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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 2025**

#### **UNAUDITED INTERIM RESULTS**

The board of directors (the “Board”) of South China Financial Holdings Limited (the “Company”) presents the unaudited consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2025 (the “Period”) together with the relevant comparative figures as follows:

#### **CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS**

		<b>Six Months ended 30 June</b>	
		<b>2025</b>	<b>2024</b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<i>Notes</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>CONTINUING OPERATIONS</b>			
<b>Revenue</b>	3, 4	<b>19,441</b>	17,695
Other income		<b>793</b>	1,134
Fair value loss on investment properties		<b>(21,000)</b>	(9,400)
Fair value gain/(loss) on financial assets at fair value through profit or loss		<b>2,103</b>	(1,503)
Fair value loss on convertible bonds		<b>(4,698)</b>	(4,835)
Impairment of loans and trade receivables, net		<b>(3,496)</b>	(2,499)
Other operating expenses		<b>(34,732)</b>	(37,689)
Loss from operating activities		<b>(41,589)</b>	(37,097)
Finance costs	6	<b>(5,217)</b>	(6,769)

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS**  
**(Continued)**

		<b>Six Months ended 30 June</b>	
		<b>2025</b>	<b>2024</b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<i>Notes</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
Loss before tax from continuing operations	5	<b>(46,806)</b>	(43,866)
Income tax credit	7	<u>—</u>	<u>391</u>
<b>Loss for the period from continuing operations</b>		<b>(46,806)</b>	(43,475)
<b>DISCONTINUED OPERATION</b>			
Net loss for the period from a discontinued operation	9	<u>—</u>	<u>(4,312)</u>
<b>Loss for the period</b>		<b><u>(46,806)</u></b>	<b><u>(47,787)</u></b>
Attributable to equity holders of the Company:			
— For loss from continuing operations		<b>(46,806)</b>	(43,475)
— For loss from a discontinued operation		<u>—</u>	<u>(4,312)</u>
		<b><u>(46,806)</u></b>	<b><u>(47,787)</u></b>
Loss per share attributable to equity holders of the Company			
Basic and diluted	10		
— For loss for the period		<b>HK(15.54) cents</b>	HK(15.86) cents
— For loss from continuing operations		<b><u>HK(15.54) cents</u></b>	<b><u>HK(14.43) cents</u></b>

# CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six Months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
<b>LOSS FOR THE PERIOD</b>	<b>(46,806)</b>	<b>(47,787)</b>
<b>OTHER COMPREHENSIVE INCOME/(LOSS)</b>		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods	<b>549</b>	<b>(90)</b>
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods	<b>3,465</b>	<b>—</b>
<b>OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF TAX</b>	<b>4,014</b>	<b>(90)</b>
<b>TOTAL COMPREHENSIVE LOSS FOR THE PERIOD</b>	<b>(42,792)</b>	<b>(47,877)</b>
Attributable to:		
Equity holders of the Company	<b>(42,792)</b>	<b>(47,877)</b>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 30 June 2025 (Unaudited) HK\$'000	As at 31 December 2024 (Audited) HK\$'000
	<i>Notes</i>		
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		1,018	1,422
Investment properties	11	265,000	286,000
Right-of-use assets	12	84,537	84,640
Intangible assets		1,057	1,100
Other assets		5,905	5,861
Debt investments at fair value through other comprehensive income		3,150	3,050
Total non-current assets		<u>360,667</u>	<u>382,073</u>
<b>CURRENT ASSETS</b>			
Financial assets at fair value through profit or loss	13	41,753	39,651
Loans receivable	14	34,409	45,100
Trade receivables	15	29,623	38,081
Prepayments, other receivables and other assets		12,565	10,408
Cash held on behalf of clients		491,075	298,460
Cash and bank balances		49,565	36,745
Total current assets		<u>658,990</u>	<u>468,445</u>
<b>CURRENT LIABILITIES</b>			
Client deposits		513,024	313,132
Trade payables	16	20,139	25,791
Other payables and accruals		65,378	57,868
Deposit received		530	504
Interest-bearing bank and other borrowings	17	185,410	187,387
Convertible bonds	18	137,140	—
Tax payables		14	16
Total current liabilities		<u>921,635</u>	<u>584,698</u>
<b>NET CURRENT LIABILITIES</b>		<u>(262,645)</u>	<u>(116,253)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>98,022</u>	<u>265,820</u>

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**(Continued)**

		<b>As at 30 June 2025 (Unaudited) HK\$'000</b>	<b>As at 31 December 2024 (Audited) HK\$'000</b>
	<i>Notes</i>		
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing bank and other borrowings	17	<b>48,901</b>	38,000
Convertible bonds	18	–	132,442
Deposits received		<b>1,515</b>	1,515
Deferred tax liabilities		<b>14,214</b>	17,679
		<hr/>	<hr/>
Total non-current liabilities		<b>64,630</b>	189,636
		<hr/>	<hr/>
Net assets		<b>33,392</b>	76,184
		<hr/>	<hr/>
<b>EQUITY</b>			
<b>Equity attributable to equity holders of the Company</b>			
Share capital	19	<b>1,085,474</b>	1,085,474
Reserves		<b>(1,052,082)</b>	(1,009,290)
		<hr/>	<hr/>
Total equity		<b>33,392</b>	76,184
		<hr/>	<hr/>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the six months ended 30 June 2025*

## 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 2024 annual financial statements of the Group.

The financial information relating to the year ended 31 December 2024 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 2024 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 2024. 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\$46,806,000 (2024: HK\$47,787,000) for the period ended 30 June 2025. As at 30 June 2025, the Group’s current liabilities exceeded its current assets by approximately HK\$262,645,000. 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) During the period ended 30 June 2025, one of the Group’s revolving bank facilities in an amount of HK\$145,000,000 was renewed. The Group will continue to actively negotiate with its banks in a timely manner such that the facilities and bank borrowings will continue to be made available to the Group. Based on the Group’s relationship with the banks and its historical record of successfully renewal of the banking facilities, the Directors believe that the relevant lenders will not exercise their rights to request the Group for immediate repayment of any significant borrowings;

- (ii) A director of the Company, who is also a substantial shareholder of the Company (the “Substantial Shareholder”), has provided an unsecured interest free loan facility of HK\$50,000,000 to the Group to finance its operation with a maturity date on 31 December 2026. Other directors of the Company have also provided unsecured interest bearing facilities of HK\$51,600,000 to the Group. As at 30 June 2025, the aggregate drawdown amount is HK\$20,100,000;
- (iii) The convertible bondholders of the Company have confirmed in writing that they will not request redemption nor conversion of the convertible bonds into the Company’s shares before their maturity in January 2026 and June 2026. The Group will also proactively engage in discussion with the bondholders for the extension of the maturity dates or renewal of these convertible bonds; and
- (iv) 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 the Substantial Shareholder and other 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 2025. Accordingly, the Directors consider it is appropriate to prepare the interim financial statement on a going concern basis.

## **2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES**

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 2024, except for the adoption of the following amended HKFRS Accounting Standards for the first time for the current period’s financial statements.

Amendments to HKAS 21	Lack of Exchangeability
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Amendments to HKAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. As the currencies that the Group had transacted with and the functional currencies of group entities for translation into the Group’s presentation currency were exchangeable, the amendments did not have any impact on the interim condensed consolidated financial information.

### 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			
	2025	2024	2025	2024
	Revenue from		(Loss)/profit before tax	
	continuing operations		from continuing operations	
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Broking	7,723	4,682	(7,896)	(10,420)
Margin financing and money lending	6,700	7,055	286	271
Assets and wealth management	308	2,213	(2,104)	(3,361)
Corporate advisory and underwriting	848	1,175	(1,606)	(98)
Trading and investment	(18)	(1,103)	(569)	(5,508)
Property investment	3,522	3,306	(19,804)	(8,701)
Others	358	367	(1,366)	(1,414)
Corporate and other unallocated expenses, net	—	—	(8,539)	(7,876)
Finance cost (other than lease liabilities)	—	—	(5,208)	(6,759)
Consolidated	<u>19,441</u>	<u>17,695</u>	<u>(46,806)</u>	<u>(43,866)</u>

Over 98 per cent of 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:

	<b>Six months ended 30 June</b>	
	<b>2025</b>	2024
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	HK\$'000
<i>Revenue from contracts with customers:</i>		
Commission and brokerage income	<b>7,271</b>	5,171
Rendering of services	<b>1,206</b>	1,542
Handling fee income	<b>723</b>	980
	<b>9,200</b>	7,693
<i>Revenue from other sources:</i>		
Loss on the trading of securities, funds, bonds, bullion and future contracts, net	<b>(39)</b>	(528)
Interest income from loans and trade receivables	<b>3,048</b>	2,463
Interest income from banks and financial institutions	<b>3,704</b>	4,745
Dividend income from listed investments	<b>6</b>	16
Gross rental income	<b>3,522</b>	3,306
	<b>10,241</b>	10,002
	<b>19,441</b>	17,695

## Revenue from contracts with customers

### Disaggregated revenue information

#### For the period ended 30 June 2025

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	6,948	323	–	–	7,271
Rendering of services	–	–	848	358	1,206
Handling fee income	723	–	–	–	723
Total revenue from contracts with customers	<u>7,671</u>	<u>323</u>	<u>848</u>	<u>358</u>	<u>9,200</u>

### Geographical markets

Total revenue from contracts with customers					
Hong Kong	7,671	323	848	–	8,842
Mainland China	–	–	–	358	358
	<u>7,671</u>	<u>323</u>	<u>848</u>	<u>358</u>	<u>9,200</u>

#### 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>
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## 5. LOSS BEFORE TAX FROM CONTINUING OPERATIONS

	Six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
<b>The Group's loss before tax from continuing operations is arrived at after charging:</b>		
Cost of services provided	2,287	2,219
Depreciation and amortisation	531	681
Depreciation of right-of-use assets	916	918
Interest expenses for margin financing and money lending operations	765	1,387
Lease payment not included in the measurement of lease liabilities	4,036	4,014
Employee benefit expense (including directors' remuneration)	16,316	16,891
Direct operating expenses arising from rental-earning investment properties	809	1,126
	<u>809</u>	<u>1,126</u>

## 6. FINANCE COSTS

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

	Six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Interest on bank loans, overdrafts and other borrowings	5,208	6,759
Interest on lease liabilities	9	10
	<u>5,217</u>	<u>6,769</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 (2024: 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 (2024: Nil).

## 9. DISCONTINUED OPERATION

During the prior period ended 30 June 2024, 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. The Media Business was classified as a discontinued operation for the reporting period and was no longer included in the operating segment information. The results of the Media Business (the “Discontinued Business”) for the six months ended 30 June 2024 were presented as below:

	<i>HK\$'000</i>
Revenue	5,066
Other income	1,435
Other operating expenses	(10,709)
Finance costs	(104)
	<u>                    </u>
Loss for the period from a discontinued operation	(4,312)
	<u>                    </u>
Attributable to:	
Equity holders of the Company	(4,312)
	<u>                    </u>
The net cash flows incurred by the Discontinued Business are as follows:	
Operating activities	(207)
	<u>                    </u>
Net cash outflow	(207)
	<u>                    </u>

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

	<b>Six months ended 30 June</b>	
	<b>2025</b>	2024
	<b>(Unaudited)</b>	(Unaudited)
Loss attributable to ordinary equity holders of the Company from a discontinued operation	–	HK\$(4,312,000)
Weighted average number of ordinary shares in issue during the period used in the basic and diluted loss per share calculation	<b>301,277,070</b>	301,277,070
Loss per share basic and diluted, from a discontinued operation	<u>                    </u> –	<u>                    </u> HK(1.43) cents

## 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\$46,806,000 (2024: HK\$47,787,000) and the weighted average number of 301,277,070 (2024: 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\$46,806,000 (2024: HK\$43,475,000) and the weighted average number of 301,277,070 (2024: 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 2025 and 2024 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 2025 (Unaudited) HK\$'000	As at 31 December 2024 (Audited) HK\$'000
At beginning of the period/year	286,000	509,400
Net loss from a fair value adjustment	(21,000)	(223,400)
At end of the period/year	<u>265,000</u>	<u>286,000</u>

On 30 June 2025, the Group's investment properties were revalued by Ravia Global Appraisal Advisory Limited at HK\$265,000,000 (31 December 2024: HK\$286,000,000). 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 the end of the reporting period, 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 on 13 January 2023. 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 2025 (Unaudited) HK\$'000	As at 31 December 2024 (Audited) HK\$'000
Repayable on demand	<u>34,409</u>	<u>45,100</u>

## 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.

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 2025 (Unaudited) HK\$'000	As at 31 December 2024 (Audited) HK\$'000
Current to 90 days	28,820	37,435
Over 90 days	<u>803</u>	<u>646</u>
	<u>29,623</u>	<u>38,081</u>

## 16. TRADE PAYABLES

The Group's trade payables arose from securities, bullion and commodities dealings 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 <b>30 June</b> <b>2025</b> <b>(Unaudited)</b> <b>HK\$'000</b>	As at 31 December 2024 (Audited) HK\$'000
Within 1 to 3 months	19,072	24,724
Over 3 months	<u>1,067</u>	<u>1,067</u>
	<u><b>20,139</b></u>	<u><b>25,791</b></u>

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

## 17. INTEREST-BEARING BANK AND OTHER BORROWINGS

	As at <b>30 June</b> <b>2025</b> <b>(Unaudited)</b> <b>HK\$'000</b>	As at 31 December 2024 (Audited) HK\$'000
Analysed into:		
Bank loans and overdraft repayable:		
Within one year or on demand	185,158	187,316
In the second year	7,800	7,800
In the third to fifth year, inclusive	<u>20,800</u>	<u>28,600</u>
	<u><b>213,758</b></u>	<u><b>223,716</b></u>
Other borrowings repayable:		
Within one year or on demand	252	71
In the second year	<u>20,301</u>	<u>1,600</u>
	<u><b>20,553</b></u>	<u><b>1,671</b></u>
	<u><b>234,311</b></u>	<u><b>225,387</b></u>

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 clients.

As at 30 June 2025, the Group's other borrowings mainly comprised of unsecured loans from the Substantial Shareholder and a director of the Company in an aggregate amount of HK\$20,100,000.

As at 31 December 2024, the Substantial Shareholder and a director of the Company confirmed in writing to waive the outstanding loans amounted to HK\$144,080,000 and the accrued interest from the dates of drawdown up to 31 December 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 the Substantial Shareholder, 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.

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 SCHC 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"). The Acquisition was subsequently 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, the convertible bondholders of the Company have confirmed in writing that they will not request redemption nor conversion of the convertible bonds into the Company's shares before their maturity in January 2026 and June 2026. The Group will also proactively engage in discussion with the bondholders for the extension of the maturity dates or renewal of these convertible bonds.

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

	<b>As at 30 June 2025 (Unaudited) HK\$'000</b>	As at 31 December 2024 (Audited) HK\$'000
At beginning of the period/year	<b>132,442</b>	120,093
Loss from change in fair value	<b>4,698</b>	12,349
	<hr/>	<hr/>
At end of the period/year	<b>137,140</b>	132,442
Portion classified as current liabilities	<b>(137,140)</b>	–
	<hr/>	<hr/>
Portion classified as non-current liabilities	<b>–</b>	132,442
	<hr/> <hr/>	<hr/> <hr/>

## 19. SHARE CAPITAL

	<b>As at 30 June 2025 (Unaudited) HK\$'000</b>	As at 31 December 2024 (Audited) HK\$'000
Issued and fully paid:		
301,277,070 (31 December 2024: 301,277,070) ordinary shares	<b>1,085,474</b>	1,085,474
	<hr/> <hr/>	<hr/> <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 2025

	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	–	3,150	–	3,150
Financial assets at fair value through profit or loss	41,753	–	–	41,753
	<u>41,753</u>	<u>–</u>	<u>–</u>	<u>41,753</u>
	<u>41,753</u>	<u>3,150</u>	<u>–</u>	<u>44,903</u>
<i>Liabilities measured at fair value:</i>				
Convertible bonds	–	–	137,140	137,140
	<u>–</u>	<u>–</u>	<u>137,140</u>	<u>137,140</u>

### As at 31 December 2024

	Fair value measurement using			
	Quoted prices in active markets (Level 1) (Audited) HK\$'000	Significant observable inputs (Level 2) (Audited) HK\$'000	Significant unobservable inputs (Level 3) (Audited) HK\$'000	Total (Audited) HK\$'000
<i>Assets measured at fair value:</i>				
Debt investments at fair value through other comprehensive income	–	3,050	–	3,050
Financial assets at fair value through profit or loss	39,651	–	–	39,651
	<u>39,651</u>	<u>–</u>	<u>–</u>	<u>39,651</u>
	<u>39,651</u>	<u>3,050</u>	<u>–</u>	<u>42,701</u>
<i>Liabilities measured at fair value:</i>				
Convertible bonds	–	–	132,442	132,442
	<u>–</u>	<u>–</u>	<u>132,442</u>	<u>132,442</u>

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **FINANCIAL SUMMARY**

The consolidated revenue from continuing operations of the Group for the six months ended 30 June 2025 (the “Period 2025”) was HK\$19.4 million, reflecting a modest year-on-year increase compared to HK\$17.7 million in the corresponding period of 2024. This growth in revenue was primarily attributable to higher brokerage income, driven by improved market sentiment and a recovery in the Hong Kong stock market, where the Hang Seng Index surged 35.9% over the past twelve months to close at 24,072 on 30 June 2025. However, the revenue uplift from the brokerage segment was partially offset by a decline in the asset and wealth management business, which faced heightened competition and reduced client activity.

Total other operating expenses from continuing operations, including direct cost of services, staff costs, rental and other administrative and office expenses amounted to HK\$34.7 million (2024: HK\$37.7 million). The Group recorded a non-cash diminution in the value of its investment properties amounting to HK\$21.0 million (2024: HK\$9.4 million), which impacted profitability. Consequently, the Group reported a consolidated net loss of HK\$46.8 million for the Period 2025, compared to a loss of HK\$47.8 million in the corresponding period of 2024.

### **BUSINESS REVIEW**

#### **Brokerage**

During the period under review, the Hang Seng Index outperformed major global stock markets and recorded high turnover. The revived confidence from global investors and rebound in foreign investment into the market of Mainland China in the second half of year 2024 continued to build momentum into year 2025, boosted by exciting developments in artificial intelligence and innovation. In the first half of 2025, capital market activities were in a notable upturn, with Chinese assets continuing to garner attention from global capital. The vibrancy of Hong Kong’s capital raising activity during the Period 2025 continued to underscore the attractiveness of the markets, which ranked in the world’s top five Initial Public Offering (“IPO”) venues.

The average daily turnover of Hong Kong stock market for the Period 2025 was \$240.2 billion representing an increase of 118% when compared with \$110.4 billion for the same period last year. The brokerage business of the Group experienced a strong rebound, with commission and handling income increasing by approximately 65.0% to HK\$7.7 million (2024: HK\$4.7 million). Together with the intensification of cost control during the Period 2025, operating loss of the brokerage segment substantially reduced to HK\$7.9 million (2024: HK\$10.4 million).

## **Margin Financing and Money Lending**

The Group continued to adopt stringent loan policies and remained prudent regarding the valuation of collaterals in providing margin financing for securities trading on the secondary market and for new share subscriptions in IPOs. The source of funds of margin financing was mainly from banks which tightened credit conditions and collateral valuations, therefore, the Group had to closely monitor the market situation and adjust the interest rate and loan-to-value ratio on a timely basis for striking the balance between risk and capital. The Group scaled down the unprofitable money lending business, so no new personal or mortgage loans were granted to customers since year 2024. Revenue from this segment slightly decreased by approximately 5.0% to HK\$6.7 million (2024: HK\$7.1 million). Due to the compressed interest for margin financing, this segment maintained a mild operating profit amounted to HK\$0.3 million for the Period 2025 (2024: HK\$0.3 million).

## **Corporate Advisory and underwriting**

During the period under review, the Group continued to rebuild its advisory pipeline by focusing on the aspects of IPO sponsorships and corporate advisory including financial advisory and independent financial advisory for listed clients, and compliance advisory relating to post-listing support for clients' compliance with the Listing Rules. Advisory fees are based on the type and size of the transactions, duration of the engagement, the complexity of the transaction and the expected manpower requirements. Due to intense competition, revenue generated from this segment reduced to HK\$0.9 million (2024: HK\$1.2 million) for the Period 2025. Operating loss for this segment amounted to HK\$1.6 million (2024: HK\$0.1 million) for the Period 2025.

## **Asset and Wealth Management**

The asset and wealth management segment recorded a revenue decline of 86.1% to HK\$0.3 million (2024: HK\$2.2 million) due to market sentiment, compounded by competitive pressure and client's increasing preferences toward passive investment solutions over actively self-managed portfolios. Resulting from the effective cost control measures, this segment's operating loss reduced to HK\$2.1 million (2024: HK\$3.4 million), but the need for strategic repositioning to enhance fee-based income streams has been one of the key business agenda.

## 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\$41.8 million as at 30 June 2025 (31 December 2024: HK\$39.7 million). The major investment holdings and their fair value gains or losses are listed below:

Stock code	Name of security	Carrying amount as at 30 June 2025 HK\$'000	Percentage of shareholding interest	Fair value gain/(loss) during the Period HK\$'000
00413	South China Holdings Company Limited	14,599	3.56%	(3,296)
01097	i-CABLE Communications Limited	17,646	6.51%	3,715
Others		9,508		1,684
		<u>41,753</u>		<u>2,103</u>

The Group has positioned the investment portfolio for medium to long-term growth in traditional industries. The fair value gain resulting from marking investments to market was HK\$2.1 million for the Period 2025 (2024: loss of HK\$1.5 million). Meanwhile, the Group recognised a segmental loss of HK\$0.6 million for the Period 2025 (2024: HK\$5.5 million).

## Property Investment

The office leasing market remained subdued due to economic uncertainty and oversupply, exacerbated by hybrid work trend as well as influx of new offices completion, particularly in Central district and its nearby. Despite these macroeconomic factors, the Group's gross rental income increased moderately to HK\$3.5 million (2024: HK\$3.3 million) by maintaining high occupancy level. However, a fair value loss of HK\$21 million was recognised on the investment properties, reducing their carrying value to HK\$265 million as of 30 June 2025 (31 December 2024: HK\$286 million). As the unrealised fair value loss was a non-cash item, it would not affect the cash flow of the Group.

## Other business

The Group had yet mobilized its forestry assets in Hubei Province, China, so no revenue was recorded during the period under review.

## **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 2025 was approximately 90.6% (31 December 2024: 80.8%). The Group had a cash balance of HK\$49.6 million as at 30 June 2025 (31 December 2024: HK\$36.7 million). As at the end of the reporting period, the convertible bondholders of the Company have confirmed in writing that they will not request redemption nor conversion of the convertible bonds into the Company's shares before their maturity in January 2026 and June 2026. The Group will also proactively engage in discussion with the bondholders for the extension of the maturity dates or renewal of these convertible bonds.

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 other 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 2025 as compared to the most recent published annual report.

## **CHARGES ON ASSETS**

As at 30 June 2025, the Group's investment properties were pledged to banks for banking facilities.

## **CONTINGENT LIABILITIES**

As at 30 June 2025, 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 report.

## **EMPLOYEES**

As at 30 June 2025, the total number of employees of the Group was 64 (30 June 2024: 65). Total employee's cost from continuing and discontinued operations (including directors' emoluments) amounted to HK\$16.3 million for the Period 2025 (2024: HK\$18.5 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**

2025 would be a dynamic year for global financial markets, having both opportunities and challenges. With interest rates easing worldwide, improved liquidity and stronger investor sentiment are anticipated. The Hong Kong stock market is expected to see cautious optimism in the second half of the year 2025, supported by accommodative monetary policies and the ongoing economic recovery in Mainland China. Hong Kong capital market maintains its pivotal role in global capital markets, retaining its vibrancy. The IPO market is likely to stay robust, reinforcing Hong Kong's position as a preferred listing destination for both domestic and international companies.

Strategic foresight is essential for navigating opportunities and mitigating risks. By leveraging insights to drive growth and adapt to market dynamics, the Group keeps aligning its strategies in (i) widening the scopes of brokerage and margin financing businesses by introducing derivatives products for clients' investment and enhancing the provision of virtual assets services, including cooperation with strategic partners; (ii) launching equity capital market services including syndication, equity financing, underwriting and serving as joint global coordinator, joint book-runner and joint lead manager in IPO projects; and (iii) launching a new initiative to develop immigration related services for Mainland Chinese applicants under various official immigration schemes launched by the Immigration Department of Hong Kong as well as provision of investment plans or making investment decision under discretionary investment management arrangements for clients under the asset and wealth management segment. Apart from the enhanced activities from the core businesses, the Group has expanded its business scope to provide travel arrangement and overseas convention/exhibition incentive services for corporate and individual clients. This strategic move leverages the existing management team's extensive expertise and established client networks. As planned, the new business segment will be in operation in the second half of 2025, and contribute additional revenue which will in turn improve the Group's overall business performance.

Upholding its core principles of strengthening foundations, pursuing steady progress, and enhancing quality and efficiency, the Group remains committed to delivering sustainable value to its shareholders and investors.

## **INTERIM DIVIDEND**

The Board resolved not to declare the payment of an interim dividend for the Period 2025 (2024: Nil).

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY**

During the Period 2025, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

## **CORPORATE GOVERNANCE CODE**

The Company complied with the applicable code provisions as set out in the Corporate Governance Code contained in Appendix C1 to the Listing Rules throughout the Period 2025.

## **MODEL CODE FOR SECURITIES TRANSACTIONS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 of the Listing Rules 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 2025.

## **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 2025 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](http://www.hkexnews.hk) and the website of the Company at [www.sctrade.com](http://www.sctrade.com). The interim report of the Company for the Period 2025 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, 19 August 2025

*As at the date of this report, 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*