



西證國際
SOUTHWEST SECURITIES

Southwest Securities International Securities Limited
西證國際證券股份有限公司*

(Incorporated in Bermuda with limited liability)

(於百慕達註冊成立之有限公司)

Stock Code 股份代號: 812

2025
Interim Report
中期報告



* For identification purpose only
僅供識別

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CORPORATE INFORMATION

Board of Directors

Executive Directors

Mr. HUANG Changsheng (*Chief Executive Officer*)
Ms. DENG Xiaoting

Independent Non-executive Directors

Mr. MENG Gaoyuan
Mr. LIANG Jilin
Mr. CAO Ping

Audit Committee

Mr. MENG Gaoyuan (*Chairman*)
Mr. CAO Ping
Mr. LIANG Jilin

Remuneration Committee

Mr. CAO Ping (*Chairman*)
Mr. HUANG Changsheng
Mr. MENG Gaoyuan
Mr. LIANG Jilin

Nomination Committee

Mr. LIANG Jilin (*Chairman*)
Mr. HUANG Changsheng
Mr. MENG Gaoyuan
Mr. CAO Ping

Authorised Representatives

Mr. HUANG Changsheng
Mr. CHEUNG Hei Choi

Company Secretary

Mr. CHEUNG Hei Choi

Registered Office

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

CORPORATE INFORMATION

| | |
|---|--|
| Head Office and Principal Place of Business in Hong Kong | 14/F, One Hysan Avenue Causeway Bay Hong Kong |
| Bermuda Principal Share Registrar | Appleby Global Corporate Services (Bermuda) Limited Canon's Court, 22 Victoria Street PO Box HM 1179, Hamilton HM EX Bermuda |
| Branch Share Registrar in Hong Kong | Computershare Hong Kong Investor Services Limited Shops 1712–1716, 17th Floor Hopewell Centre 183 Queen's Road East Wanchai Hong Kong |
| Auditor | SHINEWING (HK) CPA Limited |
| Legal Adviser as to Hong Kong Law | Loong & Yeung Solicitors |
| Principal Banker | Standard Chartered Bank (Hong Kong) Limited |
| Listing Information | Equity securities listed on The Stock Exchange of Hong Kong Limited Stock Code: 812.HK |
| Website | www.swsc.hk |

INTERIM RESULTS

The board (the **“Board”**) of directors (the **“Directors”**) of Southwest Securities International Securities Limited (the **“Company”**) is pleased to announce the unaudited interim results of the Company and its subsidiaries (the **“Group”**) for the six months ended 30 June 2025 (the **“Review Period”**) together with the comparative figures for the six months ended 30 June 2024 as set out on pages 10 to 34 to this report.

INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the Review Period (six months ended 30 June 2024: HK\$Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

GLOBAL AND REGIONAL ECONOMIC REVIEW

In the first half of 2025, the global and regional economies face multiple challenges and opportunities, including the slowdown in global economic growth and the growth potential brought by new technologies such as artificial intelligence. The uncertainty of national policies, especially changes in trade policies, has an impact on the global economy, and regional economic development also faces different challenges and opportunities.

CHINA’S ECONOMIC DEVELOPMENT AND POLICY SUPPORT

In 2025, China’s economic development faces multiple challenges and opportunities at home and abroad. On the one hand, the downward pressure of the global economy, trade frictions and domestic structural problems constrain economic growth; on the other hand, the Chinese government actively responds to it and strives to achieve steady economic growth and high-quality development through policy measures such as expanding domestic demand, cultivating new-quality productive forces, and deepening reform and opening up. In general, the Chinese government is actively responding to the complex economic situation and striving to achieve steady economic growth and high-quality development through a series of policy measures. In the future, China’s economic development faces many challenges, but it also has great potential. By deepening reform, expanding opening-up and strengthening international cooperation, China’s economy is expected to achieve sustainable development.

MANAGEMENT DISCUSSION AND ANALYSIS

THE GROUP'S STRATEGY AND OUTLOOK

In the first half of 2025, the Group continued and 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 including brokerage and margin financing, corporate finance, asset management and proprietary trading. During the Review Period, the Group recorded revenue and other income of approximately HK\$5.2 million (six months ended 30 June 2024: approximately HK\$8.3 million) and a loss before tax of approximately HK\$11.5 million (six months ended 30 June 2024: approximately HK\$16.0 million).

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 Review Period amounted to approximately HK\$0.1 million (six months ended 30 June 2024: approximately HK\$0.1 million).

The Group has suspended the direct operation of brokerage business since 20 May 2022 and has remodeled its business by securing multiple sources of referral by entering into client referral agreements with securities brokers in Hong Kong.

On 26 May 2025, the Company's wholly-owned subsidiary, Southwest Securities (HK) Futures Limited, submitted an exit plan for carrying out Type 2 (Dealing in futures contracts) regulated activities to the Securities and Futures Commission ("SFC"). For details, please refer to the Company's announcement dated 30 May 2025.

MANAGEMENT DISCUSSION AND ANALYSIS

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 Review Period (six months ended 30 June 2024: Nil).

On 26 May 2025, the Company's wholly-owned subsidiary, Southwest Securities (HK) Capital Limited, submitted an exit plan for carrying out Type 6 (Advising on corporate finance) regulated activities to SFC. For details, please refer to the Company's announcement dated 30 May 2025.

Asset Management

The Group's asset management business mainly provides services, including investment management, investment advisory and external asset management services. No revenue was recorded during the Review Period (six months ended 30 June 2024: Nil).

The Group currently focuses its resources on procuring new business engagements and opportunities for investment advisory and investment management services.

Proprietary Trading

The Group's proprietary trading business has no revenue recorded during the Review Period (six months ended 30 June 2024: approximately HK\$0.1 million).

In order to strengthen risk control management, the Group has suspended proprietary trading and will resume trading in due course based on market conditions and business development plan.

MANAGEMENT DISCUSSION AND ANALYSIS

Other Income

During the Review Period, the Group's other income amounted to approximately HK\$5.1 million (six months ended 30 June 2024: approximately HK\$8.2 million). The decrease in other income was largely due to the decline in funds placed with banks during the Review Period, which led to a drop in interest income from banks.

Staff Costs

During the Review Period, the Group's staff costs amounted to approximately HK\$7.3 million (six months ended 30 June 2024: approximately HK\$11.5 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 Review Period were approximately HK\$0.02 million (six months ended 30 June 2024: approximately HK\$0.12 million), which were mainly commission expenses for brokerage business.

Finance Costs

The Group's finance costs during the Review Period amounted to approximately HK\$4.0 million (six months ended 30 June 2024: approximately HK\$6.3 million), a year-on-year decrease of approximately HK\$2.3 million or 36.5%. The finance costs were mainly interest expenses on bonds payable, the interest expenses on unsecured term loan of Southwest Securities International Investment Limited ("SSII"), the controlling shareholder of the Company, and the interest expenses on unsecured revolving loan of the controlling shareholder.

MANAGEMENT DISCUSSION AND ANALYSIS

FUTURE PROSPECTS

The Company will concentrate its efforts and resources on further developing and strengthening its Type 1 (Dealing in securities), Type 4 (Advising on securities) and Type 9 (Asset management) regulated activities businesses to better leverage its existing strengths and operational capabilities in this area. The Company believes that with its ongoing efforts and support from its existing and potential clients and partners, it will be able to effectively demonstrate the viability and sustainability of its business operations. The Company is of the view that the Company's business operation and financial performance will record a significant improvement.

FINANCIAL REVIEW

Liquidity, Financial Resources and Gearing Ratio

As at 30 June 2025, the Group's total cash and bank balances were approximately HK\$82.2 million (as at 31 December 2024: approximately HK\$91.8 million) and its net current liabilities amounted to approximately HK\$60.2 million (as at 31 December 2024: net current liabilities of approximately HK\$48.9 million), with a current ratio (ratio of current assets to current liabilities) of 0.6 times (as at 31 December 2024: 0.7 times). The gearing ratio (ratio of total bonds payable to total equity) was 0% (as at 31 December 2024: 0%).

The Group monitored its capital structure to ensure the compliance of its licensed subsidiaries with the capital requirements under the Securities and Futures (Financial Resources) Rules (Chapter 571N of the Laws of Hong Kong) and to support the development of new business. All licensed corporations within the Group complied with their respective liquidity requirements during the Review Period and up to the date of this report.

Banking Facilities and Charges over Assets

As at 30 June 2025, the Group had no outstanding bank loan (as at 31 December 2024: Nil) and no banking facility (as at 31 December 2024: Nil).

Material Acquisitions, Disposals and Significant Investments

During the Review Period, there were no material acquisitions and disposals, nor were there any significant investments (six months ended 30 June 2024: Nil).

Contingencies

The Group had no material contingent liabilities as at 30 June 2025 (as at 31 December 2024: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Commitments

The Group had no material capital commitments as at 30 June 2025 (as at 31 December 2024: Nil).

Exposure to Fluctuations in Exchange Rates and Related Hedges

The Group had no material exposure to fluctuations in exchange rates as at 30 June 2025 (as at 31 December 2024: Nil).

EMPLOYEE AND REMUNERATION POLICY

As at 30 June 2025, the Group had a total of 13 employees (as at 30 June 2024: 30 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 talents. 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, external and internal training programs, including regulatory rules, financial business knowledge, product and operational management guidelines, 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.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

| | Notes | Unaudited Six months ended 30 June | |
|--|-------|---------------------------------------|------------------|
| | | 2025 HK\$'000 | 2024 HK\$'000 |
| Revenue | 3 | 49 | 145 |
| Other income | 5 | 5,130 | 8,173 |
| | | 5,179 | 8,318 |
| Fee and commission expenses | | (20) | (119) |
| Finance costs | 6(a) | (4,029) | (6,304) |
| Staff costs | 6(b) | (7,298) | (11,527) |
| Depreciation of fixed assets | | (195) | (263) |
| Reversal of (expected credit losses) on financial assets, net | 6(c) | 40 | (9) |
| Other operating expenses | | (5,153) | (6,143) |
| Total expenses | | (16,655) | (24,365) |
| Loss before tax | 6 | (11,476) | (16,047) |
| Income tax | 7 | — | — |
| Loss for the period and total comprehensive expense for the period attributable to equity shareholders of the Company | | (11,476) | (16,047) |
| Loss per share | | | |
| — Basic (HK cents) | 8 | (0.313) | (0.438) |
| — Diluted (HK cents) | 8 | (0.313) | (0.438) |

The accompanying notes form an integral part of these interim condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | | Unaudited At 30 June 2025 HK\$'000 | Audited At 31 December 2024 HK\$'000 |
|--|-------|--|--|
| | Notes | | |
| Non-current assets | | | |
| Fixed assets | | 132 | 327 |
| Intangible assets | | — | — |
| Financial assets at fair value through other comprehensive income | 9 | — | — |
| Other non-current assets | | 250 | 300 |
| | | 382 | 627 |
| Current assets | | | |
| Accounts receivable | 10 | 1,383 | 1,355 |
| Prepayments, other receivables and other assets | | 7,473 | 4,084 |
| Cash and bank balances | 11 | 82,187 | 91,789 |
| | | 91,043 | 97,228 |
| Current liabilities | | | |
| Bonds payable | 12 | — | — |
| Other payables and accrued charges | | 3,448 | 3,621 |
| Provisions | | 1,841 | 3,995 |
| Amounts due to immediate holding company | 15 | 145,905 | 138,532 |
| | | 151,194 | 146,148 |
| Net current liabilities | | (60,151) | (48,920) |
| Total assets less current liabilities | | (59,769) | (48,293) |

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | | Unaudited At 30 June 2025 <i>HK\$'000</i> | Audited At 31 December 2024 <i>HK\$'000</i> |
|-----------------------------|--------------|---|---|
| | <i>Notes</i> | | |
| Capital and reserves | | | |
| Share capital | 13 | 366,182 | 366,182 |
| Reserves | | (1,005,951) | (994,475) |
| Other equity instrument | 14 | 580,000 | 580,000 |
| | | (59,769) | (48,293) |

The accompanying notes form an integral part of these interim condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| | Attributable to equity shareholders of the Company | | | | | | Holder of other equity instrument | Total |
|--|--|--------------------------------------|------------------|---------------------|-----------------------|-----------|---|----------|
| | Share capital | Investment revaluation reserve | Share premium | *Capital reserve | Accumulated losses | Total | | |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| At 1 January 2024 | 366,182 | (3,301) | 249,158 | 40,836 | (1,269,952) | (617,077) | 580,000 | (37,077) |
| Loss for the period and total comprehensive expense for the period | – | – | – | – | (16,047) | (16,047) | – | (16,047) |
| At 30 June 2024 (Unaudited) | 366,182 | (3,301) | 249,158 | 40,836 | (1,285,999) | (633,124) | 580,000 | (53,124) |

| | Attributable to equity shareholders of the Company | | | | | | Holder of other equity instrument | Total |
|--|--|--------------------------------------|------------------|---------------------|-----------------------|-----------|---|----------|
| | Share capital | Investment revaluation reserve | Share premium | *Capital reserve | Accumulated losses | Total | | |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| At 1 January 2025 | 366,182 | (3,301) | 249,158 | 40,836 | (1,281,168) | (628,293) | 580,000 | (48,293) |
| Loss for the period and total comprehensive expense for the period | – | – | – | – | (11,476) | (11,476) | – | (11,476) |
| At 30 June 2025 (Unaudited) | 366,182 | (3,301) | 249,158 | 40,836 | (1,292,644) | (639,769) | 580,000 | (59,769) |

- * The capital reserve of the Group represents the difference between the nominal value of the shares issued by the Company for the acquisition of the subsidiaries and the nominal value of the ordinary shares of these subsidiaries in issue as at 30 June 2001 which were converted into deferred non-voting share capital on 11 January 2002.

The accompanying notes form an integral part of these interim condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

| | Unaudited Six months ended 30 June | |
|---|---------------------------------------|------------------|
| | 2025 HK\$'000 | 2024 HK\$'000 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Loss before tax | (11,476) | (16,047) |
| Adjustments for non-cash items included in profit and loss | 2,673 | 4,834 |
| Change in operating assets and liabilities | (4,443) | 100,750 |
| Net cash (used in) generated from operating activities | (13,246) | 89,537 |
| CASH FLOWS FROM INVESTING ACTIVITY | | |
| Payment for purchase of fixed assets | – | (204) |
| Net cash used in investing activity | – | (204) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Repayment of bonds issuance | – | (723,073) |
| Proceeds from short-term loans | 3,344 | 125,349 |
| Interest paid on bonds issued | – | (14,461) |
| Net cash generated from (used in) financing activities | 3,344 | (612,185) |
| Net decrease in cash and cash equivalents | (9,902) | (522,852) |
| Cash and cash equivalents at the beginning of the period | 91,789 | 603,964 |
| Effect on exchange rate changes | 300 | 180 |
| Cash and cash equivalents at the end of the period | 82,187 | 81,292 |

The accompanying notes form an integral part of these interim condensed consolidated financial statements.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The interim condensed consolidated financial statements of the Group for the six months ended 30 June 2025 have been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the applicable disclosure provisions of Appendix D2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

The interim condensed consolidated financial statements is presented in the currency of Hong Kong dollars, which is also the Company’s functional currency.

All amounts have been rounded to the nearest thousand, unless otherwise indicated.

Going concern assumption

The Group incurred a consolidated loss of approximately HK\$11,476,000 for the six months ended 30 June 2025, had net current liabilities of approximately HK\$60,151,000 and capital deficiency of approximately HK\$59,769,000 as at 30 June 2025, which was mainly attributable to loans from immediate holding company including both principal and accrued interest of total of approximately HK\$145,905,000, which included Controlling Shareholder’s Term Loan (as defined and details set out in Note 15) of approximately HK\$130,429,000 and Controlling Shareholder’s Revolving Loan (as defined and details set out in Note 15) of approximately HK\$15,476,000, that both the principal and interest portion would be due for repayment on 27 March 2026, while its cash and bank balances amounted to only approximately HK\$82,187,000 as at 30 June 2025.

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.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION *(Continued)*

Going concern assumption *(Continued)*

In the preparation of the Group's interim condensed consolidated financial statements, the directors of the Company (the "**directors**") have considered the on-going cash flow situation and the continuous financial support that might have from Southwest Securities International Investment Limited ("**SSII**") covering a period of not less than twelve months from 30 June 2025 and have given careful consideration to the Group's future liquidity and performance and its available sources of financing to continue as a going concern.

After taking into account the following considerations, the interim condensed consolidated financial statements have been prepared by the directors on a going concern basis:

- (i) the Controlling Shareholder's Term Loan and Controlling Shareholder's Revolving Loan maturing on 27 March 2026;
- (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 interim condensed consolidated financial statements are being approved by the Directors, SSII has provided a written letter confirming its intention to ensure that the Group will have sufficient working capital to maintain its operations until 31 August 2026 during its term as the controlling shareholder of the Company but no later than 31 August 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 to fulfill the letter of commitment during its term as the controlling shareholder of the Company but no later than 31 August 2026 to ensure that the Group will have sufficient working capital to maintain its operations until 31 August 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.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION *(Continued)*

Going concern assumption *(Continued)*

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 interim condensed consolidated financial statements.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The measurement basis used in the preparation of these interim condensed consolidated financial statements 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.

The accounting policies used in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2024, except as described below.

In the current interim period, the Group has applied, for the first time, the following new and amendments to Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA which are effective for the Group's financial year beginning 1 January 2025:

Amendments to HKAS 21

Lack of Exchangeability

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

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3. REVENUE

An analysis of revenue is as follows:

| | | Unaudited Six months ended 30 June | |
|--|------|---------------------------------------|----------|
| | | 2025 | 2024 |
| | Note | HK\$'000 | HK\$'000 |
| Total revenue from contracts with customers within scope of HKFRS 15 | | | |
| Brokerage: | | | |
| — commission income on securities dealing | | 49 | 48 |
| Total revenue from contracts with customers | (i) | 49 | 48 |
| Revenue from other sources | | | |
| Interest income calculated using the effective interest method from: | | | |
| — margin financing | | — | — |
| Net gains from proprietary trading | | — | 97 |
| Total revenue from other sources | | — | 97 |
| Total revenue | | 49 | 145 |

Note:

- (i) An analysis of total revenue from contracts with customers was as follows:

| | Unaudited Six months ended 30 June | |
|--|---------------------------------------|------------------|
| | 2025 HK\$'000 | 2024 HK\$'000 |
| <i>Analyse by business segment:</i> | | |
| <i>Brokerage</i> | | |
| — services transferred at a point in time | 49 | 48 |
| <i>Analyse by timing of revenue recognition:</i> | | |
| — services transferred at a point in time | 49 | 48 |

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

Reportable operating segments

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

| | For the six months ended 30 June 2025 (Unaudited) | | | | | |
|--|---|----------------------------------|------------------------------------|---------------------------------|---------------------------------|--------------------------|
| | Brokerage and margin financing HK\$'000 | Corporate finance HK\$'000 | Proprietary trading HK\$'000 | Asset management HK\$'000 | Other operations HK\$'000 | Consolidated HK\$'000 |
| Segment revenue from external customers | 49 | – | – | – | – | 49 |
| Other income | 1,138 | 2,394 | – | 1,499 | 99 | 5,130 |
| Fee and commission expenses | (20) | – | – | – | – | (20) |
| Finance costs | (2,345) | (1,127) | – | (398) | – | (3,870) |
| Reversal of expected credit losses on financial assets, net | 40 | – | – | – | – | 40 |
| Other operating expenses | (3,445) | (1,505) | (1,246) | (1,428) | (562) | (8,186) |
| Segment results | (4,583) | (238) | (1,246) | (327) | (463) | (6,857) |
| Unallocated expenses, represented central administration costs | | | | | | (4,265) |
| Unallocated depreciation of fixed assets | | | | | | (195) |
| Unallocated finance costs | | | | | | (159) |
| Loss before tax | | | | | | (11,476) |

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

4. SEGMENT INFORMATION (Continued)

Reportable operating segments (Continued)

| | For the six months ended 30 June 2024 (Unaudited) | | | | | |
|--|---|----------------------------------|------------------------------------|---------------------------------|---------------------------------|--------------------------|
| | Brokerage and margin financing HK\$'000 | Corporate finance HK\$'000 | Proprietary trading HK\$'000 | Asset management HK\$'000 | Other operations HK\$'000 | Consolidated HK\$'000 |
| Segment revenue from external customers | 48 | – | 97 | – | – | 145 |
| Other income | 1,333 | 2,556 | – | 1,218 | 3,066 | 8,173 |
| Fee and commission expenses | (117) | (2) | – | – | – | (119) |
| Finance costs | (1,966) | (957) | – | (356) | – | (3,279) |
| Expected credit losses on financial assets, net | 108 | (117) | – | – | – | (9) |
| Other operating expenses | (4,393) | (3,239) | (635) | (1,955) | (2,579) | (12,801) |
| Segment results | (4,987) | (1,759) | (538) | (1,093) | 487 | (7,890) |
| Unallocated expenses, represented central administration costs | | | | | | (4,869) |
| Unallocated depreciation of fixed assets | | | | | | (263) |
| Unallocated finance costs | | | | | | (3,025) |
| Loss before tax | | | | | | (16,047) |

Geographical segments

The geographical location of customers is based on the location at which the services were provided. During the six months ended 30 June 2025 and 30 June 2024, the Group's revenue is mainly derived from customers in Hong Kong.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

5. OTHER INCOME

| | Unaudited Six months ended 30 June | |
|-----------------------|---------------------------------------|--------------|
| | 2025 | 2024 |
| | HK\$'000 | HK\$'000 |
| Other income | | |
| Other interest income | 1,212 | 4,841 |
| Sundry income | 3,918 | 3,332 |
| | 5,130 | 8,173 |

6. LOSS BEFORE TAX

| | Unaudited Six months ended 30 June | |
|---|---------------------------------------|---------------|
| | 2025 | 2024 |
| | HK\$'000 | HK\$'000 |
| Loss before tax is arrived at after charging/ (crediting): | | |
| (a) Finance costs | | |
| Interest expenses on loans from immediate holding company | 4,029 | 3,102 |
| Bonds interest expenses | — | 3,051 |
| Imputed interest expenses on bonds payable | — | 151 |
| | 4,029 | 6,304 |
| (b) Staff costs | | |
| Salaries, commission and allowances | 7,119 | 11,243 |
| Contributions to retirement benefit schemes | 179 | 284 |
| | 7,298 | 11,527 |
| (c) Other items | | |
| (Reversal of) expected credit losses on financial assets, net | (40) | 9 |
| Exchange loss, net | — | 310 |

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

7. INCOME TAX

Hong Kong Profits Tax has not been provided for entities within the Group for the six months ended 30 June 2025 since the entities' assessable profit is wholly absorbed by tax losses brought forward or the entities did not derive assessable profit (six months ended 30 June 2024: the entities did not derive assessable profit).

In the opinion of the Directors, the Group is not subject to taxation in any other jurisdictions.

8. LOSS PER SHARE

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

| | Unaudited Six months ended 30 June | |
|--|---------------------------------------|-----------|
| | 2025 | 2024 |
| Loss for the period attributable to equity shareholders of the Company (<i>HK\$'000</i>) | (11,476) | (16,047) |
| Weighted average number of ordinary shares in issue for the purpose of basic and diluted loss per share (<i>In '000</i>) | 3,661,831 | 3,661,831 |
| Basic loss per share (<i>HK cents</i>) | (0.313) | (0.438) |
| Diluted loss per share (<i>HK cents</i>) | (0.313) | (0.438) |

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

The unlisted equity investments were irrevocably designated at fair value through other comprehensive income as the Group considers these investments to be strategic in nature. As at 30 June 2025, the Group held one (at 31 December 2024: one) investment with no fair value.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

10. ACCOUNTS RECEIVABLE

The carrying values of accounts receivable arising from the ordinary course of business of the Group are as follows:

| | | Unaudited At 30 June 2025 <i>HK\$'000</i> | Audited At 31 December 2024 <i>HK\$'000</i> |
|--|--------------|---|---|
| | <i>Notes</i> | | |
| Accounts receivable arising from the ordinary course of business of broking in securities: | | | |
| — securities margin clients | (a) | 513,346 | 513,355 |
| — securities cash clients | (b) | 240 | 227 |
| — securities brokers | (b) | 383 | 385 |
| Accounts receivable arising from the provision of asset management advisory services | | 936 | 936 |
| Accounts receivable arising from the provision of corporate finance advisory services | (b) | 150 | 150 |
| | | 515,055 | 515,053 |
| Less: Impairment | | (513,672) | (513,698) |
| | | 1,383 | 1,355 |

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

10. ACCOUNTS RECEIVABLE (Continued)

Notes:

(a) **Accounts receivable analysis on securities margin clients**

- (i) The carrying amount of accounts receivable from securities margin clients of the Group was as follows:

| | Unaudited At 30 June 2025 HK\$'000 | Audited At 31 December 2024 HK\$'000 |
|--|--|--|
| Accounts receivable arising from the ordinary course of business of broking in securities: | | |
| — Securities margin clients | 513,346 | 513,355 |
| Less: Impairment | | |
| — Stage 1 | — | — |
| — Stage 2 | — | — |
| — Stage 3 | (513,341) | (513,350) |
| | 5 | 5 |

Accounts receivable from securities margin clients are secured by their pledged securities, repayable on demand 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. At the end of the reporting period, fair value of marketable securities pledged by securities margin clients was approximately HK\$155,000 (at 31 December 2024: approximately HK\$322,000).

No ageing analysis is disclosed as in the opinion of Directors, the ageing analysis does not give additional value in view of the nature of broking business.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

10. ACCOUNTS RECEIVABLE (Continued)

Notes: (Continued)

(a) **Accounts receivable analysis on securities margin clients** (Continued)

- (ii) The movements in the impairment allowance of accounts receivable from securities margin clients were as follows:

| | 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 |
|--|--|--|--|-------------------|
| As at 1 January 2024 | – | – | 533,504 | 533,504 |
| Credited to profit or loss | – | – | (20,137) | (20,137) |
| Exchange difference | – | – | (17) | (17) |
| As at 31 December 2024 (audited) and 1 January 2025 | – | – | 513,350 | 513,350 |
| Credited to profit or loss | – | – | (23) | (23) |
| Exchange difference | – | – | 14 | 14 |
| As at 30 June 2025 (unaudited) | – | – | 513,341 | 513,341 |

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

10. ACCOUNTS RECEIVABLE (Continued)

Notes: (Continued)

(b) Accounts receivable analysis other than securities margin clients

- (i) The carrying values of accounts receivable other than from securities margin clients of the Group are as follows:

| | | Unaudited At 30 June 2025 HK\$'000 | Audited At 31 December 2024 HK\$'000 |
|--|-------|--|--|
| | Notes | | |
| Accounts receivable arising from the ordinary course of business of broking in securities: | | | |
| — securities cash clients | (1) | 240 | 227 |
| — securities brokers | (2) | 383 | 385 |
| Accounts receivable arising from the provision of asset management advisory services | (3) | 936 | 936 |
| Accounts receivable arising from the provision of corporate finance advisory services | (3) | 150 | 150 |
| | | 1,709 | 1,689 |
| Less: Impairment | (4) | (331) | (348) |
| | | 1,378 | 1,350 |

- (1) Accounts receivable from cash clients arising from the business of dealing in securities are repayable on demand on 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 broking in securities are one to three days after trade date. No ageing analysis is disclosed as in the opinion of the Directors, the ageing analysis does not give additional value in view of the nature of broking business.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

10. ACCOUNTS RECEIVABLE *(Continued)*

Notes: *(Continued)*

(b) Accounts receivable analysis other than securities margin clients *(Continued)*

(i) *(Continued)*

- (2) At the end of the reporting period, accounts receivable from securities brokers were not overdue.
- (3) 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 and corporate finance advisory services, based on the invoice date which approximates the respective revenue recognition dates, was as follows:

| | Unaudited At 30 June 2025 HK\$'000 | Audited At 31 December 2024 HK\$'000 |
|----------------|--|--|
| Overdue: | | |
| Within 30 days | 50 | 936 |
| 31–90 days | – | – |
| 91–180 days | 886 | – |
| Over 180 days | – | – |
| | 936 | 936 |

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

10. ACCOUNTS RECEIVABLE (Continued)

Notes: (Continued)

(b) Accounts receivable analysis other than securities margin clients (Continued)

(i) (Continued)

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

| | 12-month ECL (Stage 1) HK\$'000 | Lifetime ECL not credit- impaired (Stage 2) HK\$'000 | Lifetime ECL credit- impaired (Stage 3) HK\$'000 | Lifetime ECL simplified approach HK\$'000 | Total HK\$'000 |
|--|--|--|--|--|-------------------|
| As at 1 January 2024 | – | – | 173 | 18 | 191 |
| Charged/(credited) to profit or loss | – | – | 25 | 132 | 157 |
| As at 31 December 2024 (audited) and 1 January 2025 | – | – | 198 | 150 | 348 |
| Charged/(credited) to profit or loss | – | 1 | (18) | – | (17) |
| As at 30 June 2025 (unaudited) | – | 1 | 180 | 150 | 331 |

11. CASH AND BANK BALANCES

The Group maintains trust accounts with banks to deal with clients' monies in the ordinary course of business. At the end of the reporting period, trust monies not otherwise dealt with in the interim condensed consolidated financial statements amounted to approximately HK\$17,973,000 (at 31 December 2024: approximately HK\$17,928,000).

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

12. BONDS PAYABLE

| | 2021 USD Bonds HK\$'000 |
|---|-------------------------------|
| Carrying amount at 1 January 2024 | 722,422 |
| Imputed interest expenses for the year | 151 |
| Exchange difference | 500 |
| Principal repayment | (723,073) |
| Carrying amount at 31 December 2024 (audited) and 1 January 2025 | - |
| Imputed interest expenses for the period | - |
| Exchange difference | - |
| Principal repayment | - |
| Carrying amount at 30 June 2025 (unaudited) | - |

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 semiannually in arrears. The 2021 USD Bonds are listed on the Stock Exchange. For the years ended 31 December 2023 and 2022, the Company repurchased and cancelled US\$10,000,000 and US\$75,500,000 of 2021 USD Bonds respectively. The remaining portion of US\$92,500,000 was fully settled in February 2024.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

13. SHARE CAPITAL

| | At 30 June 2025 (Unaudited) | | At 31 December 2024 (Audited) | |
|--|--------------------------------|--------------------|----------------------------------|--------------------|
| | Number of shares '000 | Amount HK\$'000 | Number of shares '000 | Amount HK\$'000 |
| Authorised: | | | | |
| Ordinary shares of HK\$0.1 each | | | | |
| At beginning and end of the reporting period | 4,000,000 | 400,000 | 4,000,000 | 400,000 |
| Issued and fully paid: | | | | |
| At the end of the reporting period | 3,661,830 | 366,182 | 3,661,830 | 366,182 |

14. OTHER EQUITY INSTRUMENT

On 15 October 2019, the Company issued HK\$580 million perpetual securities (the “**other equity instrument**”) with an initial distribution rate of 3.875% per annum. From 15 October 2022, the distribution rate increased to 3.92% per annum. The Company may, at its sole discretion, elect to defer, in whole or in part, any distribution declared by the Company. The other equity instrument has no fixed redemption date and may be redeemed in whole or in part at any time at the sole discretion of the Company on giving prior notice to the holder of the other equity instrument, in accordance with the terms and conditions stated in the subscription agreement. The other equity instrument constitutes direct, unconditional, subordinated and unsecured obligations of the Company and is classified as equity instruments and recorded as equity in the consolidated statement of financial position. On 14 October 2021, the Company had declared a distribution in the amount of approximately HK\$4,803,000 to the holder of other equity instrument and had fully settled the said distribution on 15 February 2022. No distribution declared during the six months ended 30 June 2025 and the year ended 31 December 2024.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

15. RELATED PARTY TRANSACTIONS

In addition to the transactions and balances disclosed elsewhere in these interim condensed consolidated financial statements, there were related party transactions entered into by the Group during the reporting period, details of which are set out below:

| Related party relationship | Nature of transaction | Unaudited Six months ended 30 June | |
|---|---|---------------------------------------|------------------|
| | | 2025 HK\$'000 | 2024 HK\$'000 |
| Key management personnel, including Directors | Salaries, fees, commission and allowances | 3,562 | 4,940 |
| | Contributions to retirement benefit schemes | 52 | 65 |
| Immediate holding company | Short-term loan interest expenses | 4,029 | 3,102 |
| | | 7,643 | 8,107 |

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

15. RELATED PARTY TRANSACTIONS (Continued)

| Related party relationship | Nature of balance | Unaudited At 30 June 2025 HK\$'000 | Audited At 31 December 2024 HK\$'000 |
|----------------------------|--|--|--|
| | | | |
| Immediate holding company | Amount due to immediate holding company (Note) | 145,905 | 138,532 |

Note:

As at 30 June 2025, a loan of approximately HK\$120,000,000 (as at 31 December 2024: approximately HK\$120,000,000) were advanced from SSII under the term loan agreement entered with SSII on 31 January 2024 ("**Controlling Shareholder's Term Loan**"). The Controlling Shareholder's Term Loan is unsecured, unguaranteed and interest-bearing at a fixed rate of 6.1475%. The purpose of the Controlling Shareholder's Term Loan is for repayment of debt of the Company arising from the 2021 USD Bond.

As at 30 June 2025, a loan of approximately HK\$14,743,000 (as at 31 December 2024: approximately HK\$11,399,000) were advanced from SSII under the revolving facility agreement entered with SSII on 28 March 2024 ("**Controlling Shareholder's Revolving Loan**"). The Controlling Shareholder's Revolving Loan is unsecured, unguaranteed and interest-bearing at a fixed rate of 6.18774%. The purpose of the Controlling Shareholder's Revolving Loan is for provision of general working capital in supporting the daily operating of the Group.

On 20 December 2024, the Company and SSII has entered into supplementary agreements for the extending the maturity date of the Controlling Shareholder's Term Loan and Controlling Shareholder's Revolving Loan from 31 December 2024 to 30 June 2025. On 28 March 2025, the Company and SSII has entered into another supplementary agreements for further extending the maturity dates of the Controlling Shareholder's Term Loan and Controlling Shareholder's Revolving Loan to 27 March 2026.

16. COMMITMENT

Capital commitments

There was no capital expenditure in respect of the acquisition of fixed assets contracted for but not provided in the interim condensed consolidated financial statements as at 30 June 2025 and 31 December 2024.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

17. FAIR VALUE MEASUREMENTS

The following presents the assets and liabilities measured at fair value in addition to the fair value disclosed elsewhere in these interim condensed consolidated financial statements on a recurring basis at 30 June 2025 and 31 December 2024 across the three levels of the fair value hierarchy defined in HKFRS 13, Fair value measurement, with the fair value measurement categorised in its entirety based on the lowest level input that is significant to the entire measurement. The levels of inputs are defined as follows:

- Level 1 (highest level): Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 (lowest level): Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

At 30 June 2025 (Unaudited)

| | Total HK\$'000 | Level 1 HK\$'000 | Level 2 HK\$'000 | Level 3 HK\$'000 |
|--|-------------------|---------------------|---------------------|---------------------|
| Financial assets at fair value through other comprehensive income | | | | |
| — Unlisted equity securities | — | — | — | — |

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

17. FAIR VALUE MEASUREMENTS *(Continued)*

At 31 December 2024 (Audited)

| | Total HK\$'000 | Level 1 HK\$'000 | Level 2 HK\$'000 | Level 3 HK\$'000 |
|--|-------------------|---------------------|---------------------|---------------------|
| Financial assets at fair value through other comprehensive income | | | | |
| — Unlisted equity securities | — | — | — | — |

No movements in fair value measurements within Level 3 during the reporting period.

Valuation processes of the Group

The Directors determine the policies and procedures for both recurring and non-recurring fair value measurement. In estimating the fair value of an asset or a liability, the Directors use market-observable data to the extent it is available. Where Level 1 and Level 2 inputs are not available, the Directors would engage third party qualified valuer to perform the valuation for significant assets and liabilities.

18. EVENT AFTER REPORTING PERIOD

On 12 September 2025, the Company received a letter from the Stock Exchange stating that the Listing Committee of the Stock Exchange has decided that the Company had not fulfilled the resumption guidance by the resumption deadline on 3 September 2025 and decided to cancel the listing of the Company's shares (the "**Shares**") under Rule 6.01A(1) of the Listing Rules (the "**Decision**").

The Company has considered the facts and circumstances of the Company and will not apply for a review of the Decision in accordance with the Listing Rules.

The last day of listing of the Shares will be on 26 September 2025 and the listing of the Shares will be cancelled with effect from 9:00 a.m. on 29 September 2025.

Details are more fully disclosed in the Company's announcement on 15 September 2025.

OTHER INFORMATION

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

As at 30 June 2025, none of the Directors, the chief executive of the Company or their respective associates had any interests and short positions in the shares, underlying shares and/or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the **"SFO"**)) which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which were recorded in the register required to be kept pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the **"Model Code"**) as set out in Appendix C3 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the **"Listing Rules"**).

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the Review Period were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate granted to any Directors or their respective spouse or children under the age of 18, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the Directors, their respective spouse or children under the age of 18 to acquire such rights in any other body corporate.

OTHER INFORMATION

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2025, the substantial shareholders of the Company (other than Directors and chief executive of the Company whose interests or short positions have been disclosed in the "Directors' and Chief Executive's Interests in Shares, Underlying Shares and Debentures" above) who had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO and to the best knowledge of the Company are as follows:

Interests in long positions in the ordinary shares of the Company (the "Shares")

| Names | Note | Capacity and nature of interest | Number of Shares held | Approximate percentage of issued voting Shares |
|---|------|------------------------------------|-----------------------|--|
| Southwest Securities International Investment Limited (" SSII ") | 1 | Beneficial owner | 2,713,469,233 | 74.10% |
| Southwest Securities Co., Ltd. (" SWSC ") | 1 | Interest of controlled corporation | 2,713,469,233 | 74.10% |

Note:

1. SSII is wholly owned by SWSC. SWSC is therefore deemed, or taken to be, interested in all shares in which SSII is interested for the purpose of the SFO.

Save as disclosed above, as at 30 June 2025, the Company has not been notified of any other persons (other than Directors or chief executive of the Company) who had an interest or short position in the shares or underlying shares of the Company that were recorded in the register required to be kept under Section 336 of the SFO.

OTHER INFORMATION

ADVANCE TO AN ENTITY

On 13 February 2018, Southwest Securities (HK) Brokerage Limited (西證(香港)證券經紀有限公司), a wholly-owned subsidiary of the Company (the “**Lender**”) advanced to Jaguar Asian Limited (a company incorporated under the laws of the British Virgin Islands with limited liability, the “**Borrower**”) a secured security margin loan facility of up to HK\$270 million (the “**Loan**”). The repayment date of the Loan was extended from 13 February 2019 to 28 April 2019 on 13 February 2019 by way of an amendment deed.

On 16 October 2019, the Lender entered into a restructuring deed (the “**Restructuring Deed**”) of even date with the Borrower and the relevant guarantors to, amongst others, extend the repayment date of the outstanding amounts under the facility as follows:

- (i) as to HK\$10,000,000 on or before the date falling three days after the date of the Restructuring Deed and as to HK\$20,000,000 on or before the date falling thirty days after the date of the Restructuring Deed, in respect of which HK\$19,084,932 is to be applied towards repayment of the interests accrued from 13 February 2019 up to and including 15 September 2019 and HK\$10,915,068 towards repayment of the Loan;
- (ii) as to HK\$30,000,000 on or prior to the date falling six months of the date of the Restructuring Deed, which is to be applied towards repayment of the Loan;
- (iii) as to HK\$50,000,000 on or prior to the date falling nine months of the date of the Restructuring Deed, which is to be applied towards repayment of the Loan; and
- (iv) as to the balance of the Loan and all other sums payable on or before the date falling twelve months of the date of the Restructuring Deed.

As at 30 June 2025, the outstanding amount of the Loan and interest were approximately HK\$807.8 million with an interest rate of 12% per annum and default interest rate 20% per annum, and were secured by a charge over 588,720,412 ordinary shares in the issued share capital of Yi Hua Holdings Limited (the issued shares of which were delisted from the Main Board of the Stock Exchange on 21 March 2022) beneficially owned by the Borrower.

Details of the Loan are set out in the announcements of the Company dated 14 February 2018, 13 February 2019, 16 October 2019 and 28 August 2020.

OTHER INFORMATION

On 16 October 2020, the Lender initiated civil litigation (the “**Litigation**”) in the PRC against (1) Mr. Chen Da Ren (陳達仁); (2) Zhaoqing Jiazhou New City Real Estate Industry Development Company Limited* (肇慶市加洲新城房地產實業開發有限公司) (“**Zhaoqing Jiazhou**”); and (3) Jiangmen Jinhui Century Plaza Property Management Company Limited* (江門市金滙世紀廣場物業管理有限公司) (“**Jiangmen Jinhui**”) to recover the Loan advanced to the Borrower together with the relevant interest. Each of Mr. Chen Da Ren, Zhaoqing Jiazhou and Jiangmen Jinhui is a guarantor of the Loan.

On 14 July 2021, the Lender initiated an arbitration in the PRC (“**Arbitration**”) against (1) Zhenjiang Hualong Plaza Real Estate Co., Ltd.* (鎮江華龍廣場置業有限公司) (“**Zhenjiang Hualong**”); and (2) Zhenjiang Yihao Real Estate Co., Ltd.* (鎮江逸豪置業有限公司) (“**Zhenjiang Yihao**”) to recover the Loan advanced to the Borrower together with the relevant interest. Each of Zhenjiang Hualong and Zhenjiang Yihao is a guarantor of the Loan.

On 19 October 2020, the Litigation was accepted by the Intermediate People’s Court of Jiangmen City, Guangdong Province* (廣東省江門市中級人民法院). On 28 July 2021, the Arbitration was accepted by Shanghai Arbitration Commission (上海仲裁委員會).

As at the date of this report, the Intermediate People’s Court of Jiangmen City, Guangdong Province, has issued a first instance judgment in favor of the Lender’s main litigation claims which has taken effect. On 28 April 2024, the High People’s Court of Guangdong Province ruled that the appeals of Zhaoqing Jiazhou and Jiangmen Jinhui are deemed to have been withdrawn automatically. While Shanghai Arbitration Commission issued the arbitration award that denied all the claims of the Lender, further legal measures have been taken by the Lender to revoke the said arbitration award and recover the Loan.

The People’s Court of Zhenjiang Economic Development Zone, Jiangsu Province (江蘇省鎮江經濟開發區人民法院), issued the Civil Ruling of the Intermediate People’s Court of Zhenjiang City, Jiangsu Province (2024) Su11 Civil Final No. 1326 (Zhenjiang Yihao Real Estate Co., Ltd.) and the Civil Ruling of the Intermediate People’s Court of Zhenjiang City, Jiangsu Province (2024) Su11 Civil Final No. 1330 (Zhenjiang Hualong Plaza Real Estate Co., Ltd.) on November 27 and 28, 2024, respectively. The court dismissed the lawsuit filed by the Lender. The Lender’s appeal request is not established, the appeal is dismissed, and the original ruling is upheld.

* translation for reference only

OTHER INFORMATION

The Company will make further announcements in due course to inform the Shareholders and potential investors of the Company of any further significant development in the Litigation or Arbitration and the recovery of the Loan.

As of 31 December 2020, the Company had made full impairment provision in respect of the Loan.

CORPORATE GOVERNANCE

It is the belief of the Board that good corporate governance plays a vital part in maintaining the success of the Company. The Company is committed to maintaining high standards of corporate governance to safeguard the interests of the shareholders of the Company and to enhance corporate value accountability. The Company has adopted and complied with the applicable code provisions of the Corporate Governance Code (the “**CG Code**”) as set out in Appendix C1 to the Listing Rules. The Board will continue to review and enhance its corporate governance practice of the Company to ensure compliance with the CG Code and align with the latest developments.

CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY DIRECTORS

During the Review Period, the Company has adopted the Model Code for Securities Transactions by Directors of the Listed Issuers (the “**Model Code**”) set out in Appendix C3 to the Listing Rules. The Company has made specific enquiry with each Director and, based on such enquiry, confirmed that all the Directors have complied with the required standard as set out in the Model Code.

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company during the Review Period, including sale of treasury shares (as defined in the Listing Rules).

REVIEW OF INTERIM FINANCIAL INFORMATION

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including a review of the unaudited interim condensed consolidated financial statements for the six months ended 30 June 2025 and this interim report. The Audit Committee considered that the interim results have complied with all applicable accounting standards and the Listing Rules.

OTHER INFORMATION

EVENT AFTER APPROVAL OF THESE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS BY THE DIRECTORS

On 12 September 2025, the Company received a letter from the Stock Exchange stating that the Listing Committee of the Stock Exchange has decided that the Company had not fulfilled the resumption guidance by the resumption deadline on 3 September 2025 and decided to cancel the listing of the Company's shares (the "**Shares**") under Rule 6.01A(1) of the Listing Rules (the "**Decision**").

The Company has considered the facts and circumstances of the Company and will not apply for a review of the Decision in accordance with the Listing Rules.

The last day of listing of the Shares will be on 26 September 2025 and the listing of the Shares will be cancelled with effect from 9:00 a.m. on 29 September 2025.

Details are more fully disclosed in the Company's announcement on 15 September 2025.

By order of the Board

Huang Changsheng

Executive Director and Chief Executive Officer

Hong Kong, 22 August 2025

