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CSC HOLDINGS LIMITED
中策資本控股有限公司

(Incorporated in Hong Kong with limited liability)
(Stock Code: 235)

FINAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2024

The Board of Directors (the “**Board**”) of CSC Holdings Limited (the “**Company**”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 December 2024 together with comparative figures 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	3	65,193	71,886
Dividend income		1,892	152
Interest income		60,011	69,845
Commission, handling income and others		3,290	1,889
Other income	5	37,680	41,894
Other gain and loss, net		(34)	(2)
Staff costs		(39,811)	(33,427)
Other expenses		(34,603)	(46,798)
Loss on financial assets at fair value through profit or loss	6	(4,620)	(7,121)
Provision for impairment losses under expected credit loss model, net of reversal	9	(15,719)	(12,020)
Finance costs	7	(1,493)	(898)

	<i>Notes</i>	2024 HK\$'000	2023 <i>HK\$'000</i>
Profit before tax		6,593	13,514
Income tax (expense) credit	8	<u>(2,084)</u>	<u>13,274</u>
Profit for the year attributable to owners of the Company	9	<u>4,509</u>	<u>26,788</u>
Other comprehensive (expense) income			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Fair value loss on debt instruments at fair value through other comprehensive income		(4,418)	(17,659)
Provision for impairment loss on debt instruments at fair value through other comprehensive income included in profit or loss	9	4,418	11,519
Exchange differences arising on translation of financial statements of foreign operations		<u>375</u>	<u>(57)</u>
Other comprehensive income (expense) for the year		<u>375</u>	<u>(6,197)</u>
Total comprehensive income for the year attributable to owners of the Company		<u>4,884</u>	<u>20,591</u>
Earnings per share attributable to owners of the Company			
– Basic	11	<u>HK0.02 cent</u>	<u>HK0.13 cent</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2024

	<i>Notes</i>	2024 HK\$'000	2023 HK\$'000
Non-current assets			
Property, plant and equipment		4,891	7,595
Right-of-use assets		25,806	36,631
Goodwill		4,000	4,000
Club debentures		1,453	1,928
Loan receivables	12	221,346	127,002
Deferred tax assets		4,476	6,276
		261,972	183,432
Total non-current assets			
Current assets			
Debt instruments at fair value through other comprehensive income	13	–	4,418
Loan receivables	12	302,902	640,230
Trade and other receivables	14	179,267	127,183
Income tax recoverable		605	207
Financial assets at fair value through profit or loss	15	7,108	9,912
Bank balances and cash		1,518,810	1,312,947
		2,008,692	2,094,897
Total current assets			
Current liabilities			
Trade and other payables	16	28,918	27,888
Income tax payable		–	3,200
Lease liabilities		10,009	9,730
		38,927	40,818
Total current liabilities			
Net current assets		1,969,765	2,054,079
Total assets less current liabilities		2,231,737	2,237,511
Non-current liability			
Lease liabilities		15,125	25,783
Net assets		2,216,612	2,211,728
Capital and reserves			
Share capital		3,216,110	3,216,110
Reserves		(999,498)	(1,004,382)
Total equity		2,216,612	2,211,728

Notes:

1. Basis of preparation of consolidated financial statements and material accounting policy information

The consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”). For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”) and by the Hong Kong Companies Ordinance (the “**Hong Kong Companies Ordinance**”).

The consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments that are measured at fair values at the end of each reporting period.

The consolidated financial statements are presented in Hong Kong dollar (“**HK\$**”), which is also the functional currency of the Company and all values are rounded to the nearest thousand (HK\$’000) except otherwise indicated.

The financial information relating to the years ended 31 December 2024 and 2023 included in this preliminary final results announcement for the year ended 31 December 2024 does not constitute the Company’s statutory annual consolidated financial statements for those years but is derived from those financial statements. Further information relating to these statutory financial statements disclosed in accordance with section 436 of the Hong Kong Companies Ordinance is as follows:

The Company has delivered the financial statements for the year ended 31 December 2023 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance and will deliver the financial statements for the year ended 31 December 2024 in due course.

The Company’s auditor has reported on the financial statements of the Group for both years. The auditor’s reports are unqualified; do not include a reference to any matters to which the auditor draws attention by way of emphasis without qualifying its reports; and do not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

2. Application of amendments to HKFRS Accounting Standards

Amendments to HKFRS Accounting Standards that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRS Accounting Standards issued by the HKICPA for the first time, which are mandatorily effective for the annual period beginning on 1 January 2024 for the preparation of the consolidated financial statements:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The application of the amendments to HKFRS Accounting Standards in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in the consolidated financial statements.

3. Revenue

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Dividend income from financial assets at fair value through profit or loss ("FVTPL")	1,892	152
Interest income from securities margin financing business	10,211	7,315
Interest income from money lending business	49,800	62,530
Arrangement fee income from money lending business	2,144	–
Commission and handling income from securities brokerage business	1,146	1,889
	<u>65,193</u>	<u>71,886</u>

Disaggregation of revenue from contracts with customers and reconciliation of total revenue:

	Investment in securities <i>HK\$'000</i>	Money lending <i>HK\$'000</i>	Securities brokerage <i>HK\$'000</i>	Total <i>HK\$'000</i>
For the year ended 31 December 2024				
Types of goods and services				
Commission, handling income and others	–	2,144	1,146	3,290
Revenue from contracts with customers	–	2,144	1,146	3,290
Dividend income	1,892	–	–	1,892
Interest income	–	49,800	10,211	60,011
Total revenue	1,892	51,944	11,357	65,193

For the year ended 31 December 2023

Types of goods and services				
Commission, handling income and others	–	–	1,889	1,889
Revenue from contracts with customers	–	–	1,889	1,889
Dividend income	152	–	–	152
Interest income	–	62,530	7,315	69,845
Total revenue	152	62,530	9,204	71,886

During the years ended 31 December 2024 and 2023, the revenue is recognised at a point in time except for dividend income and interest income which fall outside the scope of HKFRS 15.

Brokerage commission income is recognised on a trade date basis when the relevant transactions are executed. Other service income is recognised when the related services are rendered.

4. Segment information

The following is an analysis of the Group's revenue and results by operating segments, based on information provided to the chief operating decision maker, for the purposes of allocating resources and assessment of segment performance. This is also the basis upon which the Group is arranged and organised.

The Group's operating segments under HKFRS 8 are as follows:

- (i) Investment in securities
- (ii) Trading
- (iii) Money lending
- (iv) Securities brokerage

Segment revenues and results

The following is an analysis of the Group's revenue and results by operating segments:

	Investment in securities <i>HK\$'000</i>	Trading <i>HK\$'000</i>	Money lending <i>HK\$'000</i>	Securities brokerage <i>HK\$'000</i>	Total <i>HK\$'000</i>
For the year ended 31 December 2024					
Segment revenue					
External sales/sources	1,892	–	51,944	11,357	65,193
Results					
Segment results	(6,959)	10,181	45,959	9,649	58,830
Other income					17,555
Other gain and loss, net					(33)
Central administrative expenses					(68,266)
Finance costs					(1,493)
Profit before tax					6,593
Income tax expense					(2,084)
Profit for the year					4,509
For the year ended 31 December 2023					
Segment revenue					
External sales/sources	152	–	62,530	9,204	71,886
Results					
Segment results	(26,543)	11,010	69,917	9,640	64,024
Other income					20,137
Other gain and loss, net					(2)
Central administrative expenses					(69,747)
Finance costs					(898)
Profit before tax					13,514
Income tax credit					13,274
Profit for the year					26,788

Segment (loss) profit represents the loss incurred/profit earned by each segment without allocation of certain other income, certain other gain and loss, net, central administrative expenses (including depreciation of property, plant and equipment and right-of-use assets), finance costs and income tax (expense) credit.

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by operating segments:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Segment assets		
Investment in securities	15,822	14,772
Trading	235,839	225,648
Money lending	1,114,887	1,119,941
Securities brokerage	<u>302,523</u>	<u>297,414</u>
Total segment assets	1,669,071	1,657,775
Property, plant and equipment	4,891	7,595
Right-of-use assets	25,806	36,631
Bank balances and cash	558,946	567,004
Other unallocated assets	<u>11,950</u>	<u>9,324</u>
Consolidated assets	<u><u>2,270,664</u></u>	<u><u>2,278,329</u></u>
Segment liabilities		
Investment in securities	10	20
Trading	20	20
Money lending	1,166	4,321
Securities brokerage	<u>23,673</u>	<u>21,375</u>
Total segment liabilities	24,869	25,736
Other payables	4,049	5,352
Lease liabilities	<u>25,134</u>	<u>35,513</u>
Consolidated liabilities	<u><u>54,052</u></u>	<u><u>66,601</u></u>

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to operating segments other than property, plant and equipment, right-of-use assets, certain bank balances and cash and certain other assets; and
- all liabilities are allocated to operating segments other than certain other payables and lease liabilities.

5. Other income		
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Bank interest income	37,527	38,269
Others	153	3,625
	<u>37,680</u>	<u>41,894</u>
6. Loss on financial assets at fair value through profit or loss		
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Unrealised loss on financial assets at FVTPL	4,620	7,121
	<u>4,620</u>	<u>7,121</u>
7. Finance costs		
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest on lease liabilities	1,493	898
	<u>1,493</u>	<u>898</u>
8. Income tax (expense) credit		
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Tax (charge) credit comprises:		
Current tax		
– Hong Kong Profits Tax	(300)	(1,000)
– Others	(6)	(6)
Overprovision in prior years		
– Hong Kong Profits Tax	22	9,319
	<u>(284)</u>	<u>8,313</u>
Deferred tax	(1,800)	4,961
	<u>(1,800)</u>	<u>4,961</u>
Income tax (expense) credit recognised in profit or loss	<u>(2,084)</u>	<u>13,274</u>

Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of the group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. Accordingly, the Hong Kong Profits Tax of the qualifying group entity is calculated at 8.25% on the first HK\$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2 million.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

9. Profit for the year

Profit for the year has been arrived at after charging (crediting) the following items:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Staff costs		
– directors' emoluments	9,447	8,623
– other staff salaries, wages and other benefits	29,714	24,019
– retirement benefit scheme contributions, excluding directors	650	785
	<u>39,811</u>	<u>33,427</u>
Total staff costs		
Provision for impairment loss on debt instruments at fair value through other comprehensive income (“FVTOCI”)	4,418	11,519
Provision for (reversal of) impairment loss on loan receivables	10,646	(10,263)
Provision for impairment loss on other receivables	655	10,764
	<u>15,719</u>	<u>12,020</u>
Net provision for impairment losses		
Auditor's remuneration	1,795	1,784
Depreciation of property, plant and equipment	2,738	2,795
Depreciation of right-of-use assets	10,113	10,100

10. Dividends

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

11. Earnings per share

The calculation of the basic earnings per share attributable to owners of the Company is based on the following data:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Profit:		
Profit for the year attributable to owners of the Company for the purpose of calculating basic earnings per share	<u>4,509</u>	<u>26,788</u>
	2024 '000	2023 '000
Number of shares:		
Weighted average number of ordinary shares of the Company for the purpose of calculating basic earnings per share	<u>20,385,254</u>	<u>20,385,254</u>

Diluted earnings per share for the years ended 31 December 2024 and 2023 are not presented as there were no dilutive potential ordinary shares in issue during both years.

12. Loan receivables

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Fixed-rate loan receivables	890,083	1,253,368
Less: impairment allowance	<u>(365,835)</u>	<u>(486,136)</u>
	<u>524,248</u>	<u>767,232</u>
Analysed as:		
Current portion	302,902	640,230
Non-current portion	<u>221,346</u>	<u>127,002</u>
	<u>524,248</u>	<u>767,232</u>
Analysed as:		
Secured	514,318	760,314
Unsecured	<u>9,930</u>	<u>6,918</u>
	<u>524,248</u>	<u>767,232</u>

At 31 December 2024, the range of interest rates and maturity dates attributed to the Group's performing loan receivables were 8.5% to 13% (2023: 8.5% to 13%) per annum and from 4 March 2025 to 31 March 2026 (2023: 4 March 2024 to 31 March 2026) respectively.

An analysis of the Group's fixed-rate loan receivables by their respective contractual maturity dates is as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Fixed-rate loan receivables:		
Within one year or on demand	302,902	640,230
In more than one year but not more than two years	221,346	7,797
In more than two years but not more than five years	–	119,205
	<u>524,248</u>	<u>767,232</u>

The Group provided impairment allowance of HK\$10,646,000 (2023: reversed impairment allowance of HK\$10,263,000) on loan receivables for the current year.

13. Debt instruments at fair value through other comprehensive income

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Listed investments, at fair value:		
– Debt securities listed overseas with fixed interest at 9.50% per annum and contractual maturity date on 29 March 2024	–	4,418
	<u>–</u>	<u>4,418</u>
Analysed as:		
Current portion	–	4,418
	<u>–</u>	<u>4,418</u>

At 31 December 2024 and 2023, debt instruments at FVTOCI were stated at fair values which were determined based on the quoted market closing price.

The Group provided impairment allowance of HK\$4,418,000 (2023: HK\$11,519,000) on debt instruments at FVTOCI for the current year.

14. Trade and other receivables

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trade receivables of securities brokerage business:		
– Cash clients (<i>Note (i)</i>)	992	938
– Margin clients (<i>Note (i)</i>)	164,890	106,293
– Hong Kong Securities Clearing Company Limited (“HKSCC”) (<i>Note (i)</i>)	<u>712</u>	<u>640</u>
	166,594	107,871
Other receivables (<i>Note (ii)</i>)	<u>12,673</u>	<u>19,312</u>
	<u>179,267</u>	<u>127,183</u>

Notes:

- (i) For securities brokerage business, the normal settlement terms of trade receivables from cash clients and HKSCC are two trading days after trade date. The trade receivables from cash and margin clients and HKSCC with carrying amounts totalling HK\$166,594,000 (2023: HK\$107,871,000) were not past due at the end of the reporting period.

Margin clients are required to pledge securities as collateral to the Group in order to obtain the credit facilities for securities trading. The amount of credit facilities granted to them individually is determined based on a discount on the market value of the securities pledged to the Group. Any excess in lending ratio will trigger a margin call for which the client concerned has to make good the shortfall. At 31 December 2024, the market value of the securities pledged by the clients to the Group as collateral for margin financing amounted to HK\$705,964,000 (2023: HK\$528,386,000).

- (ii) Included in other receivables were unrestricted deposits of HK\$474,000 (2023: HK\$405,000) placed with securities brokers. The remaining balance of other receivables represented mainly interest receivables, prepayment and deposits for office use.

The Group provided impairment allowance of HK\$655,000 (2023: HK\$10,764,000) on other receivables for the current year.

15. Financial assets at fair value through profit or loss

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Listed investments, at fair value:		
– Equity securities listed in Hong Kong (<i>Note</i>)	<u>7,108</u>	<u>9,912</u>
Analysed as:		
Current portion	<u>7,108</u>	<u>9,912</u>

Note: The fair values of the listed equity securities were determined based on the quoted market closing prices available on the Hong Kong Stock Exchange.

16. Trade and other payables

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trade payables of securities brokerage business:		
– Cash clients (<i>Note</i>)	21,971	14,936
– Margin clients (<i>Note</i>)	<u>1,479</u>	<u>6,312</u>
	23,450	21,248
Accrued charges and other payables	<u>5,468</u>	<u>6,640</u>
	<u>28,918</u>	<u>27,888</u>

Note: For securities brokerage business, the normal settlement terms of trade payables to cash and margin clients are two trading days after trade date.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2024 (2023: nil).

BUSINESS REVIEW

During the year ended 31 December 2024 (“FY2024”), the Group continued to principally engage in the business of investment in securities, trading, money lending as well as securities brokerage.

The Group was confronted with challenging business conditions brought by slowing global economic growth. The pace of the economic recovery in Hong Kong has remained uneven amid an elevated interest rate environment and intensifying geopolitical tensions stemmed from the Russia-Ukraine war, China-US tensions and the outbreak of conflict in the Middle East. In view of these challenges and uncertainties, the Group continued to adopt a cautious and disciplined approach in managing its businesses throughout the year.

For FY2024, the Group recorded a decrease in revenue by 9% to HK\$65,193,000 (2023: HK\$71,886,000), mainly due to the decrease in interest income from the money lending operation, and a decrease in profit attributable to owners of the Company by 83% to HK\$4,509,000 (2023: HK\$26,788,000), mainly the combined effect of (i) the provision for impairment loss on loan receivables of HK\$10,646,000 (2023: reversal of HK\$10,263,000); (ii) the decrease in provision for impairment loss on other receivables to HK\$655,000 (2023: HK\$10,764,000); and (iii) the recognition of income tax expense of HK\$2,084,000 (2023: income tax credit of HK\$13,274,000). The basic earnings per share were HK0.02 cent (2023: HK0.13 cent).

Investment in Securities

The Group generally acquires securities listed on the Hong Kong Stock Exchange or other recognised stock exchanges and over-the-counter markets with good liquidity that can facilitate swift execution of securities transactions, and sometimes directly from target companies. For making investment or divestment decision on securities of individual target company, references will usually be made to the latest financial information, news and announcements issued by the target company, investment analysis reports that the Company has access to, as well as industry or macroeconomic news. When deciding on acquiring securities to be held for long-term purpose, particular emphasis will be placed on the past financial performance of the target company including its sales and profit growth, financial healthiness, dividend policy, business prospects, industry and macroeconomic outlook. When deciding on acquiring securities to be held other than for long-term purpose, in addition to the factors mentioned, references will also be made to prevailing market sentiments in different sectors of the investment markets. In terms of return, for long-term securities investments, the Company mainly emphasises on return of investment in the form of capital appreciation and dividend/interest income. For securities investments other than for long-term holding, the Company mainly emphasises on return of investment in the form of trading gains.

At 31 December 2024, the Group's securities investments comprised (i) a financial asset at FVTPL portfolio comprising equity securities listed in Hong Kong valued at HK\$7,108,000 (2023: HK\$9,912,000); and (ii) a debt instrument at FVTOCI portfolio comprising debt securities listed on overseas stock exchange that were fully impaired (2023: valued at HK\$4,418,000). As a whole, the Group's securities investments recorded a revenue of HK\$1,892,000 (2023: HK\$152,000) and a loss of HK\$6,959,000 (2023: HK\$26,543,000) for the current year.

Financial assets at FVTPL

At 31 December 2024, the Group held a financial asset at FVTPL portfolio amounting to HK\$7,108,000 measured at market/fair value. During FY2024, the portfolio generated a revenue of HK\$1,892,000 (2023: HK\$152,000) representing dividends from equity securities. The Group recognised a loss on financial assets at FVTPL of HK\$4,620,000 (2023: HK\$7,121,000) which represented the unrealised loss attributed to the decrease in fair value of the Group's listed equity securities portfolio at the year end.

The Group is committed to closely monitor the financial performance of its financial asset at FVTPL portfolio through making investment and divestment decisions on individual securities from time to time based on, amongst others, the internal assessments on prospects of the individual securities and publicly available information of the investee companies.

At 31 December 2024, the Group's financial asset at FVTPL portfolio of HK\$7,108,000 comprised mainly the equity securities of a property company listed on the Hong Kong Stock Exchange.

Debt instruments at FVTOCI

At 31 December 2024, the Group's debt instrument at FVTOCI portfolio was measured at market/fair value. During FY2024, the Group's debt instrument at FVTOCI portfolio did not generate any revenue (2023: nil). According to the contractual maturity profile of the debt securities, the debt instruments at FVTOCI were in default and thus fully impaired (2023: classified as current assets). During FY2024, the Group had not acquired or disposed of any debt securities.

At 31 December 2024, owing to a fall in market/fair value of the debt instruments, a fair value loss on the debt instrument at FVTOCI portfolio of HK\$4,418,000 (2023: HK\$17,659,000) was recognised as other comprehensive expense.

During FY2024, the Group recognised impairment loss of HK\$4,418,000 (2023: HK\$11,519,000) on debt instruments at FVTOCI as the credit risks of the debt instruments had been further increased since initial recognition. During FY2024, the expected loss given default of the debt instruments, which were corporate bonds issued by a property company based in the Mainland, had significantly increased owing to the continued defaults of the bond issuer in making interest and principal payments for its indebtedness upon maturity date. As the Group expected the deterioration of the financial position of this bond issuer would ultimately further affect the collection of contractual cash flows from its bonds, a further provision for impairment loss on debt instruments at FVTOCI of HK\$4,418,000 was recognised in profit or loss with a corresponding adjustment to other comprehensive income.

The Group performs impairment assessment on the debt instruments held under the expected credit loss (“ECL”) model. The measurement of ECL is a function of the probability of default and loss given default (i.e., the magnitude of the loss if there is a default), with the assessments of the probability of default and loss given default are based on historical data and forward-looking information. In determining the ECL on the Group’s debt instruments for the year, the management had taken into account factors including the defaults of the bond issuer in making payments of interest and principal for its indebtedness, and forward-looking information including the future macroeconomic conditions affecting the operations of the bond issuer. There had been no change in the method used in determining the impairment loss on debt instruments at FVTOCI from the prior financial year.

At 31 December 2024, the Group’s debt instrument at FVTOCI portfolio comprised the debt securities of a Mainland based property company, which were fully-impaired.

Trading

During FY2024, the Group’s trading operation did not generate any revenue (2023: nil) as its commodities trading activities with customers in Europe remained temporary halted, mainly due to volatile market conditions, particularly in terms of pricing. The profit of the operation of HK\$10,181,000 (2023: HK\$11,010,000) represented mainly the interest income earned from the cash deposit reserved for pledging as security for bank credit facilities. The Group remains committed to the development of its trading business and has been consistently sourcing and evaluating business opportunities. The management will continue to closely follow the market conditions of the global commodity market, and will step up its effort in proactively seizing business opportunities with a view to improving the results of the operation.

Money Lending

The Group's money lending business is conducted through CS Credit Limited, U Credit (HK) Limited and Chap Yik Limited, all are wholly-owned subsidiaries of the Company, and are licensed to conduct money lending activities under the Money Lenders Ordinance. The Group aims to make loans that could be covered by sufficient collateral, preferably commercial and residential properties in Hong Kong, and to borrowers with good credit history. The Group has a stable source of loan deals from its own business network and its marketing agents. For FY2024, the operation recorded a decrease in revenue by 17% to HK\$51,944,000 (2023: HK\$62,530,000) and a decrease in profit by 34% to HK\$45,959,000 (2023: HK\$69,917,000). The decrease in revenue was mainly due to the lower average amount of performing loans advanced to borrowers during FY2024 and the decrease in profit was mainly attributed to the provision for impairment loss on loan receivables of HK\$10,646,000 (2023: reversal of HK\$10,263,000).

The Group performs impairment assessment on loan receivables under the ECL model. The measurement of ECL is a function of the probability of default, the loss given default (i.e., the magnitude of the loss if there is a default) and the exposure at default (i.e., the magnitude of the loss after accounting for the value of the collateral if there is a default). The assessment of the probability of default and loss given default are based on historical data and forward-looking information, whilst the valuations of the properties and assets pledged to the Group as collateral are, where appropriate, performed by independent professional valuers engaged by the Group at each reporting date for the purpose of determining ECL. In accordance with the Group's loan impairment policy, the amount of ECL is updated at each reporting date to reflect the changes in credit risk on loan receivables since initial recognition. At the year end, the impairment allowance recognised primarily represented the credit risk involved in collectability of certain default and non-default loans determined under the Group's loan impairment policy, with reference to factors including the credit history and financial conditions of the borrowers, the ageing of the overdue balances, the realisation value of the collateral pledged to the Group, and forward-looking information including the future macroeconomic conditions affecting the borrowers.

The Group has a system in place to closely monitor the recoverability of its loan portfolio, its credit monitoring measures include regular collateral value review against market information and regular communication with the borrowers of their financial positions, through which the Group will be able to keep updated with the latest credit profile and risk associated with each individual borrower and could take appropriate actions for loan recovery at the earliest time. If circumstances require, the Group will commence legal actions against the borrowers for recovery of the overdue loans and take possession of the collateral pledged. At 31 December 2024, the balance of impairment allowance decreased by 25% or HK\$120,301,000 to HK\$365,835,000 (2023: HK\$486,136,000), which comprised a sum of HK\$21,560,000 being impairment provision for the current year, a sum of HK\$10,914,000 being reversal of impairment provision owing to settlement of loans and improvement in credit quality of the borrowers, and a sum of HK\$140,165,000 being written off as the related loans were fully-impaired. There had been no change in the method used in determining the impairment allowance on loan receivables from the prior financial year.

The gross carrying amount of the Group's loan portfolio decreased by 29% or HK\$363,285,000 to HK\$890,083,000 (2023: HK\$1,253,368,000) was mainly a result of loan repayments from borrowers. The net carrying amount of the loan portfolio, after impairment allowance, amounted to HK\$524,248,000 (2023: HK\$767,232,000) at the year end, and details of the portfolio are as follows:

Category of borrowers	Approximate weighting to the carrying amount of the Group's loan portfolio %	Interest rate per annum %	Maturity
Individual	39.49	10.375 – 13.00	Within one year
Corporate	18.29	8.00 – 18.00	Within one year
Corporate	42.22	8.50 – 10.00	Over one year but within two years
	<u>100.00</u>		

At 31 December 2024, 98% (2023: 99%) of the carrying amount of the loan portfolio (after impairment allowance) was secured by collateral including properties in Hong Kong, listed equity securities and debt securities, with the remaining 2% (2023: 1%) being unsecured. At the year end, the loans made to all borrowers were term loans of which an amount of HK\$302,902,000 (2023: HK\$640,230,000) was due within one year, HK\$221,346,000 (2023: HK\$7,797,000) was due over one year but within two years and no loan (2023: HK\$119,205,000) was due over two years but within three years. The loan(s) made to the largest borrower and the five largest borrowers represented 22% (2023: 39%) and 66% (2023: 86%) respectively of the Group's loan portfolio (on a net of impairment allowance basis) at the year end. At 31 December 2024, loans were granted to 18 (2023: 16) borrowers who are Hong Kong residents and companies incorporated in Hong Kong, British Virgin Islands, Cayman Islands and Seychelles.

Securities Brokerage

The Group's securities brokerage business is conducted through CS Wealth Securities Limited, a wholly-owned subsidiary of the Company licensed by the Hong Kong Securities and Futures Commission to engage in dealing in securities activities (i.e., Type 1 regulated activity). For FY2024, the overall revenue of the operation increased by 23% to HK\$11,357,000 (2023: HK\$9,204,000), and its profit increased slightly by HK\$9,000 to HK\$9,649,000 (2023: HK\$9,640,000). The increase in revenue of the operation was the combined effect of the decrease in brokerage commission income by 39% to HK\$1,146,000 (2023: HK\$1,889,000), largely due to the decreased volume of customers' trade, and the increase in interest income from margin financing by 40% to HK\$10,211,000 (2023: HK\$7,315,000), mainly due to the higher average amount of margin loans advanced to clients during the year. During the year, the bank interest income decreased by 54% to HK\$2,033,000 (2023: HK\$4,422,000), which partly offset the increase in revenue. As such, the profit of the operation recorded a slight increase during the year.

In 2022, the Group acquired an asset management company which is licensed by the Hong Kong Securities and Futures Commission to engage in advising on securities and asset management activities (i.e., Type 4 and 9 regulated activities). It is the plan that this company will engage in fund management activities for equity, fixed income as well as alternative investments, which are activities expected to create synergies with the Group's securities brokerage operation.

Overall Results

For FY2024, the Group recorded a decrease in profit attributable to owners of the Company by 83% to HK\$4,509,000 (2023: HK\$26,788,000) and basic earnings per share of HK0.02 cent (2023: HK0.13 cent). The Group reported a total comprehensive income attributable to owners of the Company of HK\$4,884,000 (2023: HK\$20,591,000), which mainly included an exchange gain arising on translation of financial statements of the Group's foreign operations of HK\$375,000 (2023: a fair value loss on debt securities of HK\$17,659,000). The profit results recorded by the Group were mainly due to the profits recorded by the Group's money lending, securities brokerage and trading operation of HK\$45,959,000 (2023: HK\$69,917,000), HK\$9,649,000 (2023: HK\$9,640,000) and HK\$10,181,000 (2023: HK\$11,010,000) respectively, though the profits were partly offset by the loss results of the investment in securities operation of HK\$6,959,000 (2023: HK\$26,543,000).

FINANCIAL REVIEW

Liquidity, Financial Resources and Capital Structure

For FY2024, the Group financed its businesses mainly by funds generated from operations and shareholders' funds. At the year end, the Group had current assets of HK\$2,008,692,000 (2023: HK\$2,094,897,000) and liquid assets comprising bank balances and cash (excluding clients' money held relating to the Group's securities brokerage business) as well as listed financial assets at FVTPL totalling HK\$1,503,754,000 (2023: HK\$1,302,603,000). The Group's current ratio, calculated based on current assets over current liabilities of HK\$38,927,000 (2023: HK\$40,818,000), was at a strong ratio of about 51.6 (2023: 51.3).

At 31 December 2024, the Group's trade and other receivables amounted to HK\$179,267,000 (2023: HK\$127,183,000), which mainly comprised trade receivables from margin clients of the securities brokerage business of HK\$164,890,000 (2023: HK\$106,293,000). At the year end, since the market value of the securities pledged by the clients to the Group as collateral for margin financing amounted to HK\$705,964,000 (2023: HK\$528,386,000) exceeded the margin client receivables on an individual basis, no impairment loss allowance was provided on these receivables accordingly. At the year end, the Group had deferred tax assets amounting to HK\$4,476,000 (2023: HK\$6,276,000), which were principally related to the allowance for ECL of loan receivables at the year end.

At 31 December 2024, the equity attributable to owners of the Company amounted to HK\$2,216,612,000 (2023: HK\$2,211,728,000) and was equivalent to an amount of approximately HK10.87 cents (2023: HK10.85 cents) per share of the Company. The increase in equity attributable to owners of the Company of HK\$4,884,000 was mainly due to the profit earned by the Group during the year.

The Group's gearing ratio, calculated on the basis of total liabilities of HK\$54,052,000 (2023: HK\$66,601,000) divided by equity attributable to owners of the Company of HK\$2,216,612,000 (2023: HK\$2,211,728,000), was at a low level of about 2% (2023: 3%).

The increase in the Group's finance costs to HK\$1,493,000 (2023: HK\$898,000) was mainly a result of the recognition of interest on lease liabilities of a lease for the whole current year in contrast to the recognition of the same in only part of the prior year.

With the amount of liquid assets on hand, the management is of the view that the Group has sufficient financial resources to meet its ongoing operational requirements.

PROSPECTS

The Group is prudently optimistic about the prospects of its businesses in the medium to long term, as global economic activities have increased alongside the recovery and growth of the global economy, and the Hong Kong economy is on a stable recovery path. Nonetheless, ongoing geopolitical tensions and global trade wars may pose uncertainties in different markets. Looking forward, the management will continue to adopt a cautious and disciplined approach in managing the Group's businesses, as well as actively consider and explore various opportunities for investment projects that are expected to bring long-term benefits to the Group and to broaden the scope of investment according to the market conditions with an aim at enhancing shareholders' value.

As stated in the announcement of the Company dated 30 August 2024, a share purchase agreement has been entered into by the sellers and the buyer, an indirect wholly-owned subsidiary of the Company, in respect of the sale and purchase of the 26.8% of the issued and outstanding capital stock of Citystate Savings Bank, Inc., a thrift bank with its common shares listed on the Philippine Stock Exchange, Inc. It is the plan of the Company to leverage its experience on financial services to diversify its business and tap into the immense opportunities of the Southeast Asian financial markets.

Currently, the Company and the sellers, through Citystate Savings Bank, Inc. have submitted joint application to the Monetary Board of the Bangko Sentral ng Pilipinas for their review and approval of this acquisition. The procedure has been going positively and smoothly. The Company will publish announcement(s) to inform the shareholders of the progress of this transaction as and when appropriate.

CORPORATE GOVERNANCE

The Company had complied with all the applicable code provisions of the Corporate Governance Code set out in Appendix C1 to the Listing Rules for the year ended 31 December 2024.

AUDIT COMMITTEE

The audited consolidated financial statements of the Company for the year ended 31 December 2024 have been reviewed by the Audit Committee and duly approved by the Board under the recommendation of the Audit Committee.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

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 ended 31 December 2024 as set out in the above preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

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

During the year ended 31 December 2024, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

By Order of the Board
CSC Holdings Limited
Dr. Or Ching Fai
Chairman

Hong Kong, 26 March 2025

As at the date of this announcement, the Board comprises one Non-executive Director, namely Dr. Or Ching Fai (Chairman); two Executive Directors, namely Mr. Chow Man Wai, Tony (Chief Executive Officer) and Mr. Chow Kam Wah; and four Independent Non-executive Directors, namely Ms. Ma Yin Fan, Mr. Chow Yu Chun, Alexander, Mr. Leung Hoi Ying and Mr. Lam Kin Fung, Jeffrey.