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Southwest Securities International Securities Limited

西證國際證券股份有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 812)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2024

The board (the “**Board**”) of directors (the “**Directors**” and each a “**Director**”) of Southwest Securities International Securities Limited (the “**Company**”) presents the audited consolidated final results of the Company and its subsidiaries (the “**Group**”) for the year ended 31 December 2024 (the “**Year**”), together with comparative figures for the year ended 31 December 2023, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

	<i>Notes</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Revenue	2	1,132	31,192
Other income	4	10,242	24,886
		11,374	56,078
Fee and commission expenses		(155)	(225)
Finance costs	5a	(10,335)	(31,756)
Staff costs (including directors’ and chief executive’s emoluments)	5b	(19,702)	(25,626)
Depreciation of fixed assets and right-of-use assets		(491)	(804)
Reversal of expected credit losses on financial assets, net		19,980	1,890
Other operating expenses		(11,887)	(15,500)

* *For identification purpose only*

	<i>Notes</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Loss before tax	5	(11,216)	(15,943)
Income tax expense	6	—	—
Loss for the year and total comprehensive expense for the year		<u>(11,216)</u>	<u>(15,943)</u>
Loss for the year and total comprehensive expense for the year attributable to			
— the equity shareholders of the Company		(11,216)	(15,943)
— the holder of other equity instrument		—	—
		<u>(11,216)</u>	<u>(15,943)</u>
Loss per share			
— Basic (<i>HK cents</i>)	7	<u>(0.306)</u>	<u>(0.435)</u>
— Diluted (<i>HK cents</i>)	7	<u>(0.306)</u>	<u>(0.435)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

		2024	2023
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current assets			
Fixed assets		327	613
Intangible assets		–	–
Financial assets at fair value through other comprehensive income		–	–
Other non-current assets		<u>300</u>	<u>300</u>
		<u>627</u>	<u>913</u>
Current assets			
Financial assets at fair value through profit or loss	8	–	99,090
Accounts receivable	9	1,355	678
Prepayments and other receivables		4,084	5,072
Cash and bank balances		<u>91,789</u>	<u>603,964</u>
		<u>97,228</u>	<u>708,804</u>
Current liabilities			
Other payables and accrued charges		3,621	15,163
Provisions		3,995	9,209
Loans from immediate holding company		138,532	–
Bonds payable	10	<u>–</u>	<u>722,422</u>
		<u>146,148</u>	<u>746,794</u>
Net current liabilities		<u>(48,920)</u>	<u>(37,990)</u>
		<u>(48,293)</u>	<u>(37,077)</u>

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Capital and reserves		
Share capital	366,182	366,182
Reserves	(994,475)	(983,259)
Other equity instrument	580,000	580,000
	<u>(48,293)</u>	<u>(37,077)</u>

GENERAL

Southwest Securities International Securities Limited (the “**Company**”) is a company incorporated in Bermuda with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The immediate holding company of the Company is Southwest Securities International Investment Limited (“**SSII**”), a private company incorporated in Hong Kong with limited liability and wholly-owned by Southwest Securities Co., Ltd. (“**SWSC**”). SWSC is the ultimate holding company of the Company, which is incorporated in the People’s Republic of China (the “**PRC**”) with limited liability and its shares are listed on the Shanghai Stock Exchange.

The principal activities of the Company and its subsidiaries (hereinafter collectively referred to as the “**Group**”) comprise:

- broking futures and options, securities and unit trusts for its clients;
- provision of margin financing, underwriting and placements, corporate finance advisory services and asset management services; and
- trading in securities, equity index, commodity and currency futures contracts for its own account.

These consolidated final results are presented in Hong Kong dollars (“**HK\$**”) which is the same as the functional currency of the Company and all values are rounded to the nearest thousand except when otherwise indicated.

Notes:

1. MATERIAL ACCOUNTING POLICY INFORMATION AND BASIS OF PREPARATION

Basis of preparation

These consolidated final results have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”), which collective term includes all applicable Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). These consolidated final results includes the applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) and by the Hong Kong Companies Ordinance.

The measurement basis used in the preparation of these consolidated final results is the historical cost basis except for financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss, which are measured at fair value at the end of each reporting period. Historical cost is generally based on the fair value of the consideration given in exchange for services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

Going concern assumption

The Group incurred a consolidated loss of approximately HK\$11,216,000 for the year ended 31 December 2024, had net current liabilities of approximately HK\$48,920,000 and capital deficiency of approximately HK\$48,293,000 as at 31 December 2024, which was mainly attributable to loans from immediate holding company of total of approximately HK\$138,532,000, which comprises of a term loan from SSII with an outstanding amount including both principal and accrued interest of approximately HK\$126,771,000 (the “**Controlling Shareholder’s Term Loan**”) and a revolving loan from SSII with an outstanding amount including both principal and accrued interest of approximately HK\$11,761,000 (the “**Controlling Shareholder’s Revolving Loan**”), that both the principal and interest portion would be due for repayment on 30 June 2025, while its cash and bank balances amounted to only approximately HK\$91,789,000 as at 31 December 2024.

The above conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group’s ability to continue as a going concern.

In the preparation of the Group’s consolidated final results, the directors of the Company (the “**directors**”) have considered the on-going cash flow situation and the continuous financial support that might have from SSII covering a period of not less than twelve months from 31 December 2024 and have given careful consideration to the Group’s future liquidity and performance and its available financial sources to continue as a going concern.

After taking into account the following considerations, the consolidated final results have been prepared by the directors on a going concern basis:

- (i) the Controlling Shareholder's Term Loan and Controlling Shareholder's Revolving Loan originally maturing on 30 June 2025 is further extended to 27 March 2026 subsequent to the end of the reporting period. Details are more fully disclosed in the Company's announcement on 28 March 2025;
- (ii) the repayment of the Controlling Shareholder's Term Loan and Controlling Shareholder's Revolving Loan could be negotiated and further agreed upon in writing as stipulated in the Controlling Shareholder's Term Loan agreement, Controlling Shareholder's Revolving Loan agreement and the relevant supplementary agreements, if necessary; and
- (iii) as of the date on which these consolidated final results are being approved by the directors, being the controlling shareholder of the Company, SSII, also provided a written letter to the Company to confirm its intention to provide adequate financial support to ensure that the Group has sufficient working capital to maintain its operations until 31 March 2026.

Notwithstanding the above, material uncertainties exist that may cast significant doubt on the Group's ability to continue as going concern, which depends on (i) the financial ability of SSII, as being the controlling shareholder of the Company, to ensure the Group is able to continue as a going concern and has sufficient working capital for the Group's requirements till 31 March 2026; and (ii) the final settlement date of the Controlling Shareholder's Term Loan and Controlling Shareholder's Revolving Loan as further mutually agreed upon with SSII, if necessary.

Should the Group be unable to achieve the above-mentioned measures, it might not be able to continue in business as a going concern, and adjustments would have to be made to write down the carrying value of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, where applicable. The effect of these adjustments has not been reflected by the directors in the consolidated final result.

Application of amendments to HKFRSs

In the current year, the Group has applied, for the first time, the following amendments to HKFRSs issued by the HKICPA which are effective for the Group's financial year beginning on 1 January 2024:

Amendments to HKFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current and the related amendments to Hong Kong Interpretation 5 (2020) Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause</i>
Amendments to HKAS 1	<i>Non-current Liabilities with Covenants</i>
Amendments to HKAS 7 and HKFRS 7	<i>Supplier Finance Arrangement</i>

The application of the amendments to HKFRSs in the current year has had no material effect on the Group's financial performance and positions for the current and prior periods and/or on the disclosures set out in these consolidated final results.

New and amendments to HKFRSs issued but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 18	<i>Presentation and Disclosure in Financial Statements</i> ³
HKFRS 19	<i>Subsidiaries without Public Accountability: Disclosures</i> ³
Amendments to HKAS 21	<i>Lack of Exchangeability</i> ¹
Amendments to HKFRS 9 and HKFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments</i> ²
Amendments to HKFRS Accounting Standards	<i>Annual Improvements to HKFRS Accounting Standards — Volume 11</i> ²
Amendments to HKFRS 10 and HKAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ⁴
Amendment to HKFRS 9 and HKFRS 7	<i>Contracts Referencing Nature-dependent Electricity</i> ²

¹ Effective for annual periods beginning on or after 1 January 2025.

² Effective for annual periods beginning on or after 1 January 2026.

³ Effective for annual periods beginning on or after 1 January 2027.

⁴ Effective for annual periods beginning on or after a date to be determined.

The directors anticipate that, except as described below, the application of the other new and amendments to HKFRSs will have no material impact on the results and the financial position of the Group.

HKFRS 18 — Presentation and Disclosure in Financial Statements

HKFRS 18 sets out requirements on presentation and disclosures in financial statements and will replace HKAS 1 Presentation of Financial Statements. HKFRS 18 introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. Minor amendments to HKAS 7 “Statement of Cash Flows” and HKAS 33 “Earnings per Share” are also made.

HKFRS 18, and the consequential amendments to other HKFRS Accounting Standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted.

The application of HKFRS 18 is not expected to have material impact on the financial position of the Group. The directors are in the process of making an assessment of the impact of HKFRS 18, but is not yet in a position to state whether the adoption would have a material impact on the presentation and disclosures of consolidated financial statements of the Group.

2. REVENUE

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

	<i>Note</i>	2024 HK\$'000	2023 <i>HK\$'000</i>
Total revenue from contracts with customers within the scope of HKFRS 15:	<i>(i)</i>		
<i>Brokerage:</i>			
— commission income on securities dealing		<u>98</u>	<u>98</u>
<i>Corporate finance:</i>			
— IPO sponsor fee income		–	3,700
— underwriting and placing commission income		–	1,262
— consultancy and financial advisory fee income		<u>–</u>	<u>560</u>
		<u>–</u>	<u>5,522</u>
<i>Asset management:</i>			
— fund advisory fee income		<u>936</u>	<u>–</u>
		<u>1,034</u>	<u>5,620</u>
Total revenue from other sources			
<i>Interest income calculated using the effective interest method from:</i>			
— margin financing		<u>1</u>	<u>5</u>
Net gains from proprietary trading (<i>note</i>)		<u>97</u>	<u>25,567</u>
		<u>98</u>	<u>25,572</u>
Total revenue		<u>1,132</u>	<u>31,192</u>

Note:

During the year ended 31 December 2024, the amount included the unrealised fair value gains in FVTPL amounted to approximately HK\$3,180,000 (2023: HK\$22,766,000).

- (i) An analysis of total revenue from contracts with customers within the scope of HKFRS 15 was as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Analyse by business segment:		
<i>Brokerage</i>		
— services transferred at a point in time	<u>98</u>	<u>98</u>
<i>Corporate finance:</i>		
— services transferred at a point in time	–	1,262
— services transferred over time	<u>–</u>	<u>4,260</u>
	<u>–</u>	<u>5,522</u>
<i>Asset management:</i>		
— services transferred over time	<u>936</u>	<u>–</u>
	<u>1,034</u>	<u>5,620</u>
Analyse by timing of revenue recognition:		
— services transferred at a point in time	98	1,360
— services transferred over time	<u>936</u>	<u>4,260</u>
	<u>1,034</u>	<u>5,620</u>

3. SEGMENT INFORMATION

The directors have been identified as the chief operating decision makers (“**CODM**”) to evaluate the performance of operating segments based on the Group’s internal reporting in respect of these segments. For the purposes of resource allocation and assessment of segment performance, the directors monitor the results attributable to each reportable segment on the following basis:

- Segment revenue represents revenue generated from external customers; and
- Segment results represent the profit or loss incurred by each segment without allocation of certain administration costs, depreciation of fixed assets and certain finance costs.

Segment assets and liabilities are not disclosed as they are not considered to be crucial for resources allocation and thereafter not being regularly provided to the CODM.

Reportable operating segments

The Group’s operating business are organised and managed separately, according to the nature of services provided, with each segment representing a strategic business unit that offers services which are subject to risks and returns that are different from those of the other operating segments.

The CODM consider brokerage and margin financing, corporate finance, asset management and proprietary trading are the Group’s major operating segments as follows:

Brokerage and margin financing	Provision of brokerage services in securities, unit trust and provision of margin financing services
Corporate finance	Provision of IPO sponsor services, underwriting and placing services and consultancy and financial advisory services
Asset management	Provision of asset management services and investment advisory services
Proprietary trading	Proprietary trading in securities
Other operations	Other operations segment represents the operating segment which does not meet the quantitative threshold for determining reportable segment that have been aggregated in arriving at the reporting segment

The accounting policies of the operating segments are the same as the Group’s accounting policies.

2024

	Brokerage and margin financing HK\$'000	Corporate finance HK\$'000	Asset management HK\$'000	Proprietary trading HK\$'000	Other operations HK\$'000	Consolidated HK\$'000
Segment revenue from external customers and Group revenue	<u>99</u>	<u>-</u>	<u>936</u>	<u>97</u>	<u>-</u>	<u>1,132</u>
Other income	<u>2,758</u>	<u>2,904</u>	<u>1,350</u>	<u>-</u>	<u>3,230</u>	<u>10,242</u>
Fee and commission expenses	<u>(155)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(155)</u>
Finance costs	<u>(3,684)</u>	<u>(1,726)</u>	<u>(638)</u>	<u>-</u>	<u>-</u>	<u>(6,048)</u>
Reversal of expected credit losses on financial assets, net	<u>20,112</u>	<u>(132)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,980</u>
Other operating expenses	<u>(7,438)</u>	<u>(5,118)</u>	<u>(4,360)</u>	<u>(2,674)</u>	<u>(1,992)</u>	<u>(21,582)</u>
Segment results	<u>11,692</u>	<u>(4,072)</u>	<u>(2,712)</u>	<u>(2,577)</u>	<u>1,238</u>	<u>3,569</u>
Unallocated expenses, represented certain administration costs						<u>(10,007)</u>
Unallocated depreciation of fixed assets						<u>(491)</u>
Unallocated finance costs						<u>(4,287)</u>
Loss before tax						<u>(11,216)</u>

2023

	Brokerage and margin financing <i>HK\$'000</i>	Corporate finance <i>HK\$'000</i>	Asset management <i>HK\$'000</i>	Proprietary trading <i>HK\$'000</i>	Other operations <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Segment revenue from external customers and Group revenue	<u>103</u>	<u>5,522</u>	<u>–</u>	<u>25,567</u>	<u>–</u>	<u>31,192</u>
Other income	<u>6,704</u>	<u>1</u>	<u>83</u>	<u>–</u>	<u>18,098</u>	<u>24,886</u>
Fee and commission expenses	<u>(223)</u>	<u>(2)</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>(225)</u>
Finance costs	<u>(1,785)</u>	<u>(901)</u>	<u>(352)</u>	<u>(15,439)</u>	<u>–</u>	<u>(18,477)</u>
Reversal of expected credit losses on financial assets, net	<u>1,777</u>	<u>113</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>1,890</u>
Other operating expenses	<u>(11,961)</u>	<u>(8,283)</u>	<u>(3,355)</u>	<u>(3,081)</u>	<u>(4,603)</u>	<u>(31,283)</u>
Segment results	<u>(5,385)</u>	<u>(3,550)</u>	<u>(3,624)</u>	<u>7,047</u>	<u>13,495</u>	<u>7,983</u>
Unallocated expenses, represented certain administration costs						(9,993)
Unallocated depreciation of fixed assets						(654)
Unallocated finance costs						<u>(13,279)</u>
Loss before tax						<u>(15,943)</u>

Geographical information

The geographical location of customers is based on the location at which the services were provided. During the years ended 31 December 2024 and 2023, the Group's revenue is derived from customers in Hong Kong. Accordingly, no analysis by geographical segment is provided for revenue.

The geographical location of the non-current assets, other than financial instruments (“**specified non-current assets**”), is based on the physical location of the assets. The principal specified non-current assets of the Group, is based on the location to which they are managed, are also located in Hong Kong. Accordingly, no analysis by geographical segment is provided for non-current assets.

Major customers

During the years ended 31 December 2024 and 2023, the following external customers contributed more than 10% of total revenue of the Group. For major customers' consideration, the total revenue of the Group excludes the net gains from proprietary trading.

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Customer A from asset management segment	886	N/A*
Customer B from corporate finance segment	N/A*	3,907
Customer C from corporate finance segment	N/A*	899

* The corresponding revenue did not contribute more than 10% of total revenue of the Group in the respective years.

4. OTHER INCOME

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Other Income		
Other interest income	6,604	23,982
Referral fee income	269	644
Government grant (<i>note a</i>)	–	35
Handling income	1	8
Sundry income	3,368	217
	<u>10,242</u>	<u>24,886</u>

Notes:

- a) During the year ended 31 December 2023, the amount of HK\$35,000 represented cash subsidies from the Reimbursement of Maternity Leave Pay Scheme (“RMLP”) launched by Hong Kong Special Administrative Region Government supporting the additional maternity leave pay to the Company’s employee. Under RMLP, the Group has to commit to paid 14 weeks’ maternity leave payment to the employee.

The Group had complied with all attached conditions during the year ended 31 December 2023 and does not have other unfulfilled conditions and other contingencies attached to the receipts of the grant.

5. LOSS BEFORE TAX

	2024 <i>HK\$’000</i>	2023 <i>HK\$’000</i>
Loss before tax is arrived at after charging:		
(a) Finance costs		
Bonds interest expenses	3,051	30,185
Imputed interest expenses on bonds payable (<i>note 10</i>)	151	1,569
Interest expenses on lease liabilities	–	2
Interest expenses on loans from immediate holding company	7,133	–
	<u>10,335</u>	<u>31,756</u>
(b) Staff costs (including directors’ and chief executive’s emoluments)		
Employer on contributions to retirement benefit schemes	541	593
Salaries, bonus, commission and allowances	19,161	25,033
	<u>19,702</u>	<u>25,626</u>
(c) Other items		
Auditor’s remuneration		
— Audit-related assurance services	1,008	1,158
— Other services	100	100
Depreciation on right-of-use assets	–	150
Expense relating to short-term leases	4,782	3,596
Expense relating to lease of low-value assets	43	55
Exchange loss, net	431	976

6. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2023: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. No provision for Hong Kong profits tax has been made for year ended 31 December 2024 since the assessable profit is wholly absorbed by tax losses brought forward (2023: the Group did not derive assessable profits arising in Hong Kong during the year).

A reconciliation of the income tax expense applicable to loss before tax at the statutory rates for the countries in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the applicable tax rates is as follows:

	2024 HK\$'000	2023 <i>HK\$'000</i>
Loss before tax	<u>(11,216)</u>	<u>(15,943)</u>
Income tax at applicable tax rate of 16.5% (2023: 16.5%)	(1,851)	(2,631)
Tax effect of non-deductible expenses	657	4,147
Tax effect of non-taxable income	(1,015)	(4,803)
Tax effect of unrecognised temporary difference	–	26
Tax effect of unrecognised tax losses	4,613	3,261
Tax effect of utilisation of previously unrecognised tax losses and temporary difference	<u>(2,404)</u>	<u>–</u>
Income tax expense	<u>–</u>	<u>–</u>

7. LOSS PER SHARE

The calculation of the basic and diluted loss per share is based on the loss for the year attributable to the equity shareholders of the Company, and the weighted average number of ordinary shares in issue during the year.

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Loss for the purpose of basic and diluted loss per share	<u>(11,216)</u>	<u>(15,943)</u>
Number of shares	'000	'000
Weighted average number of ordinary shares in issue for the purpose of basic and diluted loss per share	<u>3,661,830</u>	<u>3,661,830</u>
Basic loss per share (<i>HK cents</i>)	<u>(0.306)</u>	<u>(0.435)</u>
Diluted loss per share (<i>HK cents</i>)	<u>(0.306)</u>	<u>(0.435)</u>

Note: There were no dilutive potential ordinary shares outstanding during the years ended 31 December 2024 and 2023. Accordingly, the diluted loss per share for the respective years are the same as basic loss per share.

Dividends

No dividend was paid or proposed during the year ended 31 December 2024, nor has any dividend been proposed since the end of the reporting period (*2023: Nil*).

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<i>Notes</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Financial assets mandatorily measured at FVTPL			
Debt securities			
— Listed in Hong Kong	<i>(i)</i>	—	60,726
— Listed outside Hong Kong	<i>(i)</i>	—	38,364
		<u>—</u>	<u>99,090</u>

Notes:

- (i) Fair values of the listed debt securities are determined with reference to the quoted price provided by brokers/financial institutions.
- (ii) There has been no change from the valuation technique used in the prior year.
- (iii) The Group has not pledged any debt securities as at 31 December 2024 to any parties as collateral for the facilities granted (2023: *nil*).

9. ACCOUNTS RECEIVABLE

	<i>Notes</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Accounts receivable arising from the ordinary course of business of brokerage services in securities:			
— securities margin clients	<i>(a)</i>	513,355	533,509
— securities cash clients	<i>(b)</i>	227	209
— securities brokers	<i>(b)</i>	385	349
Accounts receivable arising from proprietary trading	<i>(b)</i>	—	156
Accounts receivable arising from the provision of asset management advisory services	<i>(b)</i>	936	—
Accounts receivable arising from the provision of corporate finance advisory services	<i>(b)</i>	150	150
		<u>515,053</u>	<u>534,373</u>
Less: impairment		<u>(513,698)</u>	<u>(533,695)</u>
		<u>1,355</u>	<u>678</u>

As at 31 December 2024, the gross amount of accounts receivable arising from contracts with customers amounted to approximately HK\$1,086,000 (2023: HK\$150,000).

Notes:

(a) Analysis on accounts receivable arising from securities margin clients

- (i) The carrying amount of accounts receivable arising from the ordinary course of business of brokerage services in securities margin clients, net of impairment of the Group was as follows:

	2024	2023
	HK\$'000	HK\$'000
Accounts receivable arising from the ordinary course of business of brokerage services in securities:		
— Securities margin clients	513,355	533,509
Less: Impairment		
— Stage 1	—	—
— Stage 2	—	—
— Stage 3	(513,350)	(533,504)
	<u>5</u>	<u>5</u>

Accounts receivable arising from securities margin clients are secured by their pledged securities, repayable on demand after settlement date and bear interests at commercial rates. Credits are extended to securities margin clients subject to the marginable value of the listed securities pledged with the Group. The margin ratios are reviewed and determined periodically.

No ageing analysis is disclosed as in the opinion of the directors as the ageing analysis does not give additional value in view of the nature of brokerage business.

There has been no change in the estimation technique or significant assumptions made during the current period in assessing the ECL allowance for accounts receivable arising from securities margin clients.

- (ii) Accounts receivable arising from the ordinary course of business of brokerage services in securities margin clients of the Group are internally classified into the following categories:

Excellent	:	Margin obligations are expected to be met and exposures are fully secured by collaterals, which demonstrate good loan-to-collaterals' value ratios ("LTVs"). Repayment of interest and principal is not in doubt.
Good	:	Margin obligations are expected to be met and exposures are fully secured by collaterals, but LTVs are higher than the excellent grade exposures. Repayment of interest and principal is not in doubt.
Non-performing	:	Exposures where some losses of principal or interest may be possible after taking into account of the realisable value of the underlying collaterals.
Individually impaired	:	Exposures where default events have occurred and individual impairment assessments are made to determine the impairment allowances.

The following is the analysis of the gross carrying amount arising from the accounts receivable arising from securities margin clients as at 31 December 2024 and 2023 by the Group's internal credit rating and year end classification:

2024

	12-month ECL (Stage 1) HK\$'000	Lifetime ECL not credit- impaired (Stage 2) HK\$'000	Lifetime ECL credit- impaired (Stage 3) HK\$'000	Total HK\$'000
Internal rating grade				
Excellent	5	–	–	5
Good	–	–	–	–
Non-performing	–	–	–	–
Individually impaired	–	–	513,350	513,350
	<u>5</u>	<u>–</u>	<u>513,350</u>	<u>513,355</u>

At 31 December 2024, for the gross receivables of stage 1 securities margin clients, fair value of marketable securities pledged was approximately HK\$319,000.

At 31 December 2024, for the gross receivables of stage 3 securities margin clients, fair value of marketable securities pledged was approximately HK\$3,000.

2023

	12-month ECL (Stage 1) <i>HK\$'000</i>	Lifetime ECL not credit- impaired (Stage 2) <i>HK\$'000</i>	Lifetime ECL credit- impaired (Stage 3) <i>HK\$'000</i>	Total <i>HK\$'000</i>
Internal rating grade				
Excellent	5	–	–	5
Good	–	–	–	–
Non-performing	–	–	–	–
Individually impaired	–	–	533,504	533,504
	<u>5</u>	<u>–</u>	<u>533,504</u>	<u>533,509</u>

At 31 December 2023, for the gross receivables of stage 1 securities margin clients, fair value of marketable securities pledged was approximately HK\$210,000.

At 31 December 2023, for the gross receivables of stage 3 securities margin clients, fair value of marketable securities pledged was approximately HK\$3,000.

- (iii) The movements in the impairment of accounts receivable arising from the ordinary course of business of brokerage services in securities margin clients were as follows:

	12-month ECL (Stage 1) <i>HK\$'000</i>	Lifetime ECL not credit- impaired (Stage 2) <i>HK\$'000</i>	Lifetime ECL credit- impaired (Stage 3) <i>HK\$'000</i>	Total <i>HK\$'000</i>
As at 1 January 2023	–	–	536,014	536,014
Credited to profit or loss (Note)	–	–	(1,793)	(1,793)
Amount written off	–	–	(705)	(705)
Exchange alignment	–	–	(12)	(12)
As at 31 December 2023 and 1 January 2024	–	–	533,504	533,504
Credited to profit or loss (Note)	–	–	(20,137)	(20,137)
Exchange alignment	–	–	(17)	(17)
As at 31 December 2024	<u>–</u>	<u>–</u>	<u>513,350</u>	<u>513,350</u>

Note: During the year ended 31 December 2024, as a result of the court order, certain account receivable amounted to approximately HK\$20,096,000 (2023: HK\$1,566,000) and nil (2023: HK\$705,000) was recovered and written off, respectively. The Group writes off accounts receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery.

(b) Analysis on accounts receivable arising from other than securities margin clients

- i. The carrying amounts of accounts receivable arising from the ordinary course of business of brokerage services in securities, proprietary trading and corporate finance advisory services other than securities margin clients of the Group are as follows:

	<i>Notes</i>	2024 HK\$'000	2023 HK\$'000
Accounts receivable arising from the ordinary course of business of brokerage services in securities:			
— securities cash clients	(1)	227	209
— securities brokers	(2)	385	349
Accounts receivable arising from proprietary trading	(3)	–	156
Accounts receivable arising from the provision of asset management advisory services	(4)	936	–
Accounts receivable arising from the provision of corporate finance advisory services	(5)	150	150
		1,689	864
Less: impairment	(6)	(348)	(191)
		1,350	673

- (1) Accounts receivable arising from the ordinary course of business of brokerage services in securities cash clients were unsecured and repayable on demand after settlement date. Overdue accounts receivable are repayable on demand and charged interests at commercial rates. The normal settlement terms of accounts receivable arising from the ordinary course of business of brokerage services in securities and futures contracts are one to three days after trade date. No ageing analysis is disclosed as in the opinion of the directors as the ageing analysis does not give additional value in view of the nature of brokerage business.
- (2) At the end of the reporting period, accounts receivable arising from the ordinary course of business of brokerage services in securities brokers were unsecured, repayable on demand after settlement date and were not overdue.
- (3) Accounts receivable arising from proprietary trading were unsecured and repayable on demand after settlement date. The normal settlement terms are one to three days after trade date and were not overdue.

- (4) The Group allows a credit period of 5 months to its account receivables arising from the provision of asset management advisory services. At the end of the reporting period, the ageing analysis of accounts receivable, net of impairment arising from the provision of asset management advisory services, based on the invoice date which approximates the respective revenue recognition dates, was as follows:

	2024	2023
	HK\$'000	HK\$'000
Within 30 days	<u>936</u>	<u>–</u>

- (5) The Group allows a credit period of 7 days (2023: 7 days) to its account receivables arising from the provision of corporate finance advisory services. At the end of the reporting period, the ageing analysis of accounts receivable, net of impairment arising from the provision of corporate finance advisory services, based on the invoice date which approximates the respective revenue recognition dates, was as follows:

	2024	2023
	HK\$'000	HK\$'000
31–90 days	<u>–</u>	<u>132</u>

- (6) The movements in the impairment allowance of accounts receivable other than securities margin clients were as follows:

	Lifetime ECL	Lifetime ECL	Lifetime ECL	Lifetime ECL	Total
	12-month ECL (Stage 1)	not credit- impaired (Stage 2)	credit- impaired (Stage 3)	simplified approach	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
As at 1 January 2023	–	–	157	131	288
Charged (credited) to profit or loss (note 1)	<u>–</u>	<u>–</u>	<u>16</u>	<u>(113)</u>	<u>(97)</u>
As at 31 December 2023 and 1 January 2024	–	–	173	18	191
Charged to profit or loss (note 2)	<u>–</u>	<u>–</u>	<u>25</u>	<u>132</u>	<u>157</u>
As at 31 December 2024	<u>–</u>	<u>–</u>	<u>198</u>	<u>150</u>	<u>348</u>

There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the ECL allowance for accounts receivable other than securities margin clients.

Note 1: During the year ended 31 December 2023, recovery of account receivables arising from corporate finance advisory services resulted in a decrease in loss allowance of HK\$113,000.

Note 2: Increase in days past due over 180 days resulted in an increase in loss allowance of HK\$132,000.

10. BONDS PAYABLE

On 9 February 2021, the Company issued bonds with aggregate principal amount of US\$178,000,000 (the “**2021 USD Bonds**”) to independent third parties. The 2021 USD Bonds bear interest from 9 February 2021 (inclusive) at the fixed rate of 4.00% per annum and guaranteed by SWSC. Interest on 2021 USD Bonds is payable semi-annually in arrears. The 2021 USD Bonds are listed on the Stock Exchange. 2021 USD Bond matured on 9 February 2024. Details of the bonds are set out in the Company’s announcements on 1 and 10 February 2021. During the year ended 31 December 2023, the Company repurchased and cancelled US\$10,000,000 of 2021 USD Bonds. During the year ended 31 December 2024, remaining portion of US\$92,500,000 was fully settled on 9 February 2024 with the outstanding principal and interest payable at the maturity date.

The 2021 USD Bonds were carried at amortised cost using an effective interest rate of 4.2% per annum. The fair value determined with reference to the quoted price provided by brokers/financial institutions as at 31 December 2023 was approximately HK\$717,370,000.

The movements in the bonds payable for the years are set out below:

	2021	
	USD Bonds	
	<i>HK\$’000</i>	
Carrying amount at 1 January 2023	797,500	
Imputed interest expenses for the year (<i>note 5(a)</i>)	1,569	
Exchange difference	1,851	
Principal repayment	<u>(78,498)</u>	
Carrying amount at 31 December 2023 and 1 January 2024	722,422	
Imputed interest expenses for the year (<i>note 5(a)</i>)	151	
Exchange difference	500	
Principal repayment	<u>(723,073)</u>	
Carrying amount at 31 December 2024	<u><u>–</u></u>	
	2024	2023
	HK\$’000	HK\$’000
Analyses as:		
Current portion	<u><u>–</u></u>	<u><u>722,422</u></u>

MANAGEMENT DISCUSSION AND ANALYSIS

GLOBAL AND REGIONAL ECONOMIC REVIEW

In 2024, the global economy showed a weak recovery, with inflationary pressures easing marginally and monetary policies in major economies gradually turning loose. However, geopolitical conflicts, trade barriers and financial volatility risk continually posed challenges to the growth outlook. As the second largest economy in the world, China, which centered on “stabilizing growth, adjusting structure and promoting reforms”, effectively responded to both internal and external pressures through policy “combinations”, highlighting the resilience of its economy and contributing to the stability of the global economy.

CHINA’S ECONOMIC DEVELOPMENT AND POLICY SUPPORT

During the Year, the CPC Central Committee focused on the objectives set out in the 14th Five-Year Plan, expanded domestic demand, boosted market confidence, promoted the investment growth in high-tech industries, and achieved a steady increase for the consumption’s contribution to GDP. The reform in the financial sector was continuously deepened, and the fundamental system of the capital market was further improved, providing strong support for financing for the real economy. Hong Kong’s financial market witnessed optimization in systems, including the streamlining of the IPO application review process and the expansion of the listing framework for specialist technology companies. The significant year-on-year growth in the proceeds raised in IPOs throughout 2024 has demonstrated the long-term optimism of international investors in the “Chinese opportunities”.

THE GROUP’S STRATEGY AND OUTLOOK

In 2024, the Group closely followed the national strategies, strictly controlled operational risks, optimized asset allocation and steadily promoted the reform and development of various business sections. In the future, the Group will further leverage the advantages of Hong Kong as an international platform, seize the opportunities arising from the strengthening of interconnection, green finance and digital transformation, and enhance its integrated service capabilities. Synchronously, it will ramp up efforts to build compliance culture and put ESG concepts into practice, with a view to contributing to the prosperity of Hong Kong’s financial industry and the high-quality development of China.

BUSINESS REVIEW

The Group's principal businesses are brokerage and margin financing, corporate finance, asset management and proprietary trading. During the Year, the Group recorded a loss before tax of approximately HK\$11.2 million (2023: loss before tax of approximately HK\$15.9 million), representing a decrease in loss before tax of approximately HK\$4.7 million or approximately 29.6% as compared to last year.

Brokerage and Margin Financing

The Group's brokerage and margin financing business includes agency trading of securities, margin financing and related services, from which the revenue during the Year amounted to approximately HK\$0.1 million (2023: approximately HK\$0.1 million).

In order to enhance cost efficiency, the Group has ceased the direct operation of futures and options business since December 2021. The Group has suspended the direct operation of brokerage business since 20 May 2022 and had remodeled its business by securing multiple sources of referral by entering into client referral agreements with securities brokers in Hong Kong.

Corporate Finance

The Group's corporate finance business includes financial advisory services, underwriting and placement services to corporate clients. No revenue was recorded during the Year (2023: approximately HK\$5.5 million).

In response to the challenging business environment surrounding the corporate finance business, the Company has strategised to re-deploy resources to the development of the financial advisory business.

Asset Management

The Group's asset management business mainly provides services, including investment management, investment advisory and external asset management services, from which the revenue during the Year amounted to approximately HK\$0.9 million (2023: Nil).

The Group currently focus the resources in procuring new business engagements and opportunities for investment advisory and investment management services.

Proprietary Trading

The Group's proprietary trading business recorded net gains of approximately HK\$0.1 million during the Year (2023: *approximately HK\$25.6 million*).

The Group keeps strengthening its risk control management, and focusing on high-level fixed income investments.

Other Income

During the Year, the Group's other income amounted to approximately HK\$10.2 million (2023: *approximately HK\$24.9 million*).

The decrease in other income during the Year was mainly due to the decrease in bank interest income.

Staff Costs

During the Year, the Group's staff costs amounted to approximately HK\$19.7 million (2023: *approximately HK\$25.6 million*).

In accordance with the Group's operational and development strategy, each department was staffed with only the necessary manpower, resulting in a corresponding reduction in staff costs. The Group will make flexible adjustments to its staffing levels in alignment with changes in the market business environment and in accordance with the Group's business operation planning and resource deployment as and when appropriate.

Fee and Commission Expenses

The Group's fee and commission expenses during the Year amounted to approximately HK\$0.1 million (2023: *approximately HK\$0.2 million*). Fee and commission expenses mainly include fee and commissions expense incurred for securities brokerage business and corporate finance business.

Finance Costs

The Group's finance costs during the Year amounted to approximately HK\$10.3 million (2023: *approximately HK\$31.8 million*), the decrease of approximately HK\$21.5 million or 67.6%. The finance costs were mainly interest expenses on bonds payable, the interest expenses on unsecured term loans of Southwest Securities International Investment Limited ("SSII"), the controlling shareholder of the Company, and the interest expenses on unsecured revolving loans of the controlling shareholder.

The Company issued guaranteed bonds on 9 February 2021 with an aggregate principal amount of US\$178 million due 9 February 2024 which bore a fixed interest rate of 4.00% per annum and were listed on the Stock Exchange (Bond Stock Code: 40594). The Company repaid the principal balance and interest payable in full on the maturity date.

On 31 January 2024, SSII provided the Company with an unsecured term loan in an amount of no more than HK\$120 million or equivalent, bearing an interest rate at 6.1475% per annum, to assist it in repaying the U.S. dollar-denominated bonds.

On 28 March 2024, SSII provided the Company with an unsecured revolving loan in an amount of no more than HK\$25 million or equivalent, which bears an interest rate at 6.18774% per annum, to assist it in maintaining its day-to-day operations.

FUTURE PROSPECTS

It has been the goal of the Company to continuously improve the business and financial performance of the Group, to explore new opportunities that can revitalize its operations. In light of the current situation, the Board is actively considering plans and exploring opportunities to seek for alternative avenues to introduce new business opportunities and engagements. The Company will diligently continue negotiations with potential financial institutions, funds, and professional investors to expand the client base and seek for more business opportunities. Simultaneously, the Company will keep maintaining its operations across its financial advisory, asset management and brokerage businesses.

FINANCIAL REVIEW

Liquidity, Financial Resources and Gearing Ratio

As at 31 December 2024, the Group had total cash and bank balances of approximately HK\$91.8 million (2023: *approximately HK\$604.0 million*), while net current liabilities amounted to approximately HK\$48.9 million (2023: *net current liabilities approximately HK\$38.0 million*). The current ratio as a ratio of current assets to current liabilities was approximately 0.7 times (2023: *approximately 0.9 times*). The gearing ratio was approximately (286.9)% (2023: *approximately (1,948.4)%*). Gearing ratio represents the ratio of total borrowings to the total equity of the Group.

During the Year, the Group continued to monitor its capital structure in order to ensure the compliance of the capital requirements under the Securities and Futures (Financial Resources) Rules (Cap. 571N of the Laws of Hong Kong) for its licensed subsidiaries and to support the development of new business. All licensed corporations within the Group complied with their respective liquid capital requirements during the year and up to the date of this announcement.

Banking Facilities and Charges on Assets

As at 31 December 2024, the Group had no outstanding bank loans (2023: *Nil*) and no aggregate banking facilities (2023: *Nil*).

Material Acquisitions, Disposals and Significant Investments

During the Year, there were no material acquisitions and disposals, nor were there any significant investments (2023: *Nil*).

Contingent Liabilities

The Group had no material contingent liabilities as at 31 December 2024 (2023: *Nil*).

Commitments

During the Year, the Group had no material capital commitment (2023: *Nil*).

Exposure to Fluctuations in Exchange Rates and Related Hedges

As at 31 December 2024, the Group had no material exposure to fluctuations in exchange rates (2023: Nil).

EMPLOYEES

As at 31 December 2024, the Group had a total of 30 employees (*as at 31 December 2023: 33 employees*). The Group regards its employees as an important asset. We continue to improve our human resources management system. We aim to create a good working environment that attracts, identifies and nurtures talent. The Group has built up a series of internal employment policies, covering recruitment, promotion, remuneration, welfare and benefit, management of the equality and diversity. The Group has established clear policies on its employees' remuneration and a comprehensive performance appraisal system. Discretionary performance bonus is paid by making references to market, business results of the Group, departmental and individual's performance. The discretionary performance bonus aims to retain and reward those employees who have contributed to the Group. The Group offers comprehensive employee benefits covering mandatory provident fund scheme, occupational retirement scheme, medical and dental insurance, life and accident insurance and diverse paid leaves.

The Group provides various kinds of on-the-job training, including external and internal training programs, including financial and business knowledge, product and operational management, compliance, risk management, etc.. The training programs enrich the employees' professional knowledge and allow employees to have the latest information and technical skills to perform their duties, sustain and enhance their competence.

SIGNIFICANT EVENTS OR TRANSACTIONS DURING AND AFTER THE YEAR

Major Disposals

On 2 January 2024, the Company disposed of the HKIQCL Bonds issued by Hong Kong International (Qingdao) Company, in the principal amount of US\$2,500,000 at a total consideration (together with the accrued interests) of approximately US\$2,500,167 in the open market. Details of the said disposals were disclosed in the Company's announcement dated 3 January 2024 and circular dated 23 January 2024.

On 10 January 2024, the Company disposed of the ICBCAS Notes issued by Industrial and Commercial Bank of China, in the principal amount of US\$3,600,000 at a total consideration (together with the accrued interests) of approximately US\$3,618,653 in the open market. Details of the said disposals were disclosed in the Company’s announcement dated 11 January 2024 and circular dated 8 February 2024.

On 12 January 2024, the Company disposed of the CCAMCL Notes Batch 2 issued by China Cinda Finance, in the principal amount of US\$2,500,000 at a total consideration (together with the accrued interests) of approximately US\$2,476,392 in the open market. Details of the said disposals were disclosed in the Company’s announcement dated 12 January 2024 and circular dated 8 February 2024.

SSII Loan

On 31 January 2024 (after trading hours), the Company as the borrower and Southwest Securities International Investment Limited (“**SSII**”) as the lender entered into a loan agreement, pursuant to which SSII as the lender agreed to offer an unsecured term loan in the amount of no more than HK\$120,000,000 or equivalent to the Company as the borrower (the “**SSII Term Loan**”). As SSII is the controlling shareholder of the Company which is interested in approximately 74.10% of the issued share capital of the Company, the provision of the SSII Term Loan constituted a connected transaction of the Company under the Listing Rules. As the SSII Term Loan was on normal commercial terms or better and was not secured by the assets of the Group, the transaction was fully exempted from reporting, announcement, shareholders’ approval, annual review and all disclosure requirements pursuant to Rule 14A.90 of the Listing Rules. For details of the SSII Term Loan, please refer to the announcement of the Company dated 31 January 2024.

On 28 March 2024 (after trading hours), the Company as the borrower and SSII as the lender entered into the SSII Revolving Facility Agreement, pursuant to which SSII as the lender agreed to make available the unsecured revolving facility in the facility amount of no more than HK\$25,000,000 or equivalent to the Company as the borrower (the “**SSII Revolving Facility Loan**”). For details of the SSII Revolving Facility Loan, please refer to the announcement of the Company dated 28 March 2024.

On 20 December 2024 (after trading hours), SSII and the Company have entered into two supplemental agreements (the “**SSII Loan Extension Agreements**”) in respect of the SSII Term Loan Agreement and the SSII Revolving Facility Loan Agreement, pursuant to which the repayment dates of both the SSII Term Loan and the SSII Revolving Facility Loan were extended to no later than 30 June 2025. For details of the aforesaid extensions, please refer to the announcement of the Company dated 20 December 2024.

On 28 March 2025 (after trading hours), SSII and the Company have entered into the second supplemental agreements (the “**2nd SSII Loan Extension Agreements**”) in respect of the SSII Term Loan Agreement and the SSII Revolving Facility Loan Agreement, pursuant to which the repayment dates of both the SSII Term Loan and the SSII Revolving Facility Loan were extended to no later than 27 March 2026. For details of the aforesaid extensions, please refer to the announcement of the Company dated 28 March 2025.

SSII Sale of the Sale Shares and the Perpetual Securities

On 21 June 2024, Mr. Wong Man Hin Max (the “**Purchaser**”) and SSII have entered into the Sale and Purchase Agreement, pursuant to which the Purchaser conditionally agreed to acquire 2,713,469,233 Shares (representing approximately 74.1% of the total issued shares of the Company) from SSII (the “**Possible Offer**”). The Sale and Purchase Agreement was lapsed on 28 January 2025 and the Possible Offer was ceased accordingly. For details of the SSII Sale Of The Sale Shares And The Perpetual Securities, please refer to the joint announcement made by the Company and Ocean Wisdom Investments Limited (the “**Offeror**”) dated 21 June 2024 and the announcement made by the Offeror dated 3 February 2025.

Save as disclosed above, there was no significant events affecting the Group after the Year and up to the date of this announcement.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the Year (2023: *Nil*).

CORPORATE GOVERNANCE

The Company has complied with all code provisions set out in the Corporate Governance Code contained in Appendix C1 to the Listing Rules throughout the Year save for code provision C.2.1 which requires the roles of chairman and chief executive to be separate and not to be performed by the same individual as Mr. HUANG Changsheng, an executive Director and the CEO of the Company, has been performing the duties of the chairman after Mr. Zhang Hongwei resigned as an executive Director and the chairman on 14 March 2024.

Although the positions of chairman and CEO are not separate, there is no centralisation of power and authority as all major decisions are made after consultation with the Board and appropriate Board Committees as well as senior management. In addition, the Board has three independent non-executive directors who provide different experience, expertise, independent views and perspectives and therefore the Board considers that the distribution of power is balanced with sufficient safeguards.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of the Listed Issuers set out in Appendix C3 to the Listing Rules (the “**Model Code**”). The Company has made specific enquiry with each Director and has confirmed that all the Directors have complied with the required standard set out in the Model Code and its code of conduct regarding directors’ securities transactions during the Year.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s securities during the Year.

EXTRACT OF INDEPENDENT AUDITOR’S REPORT

Below is an extract of the report by SHINEWING (HK) CPA Limited (“**SHINEWING**”), the auditor of the Company, regarding the audit of the consolidated financial statements of the Group for the Year.

Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1(b) to the consolidated financial statements, which indicates that the Group incurred a consolidated loss of approximately HK\$11,216,000 for the year ended 31 December 2024, had net current liabilities of approximately HK\$48,920,000 and capital deficiency of approximately HK\$48,293,000 as at 31 December 2024, which was mainly attributable to loans from immediate holding company of approximately HK\$138,532,000, that would be due for repayment on 30 June 2025, while its cash and bank balances amounted to only approximately HK\$91,789,000 as at 31 December 2024.

As stated in Noted 1(b), these events or conditions, along with other matters as set forth in Note 1(b), 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.

AUDIT COMMITTEE

The audit committee of the Company, comprising Mr. MENG Gaoyuan as chairman as well as Mr. LIANG Jilin and Mr. CAO Ping as members, has reviewed the results for the year ended 31 December 2024.

SCOPE OF WORK OF SHINEWING

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, and the related notes thereto for the Year as set out in this results announcement have been agreed by the Group's auditor, SHINEWING, to the amounts set out in the Group's audited consolidated financial statements for the Year. The work performed by SHINEWING 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 assurance has been expressed by SHINEWING on this results announcement.

PUBLICATION OF FINAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This results announcement is published on the Company's website at www.swsc.hk and the HKEXnews website at www.hkexnews.hk. The 2024 annual report will be despatched to the shareholders of the Company and will be available on the above websites in due course.

CONTINUED SUSPENSION OF TRADING

Trading in the shares of the Company on the Stock Exchange, which was suspended with effect from 9:00 a.m. on 4 March 2024, remains suspended and will continue to be so until the Company fulfils the resumption guidance (as defined in the Company's announcement dated 28 March 2024) (and any supplement or modification thereto) given by the Stock Exchange. Shareholders and potential investors should exercise caution when dealing in the securities of the Company.

By order of the Board
Southwest Securities International Securities Limited
Huang Changsheng
Executive Director and Chief Executive Officer

Hong Kong, 28 March 2025

As at the date of this announcement, the executive directors of the Company are Mr. Huang Changsheng (Chief Executive Officer) and Ms. Deng Xiaoting; and the independent non-executive directors of the Company are Mr. Meng Gaoyuan, Mr. Liang Jilin and Mr. Cao Ping.