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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 ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2025

GROUP RESULTS

The board of directors (the “Board”) of South China Financial Holdings Limited (the “Company”) is pleased to announce the consolidated results of the Company and its subsidiaries (collectively the “Group”) for the year ended 31 December 2025 together with comparative figures for the last financial year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2025

	<i>Notes</i>	2025 HK\$'000	2024 HK\$'000
CONTINUING OPERATIONS			
REVENUE	2	43,739	36,799
Other income		2,425	1,521
Fair value loss on investment properties		(40,700)	(223,400)
Fair value gain/(loss) on financial assets at fair value through profit or loss, net		34,252	(3,647)
Fair value loss on convertible bonds		(9,758)	(12,349)
Impairment of loans and trade receivables, net		(1,948)	(5,669)
Other operating expenses	4	(41,139)	(72,489)
Loss from operating activities		(13,129)	(279,234)
Finance costs	6	(9,710)	(13,513)

	<i>Notes</i>	2025 HK\$'000	2024 <i>HK\$'000</i>
LOSS BEFORE TAX FROM CONTINUING OPERATIONS	5	(22,839)	(292,747)
Income tax	7	—	—
		<u>(22,839)</u>	<u>(292,747)</u>
LOSS FOR THE YEAR FROM CONTINUING OPERATIONS		(22,839)	(292,747)
DISCONTINUED OPERATION			
Net loss for the year from discontinued operation	8	—	(2,309)
		<u>(22,839)</u>	<u>(295,056)</u>
LOSS FOR THE YEAR		(22,839)	(295,056)
Attributable to equity holders of the Company:			
— For loss from continuing operations		(22,839)	(292,747)
— For loss from discontinued operation		—	(2,309)
		<u>(22,839)</u>	<u>(295,056)</u>
LOSS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	9		
Basic and diluted			
— For loss for the year		(HK7.6 cents)	(HK97.9 cents)
— For loss from continuing operations		(HK7.6 cents)	(HK97.2 cents)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2025

	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
LOSS FOR THE YEAR	<u>(22,839)</u>	<u>(295,056)</u>
OTHER COMPREHENSIVE INCOME		
Other comprehensive income for the year, net of tax	<u>7,463</u>	<u>5,701</u>
TOTAL COMPREHENSIVE LOSS FOR THE YEAR ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	<u>(15,376)</u>	<u>(289,355)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2025

	<i>Notes</i>	2025 HK\$'000	2024 <i>HK\$'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		983	1,422
Investment properties	<i>10</i>	245,300	286,000
Right-of-use assets	<i>11</i>	83,783	84,640
Intangible assets		1,014	1,100
Other assets		5,812	5,861
Debt investments at fair value through other comprehensive income		3,100	3,050
		<hr/>	<hr/>
Total non-current assets		339,992	382,073
CURRENT ASSETS			
Financial assets at fair value through profit or loss	<i>12</i>	65,720	39,651
Loans receivable	<i>13</i>	31,142	45,100
Trade receivables	<i>14</i>	49,424	38,081
Prepayments, other receivables and other assets		14,761	10,408
Pledged bank deposits		500	–
Cash held on behalf of clients		358,711	298,460
Cash and bank balances		42,859	36,745
		<hr/>	<hr/>
Total current assets		563,117	468,445

	<i>Notes</i>	2025 HK\$'000	2024 <i>HK\$'000</i>
CURRENT LIABILITIES			
Client deposits		372,126	313,132
Trade payables	<i>15</i>	41,522	25,791
Other payables and accruals		41,959	57,868
Deposits received		2,044	504
Interest-bearing bank and other borrowings	<i>16</i>	180,280	187,387
Convertible bonds	<i>17</i>	142,200	–
Tax payable		16	16
		<hr/>	<hr/>
Total current liabilities		780,147	584,698
		<hr/>	<hr/>
NET CURRENT LIABILITIES		(217,030)	(116,253)
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		122,962	265,820
		<hr/>	<hr/>
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	<i>16</i>	50,768	38,000
Convertible bonds	<i>17</i>	–	132,442
Deposits received		422	1,515
Deferred tax liabilities		10,964	17,679
		<hr/>	<hr/>
Total non-current liabilities		62,154	189,636
		<hr/>	<hr/>
Net assets		60,808	76,184
		<hr/> <hr/>	<hr/> <hr/>
EQUITY			
Equity attributable to equity holders of the Company			
Share capital	<i>18</i>	1,085,474	1,085,474
Reserves		(1,024,666)	(1,009,290)
		<hr/>	<hr/>
Total equity		60,808	76,184
		<hr/> <hr/>	<hr/> <hr/>

Notes:

1. PRINCIPAL ACCOUNTING POLICIES AND BASIS OF PREPARATION

The financial statements have been prepared in accordance with HKFRS Accounting Standards (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the Hong Kong Companies Ordinance. The financial statements have been prepared under the historical cost convention, except for investment properties, debt investments, financial assets at fair value through profit or loss and convertible bonds which have been measured at fair value. The financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise indicated.

The financial information relating to the years ended 31 December 2025 and 2024 included in this announcement of annual results for the year ended 31 December 2025 do not constitute the Company’s statutory annual consolidated financial statements for those years but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance is as follows:

The financial statements for the year ended 31 December 2025 have yet to be reported on by the Company’s auditor and will be delivered to the Registrar of Companies in due course.

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 auditor has reported on the financial statements of the Group for the year ended 31 December 2024. The auditor’s report was unqualified; included a reference to a material uncertainty related to going concern to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under section 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

Going concern basis

During the year ended 31 December 2025, the Group incurred a net loss of HK\$22,839,000. In addition, as at 31 December 2025, the Group’s current liabilities exceeded its current assets by HK\$217,030,000 and had cash and bank balances of HK\$42,859,000, while its total interest-bearing bank and other borrowings and convertible bonds aggregating to HK\$373,248,000, of which HK\$322,480,000 was classified as current liabilities. Further, the Group’s ability to operate as a going concern depends on the continuing financial support from the Company’s substantial shareholder and a director and an aggregate loan amount of HK\$22,100,000 were drawn down from these related parties as at 31 December 2025. These conditions indicate the existence of a material uncertainty relating to going concern.

In view of these circumstances, the Directors of the Company (the “Directors”) have given careful consideration of the liquidity requirement for the Group’s operations, the performance of the Group and available sources of financing in assessing whether the Group will have sufficient funds to fulfill its financial obligations and to continue as a going concern. The Directors undertaken number of plans and measures to improve the Group’s liquidity and financial position, including:

- (a) In December 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;
- (b) As at 31 December 2025, a director of the Company, who is also a substantial shareholder of the Company (the “Substantial Shareholder”) and another director of the Company, have provided unsecured interest-free loan facilities of HK\$50,000,000 and HK\$50,000,000 respectively to the Group to finance its operation with a maturity date on 31 December 2027 and of which, HK\$20,500,000 was utilised;
- (c) In January 2026, the Group has successfully extended the maturity date of each of the convertible bonds with principal amounts of HK\$89,840,000 and HK\$50,000,000, with an original maturity in January 2026 and June 2026, respectively, for another three years, further details of the extension are set out in the financial statements. In addition, the holders of these convertible bonds have also confirmed in writing that they will not request the redemption of their convertible bonds for not less than twelve months from the approval date of these financial statements; and
- (d) 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.

The Directors have reviewed the Group’s cash flow projections prepared by management which cover a period of not less than twelve months from 31 December 2025. Based on the cash flow projections and taking into account reasonably the financial resources available including the available banking facilities and the credit facilities provided by the Substantial Shareholder and a director of the Company, the internally generated funds from operations, and cash and bank balances of the Group, the Directors are of the opinion that the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within twelve months from 31 December 2025. Accordingly, the Directors consider it is appropriate to prepare the consolidated financial statement on a going concern basis.

Notwithstanding the above, significant uncertainties exist as to whether the Group is able to achieve its plans and measures as described above.

Should the Group be unable to achieve the above-mentioned plans and measures and operate as a going concern, adjustments would have to be made to write down the carrying values of the Group’s assets to their recoverable amounts, to provide for any further liabilities that might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities. The effects of these adjustments have not been reflected in these consolidated financial statements.

Changes in accounting policies and disclosures

The Group has adopted amendments to HKAS 21 *Lack of Exchangeability* for the first time for the current year's financial statements. The Group has not early adopted any other standard or amendment that has been issued but is not yet effective.

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 in and the functional currencies of overseas subsidiaries for translation into the Group's presentation currency were exchangeable, the amendments did not have any impact on the Group's financial statements.

In addition, the HKICPA has issued amendments to Illustrative Examples on HKFRS 7, HKFRS 18, HKAS 1, HKAS 8, HKAS 36 and HKAS 37 *Disclosures about Uncertainties in the Financial Statements*, which added illustrative examples in the corresponding HKFRS Accounting Standards. These examples reflect existing requirements in the corresponding HKFRS Accounting Standards to report the effects of uncertainties in the financial statements using climate-related examples. Therefore, the amendments do not have an effective date or transitional provisions.

2. REVENUE

An analysis of revenue from continuing operations is as follows:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
<i>Revenue from contracts with customers:</i>		
Commission and brokerage income	15,126	10,354
Rendering of services	2,167	2,440
Handling fee income	1,918	2,334
	<u>19,211</u>	<u>15,128</u>
<i>Revenue from other sources:</i>		
Profit/(Loss) on the trading of securities, funds, bonds, bullion and future contracts, net	5,056	(106)
Interest income from loans and trade receivables	5,826	5,167
Interest income from banks and financial institutions	6,617	9,671
Dividend income from listed investments	13	139
Gross rental income	7,016	6,800
	<u>24,528</u>	<u>21,671</u>
	<u>43,739</u>	<u>36,799</u>

Revenue from contracts with customers

(i) Disaggregated revenue information

For the year ended 31 December 2025

	Broking HK\$'000	Asset and wealth management HK\$'000	Corporate advisory and underwriting HK\$'000	Other business HK\$'000	Total HK\$'000
Types of goods or services					
Commission and brokerage income	14,444	682	–	–	15,126
Handling fee income	1,916	2	–	–	1,918
Corporate advisory income	–	–	1,444	–	1,444
Other business income	–	–	–	723	723
	<u>16,360</u>	<u>684</u>	<u>1,444</u>	<u>723</u>	<u>19,211</u>
Total revenue from contracts with customers					
	<u>16,360</u>	<u>684</u>	<u>1,444</u>	<u>723</u>	<u>19,211</u>
Geographical markets					
Hong Kong	16,360	684	1,444	–	18,488
Mainland China	–	–	–	723	723
	<u>16,360</u>	<u>684</u>	<u>1,444</u>	<u>723</u>	<u>19,211</u>
Total revenue from contracts with customers					
	<u>16,360</u>	<u>684</u>	<u>1,444</u>	<u>723</u>	<u>19,211</u>

For the year ended 31 December 2024

	Broking HK\$'000	Asset and wealth management HK\$'000	Corporate advisory and underwriting HK\$'000	Other business HK\$'000	Total HK\$'000
Types of goods or services					
Commission and brokerage income	8,377	1,977	–	–	10,354
Handling fee income	2,167	167	–	–	2,334
Corporate advisory income	–	–	1,710	–	1,710
Other business income	–	–	–	730	730
	<u>10,544</u>	<u>2,144</u>	<u>1,710</u>	<u>730</u>	<u>15,128</u>
Total revenue from contracts with customers					
	<u>10,544</u>	<u>2,144</u>	<u>1,710</u>	<u>730</u>	<u>15,128</u>
Geographical markets					
Hong Kong	10,544	2,144	1,710	–	14,398
Mainland China	–	–	–	730	730
	<u>10,544</u>	<u>2,144</u>	<u>1,710</u>	<u>730</u>	<u>15,128</u>
Total revenue from contracts with customers					
	<u>10,544</u>	<u>2,144</u>	<u>1,710</u>	<u>730</u>	<u>15,128</u>

3. OPERATING SEGMENT INFORMATION

Year ended 31 December 2025

	Broking HK\$'000	Trading and investment HK\$'000	Margin financing and money lending HK\$'000	Asset and wealth management HK\$'000	Corporate advisory and underwriting HK\$'000	Property investment HK\$'000	Other business HK\$'000	Consolidated HK\$'000
Segment revenue:								
Revenue from external customers	<u>16,455</u>	<u>5,098</u>	<u>12,348</u>	<u>655</u>	<u>1,444</u>	<u>7,016</u>	<u>723</u>	<u>43,739</u>
Segment results:	(2,430)	34,924	5,663	(988)	(237)	(35,933)	(2,499)	(1,500)
<i>Reconciliation:</i>								
Corporate and other unallocated expenses, net [#]								(11,653)
Finance costs (other than interest on lease liabilities)								<u>(9,686)</u>
Loss before tax from continuing operations								<u>(22,839)</u>

Year ended 31 December 2024

	Broking HK\$'000	Trading and investment HK\$'000	Margin financing and money lending HK\$'000	Asset and wealth management HK\$'000	Corporate advisory and underwriting HK\$'000	Property investment HK\$'000	Other business HK\$'000	Consolidated HK\$'000
Segment revenue:								
Revenue from external customers	<u>10,814</u>	<u>(623)</u>	<u>14,572</u>	<u>2,796</u>	<u>1,710</u>	<u>6,800</u>	<u>730</u>	<u>36,799</u>
Segment results:	(18,402)	(10,108)	(307)	(6,628)	(840)	(221,432)	(2,917)	(260,634)
<i>Reconciliation:</i>								
Corporate and other unallocated expense, net [#]								(18,614)
Finance costs (other than interest on lease liabilities)								<u>(13,499)</u>
Loss before tax from continuing operations								<u>(292,747)</u>

[#] Corporate and other unallocated expenses include fair value loss on financial assets at fair value through profit or loss designated for the Group's Employees' Share Award Scheme amounting to HK\$250,000 (2024: HK\$300,000) during the year.

4. OTHER OPERATING EXPENSES

An analysis of other operating expenses from continuing operations is as follows:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Cost of services provided	4,403	4,044
Depreciation of property, plant and equipment	808	1,286
Depreciation of right-of-use assets	1,832	1,832
Amortisation of intangible assets	86	70
Auditor's remuneration	1,950	2,130
Lease payments not included in the measurement of lease liabilities:		
Current year provision	2,708	7,865
Prior year downward adjustments	(10,559)	–
Employee benefit expense ¹ (including directors' remuneration):		
Wages, salaries and benefits in kind	21,926	31,813
Pension scheme contributions, net	711	1,153
	<u>22,637</u>	<u>32,966</u>
Interest expense for margin financing and money lending operations	1,384	2,758
Direct operating expenses arising from rental-earning investment properties	1,631	1,925
Communication expenses	7,716	7,855
Management and professional fees	576	942
Marketing and promotional fee	103	113
Others	5,864	8,703
	<u>41,139</u>	<u>72,489</u>

¹ Included in the current year's employee benefit expenses is a downward adjustment of prior year expense of HK\$6,730,000, which has been set off in the year ended 31 December 2025.

5. LOSS BEFORE TAX

The Group's loss before tax from continuing operations is arrived at after charging/(crediting):

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Foreign exchange differences, net	(219)	19
Impairment of loans receivable, net	1,361	5,157
Impairment of trade receivables, net	587	512
Gain on disposal of subsidiaries	–	(3,095)
	<u>–</u>	<u>(3,095)</u>

6. FINANCE COSTS

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

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Interest on bank loans, overdrafts and other borrowings	9,686	13,499
Interest on lease liabilities	<u>24</u>	<u>14</u>
	<u><u>9,710</u></u>	<u><u>13,513</u></u>

7. INCOME TAX

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 year (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. DISCONTINUED OPERATION

For the year ended 31 December 2024

During the year ended 31 December 2024, the Group ceased the media publication and financial public relation service business (“Media Business”) after periodic performance assessment and for better allocation of the Group’s resources. The Media Business was classified as discontinued operation and the profit or loss of the corresponding year was then re-presented. With the Media Business being re-presented as discontinued operation, it was no longer included in the operating segment information.

The results of the Media Business for the year ended 31 December 2024 are presented as below:

	<i>HK\$'000</i>
Revenue	5,066
Other revenue	3,548
Other operating expenses	(10,764)
Finance costs	<u>(159)</u>
Loss for the year from discontinued operation	<u><u>(2,309)</u></u>
Attributable to:	
Equity holders of the Company	<u><u>(2,309)</u></u>
The net cash flows incurred by discontinued operation are as follows:	
Operating activities	3,151
Investing activities	(443)
Financing activities	<u>(3,000)</u>
Net cash outflow, before foreign exchange impact	<u><u>(292)</u></u>

The calculation of basic and diluted loss per share from a discontinued operation for the year ended 31 December 2024 are based on:

	2024 <i>HK\$'000</i>
Loss attributable to ordinary equity holders of the Company from discontinued operation	(2,309)
Weighted average number of ordinary shares in issue during the year used in the basic and diluted loss per share calculation	<u>301,277,070</u>
Loss per share basic and diluted, from discontinued operation	<u><u>(0.7)</u></u>

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

The calculation of the basic loss per share amount is based on the loss for the year attributable to equity holders of the Company of HK\$22,839,000 (2024: HK\$295,056,000) and the weighted average number of 301,277,070 (2024: 301,277,070) ordinary shares outstanding during the year.

The calculation of the basic loss per share amount from continuing operations is based on the loss for the year from continuing operations attributable to equity holders of the Company of HK\$22,839,000 (2024: HK\$292,747,000) and the weighted average number of 301,277,070 (2024: 301,277,070) ordinary shares outstanding during the year.

No adjustment has been made to the basic loss per share amount presented for the years ended 31 December 2025 and 2024 in respect of a dilution as the impact of the convertible bonds and share options outstanding during the years had an anti-dilutive effect on the basic loss per share amount presented.

10. INVESTMENT PROPERTIES

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Carrying amount as at 1 January	286,000	509,400
Net loss from a fair value adjustment	<u>(40,700)</u>	<u>(223,400)</u>
Carrying amount at 31 December	<u><u>245,300</u></u>	<u><u>286,000</u></u>

The Group's investment properties consist of commercial office premises in Hong Kong. The Directors have determined that the investment properties consist of one class of asset, that is, commercial, based on the nature, characteristics and risks of these properties. The Group's investment properties were revalued on 31 December 2025 based on valuations performed by Ravia Global Appraisal Advisory Limited, independent professionally qualified valuers, at HK\$245,300,000. Each year, the Group's management decides to appoint which external valuer to be responsible for the external valuations of the Group's properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Group's management has discussions with the valuer on the valuation assumptions and valuation results twice a year when the valuation is performed for interim and annual financial reporting.

On 31 December 2025, the Group's investment properties with a carrying value of HK\$245,300,000 (2024: HK\$286,000,000) were pledged to secure general banking facilities granted to the Group.

11. RIGHT-OF-USE ASSETS

The Group's right of use assets mainly comprised 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.

12. 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.

13. LOANS RECEIVABLE

The Group's loans receivable mainly arose from the margin financing and money lending operations during the year.

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

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Repayable:		
On demand	<u><u>31,142</u></u>	<u><u>45,100</u></u>

14. TRADE RECEIVABLES

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Trade receivable		
— Clearing houses, brokers and dealers	45,062	36,140
— Cash and custodian receivables	7,089	4,445
— Other trade receivables	1,009	645
	<u>53,160</u>	<u>41,230</u>
Impairment	(3,736)	(3,149)
	<u>49,424</u>	<u>38,081</u>

The Group's trade receivables arose from securities and commodities dealings, insurance broking and the provision of corporate advisory and underwriting services during the year.

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:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Current to 90 days	48,408	37,435
Over 90 days	1,016	646
	<u>49,424</u>	<u>38,081</u>

15. TRADE PAYABLES

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

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:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Within 1 to 3 months	40,455	24,724
Over 3 months	1,067	1,067
	<u>41,522</u>	<u>25,791</u>

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

16. INTEREST-BEARING BANK AND OTHER BORROWINGS

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Analysed into:		
Bank loans and overdrafts repayable:		
Within one year or on demand	180,019	187,316
In the second year	7,800	7,800
In the third to fifth years, inclusive	20,800	28,600
	<u>208,619</u>	<u>223,716</u>
Other borrowings repayable:		
Within one year or on demand	261	71
In the second year	22,168	1,600
	<u>22,429</u>	<u>1,671</u>
	<u>231,048</u>	<u>225,387</u>

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

For the year ended 31 December 2025, the Substantial Shareholder of the Company has granted unsecured interest-free loans in an aggregate amount of HK\$20,500,000 and a director of the Company has granted unsecured interest bearing loans in an aggregate amount of HK\$1,600,000. The outstanding loans amounted to HK\$22,100,000.

17. 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 6 November 2025, the Company and Total Grace entered into the second supplemental agreement, pursuant to which the Company and Total Grace conditionally agreed to extend the maturity date of the CB 2020 by three years from 30 June 2026 to 30 June 2029 by way of execution of the second supplemental deed. Save for the extension, all other terms and conditions of the CB 2020 shall remain unchanged. The extension was subsequently approved by shareholders of the Company on the Extraordinary General Meeting (“EGM”) held on 12 January 2026.

On 24 March 2026, 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 these financial statements.

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”). 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.

On 6 November 2025, the Company and Thousand China entered into a supplemental agreement, pursuant to which the Company and Thousand China conditionally agreed to extend the maturity date of CB 2023 by three years from 12 January 2026 to 12 January 2029 (the “Extended Period”). During the Extended Period, the interest rate of CB 2023 will be changed from 1% per annum to 2% per annum and the conversion price will be changed from HK\$0.32 per conversion share to HK\$0.28 per conversion share subject to adjustments in the manner and the relevant procedures set out in the terms and conditions of the supplemental deed of CB 2023. The extension was subsequently approved by shareholders of the Company on the EGM held on 12 January 2026.

On 24 March 2026, 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.

The following table illustrates the fair value measurement hierarchy of the Group’s convertible bonds:

	Fair value measurement as at 31 December using significant unobservable inputs (Level 3)	
	2025	2024
	<i>HK\$’000</i>	<i>HK\$’000</i>
Fair value measurement for convertible bonds:		
CB 2020	50,000	50,000
CB 2023	92,200	82,442
	<u>142,200</u>	<u>132,442</u>

18. SHARE CAPITAL

Shares

	2025	2024
	<i>HK\$’000</i>	<i>HK\$’000</i>
Issued and fully paid:		
301,277,070 (2024: 301,277,070) ordinary shares	<u>1,085,474</u>	<u>1,085,474</u>

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL SUMMARY

The consolidated revenue from continuing operations of the Group for the year ended 31 December 2025 (“Year 2025”) was HK\$43.7 million (2024: HK\$36.8 million). The increase in revenue was mainly attributable to the growth in the broking and trading investment segment, which was driven by a significant improvement in securities market sentiment in Hong Kong. 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, decreased to HK\$41.1 million (2024: HK\$72.5 million). The significant drop in other expenses for Year 2025 was primarily due to the downward adjustment on rental and staff-related expenses attributable to the Group’s overall refined expense management. After accounting for the diminution in value of investment property for the year, which amounted to HK\$40.7 million (2024: HK\$223.4 million), the Group reported a consolidated net loss of HK\$22.8 million for Year 2025, narrowing significantly from a loss of HK\$295.1 million in the prior year.

DIVIDEND

No interim dividend was paid (2024: Nil). The board of directors (the “Board”) of the Company does not recommend the payment of a final dividend for the year ended 31 December 2025 (2024: Nil).

BUSINESS REVIEW

The Year 2025 proved to be a watershed moment for Hong Kong’s financial markets, with a broad-based recovery taking hold across multiple fronts. Secondary market performance strengthened significantly, Initial Public Offering (“IPO”) fundraising activity rebounded sharply, and capital inflows from international and the Mainland returned with conviction.

Broking

During the Year 2025, 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. Throughout the Year 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 Year 2025 continued to underscore the attractiveness of the markets, which ranked in the world’s top five IPO venues.

The average daily turnover of Hong Kong stock market for the Year 2025 was HK\$249.8 billion representing an increase of 89.5% when compared with HK\$131.8 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 52.2% to HK\$16.5 million (2024: HK\$10.8 million). Together with the intensification of cost control during the Year 2025, operating loss of the brokerage segment substantially reduced to HK\$2.4 million (2024: HK\$18.4 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 decreased by approximately 15.3% to HK\$12.3 million (2024: HK\$14.6 million). With the compressed interest for margin financing, this segment still managed a turnaround of operating profit amounted to HK\$5.7 million for the Year 2025 (2024: loss of HK\$0.3 million).

Corporate Advisory and underwriting

The Group's corporate advisory and underwriting segment has entered a phase of strategic reactivation following the resumption of its corporate advisory and pre-IPO sponsorship activities in 2023. Advisory fees are structured with reference to a range of value-based parameters, including the nature and scale of the transaction, duration of the engagement, complexity of the mandate, and projected manpower deployment. In line with its refined strategic focus, the Group is directing its efforts toward high-value-added advisory mandates, with particular emphasis on mergers and acquisitions advisory, independent financial advisory services for listed corporations and IPO sponsorship services.

During the Year 2025, revenue generated from financial advisory and IPO sponsorship services recorded a marginal decrease to HK\$1.4 million, compared to HK\$1.7 million in the preceding year. This slight decline reflects the Group's selective approach in mandate origination. Looking forward, the Group maintains a constructive outlook on the Hong Kong IPO landscape. Market indicators point to a potential resurgence in listing momentum, underpinned by a growing pipeline of Chinese technology enterprises seeking access to international capital. The anticipated improvement in global investor risk appetite, coupled with Hong Kong's continued relevance as a preferred listing destination for regional issuers, is expected to catalyse demand for both pre-IPO sponsorship and related financial advisory services. The Group is well-positioned to capitalise on these tailwinds, leveraging its reactivated platform and domain expertise to pursue quality mandates and deliver sustainable value creation.

Asset and Wealth Management

The asset and wealth management segment recorded a revenue decline of 76.6% to HK\$0.7 million (2024: HK\$2.8 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\$1.0 million (2024: HK\$6.6 million), while the need for strategic repositioning to enhance fee-based income streams has been one of the 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\$65.7 million as at 31 December 2025 (2024: HK\$39.7 million). The major investments holding and their fair value gains or losses are listed below:

Stock code	Name of security	Carrying amount as at 31 December 2025 <i>HK\$'000</i>	Percentage of shareholding interest	Fair value gain/(loss) during the year <i>HK\$'000</i>
01097	i-CABLE Communications Limited	49,649	6.16%	36,468
00413	South China Holdings Company Limited	15,541	3.56%	(2,354)
Others		530		138
		<u>65,720</u>		<u>34,252</u>

The Group has positioned its investment portfolio for medium to long term growth in traditional industries, the fair value gain resulting from marking investments to market was HK\$34.3 million for the Year 2025 (2024: loss of HK\$3.6 million). Meanwhile, the Group recognised a segmental gain of HK\$34.9 million for the Year 2025 (2024: loss of HK\$10.1 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\$7.0 million (2024: HK\$6.8 million) by maintaining high occupancy level. However, a fair value loss of HK\$40.7 million was recognised (2024: HK\$223.4 million) on the investment properties, reducing their carrying value to HK\$245.3 million as of 31 December 2025 (2024: HK\$286.0 million). As the unrealised fair value loss was a non-cash item, it would not affect the cash flow of the Group.

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 People's Republic of China (the "PRC"), with a total area of approximately 139,216 mu. It is believed that the investment in the Genius Year Group will provide a good opportunity for the Group to widen its businesses to the forestry business in the medium term. No revenue was recognised for the Year 2025 (2024: 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 and pledged bank deposits. Capital represents total equity. The gearing ratio as at 31 December 2025 was approximately 84.4% (2024: 80.8%). The Group had a cash and bank balance of HK\$42.9 million (2024: HK\$36.7 million) and pledged bank deposits of HK\$0.5 million (2024: Nil) as at 31 December 2025. 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 Year 2025 as compared to that set out in the 2024 annual report.

CHARGES ON ASSETS

As at 31 December 2025, the Group’s investment properties and certain bank deposits were pledged to banks for banking facilities.

CONTINGENT LIABILITIES

As at 31 December 2025, the Group had no material contingent liabilities.

EVENT AFTER THE REPORTING PERIOD

On 6 November 2025, the Company and Thousand China Investments Limited (“Thousand China”) entered into a supplemental agreement, pursuant to which the Company and Thousand China conditionally agreed to extend the maturity date of CB 2023 by three years from 12 January 2026 to 12 January 2029 (the “Extended Period”). During the Extended Period, the interest rate of CB 2023 will increase from 1% per annum to 2% per annum and the conversion price will be changed from HK\$0.32 per conversion share to HK\$0.28 per conversion share subject to adjustments in the manner and the relevant procedures set out in the terms and conditions of the supplemental Deed of CB 2023. The extension was subsequently approved by shareholders of the Company on the Extraordinary General Meeting (“EGM”) held on 12 January 2026.

On 6 November 2025, the Company and Total Grace Investments Limited (“Total Grace”) entered into the second supplemental agreement, pursuant to which the Company and Total Grace conditionally agreed to extend the maturity date of the CB 2020 by three years from 30 June 2026 to 30 June 2029 by way of execution of the second supplemental deed. Save for the extension, all other terms and conditions of the CB 2020 shall remain unchanged. The extension was subsequently approved by shareholders of the Company on the EGM held on 12 January 2026.

EMPLOYEES

As at 31 December 2025, the total number of employees of the Group was 67 (2024: 62). Total employee’s cost from continuing and discontinued operations (including directors’ emoluments) amounted to approximately HK\$22.6 million for the Year 2025 (2024: HK\$34.7 million).

In addition to salary, other fringe benefits such as medical subsidies, life insurance, provident fund and subsidised external trainings are offered to employees. Continuous professional trainings will continue to be arranged for staff for maintaining their professional standards for providing various regulated activities under the Securities and Futures Commission. Performance of the employees is normally reviewed on an annual basis with adjustments if necessary, for keeping the competitiveness in compensation. 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 Group's strategy for the coming year is twofold: reinforcing our core financial services and accelerating growth in technology-driven sectors. Amid a complex geopolitical landscape — characterised by trade tariff disputes and regional instability — we are proactively managing potential impacts on market sentiment, supply chains, and economic growth. We remain committed to an agile, resilient approach in our strategic execution.

Outlook for Core Financial Services Businesses

Building on the improved market sentiment and operational efficiencies gained in 2025, our core financial services are well-positioned for the coming year. In broking and margin financing, we will continue to capitalise on sustained market momentum while maintaining prudent risk management and stringent cost controls. Within our core operations, corporate finance remains our principal strategic priority. We believe we are well-positioned to secure high-value mandates in IPO sponsorship and M&A, as we anticipate a rebound in capital market activities. By leveraging our strengthened advisory capabilities and network, the Group aims to emerge as a active participant in the forthcoming wave of listings and transactions. We will continue to optimise the long-term value of our investment portfolio and property assets through active management.

Strategic Expansion into High-Technology Sectors

Looking beyond our traditional financial services, the Board is committed to executing a strategic diversification to unlock new revenue streams and mitigate concentration risks. In the second half of 2025, we took decisive steps in this direction by signing two significant Memorandums of Understanding (“MOU”). These initiatives mark key milestones in our strategy to invest in high-potential, technology-driven industries.

Expansion into AI-Powered Biotechnology: On 14 November 2025, the Group entered into an MOU to form a joint venture with a PRC company specializing in AI-driven biotechnology. This proposed venture aims to develop platforms for AI-powered pharmaceutical R&D, efficacy prediction for cosmetics, and therapeutics for aging. This move aligns with national “Healthy China” and “Digital China” initiatives and positions the Group at the forefront of integrating financial expertise with cutting-edge technology to capture opportunities in high-growth sectors like AI-driven pharma, beauty tech, and the anti-aging retail market.

Expansion into Advanced Security Technology: On 6 November 2025, the Group entered into another MOU to form a joint venture focused on the global distribution and development of advanced security and anti-riot products. This initiative, leveraging Hong Kong’s status as an international hub, will tap into substantial global demand for border control, unmanned monitoring, and emergency management solutions. This venture is aligned with the national “Going Global” initiative and the Hong Kong SAR government’s support for technological innovation, enabling the Group to participate in a key national development segment.

The Group is entering a new chapter of growth and transformation. While we remain dedicated to enhancing the performance of our core financial services, the diversification into AI-biotech and security technology represent a strategic pivot towards building a more diversified, resilient, and technologically-advanced group. The Board will continue to explore further opportunities in high-tech and emerging industries with strong potential. The successful execution of these strategic initiatives is subject to the finalization of binding agreements and market conditions. We are confident, however, that this dual-pronged strategy will pave the way for sustainable long-term value creation for our shareholders.

FINAL DIVIDEND

The Board resolved not to declare the payment of a final dividend for the Year 2025 (2024: Nil).

EXTRACT FROM INDEPENDENT AUDITOR’S REPORT

The following is an extract of the independent auditor’s report on the Group’s consolidated financial statements for the year ended 31 December 2025.

Opinion (Extract)

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Material uncertainty related to going concern

We draw attention to note 2.1 to the consolidated financial statements, which indicates that the Group incurred a net loss of HK\$22.8 million and as at 31 December 2025, the Group had net current liabilities of HK\$217.0 million and cash and bank balances of HK\$42.9 million, while its total interest-bearing bank and other borrowings and convertible bonds aggregating to HK\$373.2 million, of which HK\$322.5 million was classified as current liabilities. These conditions, along with other matters as set forth in note 2.1 to the consolidated financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Group’s ability to continue as a going concern. Our opinion is not modified in respect of this matter.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company during the year ended 31 December 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 annual results for the year ended 31 December 2025 have been reviewed by the Audit Committee in conjunction with the Company’s external auditor. The Audit Committee was of the opinion that the preparation of such annual results complied with the applicable accounting standards and requirements and that adequate disclosures were made.

REVIEW OF PRELIMINARY RESULTS ANNOUNCEMENT BY INDEPENDENT AUDITORS

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2025 as set out in the preliminary announcement have been agreed by the Company's auditor, Ernst & Young, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by Ernst & Young in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no opinion or assurance conclusion has been expressed by Ernst & Young on the preliminary announcement.

ANNUAL GENERAL MEETING

The Company's 2026 annual general meeting (the "2026 AGM") will be held on Tuesday, 16 June 2026 at 11:00 a.m.. The notice of the 2026 AGM will be published on the websites of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and the Company and despatched to the Shareholders in due course.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the eligibility of shareholders of the Company to attend and vote at the 2026 AGM, the register of members of the Company will be closed from Wednesday, 10 June 2026 to Tuesday, 16 June 2026 (both days inclusive) during which period no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the 2026 AGM, all duly completed and signed transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's share registrar, Union Registrars Limited at Suites 3301-04, 33rd Floor, Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong not later than 4:00 p.m. on Tuesday, 9 June 2026.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement is published on the websites of the Company (www.sctrade.com) and the Stock Exchange (www.hkexnews.hk). The 2025 annual report of the Company will be published 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, 24 March 2026

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