates will be proposed by the Nomination Committee to the Board for consideration and the selection criteria are mainly based on the assessment of their professional qualifications and experience. The Board selects and appoints or recommends candidates for directorship to the Shareholders having regards to the balance of skills and experience appropriate to the Group's business.

In addition, the Nomination Committee had taken into account a number of factors including the size and composition of the Board, a balance of skills and experience of the Board as well as its diversity in setting its appointment criteria.

The Nomination Committee currently comprises two independent non-executive Directors, namely, Mr. Wu Bin (the chairman of the Nomination Committee) and Mr. Wang Lihua, and one non-executive Director, namely Ms. Wu Yuan. For details of the change of composition of the Nomination Committee during the Reporting Year, please refer to the above section headed "Board and General Meetings".

The Nomination Committee has performed, inter alia, the following works during the Reporting Year:

(i) to review the structure, size, and composition (including the skills, knowledge, and experience) of the Board as well as the policy concerning the diversity of the members of Board;

(ii) to assess the independence of the independent non-executive Directors;

(iii) to consider and recommend to the Board the re-election of the retiring Directors at the 2024 annual general meeting of the Company; and

(iv) to review and recommend to the Board the appointment of non-executive Director.

BOARD COMMITTEES (CONTINUED)

Executive Committee

The Executive Committee consists of all executive Directors and is chaired by the chairman of the Board.

The roles and functions of the Executive Committee includes, amongst others, (1) to make investment decision delegated to the Executive Committee; (2) to monitor day-to-day operation of the Group on behalf of the Board; (3) to handle relevant matters that shall not be necessarily dealt with through regular Board meetings or too late to be dealt with through provisional Board meetings as considered by the chairman of the Board; and (4) to handle any other matters authorised by the Board to the Executive Committee.

During the Reporting Year, the Executive Committee considered and approved investment projects under their delegated authority and other day-to-day operations as assigned by the Board.

Risk Management and Internal Control Committee

The Risk Management and Internal Control Committee currently comprises a non-executive Director, namely, Mr. Yang Kunpeng (the chairman of the Risk Management and Internal Control Committee), an independent non-executive Director, namely, Mr. Lee, Cheuk Yin Dannis, and two executive Directors, namely, Mr. Li Baochen and Mr. Li Ming.

The roles and functions of the Risk Management and Internal Control Committee includes, amongst others, (1) to consider and make the Group's risk management and internal control strategies; (2) to make, review, and approve the Group's risk management and internal control policies and guidance; (3) to assess and decide the risk appetite and tolerance of the Group and the relevant resource allocation; (4) to review and monitor the Group's risk management and internal control system, and evaluate its sufficiency; and (5) to handle any other matters authorised by the Board.

During the Reporting Year, the Risk Management and Internal Control Committee has fulfilled the above duties and confirmed that the Company's risk management and internal control systems and settings were adequate and effective.

BOARD COMMITTEES (CONTINUED)

Strategic Development Committee

The Strategic Development Committee currently comprises three executive Directors, namely, Mr. Li Baochen, Mr. Li Ming and Mr. Ng Hoi Kam, a non-executive Director, namely, Ms. Wu Yuan, and an independent non-executive Director, namely, Mr. Wu Bin. The Strategic Development Committee is chaired by the chairman of the Board (Mr. Li Baochen). For details of the change of composition of the Strategic Development Committee during the Reporting Year, please refer to the above section headed "Board and General Meetings".

The roles and functions of the Strategic Development Committee includes, amongst others, (1) to conduct research on and advise the mid-to-long term development strategy of the Company; (2) to conduct research on and advise the material investment plans; and (3) to handle any other matters authorised by the Board.

BOARD DIVERSITY POLICY

The Company adopted a board diversity policy (the "**Policy**") which sets out the approach to achieve diversity on the Board. All Board appointments shall be based on meritocracy, and candidates will be considered against selection criteria, having regard for the benefits of diversity on the Board. Selection of candidates will be based on range of diversity perspectives, which would include but not limited to educational background, ethnicity, professional experience, skills, knowledge, and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board. The Nomination Committee will monitor the implementation of the Policy and will from time to time review the Policy, as appropriate, to ensure the effectiveness of the Policy.

As at the date of this annual report, the Board comprises 7 male Directors and 1 female Director. The Company will select director candidates through different channels, including but not limited to internal promotion and recommendation from the Board, senior management and external recruiting agencies. Further, the Nomination Committee will review the implementation and effectiveness of the Policy on an annual basis in accordance with the Code Provision B.1.3 of the CG Code.

As at the end of the Reporting Year, approximately 35.5% and 64.5% of the Group's employees were female and male, respectively. The Company will continue to monitor the gender diversity across the workforce, and consider any necessary action for further diversifying the workforce, if and when appropriate.

The Board will consider setting measurable objectives to implement the Policy and review such objectives from time to time to ensure their appropriateness and ascertain the progress made towards achieving those objectives.

Corporate Governance Report

ACCOUNTABILITY AND AUDIT

Directors' and Auditor's Responsibilities for the Consolidated Financial Statements

All Directors acknowledge their responsibility to prepare the Group's consolidated financial statements for each financial year to give a true and fair view of the state of affairs of the Group and of the results and cash flows for that year. In preparing the consolidated financial statements for the Reporting Year, the Board has selected suitable accounting policies and applied them consistently, made judgments and estimates that are prudent, fair, and reasonable, and prepared the consolidated financial statements on a going concern basis. The Directors are also responsible for taking all reasonable and necessary steps to safeguard the assets of the Group and to prevent and detect fraud and other irregularities. A statement by the auditors about their reporting responsibilities on the consolidated financial statements is set out in the independent auditor's report. The Directors continue to adopt the going concern approach in preparing the consolidated financial statements and are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

External Auditor

The consolidated financial statements of the Company for the Reporting Year have been audited by PricewaterhouseCoopers.

For the Reporting Year, the total fee charged by external auditors for audit services and non-audit services including review of the interim financial statements and other services are set out below.

	Pricewaterhouse-Coopers HK$'000	**Other external auditors** HK$'000	**Total** HK$'000
Audit services	2,583	111	2,694
Non-audit services	797	468	1,265
Total	3,380	579	3,959

CORPORATE GOVERNANCE FUNCTIONS

The Risk Management and Internal Control Committee has performed the following corporate governance duties of the Company in accordance with the written terms of reference adopted by the Board during the Reporting Year:

(i) to develop, review and determine the policies and practices on corporate governance of the Company and make recommendations to the Board;

(ii) to review and monitor the training and continuous professional development of Directors and senior management;

(iii) to review and monitor the Group's policies and practices on compliance with legal and regulatory requirements;

(iv) to develop, review, and monitor the code of conduct and compliance manual applicable to Directors and employees; and

(v) to review the Company's compliance with the CG Code and the disclosure in the corporate governance report of the Company.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges that it is responsible for the risk management and internal systems and reviewing their effectiveness. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Group has established mature and sounded corporate governance and has set up comprehensive risk management and internal control procedures to identify, monitor, assess, and manage the major risks that may occur in the process of business operation. The Group conducts an annual review on these risk management and internal control procedures. The Group has established a multilevel risk management and internal control structure and implemented three lines of defense including the front-, middle- and back-office to manage and control risks: (1) the Risk Management and Internal Control Committee established by the Board, with its main duties being considering, reviewing, and approving the risk management and internal control policies and guidelines; reviewing and monitoring the system of risk management and internal control and assessing the effectiveness of its implementation; (2) decision-making committees that operate at the management level, which are responsible for performing daily management and control duties and deciding and approving matters within their authorities; (3) relevant departments which execute risk management works, including each of the business line departments, legal, compliance and risk management departments, regulating business operations at the front, the middle, and the back; and (4) the independent internal audit department of the Company is responsible to independently audit whether each of the business lines and functional departments handled the business, implemented systems and followed operation procedures pursuant to relevant standards.

The Group attaches great importance to the effectiveness of the Group's governance, operating in compliance with laws and regulations, and comprehensive risk management. To ensure the healthy and sustainable development of the business, risk management in all business segments is implemented through a clear governance structure, policy procedures, and reporting mechanism.

As for credit risk, the Group attaches great importance to the development and continual management of businesses that have exposures to credit risks and adheres to the principle of prudent assessment in conducting asset-based business. During the Reporting Year, the Group continuously improved the relevant systems and process management rules for various businesses, formulated credit risk management policies, and at the same time conducted detailed specifications in terms of customer onboarding, centralized management and duration tracking, standardized the duration management and asset quality classification requirements, optimized the credit risk management system and improved its capabilities of investment analytic study and management, so as to ensure a constantly optimized portfolio investment structure.

RISK MANAGEMENT AND INTERNAL CONTROL (CONTINUED)

As for market risk, the Group has refined the management of its investment business in the public market, optimized its investment strategy, standardized book classification management, and improved the setting and monitoring of risk limit indicators to cope with the significant market fluctuations. We have continued to optimize the mechanism of the market risk control process from the pre-investment analysis and access, investment and transaction management, to post-investment tracking and monitoring, so as to enhance our ability to resist market risk.

As for legal compliance risk, the Group has formulated, continuously improved and implemented legal compliance policies, kept abreast of the development of applicable laws, regulations and rules, emphasized the concept of legal compliance management and safeguard mechanism, updated and compiled relevant legal compliance systems and rules, so as to ensure that the Company's operation and business development are lawful and compliant, and to regulate the Group's requirements on connected transactions and disclosure of information. We have also continued to conduct compliance monitoring, staff conduct, staff training and internal inspection to enhance the awareness of legal compliance and the implementation of operational standards throughout the Company. The Group has also engaged external legal advisers to advise the Group and its businesses on applicable laws, regulations and rules.

As for operational risk, during the Reporting Year, we have assessed the potential operational risk of each line of business management process through the business process combing, internal control testing and review, and have continued to improve the internal processes of each business. We have emphasized the risk management awareness and operational effectiveness of our front-end, middle-end and back-end departments in all business processes, and have urged and guided all staff to comply with them. We have also strengthened our information security policy and enhanced the security of our information systems, regulated network security, and standardized the management of network security through a system that enables network security to be carried out in an efficient and orderly manner, prevents network security incidents, and safeguards the smooth operation of the Company's various businesses.

As for liquidity risk, the Group has adopted internal measures to monitor liquidity risk and foreseeable funding requirements, broaden financing channels and optimize the credit structure, so as to ensure certain subsidiaries of the Group regulated by the SFO continue to comply with the relevant rules and regulations. We have monitored and measured various liquidity indicators, and effectively managed various aspects such as centralized capital management, financing structure and cost aggregation, stress testing and contingency planning.

PROCEDURES AND INTERNAL CONTROLS FOR HANDLING AND DISSEMINATION OF INSIDE INFORMATION

The Group complies with requirements of SFO and the Listing Rules. The Group has established the Guidelines on the Management of Disclosure of Inside Information to ascertain the Company's responsibilities and work processes in relation to the disclosure of inside information, prevent the risk of inside information not being disclosed in a timely manner and safeguard the interests of all Shareholders. The Group has established the inside information team, which includes at least an executive Director. The inside information team is responsible for the following matters: ensuring that appropriate systems and controls are in place to collect, review, and verify potential inside information, reviewing potential inside information and determining whether disclosure is required, advising the Board on the same, examining the contents of the information to be disclosed, deciding whether to take other actions to clarify any uncertainties, proposing to appoint consultant on such matter and from time to time reviewing the Group's compliance with the Guidelines on the Management of Disclosure of Inside Information.

The Group discloses inside information to the public according to the guidelines as soon as reasonably practicable unless the information falls within any of the Safe Harbours as provided in the SFO. Before the information is fully disclosed to the public, the Group ensures the information is kept strictly confidential according to the guidelines.

COMMUNICATIONS WITH SHAREHOLDERS

The Company values communication with the Shareholders. The Company adopts a two-way communication channels to provide Shareholders with information about the performance of the Company. Enquiries and suggestions from Shareholders are welcomed, and enquiries may be put to the Board through the following channels to the Company Secretary:

(i) by mail to the Company's principal place of business at 45/F, One Exchange Square, 8 Connaught Place, Central, Hong Kong; or

(ii) by telephone at +852 3728 8000.

The Company uses a number of formal communication channels to provide the Shareholders with information about the performance of the Company. These include (i) the publication of interim and annual reports; (ii) the annual general meeting or special general meeting which provides a platform for the Shareholders to raise comments and exchange views with the Board; (iii) updated important information of the Group available on the websites of the Stock Exchange and the Company; (iv) the Company's website which serves as a communication channel between the Company and its Shareholders; and (v) the Company's branch share registrar in Hong Kong serving the Shareholders in respect of all share registration matters.

The Company aims to provide its Shareholders with high standards of disclosure and financial transparency. The Board is committed to providing clear, detailed, timely manner information of the Group on a regular basis through the publication and/or despatch of interim and annual reports, circulars, notices, and other announcements.

The Company strives to take into consideration its Shareholders' comments and suggestions, and address Shareholders' concerns. Shareholders are encouraged to attend the Company's annual general meeting for which at least 21 clear days' notice shall be given.

The Board has reviewed the implementation of the shareholders' communications policy and is satisfied that given the number of available channels, it is effective for the Board to understand the views and opinion of the Shareholders.

WHISTLEBLOWING POLICY

The Company has established a whistle blowing policy (including the handling procedure) for its employees and those who deal with the Company (such as customers and suppliers) to raise concerns or to report to the Company any improprieties in any matter related to the Group, in confidence and anonymity. The policy is available on the website of the Company (http://www.cmbccap.com).

PROCEDURES FOR SHAREHOLDERS TO CONVENE A SPECIAL GENERAL MEETING

According to the Bye-laws, Shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Company Secretary of the Company, to require a special general meeting to be called by the Board for the transaction of any business or resolution specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. If within twenty-one days of such deposit the Board fails to convene such meeting, the requisitionists themselves may do so in accordance with the provisions of Section 74(3) of the Companies Act 1981 of Bermuda (the "**Companies Act**").

PROCEDURES FOR SHAREHOLDERS TO PUT FORWARD PROPOSALS AT GENERAL MEETINGS

Pursuant to the Companies Act, any number of Shareholders representing not less than one-twentieth of the total voting rights of all the Shareholders having at the date of the requisition a right to vote at the meeting to which the requisition relates or not less than one hundred Shareholders, can request the Company in writing to: (a) give to Shareholders entitled to receive notice of the next annual general meeting notice of any resolution which may properly be moved and is intended to be moved at that meeting; and (b) circulate to Shareholders entitled to have notice of any general meeting send to them any statement of not more than one thousand words with respect to the matter referred to in any proposed resolution or the business to be dealt with at that meeting. The requisition must be deposited to the Company not less than six weeks before the meeting in case of a requisition requiring notice of a resolution or not less than one week before the meeting in case of any other requisition.

CONSTITUTIONAL DOCUMENTS

There were no changes to the Company's memorandum of association and the Bye-laws during the Reporting Year. The latest version of the memorandum of association and the Bye-laws is posted on the Company's website and the Stock Exchange's website.

COMPANY SECRETARY

Mr. Wong Tin Yu ("**Mr. Wong**") was appointed as the Company Secretary of the Company. Mr. Wong reports to Mr. Li Ming, an executive Director and the general manager of the Company, directly and is responsible for providing advice and services to the Board to ensure that the Board procedures, applicable laws, rules and regulations are followed and the Board activities are efficiently and effectively conducted. He is also responsible for ensuring that the Board is fully appraising the relevant corporate governance developments relating to the Group and facilitating the induction and professional development of the Directors.

According to Rule 3.29 of the Listing Rules, Mr. Wong has taken no less than 15 hours of relevant professional training for the Reporting Year.

Environmental, Social and Governance Report

ABOUT THIS REPORT

CMBC Capital Holdings Limited is a company incorporated in Bermuda with limited liability and its shares are listed on the Main Board of the Stock Exchange.

The Group is principally engaged in Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities, as well as the money lending business and has all material licenses required for services currently expected to be requested by most of its existing and potential clients. The Group acknowledges the importance of environmental, social and governance ("**ESG**") policies. By implementing ESG strategies into its business operations, the Group can operate in a responsible and sustainable manner.

This report is to highlight the Group's approaches and strategies in pursuit of sustainable development during the Reporting Year and provides its stakeholders with an overview of the Group's efforts regarding ESG impacts arising from its daily operations. The Group primarily adopts the principles and basis of Environmental, Social and Governance Reporting Guide (the "**ESG Guide**") set out in Appendix C2 of the Listing Rules.

The preparation, presentation and contents of this report follow the principles of "Materiality", "Quantitative", "Consistency" and "Balance" set out in the ESG Guide.

Materiality: Materiality assessment was conducted and reviewed annually to assess the relative importance of the ESG topics identified.

Quantitative: If the key performance indicators (KPIs) have been established, they must be measurable and applicable to valid comparisons under appropriate conditions.

Consistency: ESG data presented in this report are prepared using consistent methodologies over time.

Balance: The Group appoints an external ESG consultant in the preparation of this report to present an unbiased picture of its achievements and performances.

This report is available on the websites of the Company (http://www.cmbccap.com) and the Stock Exchange (http://www.hkexnews.hk). For information on the Group's corporate governance, please refer to the Corporate Governance Report included in the annual report.

Environmental, Social and Governance Report

BOARD STATEMENT

The Board has the overall responsibility for the Group's ESG strategies and performance, including formulating strategies, managing the Group's ESG related risks and opportunities and approving the ESG Report with an aim that the Group can operate its businesses in a responsible and sustainable manner.

To assist the Board to discharge the above responsibility, the Board has resolved to authorise the Executive Committee to handle all the matters that are related to ESG, including but not limited to:

- identifying ESG topics/issues/risks;
- formulating strategies and management approach, including the process used to evaluate, prioritize and manage material ESG-related issues (including risks to the issuer's business);
- implementing the strategies and management approach;
- reviewing and monitoring the implementation process and the effectiveness;
- evaluating the results and adjusting the strategies accordingly;
- preparing the ESG report; and
- making recommendations to the Board in relation to the goals, strategies and management.

To carry out the above duties, the Executive Committee will be assisted by various departments of the Group including operations, legal and compliance, risk management, human resources and general management.

The Executive Committee will report at least once per year to the Board on the implementation progress, the results and any recommendations.

Environmental, Social and Governance Report

1. STAKEHOLDERS ENGAGEMENT

1.1 Major Communication Channels

The Group values and appreciates the importance of the views of its stakeholders and has maintained various communication channels with them. Through these channels, the Group can actively engage with its stakeholders and collects their feedback to understand and address their concerns so as to improve the Group's operation. The communication channels include:

- Meetings;
- Corporate communications;
- Websites;
- Social media;
- Emails;
- Daily communications;
- Interview;
- Surveys; and
- Activities.

The Group has identified shareholders, employees, suppliers, customers, government and regulatory authorities and the community at large as its key stakeholders.

1.2 Materiality Assessment

The Group has adopted the principle of materiality in the ESG reporting by identifying the key ESG issues. The Company undertook its annual materiality assessment exercise. The objective of materiality assessment is to identify the ESG topics that are material and relevant to the Group's operation.

Based on the stakeholders' feedback, the material issues were identified as follows. The Group's performance regarding these issues are discussed in this report. Among these issues, considering the Group's business nature, the Group considers the issues of compliance with laws and regulations, protection of customer privacy and anti-corruption/anti-money laundering are of paramount importance.

Material Topics		
Environment	•	Energy conservations
	•	Waste management
Workplace	•	Employment and labour practices
	•	Health and safety
	•	Development and training
	•	Diversity and equal opportunities
Operating Practices	•	Compliance with laws and regulations
	•	Protection of customer privacy
	•	Anti-corruption/anti-money laundering
	•	Supplier management
	•	Services quality
Community	•	Community investment

2. ENVIRONMENTAL PROTECTION

2.1 Environmental Policies

The Group appreciates the importance of striking a balance between economic development and environmental protection.

During the Reporting Year, the Group complied with the laws and regulations in relation to the environmental protection that had a significant impact on the Group, including but not limited to:

- Air Pollution Control Ordinance (Cap. 311 of the Laws of Hong Kong);
- Motor Vehicle Idling (Fixed Penalty) Ordinance (Cap. 611 of the Laws of Hong Kong); and
- Building Energy Efficiency Ordinance (Cap. 610 of the Laws of Hong Kong).

The Group has made continuous efforts on leading its staff to pursue a low carbon lifestyle. It actively responds to the call for environmental protection, and promotes the idea of a low carbon environment and resource conservation, through the perspective of advancing the development of public welfare. As the Group's operations are office based, its environmental impacts from daily operations only involve vehicle emissions, office electricity and paper consumption. Although the Group's business operations do not significantly consume energy or produce air emissions, the Group strives to minimize its environmental impacts by implementing energy-saving and other environmentally friendly measures.

A. Greenhouse gas emissions and electricity consumption

The Group has set a target for the greenhouse gas emission and energy management with 2021 as the base year, which means that the greenhouse gas emission per unit area and electricity consumption per unit area of the Group in 2025 will show a downward trend as compared with the base year of 2021, and the Group will regularly disclose the progress in achieving relevant target in this annual report.

The following table highlights the estimated emissions of the Group for the year ended 31 December 2024:

	2024 tonnes CO2e
Vehicle emissions (Scope 1 emissions)	**7.26**
Electricity consumption emissions (Scope 2 emissions)	**81.92**
Total volume of greenhouse gas emissions	**89.18**

The total intensity of greenhouse gas emissions for the year ended 31 December 2024 was approximately 0.006 tonne CO2e/ft^2 office area.

The following table shows the amount of electricity consumption in the head office in Hong Kong for the year ended 31 December 2024:

	2024
Electricity consumption	**124,126 Kwh**
Electricity consumption intensity	**8.59Kwh/ft^2**

There is a slight increase in electricity consumption of the Group as compared to the electricity consumption of 116,420 Kwh for the year ended 31 December 2023. The increase is mainly due to the increase in the number of staff and computer equipments provided to these staff.

B. *Air pollutants from vehicle emission*

The following table highlights the estimated air pollutants from the vehicle emission of the Group for the year ended 31 December 2024:

	2024 **Kg**
NO_x	**61.94**
SO_x	**0.06**
$PM_{2.5}$	**5.93**

C. *Water*

The Group primarily sourced water from the water supply system of the office building and has encountered no difficulty in water sourcing. There was no individual water meter due to its minimal water consumption. Thus, data of water consumption is not available. However, the Group undertakes that it will gradually improve the conservation and management of water resources, achieve regular monitoring, statistics and analysis of water consumption as soon as possible and control water consumption per unit area to a lower level.

D. *Packaging material*

The Group does not use any packaging materials. Hence, it is not applicable to the business of the Group.

E. *Green buildings*

The Group believes that green buildings play a vital role in the implementation of a sustainable development strategy. The core value of green buildings is to minimise the consumption of energy and resources and reduce negative impacts to the environment while maximising the application of new technologies and new materials conducive to better living quality.

During the Reporting Year, the Group's principal place of business was located at One Exchange Square in Hong Kong, which has been awarded a platinum BEAM[1] rating by BEAM Society Limited. The platinum grade rating, which is the highest ranking, was based on an assessment of various factors, including the management, building design, materials, waste, energy use and water use. The Group has actively cooperated with the property management company with respect to the efficient use of resources and waste management. The property management company has provided facilities for separating different types of wastes such as used plastic bottles, aluminium, and glasses.

1 Building Environmental Assessment Method ("**BEAM**") assessment and certification provides building users with a single performance label that demonstrates the overall quality of a building.

F. *Waste Management*

Due to the characteristics of the Group's business, the main waste generated from its daily office and operations include non-hazardous waste, such as waste paper and cartons, and hazardous waste, such as toner cartridges and used computers. The Group arranges proper waste treatment. Used cartridges and electronic appliances are recycled through recyclers. The Group undertakes to gradually improve the identification and statistics of the sources of non-hazardous and hazardous waste, and to control the generation of non-hazardous and hazardous waste to a low level.

Paper

Paper is one of the major wastes produced in the Group's operations. The Group plays an active role in promoting paper-free operation by introducing measures to reduce the use of paper in the office with an ultimate goal to establish a paperless working environment. During the Reporting Year, the Group has implemented the following measures:

- Keep transforming offline processes into the existing online paperless system whereby documents are to be reviewed and approved electronically. Currently, the paperless system is mainly used for the documents that need internal approval, covering certain processes and documents at different levels such as office administration, human resources, accounting etc; and

- utilizing laptops or tablets in office meetings to avoid printing of the meeting materials.

The printers in the office have been implemented a smart printing function whereby printing will only commence when a staff logs in to the printer and confirms printing. This smart printing function not only can enhance data protection particularly for confidential documents but can also avoid unnecessary or unclaimed printing.

With regard to used papers, the Group has engaged waste paper collection and recycling services companies to recycle the used papers. The Group encourages all the staff to do so whenever possible. Paper usage data from printers in the office are collected and assessed on a regular basis in order to monitor the effectiveness of the paperless system.

With respect to the business operation, the Group has minimised the use of papers in the securities account opening process (which usually involves a considerable amount of papers) by utilising technology. Specifically, the Group introduced an online trading system that allows its customers to open accounts electronically. Additionally, the Group offers free electronic billing to its customers with an attempt to further reduce paper consumption.

In relation to the communication with the Shareholders, the Company strongly encourages its Shareholders to access its corporate communications, including financial reports and circulars, through the websites of the Stock Exchange and the Company, instead of receiving printed copies. In doing so, the quantity of printed materials can be considerably reduced.

With the different measures introduced by the Group, it is hoped that the Group can substantially reduce the use of papers in the office and ultimately achieve a paperless office in the future. The Group will continue to monitor the use of papers in the office and will introduce further measures to reduce its use when appropriate.

The following table shows the approximate amount of paper consumption and the papers that have been consumed and recycled for the year ended 31 December 2024:

	2024
Paper consumption	**2,143kg**
Paper consumption intensity	**0.15kg/ft^2**
Paper recycled	**958kg**
Paper recycled intensity	**0.07kg/ft^2**

Domestic Waste

The domestic waste of the Group is handled by the property management of the office building, hence, such statistics are not available. However, the Group encourages its staff to reduce the production of domestic waste such as plastics and disposable products.

The Group has initiated a number of internal environmental measures, which are listed below:

- Adjust air conditioning temperature to 25°C;
- Switch off unused appliances, lightings and office equipment;
- Place a notice of water preservation in the pantry;
- Use energy-saving appliances with Grade 1 Energy Efficiency Label;
- Utilise natural sunlight in office;
- Encourage the use of electronic mail and digital file management system;
- Reuse and recycle paper and encourage double-sided printing;
- Upgrade to LED lighting systems with automatic timers to reduce energy consumption;
- Equip energy saving switches with lighting timers; and
- Encourage the use of reuseable or biodegradable cutlery.

2.2 Impact of Climate Change

With the world's climate changing significantly in the recent years where the temperature has increased notably and extreme weather has become increasingly frequent, it has been one of the major environmental concerns in the world.

Governance

Our Group addresses climate-related risks based on the nature of the risk to our operations. The physical impacts of climate change, including extreme weather events, or damage to facilities have immediate operational impacts and are treated as operational risks. Long-term challenges, such as emerging ESG issues and climate-related risks and opportunities, may be discussed by the Group's management.

Strategy

Climate change risk forms part of our overall risk profile through its role in increasing the frequency and intensity of certain diseases, and the health and mortality impacts resulting from natural disasters. We assess the overall level of risk by taking into consideration a range of diverse risk factors across the many categories in our services range.

Risk Management

Our Group identifies the climate change related risks or to test the existing risk management strategies under climate change with the aid of risk assessment. The risk assessment takes a standard risk-based approach using national data, local information and expert knowledge, which can identify how climate change may compound existing risks or create new ones.

As outlined within this report, the Group has robust risk management and business planning processes that are overseen by the Board in order to identify, assess and manage climate-related risks. The Group may engage with government and other appropriate organisations in order to keep abreast of expected and potential regulatory and/or fiscal changes.

Significant climate-related issues

During the Reporting Year, the significant climate-related physical risks and transition risks, which have impacted and/or may impact the Group's business and strategy in are taken to manage these risks.

The Group is engaged in financial services business which does not involve any manufacturing or production. Climate change does not cause any direct significant impact on the Group's business, but it may still affect the Group in some ways, are as follows.

Climate-related risks description	Financial impacts	Steps taken to manage the risks
Physical Risk		
Acute physical risks		
• Increased severity and frequency of extreme weather events such as cyclones and floods. These have the potential to cause both idiosyncratic and systemic risks, resulting in potential damage to office equipment.	• Operating costs and repair expenses increase	• Planned to establish a natural disaster emergency plan based on the existing business continuity planning framework.

Climate-related risks description	Financial impacts	Steps taken to manage the risks
Chronic physical risks		
• Changes in precipitation patterns and extreme variability in weather patterns. Frequent extreme weather events and rising sea levels are likely to pose disruptions to communities across the region over the long term, affecting economic output and business productivity. • Governments that have been pushing for new regulations to reduce GHG emissions will pose a threat to the financial performance of a business and increase regulatory risk.	• Revenue reduces • Operating cost increases	• Planned improvements, retrofits, relocations, or other changes to facilities that may reduce their vulnerability to climate impacts, and increase climate resilience in the long term. • Engaged with local or national governments and local stakeholders on local resilience.
Transitional Risk		
Policy risk		
• Mandates on and regulation of existing services as of the tightened environmental and safety laws. The Group has to spend much compliance costs to update or maintain the office equipment to fulfil the new regulations.	• Operating cost increases	• Monitor the updates of the relevant environmental laws and regulations against existing services, to avoid the unnecessary increase in cost and expenditure due to non-compliance.
Legal risk		
• Exposure to litigation risk. The Group has to adapt to the tightened laws and regulations imposed by the government due to climate change, as well as bear the risk of potential litigation once we fail to obligate the new regulations.	• Operating cost increases	• Monitored the updates of environmental laws and regulations and implemented GHG emissions calculations in advance.

Climate-related risks description	Financial impacts	Steps taken to manage the risks
Market risk		
• More customers are concerned about climate-related risks and opportunities, which may lead to changes in customer preferences. • Inability to attract co-financiers and/or investors due to uncertain risks related to the climate.	• Revenue decreases • Operating cost increases • Service cost increases	• Fulfilled the climate-related regulations by the government. • Prioritise climate change as a high concern in the market decisions to show to the clients that the Group is concerned about the problem of climate change.
Reputational risk		
• Negative press coverage related to support of the Group's business projects or activities with negative impacts on the climate (e.g., GHG emissions and energy conservation), which may affect the Group's reputation and image.	• Revenue decreases • Operating cost increases	• Fulfilled the social responsibility to show how the Group places importance on climate change.

The Group will monitor and assess the potential risks of climate change and its impacts on the Group's operations from time to time. More particularly, the Group will continue to monitor the carbon footprint, emissions and energy consumption intensity across its operations with a view to identifying opportunities for increasing efficiency and reducing emissions.

The Group will continue to reduce emissions and waste on an ongoing basis in order to minimise the Group's impacts of activities on the environment and natural resources.

3. EMPLOYMENT

3.1 Employment and Labour Practices

The Group regards employees as the most valuable assets of the Group. Employees are crucial for the continuous growth and development of the business. To attract and retain talents, the Group aims to establish a respectful and fair working environment by adopting an equal opportunities policy and maintaining a sound system of human resources management covering various aspects, such as recruitment, promotion and remuneration.

A. Recruitment and promotion

The recruitment and promotion of the Group are fair and open for all employees. The selection processes for both recruitment and promotion are not affected by age, gender, physical or mental health status, marital status, family status, race, skin colour, nationality, religion, political affiliation, sexual orientation and other factors.

B. Remuneration

The Group offers competitive remuneration to its employees which includes salary, bonuses and subsidies (such as meal allowance). Other benefits include medical insurance, provident funds and other competitive fringe benefits. Salary is determined with reference to the market rate, and the bonus is determined with reference to factors including position, individual performance and department performance. The Group conducts performance appraisals for its employees and reviews their salary on an annual basis. In addition, employees are entitled to all public holidays announced by the Hong Kong Government. They are also entitled to paid annual leave, sick leave, maternity leave/paternity leave, etc. To maintain a balance between work and personal life, the Group adopts a five-day work week policy.

C. Diversity

Our employees comprise of different age groups and have a diverse cultural background that brings individual traits as well as diversity to facilitate business development. The Group adheres to the principle of equality and does not tolerate any discrimination based on gender, pregnancy, race, marital status, family status or disability, and strives to provide employees with a working environment free of discrimination and harassment. If any employee is discriminated against or suffers from harassment, he/she can file a protected complaint through a designated channel.

As at 31 December 2024, the Group had a total of 93 employees.

Human resources overview as at 31 December 2024 is as follows:

Number of Employee by Gender	
• Male	60
• Female	33
Number of Employee by Age Group	
• Over 50 years old	9
• 30-50 years old	65
• Under 30 years old	19
Number of Employee by Geographical Regions	
• Hong Kong	88
• Other region	5
Number of Employee by Type	
• Part-time/Contract	1
• Full-time	92

The Group believes that employees are important assets of the Group, and is committed to retaining talent and maintaining a stable turnover rate. The turnover rates of the Group's workforce for the year ended 31 December 2024 are as below:

By Gender		**By Age**		**By Region**	
Male	35%	<30	28%	Hong Kong	36%
		30-50	37%		
Female	35%	>50	31%	Other region	22%

3.2 Labour Standard

During the Reporting Year, the Group has complied with relevant rules and regulations, such as the Employment Ordinance (Cap. 57, Laws of Hong Kong) and other statutory requirements regarding employment and labour practices.

The Group endeavors to establish a fair, active and highly efficient work environment, provide all employees with equal opportunities with respect to recruitment, remuneration and promotion, and ensure the workplace is free from discrimination.

The Group has in place an employee handbook which sets out the cultural, mission and values of the Group, an overview of the Group's business along with other key procedures, guidelines, prohibited behavior and employees' basic rights and obligations. The employee handbook serves to facilitate the employees to understand their rights and obligations. The legal and compliance department of the Group will keep abreast of the legal developments of the employment law in Hong Kong and will assist the Group to issue any policies to ensure that the Group complies with the latest statutory requirements.

The Group has also established designated channels to receive complaints from the employees. All complaints received will be forwarded to the general management department for handling. The general management department will look into the complaint in a timely manner and may consult the legal and compliance department (if necessary). The general management department will report the investigation results to the senior management who will decide the appropriate actions.

The Group prohibits the employment of child labour and forced labour and has complied with the relevant labour laws and regulations, including the Employment of Children Regulations. The Group takes measures (such as background check, age and identity verification during the recruitment process) to prevent the employment of child labour and forced labour. For the use of false information or in violation of the rules of the Group by any staff, the Group will handle the matter in accordance with the applicable regulations and the measures for staff management, including but not limited to immediate termination of probation period or labour contract.

3.3 Health and Safety

The Group is committed to maintaining a safe working environment for the health and well-being of its employees. The Group has formulated policies regarding employees' working environment and protection, which stipulate the reporting procedure for industrial accidents and various measures to ensure the safety of employees, such as providing safety medical kits in case of injuries and posting the Work Safety and Health Guidelines to inform employees of the importance of workplace safety. The Group has encouraged staff to learn the relevant safety information and emergency measures which can help increase their alertness and ability to prevent possible accidents, creating a healthy and safe work environment.

For each of the past three years (including the Reporting Year), the Group has complied with the Occupational Safety and Health Ordinance (Cap. 509 of the Laws of Hong Kong) and there were no work-related casualties or loss of working days arising therefrom.

3.4 Development and Training

The Group believes that professional skills and knowledge are crucial for the employees' development as well as for the Group's long-term success. In addition, the Group expects its employees to maintain the highest professional conduct and ethical standard in the course of business operation. Therefore, the Group provides its employees with trainings.

During the Reporting Year, the Group provided a variety of in-house seminars and training programs to the employees to enhance their knowledge, skills and work capability which include, but not limited to, the Company's policies on anti-money laundering, case summary of SFC enforcement on licenced corporations and licenced persons, taxation in Hong Kong, legal and compliance, the Company's culture, management and disclosure of environmental risks for fund managers, SPAC listing in Hong Kong and due diligence requirements, etc. The trainings were conducted by our staff, other financial institutions, professional firms (such as accounting firms and law firms) and regulatory authorities. During the Reporting Year, the Group has organized over 30 training sessions for its employees. Some of these seminars and training were required by the SFC, enabling licensed employees to satisfy the Continuous Professional Training requirements.

Depending on the importance of the training, for example, trainings related to laws and regulations or internal procedure, the staffs will be required to complete a test after the training to ensure that the attendees have acquired the knowledge.

For the year ended 31 December 2024, the approximate percentage of employees trained by gender and by employee category are as follows:

i. Percentage of employees trained by gender

Gender	(%)	Average training hours
Male	100%	9.3
Female	100%	8.3

ii. Percentage of employees trained by employee category

Employee category	(%)	Average training hours
Executive Directors	100%	14.3
Senior Management	100%	15.6
Other Staff	100%	8.7

Other than the in-house training, the Group also encourages employees to pursue external educational or training opportunities.

3.5 Work-life Balance

The Group believes that maintaining a healthy work-life balance is essential for employee well-being. It was the Group's usual practice to organize social activities for its employees to strengthen the relationships between employees, to boost their morale, to promote a harmonious working environment and to help them relieve stress. In this regard, during the Reporting Year, the Group organised various activities, including banquets, hiking, sports and other team building activities.

3.6 Community Participation

The Group is passionate about participating in community engagement and is committed to contributing to the creation of a harmonious community. The Group places great importance on community investment and is committed to the mission of "From the Community, To the Community", with a focus on sharing the fruits of corporate development with society and contributing to social harmony. The Group encourages staff to participate in charity events. During the Reporting Year, the Group was one of the sponsors of the New Territories Marathon 2024 on 7 April 2024 held by the New Territories Heung Yee Kuk, and sponsored its employees to participate in National Day Mountain Challenge (躍動山嶺國慶跑) on 24 October 2024 held by Hong Kong Youth Association and sponsored by CMBC International Holdings Limited (a controlling shareholder of the Company) held.

4. OPERATING PRACTICES

4.1 Compliance with Laws and Regulations

The Group recognizes the importance of business ethics. During the Reporting year, the Group has complied with the laws, regulations and regulatory requirements which have significant impact on the Group, including but not limited to:

- Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Cap. 615, Laws of Hong Kong);
- Companies Ordinance (Cap. 622, Laws of Hong Kong);
- Competition Ordinance (Cap. 619, Laws of Hong Kong);
- Employment Ordinance (Cap. 57, Laws of Hong Kong);
- Personal Data (Privacy) Ordinance (Cap. 486, Laws of Hong Kong);
- Prevention of Bribery Ordinance (Cap. 201, Laws of Hong Kong);
- Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong); and
- Trade Descriptions Ordinance (Cap. 362, Laws of Hong Kong).

The legal and compliance department is required to review and monitor the business operations of the Group to ensure compliance with the above mentioned laws and regulations and arrange internal trainings for the employees from time to time in order to ensure the relevant employees are kept abreast of the development of the relevant laws, regulations and rules. When there is any development of the relevant laws and regulations, the legal and compliance department will inform the management who will decide on the appropriate action (e.g., formulating/updating policies, arranging training to the employees etc).

The Group holds all material licenses required for the provision of services expected or required by most of its clients, including dealing in securities and futures contracts, advising on securities, advising on corporate finance and asset management, etc.

The management of the Group ensures that the business of the Group is conducted in accordance with the relevant laws and regulations.

4.2 Anti-corruption/Anti-money Laundering

To strengthen the Group's compliance culture and combat money laundering and financial crimes effectively, the Group has established policies and procedures for anti-corruption, anti-money laundering and counter-terrorist financing which includes customer screening and monitoring requirements, "know your customer" policy, record keeping requirements, and procedures for reporting suspicious circumstances in accordance with the relevant laws, regulations and guidelines issued by the regulatory authorities (such as the Guideline on Prevention of Money Laundering).

The Group requires that every new customer, upon account opening, shall be subject to a name search in an anti-money laundering database provided by an independent third party vendor, in order to ascertain whether the new customer is on the current terrorist or applicable sanction list, and to check whether the customer is a Politically Exposed Person. New account applications lodged by terrorists or sanctioned entities would be rejected. The Group conducts regular reviews on the transactions carried out by high-risk customers to identify suspicious transactions. Any suspicious transaction, if noted, will be reported to the Joint Financial Intelligence Unit of the Hong Kong Government in due course.

In relation to anti-corruption, the Group has put in place a policy prohibiting bribery, extortion, corruption and related acts. During the Reporting Year, the Group organized internal training for all staff and conducted discussion on business conducts that may commit criminal offence as well as case studies. Specifically, the Group prohibits its employees from giving and/or receiving gifts or benefits in whenever forms. It aims to ensure every employee adheres to the highest professional conduct and ethical standard in the course of business operation and must not involve in any form of corrupt practices.

In addition, the Group has set up a whistle-blowing policy to allow whistleblowers to report any irregularities, such as unlawful conduct, incidents of corruption and circumvention of internal controls, under protection. The whistle-blowing and disciplinary policies stipulate that any employee which has committed serious irregularities or misconduct will be subject to disciplinary actions, including immediate dismissal. During the Reporting Year, the Group has received reports of misconducts. After appropriate investigations, the Group found the allegations in the reports unsubstantiated. Save as disclosed above, none of the members of the Group nor its employees were engaged in any litigation regarding corruption, extortion, fraud or money laundering, nor was there any report of criminal offences or misconduct.

4.3 Supplier Management

The Group is committed to maintaining mutually beneficial long term cooperation with its suppliers. Major suppliers of the Group include law firms, accounting firms, professional consulting companies, financial advisors, trading platform services companies, data centre, printing service companies etc.

The Group sets out various evaluation standards, such as pricing, stability, response time, capability, experience, feedback, size and reputation, to enable the Group to carry out selection and assessment of suppliers effectively. In addition, the Group takes into account whether the suppliers share the same value as the Group and are committed to environmental protection. When practicable, the Group gives priority to the ones who have adopted environmental protection measures.

The Group has put in place a policy for selecting services providers. Contracts will be subject to different review and approval requirements in accordance with the contract value. For contracts with a value of HK$500,000 or above need to be reviewed and approved by the Group's procurement committee. The committee comprises staffs from various departments including legal and compliance, information technology, finance, operations and general management departments. The committee convenes meetings, reviews the materials and discusses about the engagements. The practice is to ensure that the selection process is fair, open and transparent.

For the year ended 31 December 2024, the approximate number of suppliers by geographical region are as follows:

Number of suppliers by geographical region	
Hong Kong	121
Other regions	16

4.4 Product Responsibility and Customer Services

As a financial services provider, the Group utilises its profound experience, expertise, internal resources and platforms to create value for its customers and to achieve service excellence consistently, thereby earning the trust of domestic and international customers.

The Group comprises teams of professionals with diversified backgrounds including major investment banks, regulatory authorities, financial institutions, lawyers and accountants. With its expertise, experience and extensive network, the Group provides flexible, diversified and comprehensive investment banking services for the customers. As at 31 December 2024, approximately 57 employees of the Group were licensed with the SFC in various regulated activities under the SFO: dealing in securities (Type 1), dealing in futures contracts (Type 2), advising on securities (Type 4), advising on corporate finance (Type 6) and/or asset management (Type 9).

With the aim to establish a leading international financial investment service platform, the Group has carried out extensive upgrades in various aspects, including but not limited to business development, management and operation, risk control, market monitoring, product services, and trading platform.

The Group take various measures to ensure the quality of products and services, including but not limited to (i) closely monitor the changes in regulatory environment (regulatory requirements or guidelines issued from time to time by the SFC in particular) and market environment, and provide frontline staff with training and updates to ensure compliance of our products and services and that they create greater value for customers; (ii) conduct monitoring and audit in various aspects by the legal and compliance department and internal audit department, in order to ensure compliance of our products and services and advise on the optimization of business process; and (iii) formulate and implement the whistle blowing policy, allowing staff, customers and those who deal with the Group to report any misconduct in confidence while ascertaining the Group will take appropriate actions regarding relevant reports to avoid the recurrence of misconducts that may occur during the course of business.

4.5 Smooth Communication

Understanding the needs of the clients can help improve the Group's business and services, thus the Group listens carefully to its clients' feedback and tries to improve its services. The Group has set up procedures to ensure that the clients' feedback, advice and recommendations can be received and handled in a timely manner. The Group has established designated channels, including hotline, fax and e-mail for clients' complaints. All complaints received will be forwarded to supervisors for handling. The supervisors will investigate in a timely manner and report the investigation results to the senior management. The senior management will then review the complaints and decide the appropriate action (e.g. strengthening internal control and procedures).

During the Reporting Year, the Group has received two complaints. The complaints were handled in accordance with the abovementioned procedures and the relevant guidelines. After appropriate investigations, the Group found the complaints unsubstantiated.

4.6 Protection of Personal Data

The Group is committed to protecting the privacy and confidentiality of the personal data of its customers. In relation to the customers' personal data, the Group has complied with the relevant laws and regulations including the Personal Data (Privacy) Ordinance (Cap. 486, Laws of Hong Kong).

The Group has put in place a policy to govern the use of confidential information by the employees. Specifically, the employees are instructed to use confidential information in a responsible manner and are prohibited from leaking clients' data or any unauthorised use. The Group has adopted a series of technical and management measures to safeguard clients' privacy. In addition, the Group reminds its clients, from time to time, to manage their account passwords with caution, avoid logging into their accounts on public computers and networks, change their passwords regularly and contact the Group's staff for consultation when necessary.

During the Reporting Year, there was no non-compliance with the relevant laws and regulations as to clients' privacy and information security in the Group.

4.7 Protection of Intellectual Property

The Group protects its intellectual property rights by registration of domain names in Hong Kong. Such domain name is renewed upon its expiration. During the Reporting Year, there was no material infringement of the intellectual property rights of the Group by any third parties.

5. ESG REPORTING CONTENT INDEX

Aspect	HKEx KPI	Description	Page Number/ Remarks
Environment			
A1: Emissions	A1	General Disclosure	80-89
	A1.1	The types of emissions and respective emissions data	81-85
	A1.2	Greenhouse gas in total and intensity	81
	A1.3	Total hazardous waste produced and intensity	84
	A1.4	Total non-hazardous waste produced and intensity	84-85
	A1.5	Emissions target(s) set and steps taken to achieve them	81
	A1.6	How hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them	84-86
A2: Use of Resources	A2	General Disclosure	81-86
	A2.1	Direct and/or indirect energy consumption by type in total and intensity	81
	A2.2	Water consumption in total and intensity	No data was collected due to low water consumption and no individual water meter.
	A2.3	Energy use efficiency target(s) set and steps taken to achieve them	81
	A2.4	Whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them	82
	A2.5	Total packaging material used for finished products	Packaging material is not applicable to the Group's business.

Environmental, Social and Governance Report

Aspect	HKEx KPI	Description	Page Number/ Remarks
A3: The Environment and Natural Resources	A3	General Disclosure	80-86
	A3.1	Significant impacts of activities on the environment and natural resources and actions taken to manage them	80-86
A4: Climate Change	A4	General Disclosure	86-89
	A4.1	Significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them	86-89
Social			
Employment and Labour Practices			
B1: Employment	B1	General Disclosure	90-92, 94
	B1.1	Total workforce by gender, employment type, age group and geographical region	90-91
	B1.2	Employee turnover rate by gender, age group and geographical region	91
B2: Health and Safety	B2	General Disclosure	93
	B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the Reporting Year	93
	B2.2	Lost days due to work injury	93
	B2.3	Occupational health and safety measures adopted, and how they are implemented and monitored	93
B3: Development and Training	B3	General Disclosure	93-94
	B3.1	Percentage of employees trained by gender and employee category	93-94
	B3.2	Average training hours completed per employee by gender and employee category	93-94

Aspect	HKEx KPI	Description	Page Number/ Remarks
B4: Labour Standards	B4	General Disclosure	92
	B4.1	Measures to review employment practices to avoid child and forced labour	92
	B4.2	Steps taken to eliminate such practices when discovered	92
Operating Practices			
B5: Supply Chain Management	B5	General Disclosure	97-98
	B5.1	Number of suppliers by geographical region	98
	B5.2	Practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored	97-98
	B5.3	Practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored	97-98
	B5.4	Practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored	97-98
B6: Product Responsibility	B6	General Disclosure	98-99
	B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	Due to the business nature of the Group, this KPI is considered not material
	B6.2	Number of products and services related complaints received and how they are dealt with	99
	B6.3	Practices relating to observing and protecting intellectual property rights	100
	B6.4	Quality assurance process and recall procedures	98-99
	B6.5	Consumer data protection and privacy policies, and how they are implemented and monitored	100

Aspect	HKEx KPI	Description	Page Number/ Remarks
B7: Anti-corruption	B7	General Disclosure	95-97
	B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the Reporting Year and the outcomes of the cases	97
	B7.2	Preventive measures and whistle-blowing procedures, and how they are implemented and monitored	97
	B7.3	Anti-corruption training provided to directors and staff	97
Community			
B8: Community Investment	B8	General Disclosure	95
	B8.1	Focus areas of contribution	95
	B8.2	Resources contributed to the focus area	95

Independent Auditor's Report

羅兵咸永道

To the Shareholders of CMBC Capital Holdings Limited
(incorporated in Bermuda with limited liability)

OPINION

What we have audited

The consolidated financial statements of CMBC Capital Holdings Limited (the "**Company**") and its subsidiaries (the "**Group**"), which are set out on pages 114 to 221, comprise:

- the consolidated statement of financial position as at 31 December 2024;
- the consolidated statement of profit or loss and other comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

OUR OPINION

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("**HKSAs**") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENCE

We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("**the Code**"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

Independent Auditor's Report

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters identified in our audit are summarised as follows:

- Allowance for Expected Credit Losses ("**ECL**") of Financing Assets and Debt Investments; and
- Valuation of Level 3 Financial Assets

Key Audit Matter	How our audit addressed the Key Audit Matter
Allowance for Expected Credit Losses ("ECL") of Financing Assets and Debt Investments	
Refer to notes 20, 21, 22 and 25 to the consolidated financial statements. The balances of allowance for ECL represent the management's estimates of ECL under HKFRS 9 at the end of the reporting date. As at 31 December 2024, the Group's financial assets arising from financing businesses which included loans and advances and accounts receivable from margin clients ("**Financing Assets**"), totalled HK$395.2 million after an allowance for ECL of HK$337.5 million. Also, the Group held debt investments measured at fair value through other comprehensive income and at amortised cost ("**Debt Investments**") totalling HK$719.2 million after an allowance for ECL of HK$495.7 million.	We performed the following audit procedures over the allowance for ECL: • We obtained an understanding of the management's internal control and assessment process of allowance for ECL and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of subjectivity of management judgments and assumptions applied in developing the ECL estimates; • We evaluated and tested the following key controls over: – the approval and application of ECL models, including ongoing model monitoring and ECL calculation and review; – the accuracy and completeness of key data inputs adopted by the ECL models; and

Key Audit Matter	How our audit addressed the Key Audit Matter
The Group calculates the allowance for ECL of stage 1 and 2 Financing Assets and Debt Investments using ECL models that involve various risk parameters. The allowance for ECL of stage 3 Financing Assets and Debt Investments is calculated by using the discounted cash flow method. The determination of allowance for ECL using the ECL models is subject to management judgments and assumptions, primarily including: (1) Selection of the appropriate methodologies and assumptions; (2) Determination of the criteria for significant increase in credit risk ("**SICR**"), and definition of credit-impaired; (3) Exercising judgments in estimating future cash flows for Stage 3 credit-impaired financial assets; and (4) Adjustments for forward-looking economic information.	– the ongoing monitoring processes, which included: (i) the margin call procedures for margin shortfall and risk mitigating actions taken by management for accounts receivable from margin clients; and (ii) the periodic reviews for identification of any delinquency in principal or interest repayments for Financing Assets and Debt Investments. • We assessed the competency, capabilities and objectivity of the external valuation specialists engaged by management for estimating the allowance for ECL of certain credit-impaired assets classified at Stage 3 and the recoverable amounts of the underlying collaterals (if any); • With the assistance of our internal credit modelling specialists, we examined the ECL modelling methodologies, key inputs and assumptions and assessed their reasonableness of the management judgments and assumptions applied; • We assessed the reasonableness of the management judgment in determining the criteria for SICR and definition of credit-impaired. We further tested, on a sample basis, the application of such criteria to Financing Assets and Debt Investments;

Key Audit Matter	How our audit addressed the Key Audit Matter
Impacts related to the ongoing conditions of Mainland China property developers and certain non-state-owned enterprises together with macroeconomic uncertainties, continue to add challenges to the inherently complex ECL determination, primarily due to the greater estimation uncertainty surrounding the forward-looking economic information and assessment of credit risk in the Group's Financing Assets and Debt Investments portfolios. Allowance for ECL of Financing Assets and Debt Investments was considered to be a key area of audit focus due to the size of the balances and the high degree of estimation uncertainty. The inherent risk in relation to the allowance for ECL is considered significant due to subjectivity of management judgments and assumptions involved in developing the ECL estimate.	• For forward-looking economic scenarios, we assessed the basis of determining the economic variables, number of scenarios and relative weightings, and the reasonableness of the management judgments and assumptions applied, taking into consideration of the management's view on the future macroeconomic conditions; • We tested the accuracy and completeness of key data sources applied in the ECL computation on a sample basis by checking to the Group's supporting information and external data sources, as applicable; and • For the credit-impaired financial assets classified at Stage 3, we tested the computations of the expected future cash flows and the fair value of collateral (if any) for the impaired amounts. We also examined the underlying documentation supporting the management's key estimations used in the individual ECL assessment. With the assistance of our internal valuation specialists, we corroborated and challenged management's assessment and expectation of reasonably possible outcomes on the recoverability of these impaired financial assets, and where applicable, the estimated fair value and expected future cash flows from the pledged collateral against externally available information. Based on the above, we considered that management's judgments and assumptions applied in the estimation of allowance for ECL were supportable by the evidence obtained and procedures performed.

Key Audit Matter	How our audit addressed the Key Audit Matter
Valuation of Level 3 Financial Assets	
Refer to notes 25, 26 and 35(e) to the consolidated financial statements. As at 31 December 2024, the Group held unlisted financial assets amounting to HK$731.6 million and HK$23.4 million which were measured at fair value through profit or loss and fair value through other comprehensive income respectively. They were classified as Level 3 financial assets under the fair value hierarchy ("**Level 3 Financial Assets**"), representing approximately 19.6% of the Group's total assets. Management selected and adopted specific valuation models that required a considerable number of inputs and judgments. Where observable data is not readily available, estimates of inputs need to be developed by management which will involve their judgments. Valuation of Level 3 Financial Assets was considered to be a key area of audit focus due to the size of the balance and the high degree of estimation uncertainty. The inherent risk in relation to the valuation of Level 3 Financial Assets is considered significant due to subjectivity of management judgments and assumptions involved in developing the estimate.	We performed the following audit procedures over valuation of Level 3 Financial Assets: • We obtained an understanding of the management's internal control and assessment process of valuation of Level 3 Financial Assets and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of subjectivity of the management judgments and assumptions applied; • We evaluated and tested the key controls in relation to the management's review on the valuation of Level 3 Financial Assets; • We assessed the competency, capabilities and objectivity of the external valuation specialists engaged by the management; • We inspected the relevant terms and conditions of the underlying investment agreements to evaluate the impact on valuation; and

Key Audit Matter	How our audit addressed the Key Audit Matter
	• With the assistance of our internal valuation specialists, we performed independent assessments of the Group's valuation of Level 3 Financial Assets. Our independent valuation assessments included evaluating the appropriateness of valuation models, assessing the reasonableness of the management judgments and assumptions, and the key inputs used in the valuation models with reference to relevant available market data. Based on the above, we considered that management's judgments and assumptions applied in the valuation of Level 3 Financial Assets were supportable by the evidence obtained and procedures performed.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee assists the directors in discharging their responsibilities for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, in accordance with Section 90 of the Companies Act 1981 of Bermuda, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Mr. Tam Man Kit, James.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 27 March 2025

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2024

	Notes	2024 HK$'000	2023 HK$'000
Revenue	4	**346,545**	493,894
Net gains/(losses) on financial assets/ liabilities at fair value through profit or loss ("**FVTPL**")		**24,379**	(210,476)
Net losses on financial assets at fair value through other comprehensive income ("**FVOCI**")		**(7,574)**	(127,673)
Other income	6	**16,715**	33,737
Other losses	7	**(11,882)**	(17,178)
Impairment losses	8	**(18,189)**	(329,950)
Staff costs	10	**(86,725)**	(62,822)
Depreciation		**(21,398)**	(22,548)
Other operating expenses		**(66,494)**	(57,777)
Finance costs	9	**(107,275)**	(260,193)
Profit/(loss) before taxation	10	**68,102**	(560,986)
Taxation	13	**(17,310)**	(11,320)
Profit/(loss) for the year attributable to owners of the Company		**50,792**	(572,306)

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2024

	Notes	2024 HK$'000	2023 HK$'000
Profit/(loss) for the year attributable to owners of the Company		**50,792**	(572,306)
Other comprehensive income			
Item that will not be reclassified to profit or loss:			
– Equity investments at fair value through other comprehensive income – net movement in fair value reserve (non-recycling)		**42,003**	58,152
Item that may be reclassified subsequently to profit or loss:			
– Financial assets at fair value through other comprehensive income – net movement in fair value reserve (recycling)		**45,924**	176,743
Other comprehensive income for the year, net of tax		**87,927**	234,895
Total comprehensive income/(loss) for the year attributable to owners of the Company		**138,719**	(337,411)
		HK cents	HK cents
Earnings/(loss) per share attributable to owners of the Company	15		
– Basic		**4.59**	(51.04)
– Diluted		**4.59**	(51.04)

The notes on pages 123 to 221 form part of these financial statements.

Consolidated Statement of Financial Position

At 31 December 2024

	Notes	As at 31 December 2024 HK$'000	As at 31 December 2023 HK$'000
Non-current assets			
Property, plant and equipment	16	**5,189**	5,141
Right-of-use asset	17(a)	**36,814**	56,021
Goodwill	18	**16,391**	16,391
Intangible assets	19	**960**	960
Financial assets at amortised cost	21	**–**	15,740
Other assets		**11,080**	19,524
		70,434	113,777
Current assets			
Accounts receivable	22	**778,325**	104,826
Prepayments, deposits and other receivables	23	**9,706**	21,658
Interest receivables	23	**27,770**	42,682
Loans and advances	20	**21,810**	55,137
Financial assets at amortised cost	21	**15,644**	–
Financial assets at fair value through other comprehensive income	25	**1,539,976**	2,269,818
Financial assets at fair value through profit or loss	26	**920,961**	1,250,948
Tax recoverable		**–**	10,586
Cash held on behalf of customers	27(a)	**211,321**	254,016
Cash and cash equivalents	27(b)	**248,550**	436,102
		3,774,063	4,445,773

Consolidated Statement of Financial Position

At 31 December 2024

	Notes	As at 31 December 2024 HK$'000	As at 31 December 2023 HK$'000
Current liabilities			
Accounts payable	28	270,481	286,930
Other payables and accruals	29	56,710	44,496
Amount due to an intermediate holding company	24	103,232	32,864
Loans from an intermediate holding company	30	1,234,965	1,829,010
Tax payable		7,003	–
Financial assets sold under repurchase agreements	32	734,923	1,044,658
Lease liabilities	17(a)	22,188	19,183
		2,429,502	3,257,141
Net current assets		1,344,561	1,188,632
Total assets less current liabilities		1,414,995	1,302,409
Non-current liabilities			
Lease liabilities	17(a)	19,005	39,445
Deferred tax liabilities	31	7,220	10,262
		26,225	49,707
NET ASSETS		1,388,770	1,252,702

Consolidated Statement of Financial Position

At 31 December 2024

	Notes	As at 31 December 2024 HK$'000	As at 31 December 2023 HK$'000
CAPITAL AND RESERVES			
Share capital	33	**439,702**	447,745
Reserves		**949,068**	804,957
TOTAL EQUITY		**1,388,770**	1,252,702

Approved and authorised for issue by the board of directors on 27 March 2025.

Li Baochen
DIRECTOR

Li Ming
DIRECTOR

The notes on pages 123 to 221 form part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2024

	Notes	Attributable to owners of the Company							
		Share capital HK$'000	Share premium HK$'000 (Note a)	Contributed surplus HK$'000 (Note b)	Fair value reserve (recycling) HK$'000	Fair value reserve (non-recycling) HK$'000	Other reserve HK$'000 (Note c)	Accumulated losses HK$'000	Total HK$'000
At 1 January 2024		447,745	1,614,322	1,823,745	(93,126)	(105,853)	(3,751)	(2,430,380)	1,252,702
Changes in equity for 2024:									
Profit for the year		–	–	–	–	–	–	50,792	50,792
Other comprehensive income		–	–	–	45,924	42,003	–	–	87,927
Total comprehensive income		–	–	–	45,924	42,003	–	50,792	138,719
Disposal of equity investments at fair value through other comprehensive income		–	–	–	–	6,708*	–	(6,708)*	–
Shares repurchased and cancelled	33(i)	(8,043)	880	–	–	–	4,512	–	(2,651)
Balance at 31 December 2024		439,702	1,615,202	1,823,745	(47,202)	(57,142)	761	(2,386,296)	1,388,770

* Amounts reclassified to accumulated losses upon disposal of equity investments at fair value through other comprehensive income.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2024

	Notes	Share capital HK$'000	Share premium HK$'000 (Note a)	Contributed surplus HK$'000 (Note b)	Fair value reserve (recycling) HK$'000	Fair value reserve (non-recycling) HK$'000	Other reserve HK$'000 (Note c)	Accumulated losses HK$'000	Total HK$'000
		Attributable to owners of the Company							
At 1 January 2023		449,466	1,618,497	1,823,745	(269,869)	(221,639)	(402)	(1,800,440)	1,599,358
Changes in equity for 2023:									
Loss for the year		–	–	–	–	–	–	(572,306)	(572,306)
Other comprehensive income		–	–	–	176,743	58,152	–	–	234,895
Total comprehensive income/(loss)		–	–	–	176,743	58,152	–	(572,306)	(337,411)
Disposal of equity investments at fair value through other comprehensive income		–	–	–	–	57,634*	–	(57,634)*	–
Shares repurchased and cancelled	33(i)	(1,721)	(4,175)	–	–	–	1,163	–	(4,733)
Shares repurchased but not yet cancelled		–	–	–	–	–	(4,512)	–	(4,512)
Balance at 31 December 2023		447,745	1,614,322	1,823,745	(93,126)	(105,853)	(3,751)	(2,430,380)	1,252,702

* Amounts reclassified to accumulated losses upon disposal of equity investments at fair value through other comprehensive income.

Notes:

a. Share premium account is governed by Section 40 of the Companies Act 1981 of Bermuda.

b. Amounts represent credits arisen from the capital reduction and share premium cancellation transferred to the contributed surplus account, which had been partially utilised to eliminate the accumulated losses of the Group.

c. The other reserve of the Group represents the difference between the proportionate share of net assets attributable to additional interest in a subsidiary and the consideration paid as at 31 December 2024 and 2023. As at 31 December 2023, the other reserve of the Group also included the amount of repurchased shares but not yet cancelled.

The notes on pages 123 to 221 form part of these financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 December 2024

	Notes	2024 HK$'000	2023 HK$'000
Operating activities			
Cash from operations	27(c)	**417,558**	2,407,039
Hong Kong Profits Tax paid		**(2,763)**	(23,791)
Interest received		**108,472**	300,143
Dividend received		**2,256**	4,730
Interest paid		**(126,422)**	(324,470)
Net cash generated from operating activities		**399,101**	2,363,651
Investing activity			
Purchases of property, plant and equipment		**(2,239)**	(3,592)
Net cash used in investing activity		**(2,239)**	(3,592)
Financing activities			
Repurchase of shares		**(2,651)**	(9,245)
New loans raised		**2,070,488**	1,284,486
Repayment of loans		**(2,643,272)**	(4,158,776)
Principal and interest elements of lease payments	17(b)	**(19,183)**	(22,534)
Net cash used in financing activities		**(594,618)**	(2,906,069)

Consolidated Statement of Cash Flows

For the year ended 31 December 2024

	Notes	2024 HK$'000	2023 HK$'000
Net decrease in cash and cash equivalents		**(197,756)**	(546,010)
Cash and cash equivalents at the beginning of year		**436,102**	982,858
Effect of foreign exchange rate changes, net		**10,204**	(746)
Cash and cash equivalents at the end of year		**248,550**	436,102
Analyses of cash and cash equivalents at end of year:			
Bank balances – house accounts	27(b)	**248,550**	436,102

The notes on pages 123 to 221 form part of these financial statements.

1 GENERAL INFORMATION

CMBC Capital Holdings Limited ("**the Company**") is a limited liability company incorporated in Bermuda and its shares are listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). The addresses of registered office and the principal place of business of the Company are disclosed in the corporate information section to the annual report.

At 31 December 2024, the directors consider the immediate parent and ultimate controlling party to be CMBC International Investment Limited, which is incorporated in British Virgin Islands and China Minsheng Banking Corp., Ltd. which is incorporated in People's Republic of China, respectively. The ultimate controlling entity produces financial statements available for public use and can be obtained at the website of the Stock Exchange.

The principal activities of the Company are investment holding and provision of loan financing services. The activities of its principal subsidiaries are set out in note 39 to the consolidated financial statements.

The consolidated financial statements are presented in Hong Kong dollars ("**HK$**"), which is the same as the functional currency of the Company and all values are rounded to the nearest thousand (HK$'000) except otherwise indicated.

2 MATERIAL ACCOUNTING POLICIES

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("**HKFRSs**"), which collective term includes all individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange. Material accounting policies adopted by the Group are disclosed below.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 2(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these consolidated financial statements.

2 MATERIAL ACCOUNTING POLICIES (continued)

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2024 comprise the Company and its subsidiaries.

The measurement basis used in the preparation of the consolidated financial statements is the historical cost basis except that the following assets and liabilities are stated at their fair value as explained in the accounting policies set out below:

– financial instruments classified as financial assets at fair value through other comprehensive income (see note 2(r)); and

– financial instruments classified as financial assets or financial liabilities at fair value through profit or loss (see note 2(r)).

The preparation of financial statements in conformity with HKFRSs requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Judgments made by management in the application of HKFRSs that have significant effect on the consolidated financial statements and major sources of estimation uncertainty are discussed in note 3.

2 MATERIAL ACCOUNTING POLICIES (continued)

(c) Changes in accounting policies

A number of new or amended standards became applicable for the current reporting period, and the Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards.

The following amendments to accounting standards are applicable for annual reporting periods commencing on or after 1 January 2024:

- Classification of Liabilities as Current or Non-current – Amendments to HKAS 1
- Lease Liability in a Sale and Leaseback – Amendments to HKFRS 16
- Supplier Finance Arrangements – Amendments to HKAS 7 and HKFRS 7
- Non-current Liabilities with Covenants – Amendments to HKAS 1
- Hong Kong Interpretation 5 (Revised) Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause – Amendments to HK Int 5 (Revised)

None of these is expected to have a significant effect on the consolidated financial statements of the Group.

(d) New and amended standards and interpretations not yet adopted

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 31 December 2024 reporting periods and have not been early adopted by the Group. The Group is currently assessing the impacts of these standards, amendments or interpretations on the Group entities in the current or future reporting periods and on foreseeable future transactions.

2 MATERIAL ACCOUNTING POLICIES (continued)

(e) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

2 MATERIAL ACCOUNTING POLICIES (continued)

(e) Basis of consolidation (continued)

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in existing subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity including reserves and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted after re-attribution of the relevant equity component, and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs).

(f) Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 "Income taxes" and HKAS 19 "Employee benefits" respectively;

2 MATERIAL ACCOUNTING POLICIES (continued)

(f) Business combinations (continued)

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 "Share-based payment" at the acquisition date (see the accounting policy below); and

- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 "Non-current assets held for sale and discontinued operations" are measured in accordance with that standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net amount of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after re-assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair value or, when applicable, on the basis specified in another HKFRS.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with the corresponding adjustments made against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

2 MATERIAL ACCOUNTING POLICIES (continued)

(f) Business combinations (continued)

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured to fair value at subsequent reporting dates, with the corresponding gain or loss being recognised in profit or loss.

(g) Acquisition of a subsidiary not constituting a business

When the Group acquires a group of assets and liabilities that do not constitute a business, the Group identifies and recognises the individual identifiable assets acquired and liabilities assumed by allocating the purchase price first to the financial assets and liabilities at the respective fair values, the remaining balance of the purchase price is then allocated to the other individual identifiable assets and liabilities on the basis of their fair values at the date of purchase. Such a transaction does not give rise to goodwill or bargain purchase gain.

(h) Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see the accounting policy above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit to which goodwill has been allocated is tested for impairment at the end of that reporting period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro-rata basis based on the carrying amount of each asset in the unit.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal.

2 MATERIAL ACCOUNTING POLICIES (continued)

(i) Revenue recognition

Income is classified by the Group as revenue when it arises from the provision of services in the ordinary course of the Group's business.

Revenue is recognised when service is transferred to the customer, at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. The Group applied the optional practical expedient to immediately expense cost to obtain a contract if the amortisation period of the asset that would have recognised is one year or less.

Where the contract contains a financing component which provides a significant financing benefit to the customer for more than 12 months, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction with the customer, and interest income is accrued separately under the effective interest method. Where the contract contains a financing component which provides a significant financing benefit to the Group, revenue recognised under that contract includes the interest expense accreted on the contract liability under the effective interest method. The Group takes advantage of the practical expedient in paragraph 63 of HKFRS 15 and does not adjust the consideration for any effects of a significant financing component if the period of financing is 12 months or less.

(i) Revenue arising from financial services is recognised on the following basis:

- Commission income for brokerage business and future and options contracts dealing services are recognised on execution of purchase, sales or other transactions or services by the Group on behalf of its clients;

- Underwriting, sub-underwriting, placing and sub-placing commissions are recognised as income in accordance with the terms of underlying agreement or deal mandate when the relevant significant act has completed;

- Financial advisory, sponsorship, arrangement fee and other service income are recognised over time according to performance obligation and transaction prices of the contracts. It is recognised when the Group has an enforceable right to payment for performance completed to date at all times throughout the duration of the contract;

2 MATERIAL ACCOUNTING POLICIES (continued)

(i) Revenue recognition (continued)

(i) Revenue arising from financial services is recognised on the following basis: (continued)

- Asset management fee income and investment advisory services fee income are recognised over time as those services are provided continuously over the contract period. Invoices for these services income are issued on a regular basis based on the terms stated in the contract; and

- The Group is entitled to a performance fee income when there is a positive performance for the relevant performance period and it is recognised at the end of the relevant performance period, when it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

(ii) Interest income from a financial asset is recognised as it accrues under the effective interest method using the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset. For financial assets measured at amortised cost or FVOCI (recycling) that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit-impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount net of expected credit loss allowance) of the asset.

(iii) Dividend income from investments is recognised when the shareholders' right to receive payment has been established.

(iv) The Group's accounting policy for recognition of revenue from operating leases is described in the accounting policy for leasing below (see note 2(k)).

2 MATERIAL ACCOUNTING POLICIES (continued)

(j) Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. The consolidated financial statements are presented in HK$, which is the Company's functional and presentation currency. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items are recognised in profit or loss in the period in which they arise.

(k) Leases

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the fixed payments (including in-substance fixed payments), less any lease incentives receivable.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

2 MATERIAL ACCOUNTING POLICIES (continued)

(k) Leases (continued)

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability,
- any lease payments made at or before the commencement date less any lease incentives received,
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Payments associated with short-term leases and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for the head lease and the sub-lease as two separate contacts. The sub-lease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

2 MATERIAL ACCOUNTING POLICIES (continued)

(l) Employee benefits

(i) Retirement benefit costs

Payment to Hong Kong Mandatory Provident Fund Scheme are recognised as an expense when employees have rendered service entitling them to the contributions.

(ii) Short-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

A liability is recognised for discretionary bonus when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

(m) Borrowings costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(n) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit or loss before taxation as reported in the consolidated statement of profit or loss and other comprehensive income because of items of income and expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

2 MATERIAL ACCOUNTING POLICIES (continued)

(n) Taxation (continued)

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

2 MATERIAL ACCOUNTING POLICIES (continued)

(n) Taxation (continued)

The Group is subject to income taxes predominantly in Hong Kong and judgment is required in determining the provision for income taxes. There could be transactions and calculations for which the ultimate tax determination is uncertain. Where the final tax outcome of these matters is different from the estimated amounts that were initially recorded, such differences will impact the current and deferred income tax provisions in the period in which such determination is made.

Current and deferred tax are recognised in profit or loss. Where current tax or deferred tax arises from initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

(o) Property, plant and equipment

Property, plant and equipment are stated in the consolidated statement of financial position at cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

(p) Intangible assets

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are reported at costs less accumulated amortisation and impairment losses, on the same basis as intangible assets that acquired separately. Alternatively, intangible assets acquired in a business combination with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses (see the accounting policy in respect of impairment losses on tangible and intangible assets below).

2 MATERIAL ACCOUNTING POLICIES (continued)

(q) Impairment of tangible and intangible assets other than goodwill and financial assets

At the end of each reporting period, the Group reviews the carrying amount of its tangible and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives are tested for impairment at least annually, and whenever there is an indication that they may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to other assets on a pro-rata basis based on the carrying amount of each asset in unit. The carrying amount of an asset is not reduced below the highest of its fair value less cost of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the assets is allocated pro rata to the other assets of the unit. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

2 MATERIAL ACCOUNTING POLICIES (continued)

(r) Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

A financial asset and a financial liability are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

(i) Financial assets

Investments other than equity investments

Non-equity investments held by the Group are classified into one of the following measurement categories:

– amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest ("**SPPI**"). Interest income from the investment is calculated using the effective interest method;

– FVOCI (recycling), if the contractual cash flows of the investment comprise SPPI and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Changes in fair value are recognised in other comprehensive income, except for the recognition in profit or loss of expected credit losses ("**ECLs**"), interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the investment is derecognised, the amount accumulated in other comprehensive income is recycled from equity to profit or loss; or

2 MATERIAL ACCOUNTING POLICIES (continued)

(r) Financial instruments (continued)

(i) Financial assets (continued)

Investments other than equity investments (continued)

– FVTPL, if the investment does not meet the criteria for being measured at amortised cost or FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

In assessing whether the contractual cash flows are SPPI, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment the Group considers:

– Contingent events that would change the amount and timing of cash flows;

– Leverage features;

– Prepayment and extension terms;

– Terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse loans); and

– Features that modify consideration of the time value of money (e.g. periodical reset of interest rates).

2 MATERIAL ACCOUNTING POLICIES (continued)

(r) Financial instruments (continued)

(i) Financial assets (continued)

Equity investments

An investment in equity securities is classified as FVTPL unless the equity investment is not held for trading purposes and on initial recognition of the investment the Group makes an election to designate the investment at FVOCI (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings. It is not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVTPL or FVOCI (non-recycling), are recognised in profit or loss as revenue.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

(ii) Financial liabilities and equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2 MATERIAL ACCOUNTING POLICIES (continued)

(r) Financial instruments (continued)

(ii) Financial liabilities and equity instruments (continued)

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Financial liabilities at amortised cost

Financial liabilities (including accounts payable, other payables, loans from an intermediate holding company, lease liability, amount due to an intermediate holding company and financial assets sold under repurchase agreements) are subsequently measured at amortised cost, using the effective interest method.

Financial liabilities at FVTPL

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss, except for changes in fair value attributable to changes in own credit risk which are presented in other comprehensive income.

Derecognition

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. On derecognition of a financial liability, the difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

2 MATERIAL ACCOUNTING POLICIES (continued)

(s) Credit losses and impairment of financial assets

The Group recognises a loss allowance for ECLs on the following items:

– financial assets measured at amortised cost (including cash and cash equivalents, accounts receivable and loans and advances);

– contract assets as defined in HKFRS 15;

– debt securities measured at FVOCI (recycling); and

– loan commitments issued, which are not measured at FVTPL.

Financial assets measured at fair value, including units in bond funds, equity securities measured at FVTPL, and equity securities designated at FVOCI (non-recycling), are not subject to the expected credit loss ("**ECL**") assessment.

Measurement of ECLs

The Group established ECL model by using a statistical approach for financial instruments. This approach involves estimation of four risk parameters, i.e. Probability of Default ("**PD**"), Loss Given Default ("**LGD**"), Exposure at Default ("**EAD**") and expected life, as well as the use of effective interest rate and forward-looking information.

In calculating the expected credit loss rates, for ward looking macroeconomic information, such as unemployment rate and gross domestic product ("**GDP**"), is incorporated as part of risk parameters estimation.

2 MATERIAL ACCOUNTING POLICIES (continued)

(s) Credit losses and impairment of financial assets (continued)

Measurement of ECLs (continued)

Multiple economic scenarios are considered such that a probability-weighted average ECL can be estimated. Three scenarios are proposed, i.e. good scenario, neutral scenario and bad scenario. By considering the corresponding probabilities of the scenarios, the probability-weighted average ECL can be estimated.

Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

For undrawn loan commitments, expected cash shortfalls are measured as the difference between (i) the contractual cash flows that would be due to the Group if the holder of the loan commitment draws down on the loan and (ii) the cash flows that the Group expects to receive if the loan is drawn down.

The expected cash shortfalls are discounted using the following discount rates where the effect of discounting is material:

– fixed-rate financial assets and accounts receivable: effective interest rate determined at initial recognition or an approximation thereof;

– variable-rate financial assets: current effective interest rate;

– loan commitments: current risk-free rate adjusted for risks specific to the cash flows.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

2 MATERIAL ACCOUNTING POLICIES (continued)

(s) Credit losses and impairment of financial assets (continued)

Measurement of ECLs (continued)

ECLs are measured on either of the following bases:

– 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and

– lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

Stage 1	–	Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs
Stage 2	–	Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs
Stage 3	–	Financial instruments that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs
POCI	–	Purchased or originated credit-impaired ("**POCI**") assets are financial assets that are credit-impaired on initial recognition. POCI assets are recorded at fair value at original recognition and interest income is subsequently recognised based on a credit-adjusted effective interest rate. ECLs are only recognised or released to the extent that there is a subsequent change in the expected credit losses.

2 MATERIAL ACCOUNTING POLICIES (continued)

(s) Credit losses and impairment of financial assets (continued)

Measurement of ECLs (continued)

For financial instruments including financial assets measured at amortised cost, debt securities measured at FVOCI, loan commitments issued, the Group recognises a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument (including a loan commitment) has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (ii) the financial asset is 90 days past due. The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

– failure to make payments of principal or interest on their contractually due dates;

– an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);

– an actual or expected significant deterioration in the operating results of the debtor; and

– existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

2 MATERIAL ACCOUNTING POLICIES (continued)

(s) Credit losses and impairment of financial assets (continued)

Significant increases in credit risk (continued)

For loan commitments, the date of initial recognition for the purpose of assessing ECLs is considered to be the date that the Group becomes a party to the irrevocable commitment. In assessing whether there has been a significant increase in credit risk since initial recognition of a loan commitment, the Group considers changes in the risk of default occurring on the loan to which the loan commitment relates.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt securities that are measured at FVOCI (recycling), for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve (recycling).

Credit-impaired financial assets

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

- significant financial difficulties of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becoming probable that the borrower will enter into bankruptcy or other financial reorganisation;
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or
- the disappearance of an active market for a security because of financial difficulties of the issuer.

2 MATERIAL ACCOUNTING POLICIES (continued)

(s) Credit losses and impairment of financial assets (continued)

Basis of calculation of interest income

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on the amortised cost (i.e. the gross carrying amount less expected credit loss allowance) of the financial asset.

Write-off policy

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(t) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows. Cash and cash equivalents are assessed for ECL in accordance with the policy set out in note 2(s).

Segregated accounts maintained by the Group to hold clients' monies are recognised as an asset in financial statements and are disclosed in note 27 to the consolidated financial statements.

2 MATERIAL ACCOUNTING POLICIES (continued)

(u) Related parties

(a) A person, or a close member of that person's family, is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same Group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a Group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a Group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

2 MATERIAL ACCOUNTING POLICIES (continued)

(v) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

(w) Financial assets sold under repurchase agreements

Financial assets sold under repurchase agreements continue to be recognised, which do not result in derecognition of the financial assets, and are recorded as financial assets at FVOCI, financial assets at amortised cost and financial assets at FVTPL. Financial assets sold subject to agreements with a commitment to repurchase at a specific future date are not derecognised in the consolidated statement of financial position. The proceeds from selling such assets are presented as "financial assets sold under repurchase agreements". Financial assets sold under repurchase agreements are initially measured at fair value and are subsequently measured at amortised cost.

2 MATERIAL ACCOUNTING POLICIES (continued)

(x) Share-based payment transactions

(i) Share options granted to employees

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date.

For share options that vest immediately at the date of grant, the fair value of the share options granted is expensed immediately to profit or loss, with a corresponding increase in equity (share option reserve).

(ii) Share options granted to agents and consultants/vendors

Share options issued in exchange for goods or services are measured at the fair value of the goods or services received, unless that fair value cannot be estimated reliably, in which case the goods or services received are measured by reference to the fair value of the share options granted. The fair values of the goods or services received are recognised as expenses, with a corresponding increase in equity (share options reserve), when the Group obtains the goods or when the counterparties render services, unless the goods or services qualify for recognition as assets.

When share options are exercised, the amount previously recognised in share options reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will be transferred to retained earnings/accumulated losses.

3 ACCOUNTING JUDGMENT AND ESTIMATES

Sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 2, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that may cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Impairment of goodwill

An annual assessment is made, as set out in note 18, as to whether the current carrying value of goodwill is impaired.

Fair value of level 3 financial instruments

Notes 2(r) and 35(e) provide further information on the Group's fair value accounting policy and how the fair values of financial instruments are determined.

Impairment of financial assets

Policies on impairment of financial assets are set out in note 2(s).

Taxation

Policies on current and deferred tax are set out in note 2(n).

4 REVENUE

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

	2024 HK$'000	2023 HK$'000
Commission income from brokerage and related services	8,401	13,736
Commission income from underwriting, sub-underwriting, placing and sub-placing	31,234	26,090
Interest income from debt securities investments	43,785	93,770
Interest income from FVTPL investments	9,522	33,863
Interest income from provision of finance and securities margin financing	9,219	44,817
Dividend income and other investment income	66,345	140,145
Financial advisory, sponsorship, arrangement fee and other service income	42,095	17,048
Asset management fee, investment advisory services fee and performance fee income	135,944	124,425
	346,545	493,894

5 SEGMENT INFORMATION

In a manner consistent with the way in which information is reported internally to the Group's management, being the chief operating decision makers, for the purpose of resources allocation and assessment of segment performance focusing on types of services provided.

Specifically, the Group's reportable and operating segments under HKFRS 8 are as follows:

- the "securities" segment representing the business line of provision of brokerage services, securities margin financing services to clients and debt securities underwriting/placing;

- the "fixed-income direct investment" segment representing direct investment and trading activities in fixed-income securities;

- the "other investment and financing" segment representing investment and trading activities in equity securities, bonds and funds other than direct investment and trading activities in fixed-income securities, and provision of loan financing services;

- the "asset management" segment representing provision of asset management services to clients;

- the "corporate finance and advisory" segment representing provision of sponsorship, equity underwriting, financial advisory and financial arrangement services to clients, and provision of client referral services; and

- the "others" segment primarily includes head office operations as well as interest income and interest expense incurred for generating working capital for general operations.

5 SEGMENT INFORMATION (continued)

(i) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by service lines is as follows:

	2024 HK$'000	2023 HK$'000
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by service lines		
– Commission income from brokerage and related services	**8,401**	13,736
– Commission income from underwriting, sub-underwriting, placing and sub-placing	**31,234**	26,090
– Financial advisory, sponsorship, arrangement fee and other service income	**42,095**	17,048
– Asset management fee, investment advisory services fee and performance fee income	**135,944**	124,425
	217,674	181,299
Revenue from other sources		
Loan and financing		
– Interest income from provision of finance and securities margin financing	**9,219**	44,817
Financial investments		
– Interest income from debt securities investments	**43,785**	93,770
– Interest income from FVTPL investments	**9,522**	33,863
– Dividend income and other investment income	**66,345**	140,145
	119,652	267,778
	346,545	493,894

5 SEGMENT INFORMATION (continued)

(i) Disaggregation of revenue (continued)

Disaggregation of revenue is set out below:

	Securities		Fixed-income direct investment		Other investment and financing		Asset management		Corporate finance and advisory		Total	
	2024 HK$'000	2023 HK$'000	2024 HK$'000	2023 HK$'000	2024 HK$'000	2023 HK$'000	2024 HK$'000	2023 HK$'000	2024 HK$'000	2023 HK$'000	2024 HK$'000	2023 HK$'000
Revenue from contracts with customers within the scope of HKFRS 15	41,928	25,844	–	–	–	–	135,944	124,425	39,802	31,030	217,674	181,299
Revenue from other sources												
Loan and financing – Interest income from provision of finance and securities margin financing	6,194	8,057	–	–	3,025	36,760	–	–	–	–	9,219	44,817
Financial investments – Interest income from debt securities investments	–	–	43,785	93,770	–	–	–	–	–	–	43,785	93,770
– Interest income from FVTPL investments	–	–	9,026	31,222	496	2,641	–	–	–	–	9,522	33,863
– Dividend income and other investment income	–	–	64,089	135,415	2,256	4,730	–	–	–	–	66,345	140,145
	–	–	116,900	260,407	2,752	7,371	–	–	–	–	119,652	267,778
Reportable segment revenue	48,122	33,901	116,900	260,407	5,777	44,131	135,944	124,425	39,802	31,030	346,545	493,894

5 SEGMENT INFORMATION (continued)

(ii) Segment revenue and results

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

	For the year ended 31 December 2024						
	Securities HK$'000	Fixed income direct investment HK$'000	Other investment and financing HK$'000	Asset management HK$'000	Corporate finance and advisory HK$'000	Others HK$'000	Total HK$'000
Segment revenue and investment gains/(losses)							
– Reportable segment revenue	48,122	116,900	5,777	135,944	39,802	–	346,545
– Net (losses)/gains on financial assets/liabilities at fair value through profit or loss	–	(5,439)	29,818	–	–	–	24,379
– Net losses on financial assets at fair value through other comprehensive income	–	(7,574)	–	–	–	–	(7,574)
	48,122	103,887	35,595	135,944	39,802	–	363,350
Other income	3,542	2,467	147	1	53	10,505	16,715
Other gains and losses	(1,272)	1,323	(16)	(364)	(326)	(11,227)	(11,882)
Segment expenses	(44,220)	(122,267)	(22,976)	(24,619)	(31,105)	(54,894)	(300,081)
Segment results	6,172	(14,590)	12,750	110,962	8,424	(55,616)	68,102

5 SEGMENT INFORMATION (continued)

(ii) Segment revenue and results (continued)

	For the year ended 31 December 2023						
	Securities HK$'000	Fixed income direct investment HK$'000	Other investment and financing HK$'000	Asset management HK$'000	Corporate finance and advisory HK$'000	Others HK$'000	Total HK$'000
Segment revenue and investment gains/(losses)							
– Reportable segment revenue	33,901	260,407	44,131	124,425	31,030	–	493,894
– Net gains/(losses) on financial assets/liabilities at fair value through profit or loss	–	4,534	(215,010)	–	–	–	(210,476)
– Net losses on financial assets at fair value through other comprehensive income	–	(127,673)	–	–	–	–	(127,673)
	33,901	137,268	(170,879)	124,425	31,030	–	155,745
Other income	10,048	9,466	3,447	8	298	10,470	33,737
Other gains and losses	925	(22,463)	1,813	442	3	2,102	(17,178)
Segment expenses	(59,671)	(444,919)	(135,064)	(25,528)	(21,247)	(46,861)	(733,290)
Segment results	(14,797)	(320,648)	(300,683)	99,347	10,084	(34,289)	(560,986)

5 SEGMENT INFORMATION (continued)

(iii) Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by operating and reportable segments:

	As at 31 December 2024						
	Securities HK$'000	Fixed income direct investment HK$'000	Other investment and financing HK$'000	Asset management HK$'000	Corporate finance and advisory HK$'000	Others HK$'000	Total HK$'000
Assets							
Segment assets	**1,082,353**	**1,721,494**	**830,220**	**92,038**	**33,494**	**84,898**	**3,844,497**
Liabilities							
Segment liabilities	**725,522**	**1,643,011**	**68,259**	**7,128**	**–**	**11,807**	**2,455,727**

	As at 31 December 2023						
	Securities HK$'000	Fixed income direct investment HK$'000	Other investment and financing HK$'000	Asset management HK$'000	Corporate finance and advisory HK$'000	Others HK$'000	Total HK$'000
Assets							
Segment assets	596,612	2,735,371	1,001,299	40,942	22,343	162,983	4,559,550
Liabilities							
Segment liabilities	351,269	2,806,935	100,401	198	448	47,597	3,306,848

5 SEGMENT INFORMATION (continued)

(iii) Segment assets and liabilities (continued)

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 2. Segment results represent the profit earned by/(loss from) each segment without allocation of central administrative costs, directors' emoluments, certain other income, certain other gains and losses and finance costs. This is the measure reported to the chief operating decision makers for the purpose of resources allocation and performance assessment.

Assets and liabilities, excluding intragroup receivables and payables, are allocated to reportable and operating segments.

(iv) Other segment information

	For the year ended 31 December 2024						
	Securities HK$'000	Fixed income direct investment HK$'000	Other investment and financing HK$'000	Asset management HK$'000	Corporate finance and advisory HK$'000	Others HK$'000	Total HK$'000
Depreciation of property, plant and equipment	40	–	–	–	–	2,151	2,191
Depreciation of right-of-use asset	–	–	–	–	–	19,207	19,207
Addition of property, plant and equipment	1,197	–	–	–	–	1,042	2,239
Impairment loss in respect of loans and advances	–	–	3,087	–	–	–	3,087
Impairment loss in respect of accounts receivable	1,424	–	–	–	–	–	1,424
Impairment loss in respect of financial assets at fair value through other comprehensive income	–	12,101	–	–	–	–	12,101
Reversal of impairment loss in respect of financial assets at amortised cost	–	(2)	–	–	–	–	(2)
Impairment loss in respect of interest receivables	–	1,579	–	–	–	–	1,579
Finance costs	240	94,005	11,282	–	–	1,748	107,275

5 SEGMENT INFORMATION (continued)

(iv) Other segment information (continued)

	For the year ended 31 December 2023						
	Securities HK$'000	Fixed income direct investment HK$'000	Other investment and financing HK$'000	Asset management HK$'000	Corporate finance and advisory HK$'000	Others HK$'000	Total HK$'000
Depreciation of property, plant and equipment	–	–	–	–	–	3,341	3,341
Depreciation of right-of-use asset	–	–	–	–	–	19,207	19,207
Addition of property, plant and equipment	–	–	–	–	–	3,592	3,592
Impairment loss in respect of loans and advances	–	–	89,954	–	–	–	89,954
Impairment loss in respect of accounts receivable	39,033	–	–	–	–	–	39,033
Impairment loss in respect of financial assets at fair value through other comprehensive income	–	197,569	–	–	–	–	197,569
Impairment loss in respect of financial assets at amortised cost	–	23	–	–	–	–	23
Impairment loss in respect of interest receivables	–	3,371	–	–	–	–	3,371
Finance costs	32	236,010	21,748	–	–	2,403	260,193

(v) Geographical information

The Group's operations are carried out in Hong Kong.

The Group's revenue from external customers and its non-current assets are located in Hong Kong.

(vi) Information about major customers

Revenue of approximately HK$119,348,000 for the year ended 31 December 2024 was derived from asset management service to a customer and accounted for more than 10% of the total revenue (2023: HK$87,086,000).

6 OTHER INCOME

	2024 HK$'000	2023 HK$'000
Bank interest income	**5,013**	17,834
Office sharing fee income	**8,880**	8,880
Other income	**2,822**	7,023
	16,715	33,737

7 OTHER LOSSES

	2024 HK$'000	2023 HK$'000
Net exchange losses	**11,882**	17,178

8 IMPAIRMENT LOSSES

	2024 HK$'000	2023 HK$'000
Provision/(reversal) of impairment losses		
– Loans and advances (note 20)	**3,087**	89,954
– Accounts receivable (note 22)	**1,424**	39,033
– Financial assets at fair value through other comprehensive income (note 25)	**12,101**	197,569
– Financial assets at amortised cost (note 21)	**(2)**	23
– Interest receivables (note 23)	**1,579**	3,371
	18,189	329,950

9 FINANCE COSTS

	2024 HK$'000	2023 HK$'000
Interest expense on:		
Bank borrowings	**240**	32
Repurchase agreements	**62,016**	140,887
Loans from an intermediate holding company	**43,271**	116,872
Lease liabilities (note 17(b))	**1,748**	2,402
	107,275	260,193

10 PROFIT/(LOSS) BEFORE TAXATION

	2024 HK$'000	2023 HK$'000
Profit/(loss) before taxation is arrived at after charging:		
Staff costs (including directors' remuneration):		
Wages and salaries	**85,264**	61,572
Retirement benefits contributions	**1,461**	1,250
Total staff costs	**86,725**	62,822
Auditor's remuneration	**3,344**	4,014
Depreciation of property, plant and equipment (note 16)	**2,191**	3,341
Depreciation of right-of-use asset (note 17(b))	**19,207**	19,207

11 DIRECTORS' REMUNERATION

The remuneration paid or payable to the executive directors, non-executive directors and independent non-executive directors of the Company is disclosed pursuant to the applicable Listing Rules and Hong Kong Companies Ordinance, as follows:

	For the year ended 31 December 2024									
	Executive directors			Non-executive directors			Independent non-executive directors			
	Mr. Li Baochen[1]	Mr. Li Ming[1]	Mr. Ng Hoi Kam[1]	Mr. Yang Kunpeng	Mr. Li Wenshi	Ms. Wu Yuan	Mr. Lee, Cheuk Yin Dannis	Mr. Wu Bin	Mr. Wang Lihua	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Fees	–	–	–	–	–	–	300	300	300	900
Other emoluments:										
Salaries and other allowances	–	–	–	–	–	–	–	–	–	–
Discretionary bonuses	–	–	–	–	–	–	–	–	–	–
Retirement benefits contribution	–	–	–	–	–	–	–	–	–	–
	–	–	–	–	–	–	300	300	300	900

	For the year ended 31 December 2023									
	Executive directors				Non-executive directors		Independent non-executive directors			
	Mr. Li Baochen[1]	Mr. Li Ming[1]	Mr. Ng Hoi Kam[1]	Mr. Ding Zhisuo[2]	Mr. Yang Kunpeng	Mr. Li Wenshi	Mr. Lee, Cheuk Yin Dannis	Mr. Wu Bin	Mr. Wang Lihua	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Fees	–	–	–	–	–	–	300	300	300	900
Other emoluments:										
Salaries and other allowances	–	–	3,080	–	–	–	–	–	–	3,080
Discretionary bonuses	–	–	–	–	–	–	–	–	–	–
Retirement benefits contribution	–	–	17	–	–	–	–	–	–	17
	–	–	3,097	–	–	–	300	300	300	3,997

11 DIRECTORS' REMUNERATION (continued)

Notes:

(1) Mr. Li Baochen was appointed as a director of CMBCI on 30 December 2022 and as an executive Director of the Company with effect from 6 January 2023. Mr. Li Ming was appointed as the deputy general manager of CMBCI on 28 December 2022 and as an executive Director of the Company with effect from 6 January 2023. Mr. Li Baochen and Mr. Li Ming receive remuneration from CMBCI for their services to the Group headed by CMBCI which the Company is a member. Accordingly, they will not receive any remuneration for their services as executive Directors of the Company. No apportionment of their remuneration between CMBCI and the Company has been made during the year ended 31 December 2024 and 2023 as their services provided to the Group are incidental to larger group of CMBCI.

Mr. Ng Hoi Kam receives remuneration from CMBCI for his services to the Group headed by CMBCI which the Company is a member since December 2023. Accordingly, he will not receive any remuneration for his service as executive Director of the Company from the Group. No apportionment of his remuneration between CMBCI and the Company has been made during the year ended 31 December 2024 as his service provided to the Group is incidental to larger group of CMBCI.

(2) Mr. Ding Zhisuo resigned as an executive Director of the Company with effect from 6 January 2023.

The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group.

The independent non-executive directors' emoluments shown above were for their services as directors of the Company.

There were no emoluments paid by the Group to any of the Directors as an inducement to join, or upon joining the Group or as compensation for loss of office in both the years ended 31 December 2024 and 2023. No director waived or agreed to waive any emolument in both the years ended 31 December 2024 and 2023.

12 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with highest emoluments in the Group, none (2023: one) was director of the Company whose remuneration is set out in note 11 above. Details of the remuneration of the five (2023: remaining four) non-director, highest paid employees for the year are as follows:

	2024 HK$'000	2023 HK$'000
Salaries and other allowances	12,139	7,960
Discretionary bonuses	389	1,789
Signing bonuses	1,146	–
Retirement benefits contributions	27	62
	13,701	9,811

The emoluments of the five highest paid employees, including directors, for the year fell within the following bands:

	Number of individuals	
	2024	2023
Nil to HK$1,000,000	–	–
HK$1,000,001 to HK$1,500,000	–	–
HK$1,500,001 to HK$2,000,000	–	–
HK$2,000,001 to HK$2,500,000	2	2
HK$2,500,001 to HK$3,000,000	2	1
HK$3,000,001 to HK$3,500,000	–	2
HK$3,500,001 to HK$4,000,000	1	–
	5	5

There was an amount of HK$1,146,000 paid by the Group to two of the five highest paid employees as an inducement to join or upon joining the Group in the year ended 31 December 2024 and no emoluments was paid by the Group to any of the five highest paid employees as compensation for loss of office in the year ended 31 December 2024.

No emoluments were paid by the Group to any of the five highest paid employees as an inducement to join, or upon joining the Group, or as compensation for loss of office in the year ended 31 December 2023.

13 TAXATION

(a) Taxation in the consolidated statement of profit or loss and other comprehensive income represents:

	2024 HK$'000	2023 HK$'000
Current tax:		
Hong Kong Profits Tax	**20,975**	19,199
(Over)/under provision in prior years	**(623)**	628
	20,352	19,827
Deferred tax (note 31):		
Origination and reversal of temporary differences	**(3,042)**	(8,507)
	17,310	11,320

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for both the years ended 31 December 2024 and 2023.

(b) Reconciliation between tax expense and accounting profit or loss at applicable tax rates:

	2024 HK$'000	2023 HK$'000
Profit/(loss) before taxation	**68,102**	(560,986)
Notional tax expense/(credit) at the profit tax rate of Hong Kong of 16.5% (2023: 16.5%)	**11,237**	(92,563)
Tax effect of income not taxable for tax purpose	**(12,690)**	(87,928)
Tax effect of expenses not deductible for tax purpose	**10,327**	111,829
Tax effect of tax losses not recognised	**13,035**	79,354
Tax losses utilised from previous periods	**(3,645)**	–
Reversal of deferred tax recognised	**(331)**	–
(Over)/under provision in prior years	**(623)**	628
Income tax expense	**17,310**	11,320

13 TAXATION (continued)

Organisation for Economic Co-operation and Development's ("OECD") Global Minimum Tax ("Pillar Two") model rules

At 31 December 2024, Pillar Two legislation has not yet been substantially enacted in Hong Kong. However, it is expected that Pillar Two legislation will be enacted in Hong Kong during the financial year 2025 with effective date set retrospectively from the financial year beginning on or after 1 January 2025. The Group continues to monitor the local legislation for Hong Kong and assesses the potential impact. Since the Pillar Two legislation was not effective at the reporting date, the Group has no related current tax exposure. The Group applies the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes, as provided in the amendments to HKAS 12 "Income Taxes" issued in July 2023.

14 DIVIDENDS

No dividend has been declared or paid by the Company during the years ended 31 December 2024 and 2023.

15 EARNINGS/(LOSS) PER SHARE

The calculation of basic and diluted earnings/(loss) per share attributable to owners of the Company is based on the following data:

	2024 HK$'000	2023 HK$'000
Earnings/(loss)		
Profit/(loss) attributable to owners of the Company for the purpose of basic and diluted earnings/(loss) per share	**50,792**	(572,306)

	2024 '000	2023 '000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings/(loss) per share	**1,107,589**	1,121,224

The denominators used are the same as those detailed above for the basic and diluted earnings/(loss) per share.

There was no dilutive items during the years ended 31 December 2024 and 2023.

16 PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK$'000	Furniture, fixtures and equipment HK$'000	Total HK$'000
Cost			
At 1 January 2023	10,302	6,525	16,827
Additions	538	3,054	3,592
At 31 December 2023	10,840	9,579	20,419
Additions	49	2,190	2,239
At 31 December 2024	10,889	11,769	22,658
Accumulated depreciation and impairment			
At 1 January 2023	7,167	4,770	11,937
Charged for the year (note 10)	2,150	1,191	3,341
At 31 December 2023	9,317	5,961	15,278
Charged for the year (note 10)	968	1,223	2,191
At 31 December 2024	10,285	7,184	17,469
Carrying values			
At 31 December 2024	604	4,585	5,189
At 31 December 2023	1,523	3,618	5,141

The above items of property, plant and equipment are depreciated on a straight-line basis at the following rates per annum.

Leasehold improvements	20% or over the lease terms, whichever is shorter
Furniture, fixtures and equipment	20%

17 LEASES

(a) Amounts recognised in the consolidated statement of financial position

The consolidated statement of financial position shows the following amounts relating to leases:

	As at 31 December 2024 HK$'000	As at 31 December 2023 HK$'000
Right-of-use asset		
Office	**36,814**	56,021
Lease liabilities		
Current	**22,188**	19,183
Non-current	**19,005**	39,445
	41,193	58,628

There was no addition to the right-of-use assets during the years ended 31 December 2024 and 2023.

(b) Amounts recognised in the consolidated statement of profit or loss and other comprehensive income

The consolidated statement of profit or loss and other comprehensive income shows the following amounts relating to leases:

	2024 HK$'000	2023 HK$'000
Depreciation of right-of-use asset		
Office (note 10)	**19,207**	19,207
Interest expenses (included in finance costs) (note 9)	**1,748**	2,402

The total cash outflow for leases in 2024 was HK$19,183,000 (2023: HK$22,534,000).

17 LEASES (continued)

(c) The Group's leasing activities and how these are accounted for

For both years, the Group leases one office, and office rental contracts are typically made for fixed periods of 2 to 6 years.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

18 GOODWILL

	HK$'000
Cost	
At 1 January 2023, 31 December 2023 and 31 December 2024	551,445
Impairment	
At 1 January 2023, 31 December 2023 and 31 December 2024	535,054
Carrying values	
At 31 December 2023 and 31 December 2024	16,391

For the purposes of impairment testing, the management considered there are two CGUs in relation to goodwill allocation, including the first CGU from "Securities" and the second CGU from "Asset management". After considering the scale of operation of these CGUs, all goodwill is allocated to the first CGU.

18 GOODWILL (continued)

The basis of the recoverable amount of the CGU and its major underlying assumptions are summarised below.

The recoverable amount of the CGU has been determined by the value-in-use in respect of the above entities comprising the CGU. The value-in-use was assessed by the management based on a business valuation performed internally using the income approach which uses cash flow projections covering a 5-year period and discount rate of 10.45% (2023: 8.06%).

The cash flow projections at 31 December 2024 has taken into account the expansion of business. The cash flows beyond the 5-year period are extrapolated assuming 3% growth rate (2023: 3%). This growth rate is based on the expectation of long-term inflation in Hong Kong. Other key assumptions for the cash flow projections relate to the estimation of cash inflows/outflows which include estimated income generated from the CGU, such estimation is based on the past performance of the CGU and the expectation on the market development.

For the purpose of impairment assessment, the value-in-use of the CGU amounting to HK$891,000,000 (2023: HK$814,000,000). By comparing the aforesaid aggregate carrying amount of the CGU with the value-in-use of the CGU, the management determined that the recoverable amount of the CGU is estimated to be more than the aggregate carrying amounts of net assets directly attributable to the CGU, goodwill, trading rights and customers' relationship and no impairment losses in respect of goodwill (2023: Nil) is recognised in profit or loss during the year ended 31 December 2024.

19 INTANGIBLE ASSETS

	Trading rights HK$'000	Customers' relationship HK$'000	Total HK$'000
Cost			
At 1 January 2023, 31 December 2023 and 31 December 2024	960	144,799	145,759
Amortisation and impairment			
At 1 January 2023, 31 December 2023 and 31 December 2024	–	144,799	144,799
Carrying values			
At 31 December 2023 and 2024	960	–	960

No amortisation of intangible assets was recognised for the years ended 31 December 2024 and 2023.

Trading rights represent rights that confer eligibility of the Group to trade on the Stock Exchange and the Hong Kong Futures Exchange Limited ("**HKFE**"). The trading rights have no foreseeable limit to period that the Group can use to generate net cash flows, accordingly, the trading rights are considered as having indefinite useful lives.

Customers' relationship represents the customers' networks of brokerage and related business. Amortisation for customers' relationship with finite useful lives is recognised on a straight-line basis over its estimated useful lives of 6 years. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

19 INTANGIBLE ASSETS (continued)

No impairment of trading rights was identified based on the valuation performed internally (2023: Nil) using the income approach at a discount rate of 10.45% at 31 December 2024 (2023: 8.06%).

The trading rights also formed part of the assets included in the CGU for which goodwill impairment is assessed and details are set out in note 18.

20 LOANS AND ADVANCES

	As at 31 December 2024 HK$'000	As at 31 December 2023 HK$'000
Loans and advances	**256,500**	286,740
Less: Allowance for expected credit losses	**(234,690)**	(231,603)
	21,810	55,137

The carrying amounts of the above loans and advances as at 31 December 2024 and 2023 are due within one year and presented under current assets.

During the year ended 31 December 2024, impairment losses of HK$3,087,000 (2023: HK$89,954,000) was recognised in the consolidated statement of profit or loss and other comprehensive income. As at 31 December 2024, loans and advances to independent third parties with gross carrying amount of HK$256,500,000 (2023: HK$258,119,000) were assessed as credit-impaired and be included in Stage 3. Allowance for expected credit losses of HK$234,690,000 (2023: HK$231,561,000) was measured and recognised, which represented the difference between the outstanding loan balances and the expected recoverable amounts (taking into account of the underlying collaterals).

20 LOANS AND ADVANCES (continued)

Movement in expected credit losses is as follows:

	2024 Expected credit losses				2023 Expected credit losses			
	Stage 1 HK$'000	Stage 2 HK$'000	Stage 3 HK$'000	Total HK$'000	Stage 1 HK$'000	Stage 2 HK$'000	Stage 3 HK$'000	Total HK$'000
At 1 January	42	–	231,561	231,603	449	–	141,200	141,649
Impairment losses (released)/charged to profit or loss (note 8)	(42)	–	3,129	3,087	(407)	–	90,361	89,954
At 31 December	–	–	234,690	234,690	42	–	231,561	231,603

Analysis of the gross carrying amount for which an expected credit loss allowance is recognised according to the stage of expected credit losses is as follows:

	Stage of assets			
	Stage 1 12-month ECL HK$'000	Stage 2 Lifetime ECL HK$'000	Stage 3 Lifetime ECL (Credit-impaired) HK$'000	Total HK$'000
As at 31 December 2024	–	–	256,500	256,500
As at 31 December 2023	28,621	–	258,119	286,740

21 FINANCIAL ASSETS AT AMORTISED COST

	As at 31 December 2024 HK$'000	As at 31 December 2023 HK$'000
Listed debt investments	**15,665**	15,763
Less: Allowance for expected credit losses	**(21)**	(23)
	15,644	15,740
Less: Amount due within one year presented under current assets	**(15,644)**	–
Amount presented under non-current assets	**–**	15,740
Analysed as:		
Financial assets at amortised cost (non-current)	**–**	15,763
Less: Allowance for expected credit losses	**–**	(23)
	–	15,740
Financial assets at amortised cost (current)	**15,665**	–
Less: Allowance for expected credit losses	**(21)**	–
	15,644	–

21 FINANCIAL ASSETS AT AMORTISED COST (continued)

Movement in expected credit losses is as follows:

	2024 Expected credit losses				2023 Expected credit losses			
	Stage 1 HK$'000	Stage 2 HK$'000	Stage 3 HK$'000	Total HK$'000	Stage 1 HK$'000	Stage 2 HK$'000	Stage 3 HK$'000	Total HK$'000
At 1 January	23	–	–	23	–	–	–	–
Impairment losses (released)/charged to profit or loss (note 8)	(2)	–	–	(2)	23	–	–	23
At 31 December	21	–	–	21	23	–	–	23

Analysis of the gross carrying amount for which an expected credit loss allowance is recognised according to the stage of expected credit losses is as follows:

	Stage of assets			
	Stage 1 12-month ECL HK$'000	Stage 2 Lifetime ECL HK$'000	Stage 3 Lifetime ECL (Credit-impaired) HK$'000	Total HK$'000
As at 31 December 2024	15,665	–	–	15,665
As at 31 December 2023	15,763	–	–	15,763

22 ACCOUNTS RECEIVABLE

	As at 31 December 2024 HK$'000	As at 31 December 2023 HK$'000
Accounts receivable arising from the ordinary course of business of securities brokerage, futures and options dealing services:		
– Clearing houses	**306,354**	40,426
– Cash clients	**42,358**	182
– Margin clients	**476,217**	142,165
– Brokers	**18,265**	–
	843,194	182,773
Accounts receivable arising from the ordinary course of business of securities underwriting	**6,808**	4,192
Accounts receivable arising from the ordinary course of business of advisory and client referral services	**2,368**	2,502
Accounts receivable arising from the ordinary course of business of asset management services	**31,502**	19,482
	883,872	208,949
Less: Allowance for expected credit losses	**(105,547)**	(104,123)
	778,325	104,826

Movement in expected credit losses is as follows:

	2024 Expected credit losses				2023 Expected credit losses			
	Stage 1 HK$'000	Stage 2 HK$'000	Stage 3 HK$'000	Total HK$'000	Stage 1 HK$'000	Stage 2 HK$'000	Stage 3 HK$'000	Total HK$'000
At 1 January	**4**	**–**	**104,119**	**104,123**	329	–	64,761	65,090
Impairment losses charged/(released) to profit or loss (note 8)	**34**	**–**	**1,390**	**1,424**	(325)	–	39,358	39,033
At 31 December	**38**	**–**	**105,509**	**105,547**	4	–	104,119	104,123

22 ACCOUNTS RECEIVABLE (continued)

Analysis of the gross carrying amount for which an expected credit loss allowance is recognised according to the stage of expected credit losses is as follows:

	Stage of assets			
	Stage 1	Stage 2	Stage 3	
	12-month ECL HK$'000	Lifetime ECL HK$'000	Lifetime ECL (Credit-impaired) HK$'000	Total HK$'000
As at 31 December 2024	**772,284**	**–**	**111,588**	**883,872**
As at 31 December 2023	97,131	–	111,818	208,949

Accounts receivable arising from the business of dealing in securities

The Group seeks to maintain tight control over its outstanding accounts receivable and has procedures and policies to assess its clients' credit quality and defines credit limits for each client. All client acceptances and credit limit are approved by designated approvers according to the clients' credit worthiness.

The normal settlement terms of accounts receivable from clients and clearing house, except for accounts receivable due from margin clients, arising from the ordinary course of business of securities brokerage services are two trading days after the trade date.

Accounts receivable due from margin clients

Accounts receivable due from margin clients are repayable on demand and carry interest at 4.6% to 18.9% per annum during the year ended 31 December 2024 (2023: 5% to 18.9% per annum). The fair values of the pledged securities as at 31 December 2024 was approximately HK$2,790,299,000 (2023: HK$250,535,000). Securities are assigned with specific margin ratios for calculating their margin values. Additional funds or collateral are required if the amount of accounts receivable outstanding exceeds the eligible margin value of securities deposited.

As at 31 December 2024, approximately 70% (2023: 23%) of the balance were secured by sufficient collateral on an individual basis. The corresponding collaterals held could be sold at the Group's discretion to settle any outstanding amounts owed by the margin clients when the loan to value ratio (after margin ratio haircut) is over 100%. The Group did not repledge collaterals held for financing as at 31 December 2023 and 2024.

22 ACCOUNTS RECEIVABLE (continued)

Accounts receivable arising from the business of dealing in securities (continued)

Accounts receivable due from margin clients (continued)

No ageing analysis in respect of accounts receivable from margin clients is disclosed as, in the opinion of directors of the Company, an ageing analysis does not give additional value in view of the nature of this business.

Accounts receivable arising from the business of dealing in securities are assessed for ECLs in accordance with the policy set out in note 2(s). During the year ended 31 December 2024, impairment losses of HK$1,424,000 (2023: HK$39,033,000) was recognised in the consolidated statement of profit or loss and other comprehensive income.

Movement in the allowance for expected credit losses on accounts receivable arising from the business of dealing in securities are as follows:

	Cash clients HK$'000	Margin clients HK$'000	Total HK$'000
Balance at 1 January 2023	–	62,377	62,377
Impairment loss recognised during the year	–	39,033	39,033
Balance at 31 December 2023	–	101,410	101,410
Impairment loss recognised during the year	–	1,424	1,424
Balance at 31 December 2024	–	102,834	102,834

The Group is allowed to offset 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. Details are set out in note 37.

22 ACCOUNTS RECEIVABLE (continued)

Accounts receivable arising from the businesses of securities underwriting, advisory, client referral and asset management services

Ageing of accounts receivable arising from the ordinary course of businesses of securities underwriting, advisory, client referral and asset management services, based on the due date, is as follows:

	As at 31 December 2024 HK$'000	As at 31 December 2023 HK$'000
Not past due	**29,937**	22,014
Less than 31 days past due	**459**	371
31-60 days past due	**3,995**	142
61-90 days past due	**1,820**	29
Over 90 days past due	**4,467**	3,620
	40,678	26,176
Less: Allowance for expected credit losses	**(2,713)**	(2,713)
Total	**37,965**	23,463

The Group applies HKFRS 9 simplified approach to measure the expected credit losses for accounts receivable arising from the business of securities underwriting, advisory, client referral and asset management services. During the year ended 31 December 2024, no impairment losses (2023: Nil) was recognised in the consolidated statement of profit or loss and other comprehensive income.

23 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES AND INTEREST RECEIVABLES

	As at 31 December 2024 HK$'000	As at 31 December 2023 HK$'000
Prepayments, deposits and other receivables		
Prepayments and deposits	**4,172**	4,309
Other receivables	**1,438**	8,850
Contract assets	**4,096**	8,499
	9,706	21,658
Interest receivables	**27,770**	42,682

The Group's interest receivables arise mainly from fixed-income direct investment business with gross carrying amount of HK$47,428,000 (2023: HK$69,850,000). An impairment loss of HK$1,579,000 (2023: HK$3,371,000) was recognised for the year ended 31 December 2024. The amount of allowance for expected credit losses provided was approximately HK$19,658,000 at 31 December 2024 (2023: HK$27,168,000). The amount of ECL is updated at each reporting date to reflect the change in credit risk of the respective financial instruments since initial recognition.

24 AMOUNT DUE TO AN INTERMEDIATE HOLDING COMPANY

Amount due to an intermediate holding company is unsecured, interest-free and repayable on demand.

25 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	As at 31 December 2024 HK$'000	As at 31 December 2023 HK$'000
Listed, unlisted or quoted investments at fair value:		
Debt investments	**703,534**	923,586
Equity investments	**836,442**	1,346,232
	1,539,976	2,269,818

Movement in expected credit losses is as follows:

	2024 Expected credit losses					2023 Expected credit losses				
	Stage 1 HK$'000	Stage 2 HK$'000	Stage 3 HK$'000	Purchased or originated credit impaired HK$'000	Total HK$'000	Stage 1 HK$'000	Stage 2 HK$'000	Stage 3 HK$'000	Purchased or originated credit impaired HK$'000	Total HK$'000
At 1 January	**2,190**	**–**	**639,626**	**–**	**641,816**	3,501	6,473	436,210	–	446,184
Transfer	**–**	**–**	**–**	**–**	**–**	–	(6,254)	6,254	–	–
Impairment losses (released)/ charged to profit or loss (note 8)	**(165)**	**–**	**12,266**	**–**	**12,101**	373	34	197,162	–	197,569
Derecognition	**(406)**	**–**	**(157,827)**	**–**	**(158,233)**	(1,684)	(253)	–	–	(1,937)
At 31 December	**1,619**	**–**	**494,065**	**–**	**495,684**	2,190	–	639,626	–	641,816

25 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (continued)

Analysis of the carrying amount for which an expected credit loss allowance is recognised according to the stage of expected credit losses is as follows:

	Stage of assets				
	Stage 1	Stage 2	Stage 3	Purchased	
	12-month ECL HK$'000	Lifetime ECL HK$'000	Lifetime ECL (Credit-impaired) HK$'000	or Originated Credit Impaired HK$'000	Total HK$'000
As at 31 December 2024	**639,078**	**–**	**64,456**	**–**	**703,534**
As at 31 December 2023	835,275	–	88,311	–	923,586

During the year ended 31 December 2024, an unrealised fair value gain of HK$30,811,000 (2023: unrealised fair value loss of HK$144,601,000), and the corresponding impact of ECL amounting to HK$12,101,000 (2023: HK$197,569,000), arising from debt investments measured at fair value through other comprehensive income was recognised in the other comprehensive income. The net amount of cumulative fair value loss of HK$161,244,000 (2023: HK$125,712,000), and the cumulative ECL provision of HK$158,233,000 (2023: HK$1,937,000) previously recognised, was reclassified upon derecognition from the fair value reserve (recycling) to profit or loss during the year ended 31 December 2024.

During the year ended 31 December 2024, equity investments measured at fair value through other comprehensive income with fair value at derecognition in an amount of HK$920,060,000 had been derecognised (2023: HK$2,492,107,000) due to the strategic reduction in investment scale. The cumulative loss reclassified to accumulated losses upon disposal of these equity investments was HK$6,708,000 (2023: HK$57,634,000).

26 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 31 December 2024 HK$'000	As at 31 December 2023 HK$'000
Listed equity investments	**118,488**	23,066
Unlisted equity investments	**40,552**	200,933
Debt investments	**70,889**	383,707
Unlisted investment funds	**691,032**	643,242
	920,961	1,250,948

The fair values of the listed equity investments and debt investments were determined based on the quoted market prices.

27 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION

(a) Cash held on behalf of customers

From the Group's ordinary business in provision of brokerage and related services, the Group receives and holds money deposited by clients in the course of the conduct of the regulated activities. These clients' monies are maintained in segregated bank accounts at market interest rates. The Group has recognised the corresponding accounts payable to respective clients. As at 31 December 2024, the segregated accounts with authorized institutions in relation to its brokerage business totaling HK$211,321,000 (2023: HK$254,016,000).

(b) Cash and cash equivalents

Cash and cash equivalents comprise cash held by the Group and bank deposits at variable interest rates with original maturity of three months or less. As at 31 December 2024, cash and cash equivalents with authorized institutions totaling HK$248,550,000 (2023: HK$436,102,000).

27 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION (continued)

(c) Reconciliation of profit/(loss) for the year to cash from operations:

	2024 HK$'000	2023 HK$'000
Operating activities		
Profit/(loss) for the year	**50,792**	(572,306)
Adjustments for:		
Income tax expense recognised in profit or loss	**17,310**	11,320
Finance costs	**107,275**	260,193
Bank interest income	**(5,013)**	(17,834)
Interest income from provision of finance and securities margin financing	**(9,219)**	(44,817)
Dividend income and other investment income	**(66,345)**	(140,145)
Interest income from debt securities investments	**(43,785)**	(93,770)
Interest income from FVTPL investments	**(9,522)**	(33,863)
Impairment loss recognised in respect of accounts receivable	**1,424**	39,033
Impairment loss recognised in respect of loans and advances	**3,087**	89,954
Impairment loss recognised in respect of financial assets at FVOCI	**12,101**	197,569
(Reversal)/provision of impairment loss recognised in respect of financial assets at amortised cost	**(2)**	23
Impairment loss recognised in respect of interest receivables	**1,579**	3,371
Net (gains)/losses on financial assets/ liabilities at FVTPL	**(24,379)**	210,476
Net losses on financial assets at FVOCI	**7,574**	127,673
Depreciation of property, plant and equipment	**2,191**	3,341
Depreciation of right-of-use asset	**19,207**	19,207
Operating cash flows before movements in working capital	**64,275**	59,425

27 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION (continued)

(c) Reconciliation of profit/(loss) for the year to cash from operations: (continued)

	2024 HK$'000	2023 HK$'000
Operating activities (Continued)		
(Increase)/decrease in accounts receivable	**(668,729)**	77,029
Decrease in prepayments, deposits and other receivables	**11,952**	54,783
Decrease in loans and advances	**28,127**	302,768
Decrease in interest receivables	**39,533**	80,979
Decrease/(increase) in other assets	**8,444**	(6,108)
Decrease/(increase) in cash held on behalf of customers	**42,695**	(37,530)
(Decrease)/increase in accounts payable	**(16,449)**	25,555
Increase/(decrease) in other payables and accruals	**12,241**	(34,104)
Increase/(decrease) in amount due to an intermediate holding company	**70,368**	(22,595)
Increase in financial assets at amortised cost	**–**	(15,761)
Decrease in financial assets at fair value through other comprehensive income	**784,398**	3,706,504
Decrease in financial assets at fair value through profit or loss	**348,627**	1,158,152
Decrease in financial assets sold under repurchase agreements	**(307,924)**	(2,930,293)
Decrease in financial liabilities at FVTPL	**–**	(11,765)
Cash from operations	**417,558**	2,407,039

27 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION (continued)

(d) Reconciliation of liabilities arising from financing activities

	Loans from an intermediate holding company HK$'000 (Note 30)	Lease Liabilities HK$'000 (Note 17)	Total HK$'000
At 1 January 2024	1,829,010	58,628	1,887,638
Changes from financing cash flows:			
Proceeds from loans from an intermediate holding company	2,070,488	–	2,070,488
Repayment of loans from an intermediate holding company	(2,643,272)	–	(2,643,272)
Principal and interest elements of lease payments	–	(19,183)	(19,183)
Total changes from financing cash flows	(572,784)	(19,183)	(591,967)
Exchange adjustments	(479)	–	(479)
Other changes	(20,782)	1,748	(19,034)
At 31 December 2024	1,234,965	41,193	1,276,158

27 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION (continued)

(d) Reconciliation of liabilities arising from financing activities (continued)

	Loans from an intermediate holding company HK$'000 (Note 30)	Lease Liabilities HK$'000 (Note 17)	Total HK$'000
At 1 January 2023	4,710,620	78,760	4,789,380
Changes from financing cash flows:			
Proceeds from loans from an intermediate holding company	1,284,486	–	1,284,486
Repayment of loans from an intermediate holding company	(4,158,776)	–	(4,158,776)
Principal and interest elements of lease payments	–	(22,534)	(22,534)
Total changes from financing cash flows	(2,874,290)	(22,534)	(2,896,824)
Exchange adjustments	14,095	–	14,095
Other changes	(21,415)	2,402	(19,013)
At 31 December 2023	1,829,010	58,628	1,887,638

28 ACCOUNTS PAYABLE

	As at 31 December 2024 HK$'000	As at 31 December 2023 HK$'000
Accounts payable arising from the ordinary course of business of securities brokerage, futures and options dealing services:		
– Cash clients	**99,978**	174,028
– Margin clients	**99,401**	39,056
– Clearing house	**603**	68,378
– Broker	**70,499**	5,468
	270,481	286,930

Accounts payable arising from the business of dealing in securities

The accounts payable balances arising from the ordinary course of business of securities brokerage services are normally settled in two trading days after the trade date except for the money held on behalf of clients at the segregated bank accounts which are repayable on demand. No ageing analysis is disclosed as, in the opinion of directors of the Company, an ageing analysis does not give additional value in view of the nature of this business.

29 OTHER PAYABLES AND ACCRUALS

	As at 31 December 2024 HK$'000	As at 31 December 2023 HK$'000
Other payables	**12,531**	8,434
Interest payables	**9,211**	9,238
Accruals	**34,968**	26,683
Receipt in advance	**–**	141
	56,710	44,496

30 LOANS FROM AN INTERMEDIATE HOLDING COMPANY

	As at 31 December 2024 HK$'000	As at 31 December 2023 HK$'000
Loans from an intermediate holding company	**1,234,965**	1,829,010
The carrying amounts of the above borrowings are repayable:		
Within one year	**1,234,965**	1,829,010

As at 31 December 2024, the Group had loans amounting to approximately HK$1,216,061,000 (2023: HK$1,789,316,000) from CMBC International Holdings Limited, an intermediate holding company and interest payable amounting to approximately HK$18,904,000 (2023: HK$39,694,000). The loans are unsecured, bear interest at rate of 4% per annum (2023: interest at rate of 4% per annum) and are repayable within one year. The Group's undrawn amount of the loan facilities is approximately HK$8,783,939,000 (2023: HK$8,210,684,000).

31 DEFERRED TAX

The followings are the major deferred tax liabilities recognised and movements thereon during the current and prior years:

	Deferred tax liabilities
	Unrealised gain on financial assets at FVTPL HK$'000
At 1 January 2023	18,769
Credited to profit or loss (note 13)	(8,507)
At 31 December 2023	**10,262**
Credited to profit or loss (note 13)	**(3,042)**
At 31 December 2024	**7,220**

At the end of the reporting period, the Group has unused tax losses of approximately HK$1,714 million (2023: HK$1,488 million) available for offset against future profits. No deferred tax asset has been recognised in respect of the unused tax losses due to the unpredictability of future profit streams. Tax losses may be carried forward indefinitely.

32 FINANCIAL ASSETS SOLD UNDER REPURCHASE AGREEMENTS

	As at 31 December 2024 HK$'000	As at 31 December 2023 HK$'000
Bonds	**734,923**	1,044,658

As at 31 December 2024, the Group entered into repurchase agreements with financial institutions to sell bonds recognised as financial assets at fair value through other comprehensive income, financial assets at amortised cost and financial assets at fair value through profit or loss with carrying amount of approximately HK$957,725,000 (2023: financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss with carrying amount of approximately HK$1,340,649,000), which are subject to the simultaneous agreements to repurchase these investments at the agreed dates and prices.

Sales and repurchase agreements are transactions in which the Group sells bonds and simultaneously agrees to repurchase them (or assets that are substantially the same) at the agreed dates and prices. The repurchase prices are fixed and the Group is still exposed to substantially all the credit risks, market risks and rewards of those bonds sold. The bonds are not derecognised from the financial statements but regarded as "collaterals" for the liabilities because the Group retains substantially all the risks and rewards of the bonds.

33 SHARE CAPITAL

	Note	Number of shares		Amount	
		As at 31 December 2024 '000	As at 31 December 2023 '000	**As at 31 December 2024 HK$'000**	As at 31 December 2023 HK$'000
Authorised:					
Ordinary shares at HK$0.4 each		**2,500,000**	2,500,000	**1,000,000**	1,000,000
Issued and fully paid:					
At the beginning of the year		**1,119,362**	1,123,665	**447,745**	449,466
Cancellation for shares repurchased	(i)	**(20,106)**	(4,303)	**(8,043)**	(1,721)
At the end of the year		**1,099,256**	1,119,362	**439,702**	447,745

Note:

(i) During the year ended 31 December 2024, the Company repurchased an aggregate of 10,643,000 ordinary shares of the Company on market at prices ranging from HK$0.16 to HK$0.56 per share with a total consideration of approximately HK$2,651,000 (before transaction costs). These repurchased shares were cancelled during the year ended 31 December 2024. The discount of approximately HK$880,000 on the repurchase of shares was credited to share premium account.

During the year ended 31 December 2023, the Company repurchased an aggregate of 12,961,000 ordinary shares of the Company on market at prices ranging from HK$0.27 to HK$1.70 per share with a total consideration of approximately HK$9,245,000 (before transaction costs). Of these repurchased shares, 3,498,000 shares were cancelled during the year ended 31 December 2023. The premium of approximately HK$4,175,000 paid on the repurchase of shares was debited to share premium account. Subsequent to end of the reporting period, the remaining 9,463,000 repurchased shares were cancelled on 22 March 2024.

34 CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the returns to shareholders through the optimisation of debt and equity balance.

The capital structure of the Group consists of debts, which include loans from an intermediate holding company, financial assets sold under repurchase agreements and equity attributable to owners of the Company, comprising issued share capital and reserves.

The directors of the Company review the capital structure on an annual basis. As part of this review, the directors of the Company consider the cost of capital and other sources of funds other than issuance of shares, including loans from an intermediate holding company and financial assets sold under repurchase agreements. Based on the recommendation of the directors of the Company, the Group will balance its overall capital structure through raising or repayment of borrowings.

CMBC Securities Company Limited, CMBC International Futures Company Limited, CMBC Asset Management Company Limited and CMBC International Capital Limited are registered by the Hong Kong Securities and Futures Commission (the "**SFC**") and are subject to the liquid capital requirements under the Hong Kong Securities and Futures (Financial Resources) Rules (the "**SF(FR)R**") adopted by the SFC. For the licensed subsidiaries, the Group ensures each of them maintains a liquid capital level adequate to support the level of activities with sufficient buffer to accommodate for increases in liquidity requirements arising from potential increase in the level of business activities.

34 CAPITAL RISK MANAGEMENT (continued)

The Group monitors capital on the basis of the gearing ratio. The gearing ratio is calculated as total debt divided by capital and total debt. During the years ended 31 December 2024 and 2023, the Group's strategy was to maintain a reasonable gearing ratio and a balance between higher shareholder returns with higher levels of borrowings and solid capital position, and make adjustment to capital structure in light of changes in economic conditions. The gearing ratio at 31 December 2024 and 2023 were as follows:

	As at 31 December 2024 HK$'000	As at 31 December 2023 HK$'000
Loans from an intermediate holding company	**1,216,061**	1,789,316
Financial assets sold under repurchase agreements	**734,923**	1,044,658
Total debt	**1,950,984**	2,833,974
Equity attributable to owners of the Company	**1,388,770**	1,252,702
Capital and total debt	**3,339,754**	4,086,676
Gearing ratio	**0.58**	0.69

Gearing ratio of the Group decreased as the scale of investment downsized and this led to the corresponding decrease in Group's liabilities during the year ended 31 December 2024.

35 FINANCIAL INSTRUMENTS

Categories of financial instruments

	As at 31 December 2024 HK$'000	As at 31 December 2023 HK$'000
Financial assets		
At fair value through profit or loss	**920,961**	1,250,948
Loans and advances	**21,810**	55,137
Financial assets at amortised cost	**15,644**	15,740
Accounts receivable	**778,325**	104,826
Deposits and other receivables	**1,462**	8,874
Interest receivables	**27,770**	42,682
Cash held on behalf of customers	**211,321**	254,016
Cash and cash equivalents	**248,550**	436,102
At amortised cost	**1,304,882**	917,377
At fair value through other comprehensive income	**1,539,976**	2,269,818
Financial Liabilities		
At amortised cost	**2,406,536**	3,269,762

35 FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies

The Group's major financial instruments include financial assets at fair value through other comprehensive income, accounts receivable, deposits and other receivables, interest receivables, financial assets at amortised cost, loans and advances, financial assets at fair value through profit or loss, cash held on behalf of customers, cash and cash equivalents, amount due to an intermediate holding company, accounts payable, other payables, loans from an intermediate holding company, financial assets sold under repurchase agreements and lease liabilities. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

(a) Credit risk

The Group's credit risk is primarily attributable to accounts receivable, other receivables, interest receivables, financial assets at fair value through profit or loss, financial assets at amortised cost, financial assets at fair value through other comprehensive income, loans and advances and bank balances as at 31 December 2024 and 31 December 2023.

The Group's maximum exposure to credit risk in the event of counterparties' failure to perform their obligations as at 31 December 2024 and 31 December 2023 in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated statement of financial position. For details relating to credit losses and impairment of financial assets, please refer to Note 2(s).

In order to manage the credit risk in the accounts receivable due from clients arising from businesses of dealing in securities, individual credit evaluation is performed on all clients including cash and margin clients. Accounts receivable from cash clients generally settled in two days after trade date, credit risk arising from the accounts receivable due from cash clients is considered minimal. For margin clients, the Group normally obtains liquid securities as collateral based on the margin requirements. The Group has not granted any committed facility amount to each of the margin clients and the margin loan is granted by the Group depending on the assessment of the quality of the collateral and credit risk of the respective client. The margin requirement is closely monitored on a daily basis by the designated team. In addition, the Group reviews the recoverable amount of each individual receivable at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts.

35 FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

(a) Credit risk (continued)

Market conditions and adequacy of securities collateral and margin deposits of each margin account are monitored by management on a daily basis. Margin calls and forced liquidation are made where necessary.

The credit risk on bank balances is limited because the counterparties are banks with high credit ratings. The Group has no significant concentration of credit risk, with exposure spread over a number of counterparties.

In respect of accounts receivable from clearing houses arising from businesses of dealing in securities and futures and options contracts, credit risks are considered low as the Group normally enters into transactions with clearing houses or agents which are registered with regulatory bodies. For accounts receivable arising from the ordinary course of business of asset management services, credit risks are considered to be minimal with exposures limited to related parties and reputable counterparties.

The Group's concentration of credit risk by geographical locations is mainly in Hong Kong. As at 31 December 2024, the Group has concentration risk on its accounts receivable as the balance with the largest client represent 55% (2023: 35%) of the total accounts receivable from cash and margin clients and the three largest clients represent 55%, 10% and 6% (2023: 35%, 20% and 16%) respectively, of the accounts receivable from cash and margin clients. Besides, approximately 86% (2023: 97%) of the accounts receivable from the ordinary course of business of asset management services represent the accounts receivable from an intermediate holding company and segregated portfolios invested by an intermediate holding company and the ultimate holding company.

Other than concentration of credit risk on accounts receivable, the Group has no other significant concentration risk.

The Company manages credit risk of loans and advances by obtaining collaterals, guarantees or keepwell and liquidity deed from the borrowers. For loans and advances, the management, the risk management department and relevant business units will review the financial strength, purpose of the borrowing, repayment ability of the borrower to ensure that the borrower has sound financial repayment ability prior to entering into a transaction. The Group assesses the credit profile of each individual debtor by analysing many factors that influence the default probability, including (but not limited to) the counterparty's financial profile, business prospects and management, macroeconomic development, industrial and sovereign risk, and historical performance. In the post-investment stage, the financial conditions of the borrower or the guarantors will be reviewed on a regular basis.

35 FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

(a) Credit risk (continued)

For the Group's investments in listed bonds investments, the management, the risk management department and respective business units of the Group assess the financial performance and relevant business environment of the issuers to ensure that the issuers can satisfy the repayment of the principal and interest as they fall due. The Group has set portfolio size and single issuer limits to control the Group's exposure to the credit risk. The Group also monitors the credit ratings and market news of the issuers of respective bond investments for any indication of potential credit deterioration.

For the other financial assets, the management has closely monitored their status and it believes that the Group's credit risk exposure on them is minimal.

(b) Liquidity risk

The Group manages liquidity risk by maintaining sufficient bank balances and cash and the availability of funding through an adequate amount of committed credit facilities. The Group also aims at maintaining flexibility in funding by arranging and keeping committed facilities and other external financing available.

The Group's primary cash requirements have been driven by operations, investments and repayment of related debts. The Group finances its working capital requirements through a combination of funds generated from operations and cash reserve.

35 FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

(b) Liquidity risk (continued)

The following tables detail the Group's liquidity analysis for its nonderivative financial liabilities. The tables have been drawn up based on the undiscounted contractual cash outflows on the financial liabilities. To the extent that interest flows are floating rate, the undiscounted amount is derived from the prevailing market rate at the end of the reporting period.

	Weighted average effective interest rate %	On demand or less than 1 month HK$'000	1-3 months HK$'000	3 months to 1 year HK$'000	Over 1 year but less than 5 years HK$'000	Total undiscounted cash flows HK$'000	Total carrying amount HK$'000
As at 31 December 2024							
Accounts payable	–	270,481	–	–	–	270,481	270,481
Other payables	–	12,531	–	–	–	12,531	12,531
Interest payables	–	9,211	–	–	–	9,211	9,211
Loans from an intermediate holding company	4%	–	–	1,263,485	–	1,263,485	1,234,965
Amount due to an intermediate holding company	–	103,232	–	–	–	103,232	103,232
Financial assets sold under repurchase agreements	4.4%-4.9%	546,135	188,788	–	–	734,923	734,923
Lease liabilities	3.5%	1,849	3,698	16,641	20,339	42,527	41,193
		943,439	192,486	1,280,126	20,339	2,436,390	2,406,536

35 FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

(b) Liquidity risk (continued)

	Weighted average effective interest rate %	On demand or less than 1 month HK$'000	1-3 months HK$'000	3 months to 1 year HK$'000	Over 1 year but less than 5 years HK$'000	Total undiscounted cash flows HK$'000	Total carrying amount HK$'000
As at 31 December 2023							
Accounts payable	–	286,930	–	–	–	286,930	286,930
Other payables	–	8,434	–	–	–	8,434	8,434
Interest payables	–	9,238	–	–	–	9,238	9,238
Loans from an intermediate holding company	4%	–	–	1,871,169	–	1,871,169	1,829,010
Amount due to an intermediate holding company	–	32,864	–	–	–	32,864	32,864
Financial assets sold under repurchase agreements	4.5%-5.7%	1,007,608	–	37,050	–	1,044,658	1,044,658
Lease liabilities	3.5%	–	3,467	15,716	42,526	61,709	58,628
		1,345,074	3,467	1,923,935	42,526	3,315,002	3,269,762

(c) Interest rate risk

(i) Cash flow interest rate risk

The Group's cash flow interest rate risk arises primarily from variable rate financial assets and liabilities.

The Group's exposure to changes in interest rates primarily relates to its certain variable rate accounts receivable arising from the business dealing in securities, financial assets at fair value through other comprehensive income, bank balances and financial assets sold under repurchase agreements. The management monitors the interest rate exposure on a continuous basis and adjusts the portfolio of bank saving balances and bank deposits where necessary.

35 FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

(c) Interest rate risk (continued)

(i) Cash flow interest rate risk (continued)

Sensitivity analysis
The sensitivity analysis below has been determined based on the exposure to interest rates for certain variable rate accounts receivable arising from the business dealing in securities, financial assets at fair value through other comprehensive income, bank balances and financial assets sold under repurchase agreements at the end of the reporting period. The analysis is prepared assuming these balances outstanding at the end of the reporting period were held/outstanding for the whole year. A 50 basis points (2023: 50 basis points) increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points (2023: 50 basis points) higher/lower and all other variables were held constant, the Group's profit for the year ended 31 December 2024 would increase by HK$224,000 or increase by HK$698,000 (2023: loss for the year would increase by HK$2,069,000 or decrease by HK$3,768,000).

(ii) Fair value interest rate risk

The Group's fair value interest rate risk arises primarily from financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss.

Sensitivity analysis
The sensitivity analysis below has been determined based on the exposure to interest rates for financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss at the end of the reporting period. The analysis is prepared assuming these balances outstanding at the end of the reporting period were held/outstanding for the whole year. A 50 basis points (2023: 50 basis points) increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

35 FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

(c) Interest rate risk (continued)

(ii) Fair value interest rate risk (continued)

Sensitivity analysis (continued)
If interest rates had been 50 basis points (2023: 50 basis points) higher/lower and all other variables were held constant, the Group's profit for the year ended 31 December 2024 would decrease or increase by HK$1,443,000 (2023: loss for the year would increase or decrease by HK$5,739,000), and the Group's other comprehensive income for the year ended 31 December 2024 would decrease or increase by HK$15,580,000 (2023: HK$19,922,000).

(d) Other market risks

(i) Currency risk

The Group's currency risk arises principally from commercial transactions and recognised assets and liabilities denominated in a currency that is not the functional currency of the relevant Group entities.

The majority of the Group's assets and liabilities are denominated in Hong Kong dollars and United States dollars ("**USD**"). The exposures of other foreign currencies are not material compared to the total assets and liabilities of the Group. As Hong Kong dollars are pegged to USD, in the opinion of the Directors, the Group is not subject to significant currency risk exposure.

(ii) Other price risk

The Group is exposed to other price risk through its investment in financial assets at fair value through profit or loss. The management manages its exposure by maintaining a portfolio of investments with different risk profiles.

Sensitivity analysis
The sensitivity analysis below has been determined based on the exposure to other price risk arising from investment in financial assets at fair value through profit or loss at the end of the reporting period.

35 FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

(d) Other market risks (continued)

(ii) Other price risk (continued)

Sensitivity analysis (continued)

	As at 31 December 2024		
	Increase/ (decrease) in prices of underlying instrument	Carrying amount HK$'000	Increase/ (decrease) in profit after tax HK$'000
Financial assets at fair value through profit or loss:			
– Listed equity investments	5%/(5%)	118,488	4,947/(4,947)
– Unlisted equity investments	5%/(5%)	40,552	1,375/(1,379)
– Unlisted investment funds	5%/(5%)	691,032	25,325/(25,318)

	As at 31 December 2023		
	Increase/ (decrease) in prices of underlying instrument	Carrying amount HK$'000	Decrease/ (increase) in loss after tax HK$'000
Financial assets at fair value through profit or loss:			
– Listed equity investments	5%/(5%)	23,066	963/(963)
– Unlisted equity investments	5%/(5%)	200,933	8,043/(8,044)
– Unlisted investment funds	5%/(5%)	643,242	21,164/(21,556)

35 FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

(e) Fair value measurement

Financial assets and liabilities measured at fair value

Fair value hierarchy
The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.

- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.

- Level 3 valuations: Fair value measured using significant unobservable inputs.

35 FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

(e) Fair value measurement (continued)

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

Some of the Group's financial assets are measured at fair value at the end of the reporting period. The fair value has been determined using appropriate valuation techniques and inputs for fair value measurements. The following table gives information about how the fair values of these financial assets are determined.

	Fair value		Fair Value hierarchy	Valuation techniques	Significant unobservable input
	As at 31 December 2024 HK$'000	As at 31 December 2023 HK$'000			
Financial assets					
Financial assets at fair value through profit or loss					
– Listed equity investments	**810**	19,277	Level 1	Quoted market closing prices in an active market	N/A
– Listed equity investments	**117,678**	3,789	Level 2	Quoted price from broker/financial institution	N/A
– Debt investments	**70,889**	383,707	Level 2	Quoted price from broker/financial institution	N/A
–Unlisted equity investments	**–**	158,820	Level 2	Quoted price of market comparables	N/A
– Unlisted equity investments	**40,552**	42,113	Level 3	Recent transaction price/Equity allocation model	Discount rate for lack of marketability/Scenario probability/Sales multiples
- Unlisted investment funds	**691,032**	643,242	Level 3	Recent transaction price/Calibration/ Binomial model/Equity allocation model/Net asset value	Discount rate for lack of marketability/ Scenario probability/ Sales multiples/EBITDA multiples/Price-to-sales ratio

35 FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

(e) Fair value measurement (continued)

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis (continued)

	Fair value		Fair Value hierarchy	Valuation techniques	Significant unobservable input
	As at 31 December 2024 HK$'000	As at 31 December 2023 HK$'000			
Financial assets					
Financial assets at fair value through other comprehensive income					
– Debt investments	**680,129**	873,003	Level 2	Quoted price from broker/financial institution	N/A
– Debt investments	**23,405**	50,583	Level 3	Discounted cash flow model	Discount rate taking into account the credit risk of the issuer
– Equity investments	**808,355**	1,328,522	Level 2	Quoted price from broker/financial institution	N/A
– Equity investments	**28,087**	17,710	Level 1	Quoted market closing prices in an active market	N/A

During the year ended 31 December 2024, there were no transfers among Level 1, Level 2 and Level 3.

During the year ended 31 December 2023, an equity investment was reclassified from level 3 to level 2 as quoted price for similar assets in active market was available. There were no other transfers between level 1 and level 2.

35 FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

(e) Fair value measurement (continued)

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis (continued)

The movements during the year in the balance of these Level 3 fair value measurements are as follows:

	2024 HK$'000	2023 HK$'000
Financial assets at fair value through profit or loss		
Unlisted equity investments:		
At 1 January	**42,113**	259,277
Transfer from level 3 to level 2	**–**	(158,820)
Changes in fair value recognised in profit or loss during the year	**(1,303)**	(58,673)
Exchange (loss)/gain recognised in profit or loss during the year	**(258)**	329
At 31 December	**40,552**	42,113
Unlisted investment funds:		
At 1 January	**643,242**	772,478
Payment for purchase	**24,098**	–
Changes in fair value recognised in profit or loss during the year	**27,883**	(130,208)
Exchange (loss)/gain recognised in profit or loss during the year	**(4,191)**	972
At 31 December	**691,032**	643,242
Total unrealised gain/(loss) for the year included in profit or loss for assets held at the end of the reporting period	**26,580**	(188,881)

35 FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

(e) Fair value measurement (continued)

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis (continued)

	2024 HK$'000	2023 HK$'000
Financial assets at fair value through other comprehensive income		
Debt investments:		
At 1 January	**50,583**	89,328
Derecognition	**(23,890)**	–
Change in fair value recognised in other comprehensive income during the year	**(3,288)**	(38,745)
At 31 December	**23,405**	50,583
Financial liabilities at fair value through profit or loss		
Payables to interest holders of unlisted consolidated investment funds, designated at FVTPL:		
At 1 January	**–**	1,362
Redemption	**–**	(271)
Changes in fair value recognised in profit or loss during the year	**–**	(1,091)
At 31 December	**–**	–

Fair value measurements and valuation processes

The fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market closing prices. The fair value of financial assets that are not traded in active liquid markets are determined using appropriate valuation techniques and inputs. The appropriateness of the valuation techniques and inputs to the fair value measurements are reviewed by the Directors periodically.

35 FINANCIAL INSTRUMENTS (continued)

Fair value of financial assets and liabilities that are not measured at fair value

The directors of the Company consider that the carrying amounts of other financial assets and financial liabilities recognised at amortised cost approximate their fair values, which were determined in accordance with generally accepted pricing models based on undiscounted cash flow analysis, as at 31 December 2024 and 31 December 2023.

36 RETIREMENT BENEFITS SCHEMES

The Group participates in a Mandatory Provident Fund Scheme (the "**MPF Scheme**") established under the Hong Kong Mandatory Provident Fund Ordinance in December 2000. The assets of the schemes are held separately from those of the Group independently in administered funds under the control of the trustees. The Group contributes 5% of relevant payroll costs to the MPF Scheme, which contribution is matched by the employee. The Group follows the minimum contribution requirement of 5% of eligible employees' relevant aggregated income with a cap of HK$1,500 per employee per month since 1 June 2014.

The contributions made by the Group to the MPF Scheme are charged to the consolidated statement of profit or loss and other comprehensive income when employees have rendered service to the Group.

For the years ended 31 December 2024 and 2023, no forfeited contributions were available for utilisation by the Company to reduce the existing level of contributions.

37 OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The disclosures set out in the tables below include financial assets and financial liabilities that are subject to an enforceable master netting arrangement or similar agreement that covers similar financial instruments that are either:

- offset in the Group's consolidated statement of financial position; or
- not offset in the consolidated statement of financial position as the offsetting criteria are not met.

Under the agreement of continuous net settlement made between the Group and Hong Kong Securities Clearing Company Limited ("**HKSCC**"), the Group has a legally enforceable right to set off the money obligations receivable and payable with HKSCC on the same settlement date.

Except for above, amounts due from/to HKSCC that are not to be settled on the same date, accounts receivable and payable from clients and brokers not intends to settle on a net basis, financial collateral including cash and securities received by the Group, deposit placed with HKSCC do not meet the criteria for offsetting in the consolidated statement of financial position since the right of set-off of the recognised amounts is only enforceable following an event of default.

37 OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

(a) Financial assets subject to offsetting, enforceable master netting arrangements or similar agreements

Type of financial assets	At 31 December 2024 Gross amounts of recognised financial assets after impairment HK$'000	Gross amounts of recognised financial liabilities offset in the consolidated statement of financial position HK$'000	Net amounts of financial assets presented in the consolidated statement of financial position HK$'000	Related amounts not set off in the consolidated statement of financial position HK$'000	Net amount HK$'000
Accounts receivable arising from the business of dealing in securities brokerage, futures and options dealing services	**762,777**	**(22,417)**	**740,360**	**–**	**740,360**

Type of financial assets	At 31 December 2023 Gross amounts of recognised financial assets after impairment HK$'000	Gross amounts of recognised financial liabilities offset in the consolidated statement of financial position HK$'000	Net amounts of financial assets presented in the consolidated statement of financial position HK$'000	Related amounts not set off in the consolidated statement of financial position HK$'000	Net amount HK$'000
Accounts receivable arising from the business of dealing in securities brokerage, futures and options dealing services	124,856	(43,493)	81,363	–	81,363

37 OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

(b) Financial liabilities subject to offsetting, enforceable master netting arrangements or similar agreements

	At 31 December 2024				
Type of financial liabilities	**Gross amounts of recognised financial liabilities HK$'000**	**Gross amounts of recognised financial assets offset in the consolidated statement of financial position HK$'000**	**Net amounts of financial liabilities presented in the consolidated statement of financial position HK$'000**	**Related amounts not set off in the consolidated statement of financial position HK$'000**	**Net amount HK$'000**
Accounts payable arising from the business of dealing in securities brokerage, futures and options dealing services	**292,898**	**(22,417)**	**270,481**	**–**	**270,481**

	At 31 December 2023				
Type of financial liabilities	Gross amounts of recognised financial liabilities HK$'000	Gross amounts of recognised financial assets offset in the consolidated statement of financial position HK$'000	Net amounts of financial liabilities presented in the consolidated statement of financial position HK$'000	Related amounts not set off in the consolidated statement of financial position HK$'000	Net amount HK$'000
Accounts payable arising from the business of dealing in securities brokerage, futures and options dealing services	330,423	(43,493)	286,930	–	286,930

38 RELATED PARTY TRANSACTIONS

Compensation to key management personnel of the Group which represents directors of the Company is set out in note 11.

Except for disclosed elsewhere in the consolidated financial statements, the Group entered into the following material transactions and balances with related parties:

(a) Transactions with related parties

	2024 HK$'000	2023 HK$'000
Interest expense to an intermediate holding company (Note (i))	**43,271**	116,872
Interest income from a branch of the ultimate holding company	**47**	2,476
Underwriting fee income from a branch of the ultimate holding company	**117**	–
Asset management fee and investment advisory services fee income from an intermediate holding company and segregated portfolios invested by an intermediate holding company and the ultimate holding company (Note (ii))	**128,918**	116,453
Performance fee income from a segregated portfolio invested by an intermediate holding company (Note (ii))	**1,509**	2,267
Office sharing fee income from an intermediate holding company	**8,880**	8,880

38 RELATED PARTY TRANSACTIONS (continued)

(a) Transactions with related parties (continued)

Notes:

(i) During the years, an intermediate holding company provided loans in aggregate amount of approximately HK$1,216,061,000 (2023: HK$1,789,316,000) to the Group. The loans bear annual interest rate of 4% (2023: 4%) and repayable within one year (2023: within one year) from the drawdown date. Interest payables of approximately HK$18,904,000 (2023: HK$39,694,000) are accrued from these loans during the year.

(ii) During the years, the Group earned asset management fee and investment advisory services fee income for services provided to an intermediate holding company and segregated portfolios invested by an intermediate holding company and the ultimate holding company, and earned performance fee income for the asset management services provided to segregated portfolios invested by an intermediate holding company.

All related party transactions referred to in Note 38(a) constitute connected transactions or continuing connected transactions defined in Chapter 14A of the Listing Rules ("**Chapter 14A**"). The Company has complied with the provisions of Chapter 14A for the years ended 31 December 2024 and 2023.

(b) Balances with related parties

	As at 31 December 2024 HK$'000	As at 31 December 2023 HK$'000
Amount due to an intermediate holding company	**103,232**	32,864
Loans from an intermediate holding company	**1,234,965**	1,829,010
Bank balances at a branch of the ultimate holding company		
– House accounts	**51,448**	48,029
– Segregated accounts	**52,434**	48,376
Accounts receivable from an intermediate holding company	**58,159**	18,072
Accounts receivable from segregated portfolios invested by an intermediate holding company and the ultimate holding company	**2,227**	734
Accounts payable to the immediate holding company	**2,937**	2,937
Accounts payable to an intermediate holding company	**1,304**	49,792

38 RELATED PARTY TRANSACTIONS (continued)

(c) Service agreement with related party

On 31 May 2019, the Company entered into the office sharing agreement with CMBCI, pursuant to which the Company agreed to grant CMBCI the non-exclusive right to use certain area of the office space in consideration of the sharing fees payable by CMBCI. On 31 December 2019 and 9 December 2022, the Company entered into the renewed office sharing agreements with CMBCI to renew the existing office sharing agreement.

On 16 December 2021, the Company (for itself and on behalf of other members of the Group) entered into the service agreement with China Minsheng (for itself and on behalf of other members of China Minsheng Group), pursuant to which, (i) China Minsheng Group agreed to provide China Minsheng underwriting referral services to the Group and the Group agreed to provide China Minsheng subscription referral services to China Minsheng Group; (ii) the Group agreed to provide asset management services, investment advisory service and ancillary services to the China Minsheng Group, its associates or any third parties who are deemed to be connected with the Company under Rule 14A.20 of the Listing Rules and China Minsheng Group agreed to provide the distribution services to the Group; (iii) the Group agreed to provide the underwriting services to China Minsheng Group; (iv) China Minsheng Group agreed to provide the custodian services to the Group; and (v) China Minsheng Group agreed to provide the deposit services to the Group. The service agreement and the transactions contemplated thereunder, and the proposed annual caps were approved at the special general meeting on 12 January 2022.

On 29 November 2024, the Company (for itself and on behalf of other members of the Group) entered into the service agreement with China Minsheng (for itself and on behalf of other members of China Minsheng Group), pursuant to which, (a) the Group agreed to provide asset management services, investment advisory service and/or ancillary services to the China Minsheng Group, its associates or any third parties who are deemed to be connected with the Company under Rule 14A.20 of the Listing Rules and China Minsheng Group agreed to provide the distribution services to the Group; (b) the Group agreed to provide the underwriting services to China Minsheng Group; and (c) China Minsheng Group agreed to provide the deposit services to the Group. The service agreement and the transactions contemplated thereunder, and the proposed annual caps were approved at the special general meeting on 31 December 2024.

During the year ended 31 December 2024, transactions relating to provision of underwriting services, provision of asset management and investment advisory services, provision of deposit services and office sharing (2023: transactions relating to provision of asset management and investment advisory services, provision of deposit services and office sharing) were listed in note 38(a).

39 DETAILS OF SUBSIDIARIES

Details of the Group's material subsidiaries at the end of the reporting period are set out below:

Name	Place of Incorporation and operations	Paid-up registered capital	Proportion of ownership interest held by the Company				Principal activities
			Direct		Indirect		
			As at 31 December 2024	As at 31 December 2023	As at 31 December 2024	As at 31 December 2023	
CMBC Securities Company Limited	Hong Kong	Ordinary HK$2,500,000,000	100%	100%	–	–	Provision of brokerage services and securities margin financing services
CMBC International Futures Company Limited	Hong Kong	Ordinary HK$50,000,000	100%	100%	–	–	Provision of futures and options dealing services
CMBC Asset Management Company Limited	Hong Kong	Ordinary HK$12,000,000	100%	100%	–	–	Provision of asset management services
CMBC International Capital Limited	Hong Kong	Ordinary HK$30,000,000	100%	100%	–	–	Advisory and corporate financing
CMBC Capital Finance Limited	Hong Kong	Ordinary HK$1	100%	100%	–	–	Provision of loan financing services
CMBC Investment (HK) Limited	Hong Kong	Ordinary HK$10,000,000	100%	100%	–	–	Investment holding
Cap Port Holding Limited	British Virgin Islands	Ordinary US$100	–	–	100%	100%	Investment holding
Cap FH Holding Limited	British Virgin Islands	Ordinary US$1	–	–	100%	100%	Investment holding
YBX Company Limited	Hong Kong	Ordinary HK$1	–	–	100%	100%	Investment holding
Cap Success Holding Limited	British Virgin Islands	Ordinary US$1	–	–	100%	100%	Investment holding
CMBCC Investment Fund SPC-CMBCC Special Opportunities Fund SP8	Cayman Islands	N/A	–	–	100%	100%	Investment holding

The above table lists the subsidiaries of the Group which, in the opinion of the directors, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

40 INVOLVEMENT WITH UNCONSOLIDATED STRUCTURED ENTITIES

	Notes	As at 31 December 2024 HK$'000	As at 31 December 2023 HK$'000
Unlisted investment funds	26	**691,032**	643,242

The Group has concluded that the unlisted investment funds in which it invests, but that it does not consolidate meet the definition of structured entities because:

– the voting rights in the funds are not dominant rights in deciding who controls them as they relate to administrative tasks only;

– each fund's activities are restricted by its articles of associations; and/or

– the funds have narrow and well defined objectives to provide investment opportunities to investors.

The table below describes the types of structured entities that the Group does not consolidate but in which it holds an interest.

Type of structured entity	Nature and purpose	Interest held by the Group
Unlisted investment funds	To manage assets on behalf of third party investors	Acting as limited partner

40 INVOLVEMENT WITH UNCONSOLIDATED STRUCTURED ENTITIES (continued)

The table below sets out interests held by the Group in unconsolidated structured entities. The maximum exposure to loss is the carrying amount of the financial assets held.

	As at 31 December 2024	
	Number of investment funds	**Carrying amount included in financial assets at fair value through profit or loss HK$'000**
Unlisted investment funds	**7**	**691,032**

	As at 31 December 2023	
	Number of investment funds	Carrying amount included in financial assets at fair value through profit or loss HK$'000
Unlisted investment funds	7	643,242

During the years ended 31 December 2024 and 2023, the Group did not provide financial support to the unconsolidated structured entities and has no intention of providing financial or other support.

41 STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	As at 31 December 2024 HK$'000	As at 31 December 2023 HK$'000
Non-current assets		
Property, plant and equipment	4,032	5,141
Right-of-use asset	36,814	56,021
Investment in subsidiaries	2,695,966	1,205,966
Rental deposit	6,383	6,036
	2,743,195	1,273,164
Current assets		
Prepayments, deposits and other receivables	1,905	3,491
Financial assets at fair value through profit or loss	162,402	127,823
Amounts due from subsidiaries	2,565,337	3,367,740
Tax recoverable	–	9,871
Cash and cash equivalents	35,764	82,423
	2,765,408	3,591,348
Current liabilities		
Other payables and accruals	15,869	17,528
Loans from an intermediate holding company	1,234,965	1,829,010
Amounts due to subsidiaries	2,859,558	1,660,533
Amount due to an intermediate holding company	103,232	32,864
Lease liabilities	22,188	19,183
	4,235,812	3,559,118
Net current (liabilities)/assets	(1,470,404)	32,230
Total assets less current liabilities	1,272,791	1,305,394

41 STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (continued)

	As at 31 December 2024 HK$'000	As at 31 December 2023 HK$'000
Non-current liability		
Lease liabilities	**19,005**	39,445
Net assets	**1,253,786**	1,265,949
Capital and reserves		
Share capital	**439,702**	447,745
Reserves	**814,084**	818,204
Total equity	**1,253,786**	1,265,949

	Share premium HK$'000	**Contributed surplus** HK$'000	**Other reserve** HK$'000	**Accumulated losses** HK$'000	**Total** HK$'000
At 1 January 2023	1,614,343	1,823,745	(1,163)	(2,609,850)	827,075
Loss for the year and total comprehensive loss for the year	–	–	–	(1,347)	(1,347)
Shares repurchased and cancelled	(4,175)	–	1,163	–	(3,012)
Shares repurchased but not yet cancelled	–	–	(4,512)	–	(4,512)
At 31 December 2023 and 1 January 2024	**1,610,168**	**1,823,745**	**(4,512)**	**(2,611,197)**	**818,204**
Loss for the year and total comprehensive loss for the year	**–**	**–**	**–**	**(9,512)**	**(9,512)**
Shares repurchased and cancelled	**880**	**–**	**4,512**	**–**	**5,392**
At 31 December 2024	**1,611,048**	**1,823,745**	**–**	**(2,620,709)**	**814,084**

Financial Summary

	For the year ended 31 December				
	2024	2023	2022	2021	2020
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
RESULT					
Continuing operations					
Revenue	**346,545**	493,894	801,981	895,376	1,019,185
Profit/(loss) before taxation	**68,102**	(560,986)	(430,813)	293,765	485,180
Taxation	**(17,310)**	(11,320)	(5,784)	(2,609)	(91,960)
Profit/(loss) for the year	**50,792**	(572,306)	(436,597)	291,156	393,220
Profit/(loss) attributable to owners of the Company	**50,792**	(572,306)	(436,597)	291,156	393,220

	As at 31 December				
	2024	2023	2022	2021	2020
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
ASSETS AND LIABILITIES					
Total assets	**3,844,497**	4,559,550	10,849,997	14,535,311	11,165,199
Total liabilities	**(2,455,727)**	(3,306,848)	(9,250,639)	(11,779,614)	(8,565,231)
	1,388,770	1,252,702	1,599,358	2,755,697	2,599,968
Equity attributable to owners of the Company	**1,388,770**	1,252,702	1,599,358	2,755,697	2,599,968