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SOUTH CHINA FINANCIAL HOLDINGS LIMITED

南華金融控股有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 00619)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2024

UNAUDITED INTERIM RESULTS

The board of directors (the “Board”) of South China Financial Holdings Limited (the “Company”) announces that the unaudited consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2024 (the “Period”) are as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

| | | Six Months ended 30 June | |
|--|--------------|---------------------------------|--------------------|
| | | 2024 | 2023 |
| | | (Unaudited) | (Unaudited) |
| | <i>Notes</i> | HK\$'000 | HK\$'000 |
| | | | (Restated) |
| CONTINUING OPERATIONS | | | |
| Revenue | 3, 4 | 17,695 | 20,939 |
| Other income | | 1,134 | 674 |
| Fair value loss on investment properties | | (9,400) | – |
| Fair value (loss)/gain on financial assets at fair value through profit or loss | | (1,503) | 215 |
| Fair value (loss)/gain on convertible bonds | | (4,835) | 813 |
| Impairment of loans and trade receivables, net | | (2,499) | (3,226) |
| Other operating expenses | | (37,689) | (44,590) |
| Loss from operating activities | | (37,097) | (25,175) |
| Finance costs | 6 | (6,769) | (7,309) |

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
(Continued)

| | | Six Months ended 30 June | |
|--|--------------|---------------------------------|--------------------|
| | | 2024 | 2023 |
| | | (Unaudited) | (Unaudited) |
| | <i>Notes</i> | HK\$'000 | HK\$'000 |
| | | | (Restated) |
| Loss before tax from continuing operations | 5 | (43,866) | (32,484) |
| Income tax credit | 7 | 391 | — |
| | | <hr/> | <hr/> |
| Loss for the period from continuing operations | | (43,475) | (32,484) |
| DISCONTINUED OPERATIONS | | | |
| Net loss for the period from discontinued operations | 9 | (4,312) | (13,154) |
| | | <hr/> | <hr/> |
| Loss for the period | | (47,787) | (45,638) |
| | | <hr/> | <hr/> |
| Attributable to: | | | |
| Equity holders of the Company | | | |
| — For loss from continuing operations | | (43,475) | (32,484) |
| — For loss from discontinued operations | | (4,312) | (11,791) |
| | | <hr/> | <hr/> |
| | | (47,787) | (44,275) |
| Non-controlling interests | | | |
| — For loss from a discontinued operation | | — | (1,363) |
| | | <hr/> | <hr/> |
| | | (47,787) | (45,638) |
| | | <hr/> | <hr/> |
| Loss per share attributable to equity holders of the Company | | | |
| Basic and diluted | 10 | | |
| — For loss for the period | | HK(15.86) cents | HK(14.70) cents |
| — For loss from continuing operations | | HK(14.43) cents | HK(10.78) cents |
| | | <hr/> | <hr/> |

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| | Six Months ended 30 June | |
|--|--------------------------|------------------------|
| | 2024 | 2023 |
| | (Unaudited) | (Unaudited) |
| | HK\$'000 | HK\$'000 |
| LOSS FOR THE PERIOD | (47,787) | (45,638) |
| OTHER COMPREHENSIVE LOSS | | |
| Other comprehensive loss that may be reclassified to profit or loss in subsequent periods | <u>(90)</u> | <u>(552)</u> |
| OTHER COMPREHENSIVE LOSS FOR THE PERIOD, NET OF TAX | <u>(90)</u> | <u>(552)</u> |
| TOTAL COMPREHENSIVE LOSS FOR THE PERIOD | <u>(47,877)</u> | <u>(46,190)</u> |
| Attributable to: | | |
| Equity holders of the Company | (47,877) | (44,772) |
| Non-controlling interests | <u>–</u> | <u>(1,418)</u> |
| | <u>(47,877)</u> | <u>(46,190)</u> |

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | | As at 30 June 2024 (Unaudited) HK\$'000 | As at 31 December 2023 (Audited) HK\$'000 |
|--|--------------|---|---|
| | <i>Notes</i> | | |
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | | 1,939 | 2,586 |
| Investment properties | <i>11</i> | 500,000 | 509,400 |
| Right-of-use assets | <i>12</i> | 85,731 | 86,918 |
| Intangible assets | | 965 | 999 |
| Other assets | | 6,016 | 6,607 |
| Debt investments at fair value through other comprehensive income | | 3,550 | 3,620 |
| | | <hr/> | <hr/> |
| Total non-current assets | | 598,201 | 610,130 |
| | | <hr/> | <hr/> |
| CURRENT ASSETS | | | |
| Financial assets at fair value through profit or loss | <i>13</i> | 43,695 | 46,996 |
| Loans receivable | <i>14</i> | 48,287 | 50,148 |
| Trade receivables | <i>15</i> | 36,744 | 42,573 |
| Prepayments, other receivables and other assets | | 12,853 | 13,821 |
| Cash held on behalf of clients | | 297,197 | 293,615 |
| Cash and bank balances | | 46,244 | 52,031 |
| | | <hr/> | <hr/> |
| Total current assets | | 485,020 | 499,184 |
| | | <hr/> | <hr/> |
| CURRENT LIABILITIES | | | |
| Client deposits | | 310,401 | 300,109 |
| Trade payables | <i>16</i> | 28,528 | 43,597 |
| Other payables and accruals | | 58,970 | 58,682 |
| Deposit received | | 963 | 999 |
| Interest-bearing bank and other borrowings | <i>17</i> | 210,274 | 204,108 |
| Tax payables | | 13 | 16 |
| | | <hr/> | <hr/> |
| Total current liabilities | | 609,149 | 607,511 |
| | | <hr/> | <hr/> |
| NET CURRENT LIABILITIES | | (124,129) | (108,327) |
| | | <hr/> | <hr/> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 474,072 | 501,803 |
| | | <hr/> | <hr/> |

| | | As at 30 June 2024 (Unaudited) HK\$'000 | As at 31 December 2023 (Audited) HK\$'000 |
|---|--------------|---|---|
| | <i>Notes</i> | | |
| NON-CURRENT LIABILITIES | | | |
| Interest-bearing bank and other borrowings | 17 | 151,080 | 135,390 |
| Convertible bonds | 18 | 124,928 | 120,093 |
| Deposits received | | 1,073 | 1,061 |
| Deferred tax liabilities | | 23,409 | 23,800 |
| | | <hr/> | <hr/> |
| Total non-current liabilities | | 300,490 | 280,344 |
| | | <hr/> | <hr/> |
| Net assets | | 173,582 | 221,459 |
| | | <hr/> | <hr/> |
| EQUITY | | | |
| Equity attributable to equity holders of the Company | | | |
| Share capital | 19 | 1,085,474 | 1,085,474 |
| Reserves | | (911,892) | (864,015) |
| | | <hr/> | <hr/> |
| Total equity | | 173,582 | 221,459 |
| | | <hr/> | <hr/> |

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

1. BASIS OF PREPARATION

The unaudited condensed consolidated interim results of the Group and the unaudited condensed consolidated interim financial statements (the “interim financial statements”) have been reviewed by the audit committee of the Company.

The interim financial statements have been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), including compliance with Hong Kong Accounting Standard (the “HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

The interim financial statements do not include all the information and disclosures required in annual financial statements, and should be read, where relevant, in conjunction with the 2023 annual financial statements of the Group.

The financial information relating to the year ended 31 December 2023 that is included in the unaudited interim condensed consolidated statement of financial position as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to those statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance is as follow:

The Company has delivered the financial statements for the year ended 31 December 2023 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance. The Company’s auditors have reported on the financial statements for the year ended 31 December 2023. The auditor’s report was unqualified, and did not contain a statement under sections 406(2), 407(2) or 407(3) of the Hong Kong Companies Ordinance.

Going concern basis

The Group incurred a net loss of approximately HK\$47,787,000 (2023: HK\$45,638,000) for the period ended 30 June 2024. As at 30 June 2024, the Group’s current liabilities exceeded its current assets by approximately HK\$124,129,000. In order to improve the liquidity situation and the Group’s ability to operate as a going concern, the directors of the Company (the “Directors”) have formulated plans and measures to deal with the conditions referred to above, as follows:

- (i) The Group is in the process of negotiating with its banks to refinance its borrowings, and secure necessary facilities to meet the Group’s working capital and financial requirements in the near future;
- (ii) A director who is a substantial shareholder and another directors of the Company have granted unsecured interest bearing facilities in an aggregate amount of HK\$151,600,000. The aggregate drawdown amount as at 30 June 2024 was HK\$114,680,000; and
- (iii) The Directors are considering various alternatives to strengthen the capital base of the Group including but not limited to, cost restructuring, seeking new investment and business opportunities.

Taking into account reasonably the financial resources available including the available banking facilities and credit facilities provided by a director who is also a substantial shareholder of the Company and another directors of the Company, the internally generated funds from operations, proceeds from disposal of assets, and cash and bank balances of the Group, the Directors consider that the Group will have sufficient working capital to meet its financial obligations as and when they fall due in the coming twelve months from 30 June 2024. Accordingly, the Directors consider it is appropriate to prepare the interim financial statement on a going concern basis.

2. CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the interim financial statements are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2023, except for the adoption of the following new and revised Hong Kong Financial Reporting Standards ("HKFRSs") that are applicable to the Group for the first time for the current period's financial statements.

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

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

3. SEGMENTAL INFORMATION

The Group manages its business by divisions, which are organised by business lines (products and services). In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has identified the following reportable segments as summarised below.

| | Six months ended 30 June | | | |
|---|--------------------------|---------------|-------------------------------|-----------------|
| | 2024 | 2023 | 2024 | 2023 |
| | Revenue from | | (Loss)/profit before tax from | |
| | continuing operations | | continuing operations | |
| | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| | | (Restated) | | (Restated) |
| Broking | 4,682 | 6,081 | (10,420) | (10,686) |
| Margin financing and money lending | 7,055 | 5,863 | 271 | (2,845) |
| Assets and wealth management | 2,213 | 5,293 | (3,361) | (1,358) |
| Corporate advisory and underwriting | 1,175 | 269 | (98) | (368) |
| Trading and investment | (1,103) | 973 | (5,508) | (2,295) |
| Property investment | 3,306 | 2,313 | (8,701) | (1,595) |
| Others | 367 | 147 | (1,414) | (2,587) |
| Corporate and other unallocated expenses, net | – | – | (7,876) | (3,450) |
| Finance cost (other than lease liabilities) | – | – | (6,759) | (7,300) |
| Consolidated | <u>17,695</u> | <u>20,939</u> | <u>(43,866)</u> | <u>(32,484)</u> |

The Group's revenue from continuing operations were derived from operations in Hong Kong.

4. REVENUE

An analysis of revenue from continuing operations is as follows:

| | Six months ended 30 June | |
|---|---------------------------------|-------------|
| | 2024 | 2023 |
| | (Unaudited) | (Unaudited) |
| | HK\$'000 | HK\$'000 |
| | | (Restated) |
| <i>Revenue from contracts with customers:</i> | | |
| Commission and brokerage income | 5,171 | 9,733 |
| Rendering of services | 1,542 | 416 |
| Handling fee income | 980 | 1,276 |
| | 7,693 | 11,425 |
| <i>Revenue from other sources:</i> | | |
| (Loss)/profit on the trading of securities, funds, bonds, bullion and future contracts, net | (528) | 1,178 |
| Interest income from loans and trade receivables | 2,463 | 3,907 |
| Interest income from banks and financial institutions | 4,745 | 2,058 |
| Dividend income from listed investments | 16 | 58 |
| Gross rental income | 3,306 | 2,313 |
| | 10,002 | 9,514 |
| | 17,695 | 20,939 |

Revenue from contracts with customers

Disaggregated revenue information

For the period ended 30 June 2024

| Type of goods or services | Broking (Unaudited) HK\$'000 | Asset and wealth management (Unaudited) HK\$'000 | Corporate advisory and underwriting (Unaudited) HK\$'000 | Other business (Unaudited) HK\$'000 | Total (Unaudited) HK\$'000 |
|--|------------------------------------|--|--|--|----------------------------------|
| Commission and brokerage income | 3,712 | 1,459 | – | – | 5,171 |
| Rendering of services | – | – | 1,175 | 367 | 1,542 |
| Handling fee income | 813 | 167 | – | – | 980 |
| Total revenue from contracts with customers | <u>4,525</u> | <u>1,626</u> | <u>1,175</u> | <u>367</u> | <u>7,693</u> |

Geographical markets

| | | | | | |
|--|--------------|--------------|--------------|------------|--------------|
| Total revenue from contracts with customers — Hong Kong | <u>4,525</u> | <u>1,626</u> | <u>1,175</u> | <u>367</u> | <u>7,693</u> |
|--|--------------|--------------|--------------|------------|--------------|

For the period ended 30 June 2023 (Restated)

| Type of goods or services | Broking (Unaudited) HK\$'000 | Asset and wealth management (Unaudited) HK\$'000 | Corporate advisory and underwriting (Unaudited) HK\$'000 | Other business (Unaudited) HK\$'000 | Total (Unaudited) HK\$'000 |
|--|------------------------------------|--|--|--|----------------------------------|
| Commission and brokerage income | 5,303 | 4,430 | – | – | 9,733 |
| Rendering of services | – | – | 269 | 147 | 416 |
| Handling fee income | 656 | 620 | – | – | 1,276 |
| Total revenue from contracts with customers | <u>5,959</u> | <u>5,050</u> | <u>269</u> | <u>147</u> | <u>11,425</u> |

Geographical markets

| | | | | | |
|--|--------------|--------------|------------|------------|---------------|
| Total revenue from contracts with customers — Hong Kong | <u>5,959</u> | <u>5,050</u> | <u>269</u> | <u>147</u> | <u>11,425</u> |
|--|--------------|--------------|------------|------------|---------------|

5. LOSS BEFORE TAX FROM CONTINUING OPERATIONS

| | Six months ended 30 June | |
|---|--------------------------|--------------|
| | 2024 | 2023 |
| | (Unaudited) | (Unaudited) |
| | HK\$'000 | HK\$'000 |
| | | (Restated) |
| The Group's loss before tax from continuing operations is arrived at after charging: | | |
| Cost of services provided | 2,219 | 3,969 |
| Depreciation and amortisation | 681 | 591 |
| Depreciation of right-of-use assets | 918 | 869 |
| Interest expenses for margin financing and money lending operations | 1,387 | 1,684 |
| Lease payment not included in the measurement of lease liabilities | 4,014 | 4,257 |
| Employee benefit expense (including directors' remuneration) | 16,891 | 20,427 |
| Direct operating expenses arising from rental-earning investment properties | 1,126 | 1,597 |
| | <u>1,126</u> | <u>1,597</u> |

6. FINANCE COSTS

An analysis of finance costs from continuing operations is as follows:

| | Six months ended 30 June | |
|---|--------------------------|--------------|
| | 2024 | 2023 |
| | (Unaudited) | (Unaudited) |
| | HK\$'000 | HK\$'000 |
| | | (Restated) |
| Interest on bank loans, overdrafts and other borrowings | 6,759 | 6,884 |
| Interest on convertible bonds | – | 416 |
| Interest on lease liabilities | 10 | 9 |
| | <u>6,769</u> | <u>7,309</u> |

7. INCOME TAX CREDIT

No provision for the Hong Kong profits tax has been made as the Group either had no estimated assessable profit or had available tax losses carried forward to offset the assessable profits arising in Hong Kong during the Period (2023: Nil). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

8. INTERIM DIVIDEND

The Board resolved not to declare the payment of an interim dividend for the Period (2023: Nil).

9. DISCONTINUED OPERATIONS

For the period ended 30 June 2024

During the Period, the Group decided to cease its media publication and financial public relation services business (the “Media Business”) after periodic performance assessment and for better allocation of the Group’s resources. Starting from April 2024, the Group has ceased the publishing of and distribution of the magazines namely “Marie Claire” and “JESSICA”.

In June 2024, the respective trademarks, content archives and website properties in related to JESSICA (collectively the “Jessica Target Assets”) have been disposed to JK Ventures Limited, which is 50% owned by Ms. Ng Yuk Mui Jessica, a director of the Company for consideration of HK\$320,000.

In June 2024, the Group disposed the entire share capital of Capital Publishing Limited and Capital Publishing Management Limited (“the Capital Target Companies”) to Four Seas Travel Group (BVI) Limited, which is wholly owned by Mr. Ng Yuk Yeung Paul, a director of the Company for consideration of HK\$1. The Capital Target Companies are mainly involved in the media publications and financial public relation services particularly in publishing and distribution of the magazine namely “Capital 資本雜誌 CEO 資本才俊 Entrepreneur 資本企業家”.

The Media Business was classified as a discontinued operation for the reporting period and the profit or loss of the corresponding period was then re-presented as a discontinued operation, the Media business was no longer included in the operating segment information.

For the period ended 30 June 2023

Nanjing South China Baoqing Jewellery Co., Ltd., a non-wholly-owned subsidiary of the Company (“Nanjing Baoqing”), was principally engaged in jewellery operation business in Nanjing, the People’s Republic of China (the “PRC”). During the six months ended 30 June 2023, the Group decided to cease its jewellery operation business (the “Jewellery Business”) after periodic performance assessment and for better allocation of the Group’s resources. The Group ceased to carry out any business of the Jewellery Business thereafter and Nanjing Baoqing was dissolved in November 2023.

The Jewellery Business was classified as a discontinued operation for the period ended 30 June 2023 and was no longer included in the operating segment information.

The results of the Media Business and Jewellery Business (collectively the “Discontinued Businesses”) for the six months ended 30 June 2024 and 2023 are presented as below:

| | Six months ended 30 June 2024 | | | Six months ended 30 June 2023 | | |
|---|----------------------------------|-----------------------|-------------------|----------------------------------|-------------------------------------|---------------------------------|
| | Media HK\$'000 | Jewellery HK\$'000 | Total HK\$'000 | Media HK\$'000 (Restated) | Jewellery HK\$'000 (Restated) | Total HK\$'000 (Restated) |
| Revenue | 5,066 | – | 5,066 | 12,183 | 9,476 | 21,659 |
| Other income | 1,435 | – | 1,435 | 764 | – | 764 |
| Cost of inventories sold | – | – | – | – | (9,009) | (9,009) |
| Impairment of loans and trade receivables, net | – | – | – | (50) | – | (50) |
| Other operating expenses | (10,709) | – | (10,709) | (21,980) | (4,363) | (26,343) |
| Finance costs | (104) | – | (104) | (67) | (108) | (175) |
| Loss for the period from discontinued operations | (4,312) | – | (4,312) | (9,150) | (4,004) | (13,154) |
| Attributable to: | | | | | | |
| Equity holders of the Company | (4,312) | – | (4,312) | (9,150) | (2,641) | (11,791) |
| Non-controlling interests | – | – | – | – | (1,363) | (1,363) |
| Loss for the period from discontinued operations | (4,312) | – | (4,312) | (9,150) | (4,004) | (13,154) |

The net cash flows incurred by the Discontinued Businesses are as follows:

| | | | | | | |
|----------------------|-------|---|-------|-------|---------|---------|
| Operating activities | (207) | – | (207) | 405 | 5,994 | 6,399 |
| Investing activities | – | – | – | (22) | – | (22) |
| Financing activities | – | – | – | (453) | (6,688) | (7,141) |
| Net cash outflow | (207) | – | (207) | (70) | (694) | (764) |

The calculation of basic and diluted loss per share from discontinued operations are based on:

| | Six months ended 30 June | |
|--|---------------------------------|-----------------------|
| | 2024 | 2023 |
| | (Unaudited) | (Unaudited) |
| | | (Restated) |
| Loss attributable to ordinary equity holders of the Company from discontinued operations | HK\$(4,312,000) | HK\$(11,791,000) |
| Weighted average number of ordinary shares in issue during the period used in the basic and diluted loss per share calculation | 301,277,070 | 301,277,070 |
| Loss per share basic and diluted, from discontinued operations | <u>HK(1.43) cents</u> | <u>HK(3.92) cents</u> |

10. LOSS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The calculation of the basic and diluted loss per share amounts is based on the loss attributable to equity holders of the Company for the period of HK\$47,787,000 (2023: HK\$44,275,000) and the weighted average number of 301,277,070 (2023: 301,277,070) ordinary shares in issue during the Period.

The calculation of the basic loss per share amounts from continuing operations is based on the loss for the period from continuing operations attributable to equity holders of the Company of HK\$43,475,000 (2023 (restated): HK\$32,484,000) and the weighted average number of 301,277,070 (2023: 301,277,070) ordinary shares in issue during the Period.

The calculation of diluted loss per share is based on the loss attributable to equity holders of the Company for the Period. The weighted average number of ordinary shares used in the calculation are the number of ordinary shares as used in the basic loss per share calculation and the full conversion of the convertible bonds and share options into ordinary shares.

No adjustment had been made to the basic loss per share amounts presented for the six months ended 30 June 2024 and 2023 in respect of a dilution as the impact of the convertible bonds and share options had an anti-dilutive effect on the basic loss per share amounts presented.

11. INVESTMENT PROPERTIES

| | As at 30 June 2024 (Unaudited) HK\$'000 | As at 31 December 2023 (Audited) HK\$'000 |
|---------------------------------------|---|---|
| At beginning of the period | 509,400 | 509,400 |
| Net loss from a fair value adjustment | <u>(9,400)</u> | <u>–</u> |
| At end of the period | <u><u>500,000</u></u> | <u><u>509,400</u></u> |

On 30 June 2024, the Group's investment properties were revalued by Ravia Global Appraisal Advisory Limited at HK\$500,000,000 (31 December 2023: HK\$509,400,000). The fair value of investment properties is determined using the market comparison approach by reference to recent sales prices of comparable properties on a price per square foot basis. The investment properties are leased to third parties under operating leases.

The Group's investment properties are situated in Hong Kong. The investment properties were pledged to secure banking facilities granted to the Group.

Details of the Group's investment properties are as follows:

| Location | Existing use |
|---|-----------------|
| 26th Floor, Tower One, Lippo Centre, 89 Queensway, Admiralty, Hong Kong | Office building |

12. RIGHT-OF-USE ASSETS

As at 30 June 2024, the Group's right of use assets mainly comprised of the leasehold forestry land use rights acquired through acquisition of Genius Year Limited and its subsidiaries (the "Acquisition") on 13 January 2023. Details of the Acquisition have been set out in note 18 of the interim financial statements. The leasehold forestry land use rights over certain parcels of land are located in Chongyang County, Xianning City, Hubei Province, the PRC for a tenure of 70 years expiring between 31 July 2079 and 30 April 2083.

13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets at fair value through profit or loss represented listed equity investments, mainly in Hong Kong, at market value.

14. LOANS RECEIVABLE

The loans receivable at the end of the reporting period are analysed by the remaining period to the contractual maturity dates as follows:

| | As at 30 June 2024 (Unaudited) <i>HK\$'000</i> | As at 31 December 2023 (Audited) <i>HK\$'000</i> |
|---------------------------|--|--|
| Repayable: | | |
| On demand | 48,050 | 49,903 |
| Within 3 months to 1 year | 237 | 245 |
| | 48,287 | 50,148 |

15. TRADE RECEIVABLES

The Group allows a credit period up to the respective settlement dates of securities, bullion and commodities transactions (normally two business days after the respective trade dates for Hong Kong stocks) or a credit period mutually agreed between the contracting parties. The credit period for Media Business is generally one month, extending up to four months for major customers.

An ageing analysis of the Group's trade receivables at the end of the reporting period, based on the settlement due date and net of loss allowance, is as follows:

| | As at 30 June 2024 (Unaudited) <i>HK\$'000</i> | As at 31 December 2023 (Audited) <i>HK\$'000</i> |
|--------------------|--|--|
| Current to 90 days | 34,711 | 40,562 |
| Over 90 days | 2,033 | 2,011 |
| | 36,744 | 42,573 |

16. TRADE PAYABLES

The Group's trade payables arose from securities, bullion, commodities dealings and Media Business during the Period.

An ageing analysis of the Group's trade payables at the end of the reporting period, based on the settlement due date, is as follows:

| | As at 30 June 2024 (Unaudited) HK\$'000 | As at 31 December 2023 (Audited) HK\$'000 |
|----------------------|---|---|
| Within 1 to 3 months | 24,605 | 38,647 |
| Over 3 months | 3,923 | 4,950 |
| | 28,528 | 43,597 |

The trade payables are non-interest-bearing and repayable on the settlement day of the relevant trades or upon demand from customers.

In respect of Media Business, the credit period granted by the creditors ranges from 0 to 90 days and the trade payables are non-interest-bearing.

17. INTEREST-BEARING BANK AND OTHER BORROWINGS

| | As at 30 June 2024 (Unaudited) HK\$'000 | As at 31 December 2023 (Audited) HK\$'000 |
|---------------------------------------|---|---|
| Analysed into: | | |
| Bank loans and overdraft repayable: | | |
| Within one year or on demand | 210,064 | 203,835 |
| In the second year | 7,800 | 9,118 |
| In the third to fifth year, inclusive | 28,600 | 36,400 |
| | 246,464 | 249,353 |
| Other borrowings repayable: | | |
| Within one year or on demand | 210 | 273 |
| In the second year | 24,180 | 23,672 |
| In the third to fifth year, inclusive | 90,500 | 66,200 |
| | 114,890 | 90,145 |
| | 361,354 | 339,498 |

Certain of the Group's bank loans are secured by the Group's investment properties situated in Hong Kong, and certain listed equity investments belonging to the Group and clients.

As at 30 June 2024, the Group's other borrowings mainly comprised of unsecured loans from a substantial shareholder and directors of the Company in an aggregate amount of HK\$114,680,000 (31 December 2023: HK\$89,800,000). As at 30 June 2024, the substantial shareholder and directors confirmed in writing to waive the entire interest from the dates of drawdown to 30 June 2024 and not to demand repayment of the amounts due thereto for not less than twelve months from 30 June 2024.

18. CONVERTIBLE BONDS

On 7 April 2020, the Company entered into the conditional subscription agreement with Total Grace Investments Limited ("Total Grace"), a company beneficially owned by an executive director, in relation to, among others, the issue of the convertible bonds (the "CB 2020") in an aggregate principal amount of HK\$50,000,000 at the conversion price of HK\$0.22 per share. The CB 2020 in an aggregate principal amount of HK\$50,000,000 were issued by the Company to Total Grace on 30 June 2020. The CB 2020 were designated upon initial recognition as at fair value through profit or loss.

The CB 2020 have a maturity date of 3 years from the date of issue and interest-free. The CB 2020 contain a right to convert at a maximum of 227,272,727 shares of the Company at the conversion price of HK\$0.22 per share. Unless previously converted or purchased or redeemed, the Company would redeem the convertible bonds on the maturity date at the redemption amount, which was 100% of the principal amount of the CB 2020 then outstanding. In addition, Total Grace has the right to request the Company to redeem the CB 2020 in cash or convert into the Company's shares at any time before the maturity date.

On 16 May 2022, the Company and Total Grace entered into the supplemental agreement, pursuant to which the Company and Total Grace conditionally agreed to extend the maturity date by three (3) years from 30 June 2023 to 30 June 2026 by way of execution of the amendment deed.

As at the end of the reporting period, Total Grace confirmed to continue to hold the CB 2020 and not demand for conversion of the CB 2020 to ordinary shares of the Company nor demand for repayment of the amount due to it for not less than twelve months from the approval date of the financial statements. Accordingly, the CB 2020 were classified under non-current liabilities as at 30 June 2024 and 31 December 2023.

On 13 September 2022, the Group entered into a conditional sale and purchase agreement with Thousand China Investments Limited ("Thousand China"), an indirect wholly-owned subsidiary of South China Holdings Company Limited to acquire the entire share capital of Genius Year Limited and its subsidiaries. The consideration would be settled by way of the convertible bonds (the "CB 2023") with a nominal value of HK\$89,840,000 to be issued by the Company upon completion. The Acquisition was completed on 13 January 2023.

The debt component of the CB 2023 was recognised at fair value through profit or loss and the equity component of the CB 2023 was recognised in other reserve of the Company. The CB 2023 has a maturity of 3 years from the date of issue and bears interest of 1% per annum. The CB 2023 contains a right to convert at a maximum of 280,750,000 shares of the Company at the conversion price of HK\$0.32 per share. Subject to the terms and conditions of the CB 2023, Thousand China has the right to convert the CB 2023 into the Shares subject to mutual agreement in writing between Thousand China and the Company at any time during the period commencing from the date of issue of the CB 2023 up to the fifth business days prior to the maturity date by complying with the relevant procedures set out in the terms and conditions of the CB 2023.

As at the end of the reporting period, Thousand China confirmed to continue to hold the CB 2023 and not to demand for conversion of the CB 2023 to ordinary shares of the Company nor demand for repayment of the amount due to it for not less than twelve months from the approval date of these financial statements. Accordingly, the CB 2023 were classified under non-current liabilities as at 30 June 2024 and 31 December 2023.

The movements of the convertible bonds during the period/year are as follows:

| | As at 30 June 2024 (Unaudited) <i>HK\$'000</i> | As at 31 December 2023 (Audited) <i>HK\$'000</i> |
|--|--|--|
| At beginning of the period | 120,093 | 50,000 |
| Fair value of convertible bonds issued during the period/year | – | 89,040 |
| Equity-settled element recognised as other reserve upon issuance | – | (27,617) |
| Loss from change in fair value | 4,835 | 8,670 |
| | <hr/> 124,928 <hr/> | <hr/> 120,093 <hr/> |
| At end of the period | 124,928 | 120,093 |

19. SHARE CAPITAL

| | As at 30 June 2024 (Unaudited) <i>HK\$'000</i> | As at 31 December 2023 (Audited) <i>HK\$'000</i> |
|---|--|--|
| Issued and fully paid: | | |
| 301,277,070 (31 December 2023: 301,277,070) ordinary shares | 1,085,474 | 1,085,474 |
| | <hr/> 1,085,474 <hr/> | <hr/> 1,085,474 <hr/> |

20. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The fair values of equity investments and derivative financial instruments are based on quoted market prices. The fair value of debt investments at fair value through other comprehensive income in which represented club debentures have been estimated based on quoted market prices.

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

As at 30 June 2024

| | Fair value measurement using | | | |
|--|---|---|---|----------------------------------|
| | Quoted prices in active markets (Level 1) (Unaudited) HK\$'000 | Significant observable inputs (Level 2) (Unaudited) HK\$'000 | Significant unobservable inputs (Level 3) (Unaudited) HK\$'000 | Total (Unaudited) HK\$'000 |
| <i>Assets measured at fair value:</i> | | | | |
| Debt investments at fair value through other comprehensive income | – | 3,550 | – | 3,550 |
| Financial assets at fair value through profit or loss | 43,695 | – | – | 43,695 |
| | <u>43,695</u> | <u>–</u> | <u>–</u> | <u>43,695</u> |
| | <u>43,695</u> | <u>3,550</u> | <u>–</u> | <u>47,245</u> |
| <i>Liabilities measured at fair value:</i> | | | | |
| Convertible bonds | – | – | 124,928 | 124,928 |
| | <u>–</u> | <u>–</u> | <u>124,928</u> | <u>124,928</u> |

As at 31 December 2023

| | Quoted prices in active markets (Level 1) (Audited) <i>HK\$'000</i> | Fair value measurement using | | Total (Audited) <i>HK\$'000</i> |
|--|--|--|--|---------------------------------------|
| | | Significant observable inputs (Level 2) (Audited) <i>HK\$'000</i> | Significant unobservable inputs (Level 3) (Audited) <i>HK\$'000</i> | |
| <i>Assets measured at fair value:</i> | | | | |
| Debt investments at fair value through other comprehensive income | – | 3,620 | – | 3,620 |
| Financial assets at fair value through profit or loss | 46,996 | – | – | 46,996 |
| | <u>46,996</u> | <u>–</u> | <u>–</u> | <u>46,996</u> |
| | <u>46,996</u> | <u>3,620</u> | <u>–</u> | <u>50,616</u> |
| <i>Liabilities measured at fair value:</i> | | | | |
| Convertible bonds | – | – | 120,093 | 120,093 |
| | <u>–</u> | <u>–</u> | <u>120,093</u> | <u>120,093</u> |

21. COMPARATIVE FIGURES

The comparative statement of profit or loss has been re-presented as if the operations discontinued during the current period had been discontinued at the beginning of the comparative period (note 9).

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL SUMMARY

The consolidated revenue from continuing operations of the Group was HK\$17.7 million for the six months period ended 30 June 2024 (“Period 2024”) (2023: HK\$20.9 million). The decrease in revenue was mainly attributable to net loss on disposal of investments mainly in trading and investment sector of HK\$1.1 million for the Period 2024 versus net gain of HK\$0.9 million recorded for the prior period. The increase in revenue from margin financing and money lending, property investment and corporate advisory and underwriting segments was set off with the drop in revenue from brokerage and asset and wealth management segments. On the cost front, total other expenses from continuing operations, including direct cost of services, staff salaries and benefits, rental and other administrative and office expenses amounted to HK\$37.7 million (2023: HK\$44.6 million). The Group’s consolidated loss from continuing operations for the Period 2024 amounted to HK\$43.5 million (2023: HK\$32.5 million).

During the Period 2024, the Group decided to cease its media publication and financial public relation service business (“Media Business”). While in prior period of the year 2023, the Group ceased its jewellery business for better allocation of the Group’s resources. The Media Business and jewellery business were classified as discontinued operations for the reporting period. The aggregated consolidated loss from these discontinued operations for the Period 2024 amounted to HK\$4.3 million (2023: HK\$13.2 million).

BUSINESS REVIEW

During the period under review, the economy of Hong Kong experienced a gradual recovery, but the general operating environment remained challenging. Retail sales remained sluggish and dropped by 9.7% in June 2024 against corresponding period of last year affected by changes in consumption pattern by both Mainland China visitors and local citizens. During the period under review, the US Federal Reserve continued to maintain a comparatively high benchmark rate and Hong Kong dollars (“HKD”) interest rates also stayed high under the Linked Exchange Rate System. Under the higher interest rate environment, corporates were conservative in business expansion with dampened loan demands and investment sentiments. Investor confidence was also weak and property price declined further.

Due to uncertainties in both regional and global economies in the first half of year 2024, capital markets in Hong Kong and worldwide remained sluggish, which in turn had an adverse impact on the traditional brokerage and asset and wealth management business of the Group. As clients’ investment behavior and appetite is affected by the overall market atmosphere, the Group continues to transform as an integrated financial services provider to furnish a wider variety of services to its clients and to diversify its revenue sources, while stays prudent in its pace of expansion to minimise any potential risks.

Brokerage

In face of the shrinking turnover of the Hong Kong stock market, the investment appetite regarding the Hong Kong stock market and IPO market has been declining. The daily Hong Kong stock market turnover for the first half of the year 2024 was HK\$110.4 billion, slightly drop as compared with the same period of year 2023 of HK\$115.5 billion. Resulting from the fragile sentiment across global and local markets, the Group's brokerage commission income decreased by approximately 23.0 % to HK\$4.7 million for the Period 2024 (2023: HK\$6.1 million). Nevertheless, operating loss of the brokerage segment slightly reduced to HK\$10.4 million (2023: HK\$10.7 million) with the intensification of cost control during the Period 2024.

Margin Financing and Money Lending

The margin financing and money lending market was challenging as creditors had generally tightened loan approval requirements, and valuations of collaterals. With uncertainties as to the economic outlook, the Group continued to adopt stringent loan policies and remained prudent regarding the valuation of collaterals. The Group closely monitored the market situation and adjusted the interest rate and loan-to-value ratio on a timely basis, in order to strike the balance between risk and capital. With the increase in market interest rates, revenue from this segment increased by approximately 20.3% to HK\$7.1 million (2023: HK\$5.9 million). Due to the squeezing of interest spread, gross margin has been narrowed down and the group recognised a mild operating profit of this segment amounted to HK\$0.3 million for the Period 2024 (2023: loss of HK\$2.8 million).

Asset and Wealth Management

This business segment recorded revenue of HK\$2.2 million for the Period 2024 (2023: HK\$5.3 million), a decrease of 58.2%. Operating loss amounted to HK\$3.4 million (2023: HK\$1.4 million) for the Period 2024. Although the performance of this segment has been slowed down due to overall investment market sentiment, the Group has adhered to the customer-focused business philosophy, deeply committed to the transformation and development of asset and wealth management business through internal upgrading, and continuously improved the comprehensive service experience of customers. The Group persistently broadened its financial platform, and realised comprehensive upgrading of the front and back stock trading system with the next target to build a multi-level "one-stop" service platform for wealth management, to provide customers with efficient, convenient and high-quality wealth management services, and to continuously improve its own service level.

Corporate Advisory and underwriting

The Group has reactivated its corporate advisory and pre-IPO sponsorship business since year 2023. Advisory fees are charged based on the type and size of the transactions, duration of the engagement, the complexity of the transaction and the expected manpower requirements. The Group aims to focus on services such as advice on mergers and acquisitions transactions and independent financial advisory services to listed companies. Revenue generated from financial advisory and pre-IPO sponsorship services amounted to HK\$1.2 million (2023: HK\$0.3 million) for the Period 2024.

Trading and investment

The Group's investment portfolio, which was mainly booked under financial assets at fair value through profit or loss, amounted to HK\$43.7million as at 30 June 2024 (31 December 2023: HK\$47.0 million). The major investments holding and their fair value gains or losses are listed below:

| Stock code | Name of security | Carrying amount as at 30 June 2024 <i>HK\$'000</i> | Percentage of shareholding interest | Fair value gain/(loss) during the Period <i>HK\$'000</i> |
|------------|--------------------------------------|--|---|--|
| 00413 | South China Holdings Company Limited | 20,721 | 3.56% | – |
| 01097 | i-CABLE Communications Limited | 14,860 | 6.51% | (929) |
| Others | | 8,114 | | (574) |
| | | <u>43,695</u> | | <u>(1,503)</u> |

The Group has positioned the investment portfolio for medium to long term growth in traditional industries, the fair value loss resulting from marking investments to market was HK\$1.5 million for the Period 2024 (2023: gain of HK\$0.2 million). Meanwhile, the Group recognised a net realised loss of HK\$1.1 million from this segment for the Period 2024 (2023: gain of HK\$0.9 million).

Media Business

During the reporting period, the Group decided to cease its Media Business after periodic performance assessment and for better allocation of the Group's resources. Starting from April 2024, the Group has ceased the publishing of and distribution of the magazines namely "Marie Claire" and "JESSICA". In June 2024, the Group disposed the entire share capital of Capital Publishing Limited and Capital Publishing Management Limited ("the Capital Target Companies") to Four Seas Travel Group (BVI) Limited, which is wholly owned by Mr. Ng Yuk Yeung Paul, a director of the Company for consideration of HK\$1. The Capital Target Companies are mainly involved in the media publications and financial public relation services particularly in publishing and distribution of the magazine namely "Capital 資本雜誌 CEO 資本才俊 Entrepreneur 資本企業家".

The Media Business were classified as a discontinued operation for the reporting period. The Group recognised revenue and a loss before taxation of HK\$5.1 million (2023: HK\$12.2 million) and HK\$4.3 million (2023: HK\$9.2 million) respectively.

Property investment

During Period 2024, office leasing momentum remained slow reflecting high economic uncertainty with subdued demand and increased availability which caused by oversupply and higher vacancies on Hong Kong Island, especially in Central and its nearby. Occupiers are expected to retain a conservative stance towards leasing in the short term, with lease renewals, renegotiations, right sizing and enhancing lease flexibility among choices available to them. Proactive measures were implemented to maintain a relatively higher occupancy level. The gross rental income for the Period 2024 increased to HK\$3.3 million (2023: HK\$2.3 million). As at 30 June 2024, the fair value of the investment properties revalued at HK\$500 million (31 December 2023: HK\$509.4 million). Fair value loss of HK\$9.4 million was reported on the revaluation of our investment properties for the Period 2024.

Other business

In January 2023, the Group completed the acquisition of the entire share capital of Genius Year Limited and its subsidiaries ("Genius Year Group"). The consideration was settled by way of issuance of convertible bonds with a nominal value of HK\$89.8 million. Genius Year Limited indirectly holds 100% interests in 65 parcels of forestry land situated in Chongyang County, Xianning City, Hubei Province, the PRC. with a total area of approximately 139,216 mu. It is believed that the investment in the Genius Year Group will provide an opportunity for the Group to widen its businesses to the forestry business in the medium term. No revenue was recognised for the Period 2024 (2023: nil).

LIQUIDITY AND FINANCIAL RESOURCES

The Group had obtained short term credit facilities which were reviewed annually and a long term mortgage loan from banks. The banking facilities for the share margin finance operations were secured by the securities of our margin clients and the Group. The outstanding credit facilities were guaranteed by the Company. The Group monitors capital using a gearing ratio, which is net debt divided by capital plus net debt. Net debt includes interest-bearing bank and other borrowings and convertible bonds, less cash and bank balances. Capital represents total equity. The gearing ratio as at 30 June 2024 was approximately 71.7% (31 December 2023: 64.8%). The Group had a cash balance of HK\$46.2 million as at 30 June 2024 (31 December 2023: HK\$52.0 million), representing a decrease of 11.1%. Taking into account the financial resources available including the available banking facilities and credit facilities provided by a substantial shareholder who is also a director of the Company and another directors of the Company, the internally generated funds from operations, proceeds from disposal of assets, and cash and bank balances of the Group, the Board considers that the Group has sufficient working capital base to meet its operational needs.

CAPITAL STRUCTURE

There was no material change in Group's capital structure during the Period 2024 as compared to the most recent published annual report.

CHARGES ON ASSETS

As at 30 June 2024, the Group's investment properties and certain listed securities held in trading and investment portfolio were pledged to banks for banking facilities.

CONTINGENT LIABILITIES

As at 30 June 2024, the Group had no material contingent liabilities.

EVENT AFTER THE REPORTING PERIOD

There is no material event noted after the reporting period and up to the date of this announcement.

EMPLOYEES

As at 30 June 2024, the total number of employees of the Group was 65 (30 June 2023: 158). Total employee's cost from continuing and discontinued operations (including directors' emoluments) amounted to HK\$18.5 million for the Period 2024 (2023: HK\$26.7 million).

In addition to salary, other fringe benefits such as medical subsidies, life insurance, provident fund and subsidized external training are offered to employees. Continuous professional training will continue to be arranged for those staff who are registered with the Securities and Futures Commission. Performance of the employees is normally reviewed on an annual basis with adjustment compatible to the market. Individual employee may also receive a discretionary bonus at the end of each year based on performance. Selected employees may also be granted share option and share award under the share option scheme and share award scheme adopted by the Company.

PROSPECTS

The economies of Hong Kong and Mainland China are anticipated to continue on a slow post pandemic recovery path in the second half of 2024, and the prospects remain highly uncertain driven by the adverse impact of high interest rate environment for longer period on business activities and development in geopolitical situation. The risk appetite for corporate investments and business expansion is expected to remain conservative in the near term in view of the interest rate outlook. Accordingly, the investment sentiment in Hong Kong and Mainland China will continue to be constrained. Despite the uncertainty over the timing and magnitude of interest rate cuts by the US Federal Reserve, market interest rates are projected to trend down and the pressure on the funding cost can be alleviated then.

In response to these uncertainties, the Group will continue to adopt a cautious approach in reviewing its business strategies, refining its business model and improving the efficiency and effectiveness of its operations. With the discontinuous of the media and jewellery businesses in the recent two years, the Group will focus more resources and efforts on improving the financial performance of the financial services segment. The Group will also strive for the diversification of income streams by development of fee-based businesses not only in traditional stockbroking and margin financing business, but more efforts on expanding the asset and wealth management and corporate advisory and sponsorship businesses.

Despite the uncertainties and challenges casted by the macroeconomic and political factors, the Group will continue to strengthen business transformation, focus on the capital-light business as the core, and build an integrated financial service platform to improve the performance of the Group so as to pursue a satisfactory return to the shareholders of the Company (the “Shareholders”).

INTERIM DIVIDEND

The Board resolved not to declare the payment of an interim dividend for the Period 2024 (six months ended 30 June 2023: Nil).

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the Period 2024, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

UPDATE ON DIRECTORS' INFORMATION UNDER RULE 13.51B(1) OF THE LISTING RULES

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

1. Hon. Raymond Arthur William Sears, K.C. ("Mr. Sears") and Mr. Lam Douglas Tak Yip, SC ("Mr. Lam") both retired as Independent Non-executive Directors of the Company with effect from the conclusion of the annual general meeting of the Company held on 27 June 2024 (the "2024 AGM").
2. Following the retirement of Mr. Sears, he ceased as a member of the Audit Committee and Remuneration and Nomination Committee of the Company with effect from the conclusion of the 2024 AGM.
3. Following the retirement of Mr. Lam, he ceased as a member of the Remuneration and Nomination Committee of the Company with effect from the conclusion of the 2024 AGM.
4. Ms. Li Yuen Yu Alice was appointed as an Independent Non-executive Director, a member of each of the Audit Committee and the Remuneration and Nomination Committee of the Company with effect from the conclusion of the 2024 AGM.

CORPORATE GOVERNANCE CODE

The Company complied with the applicable code provisions as set out in the Corporate Governance Code (the "CG Code") contained in Appendix C1 to the Listing Rules throughout the Period 2024 except the following as they had other business engagements, which deviated from code provisions C.1.6 and F.2.2 of the CG Code:

Mr. Ng Hung Sang, an Executive Director and the Chairman of the Board of the Company, Mr. Ng Yuk Yeung Paul, an Executive Director of the Company, Mr. Sears, Mrs. Tse Wong Siu Yin Elizabeth and Mr. Lam, all of them are Independent Non-executive Directors of the Company were unable to attend the 2024 AGM.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as its code of conduct regarding the directors' securities transactions. In addition, the Board has established similar guidelines for relevant employees who are likely to possess inside information in relation to the Group or its securities.

In response to the Company's specific enquiry, all Directors confirmed that they have complied with the required standard set out in the Model Code regarding securities transactions by Directors throughout the Period 2024.

AUDIT COMMITTEE

The Company has established an Audit Committee with written terms of reference in compliance with the Listing Rules. The Audit Committee presently comprises three Independent Non-executive Directors, namely Mr. Tung Woon Cheung Eric (Chairman of the Audit Committee), Mrs. Tse Wong Siu Yin Elizabeth and Ms. Li Yuen Yu Alice.

The Group's unaudited consolidated results for the Period 2024 have been reviewed by the Audit Committee. The Audit Committee was of the opinion that the preparation of such interim results complied with the applicable accounting standards and requirements and that adequate disclosures were made.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

The interim results announcement has published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.sctrade.com. The interim report of the Company for the Period 2024 will be despatched to the Shareholders and available on the above websites in due course.

By Order of the Board
South China Financial Holdings Limited
南華金融控股有限公司
Ng Hung Sang
Chairman and Executive Director

Hong Kong, 27 August 2024

As at the date of this announcement, the Directors of the Company are:

Executive Directors

Mr. Ng Hung Sang
Ms. Cheung Choi Ngor
Ms. Ng Yuk Mui Jessica
Mr. Ng Yuk Yeung Paul

Independent Non-executive Directors

Mrs. Tse Wong Siu Yin Elizabeth
Mr. Tung Woon Cheung Eric
Ms. Li Yuen Yu Alice