

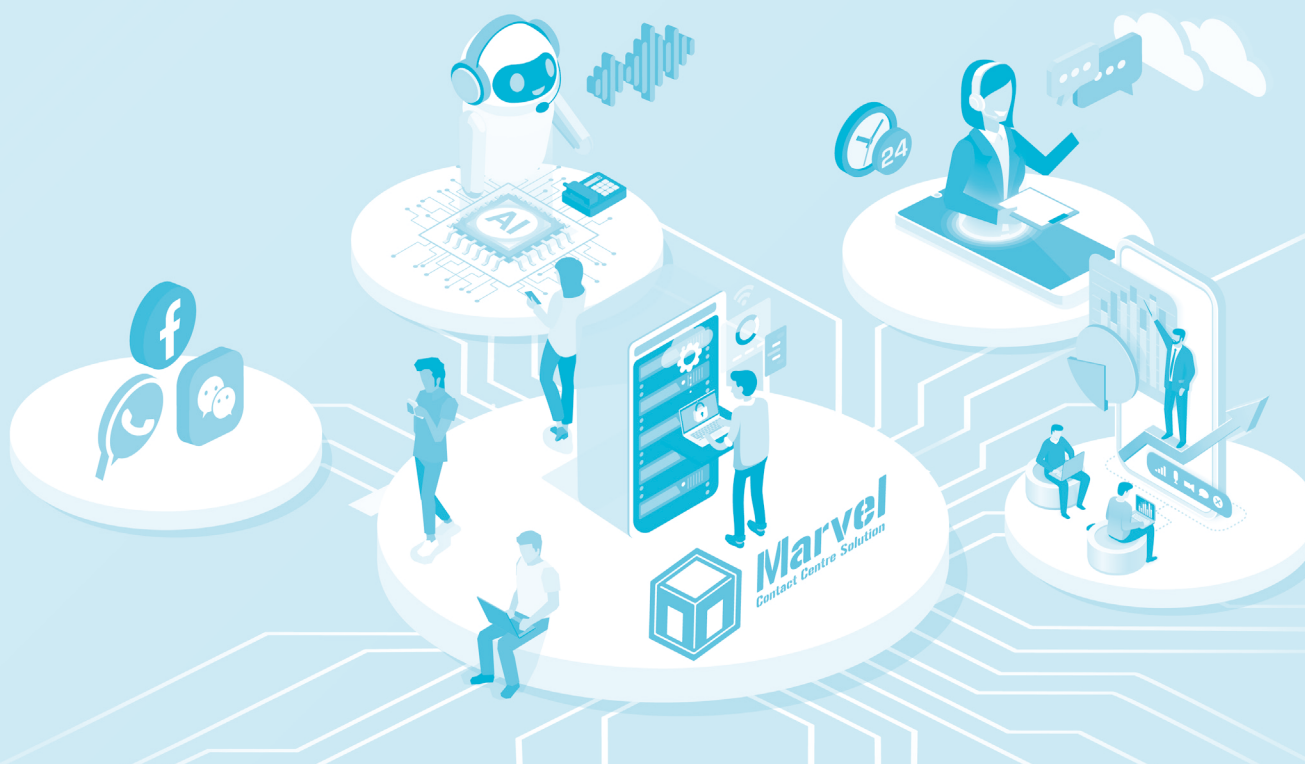


CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

This report, for which the directors (the “Directors”) of ETS Group Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.





CONTENTS

Corporate Information	3
CEO’s Statement	5
Management Discussion and Analysis	6
Particulars of Directors and Senior Management	14
Corporate Governance Report	17
Environmental, Social and Governance Report	29
Report of the Directors	52
Independent Auditors’ Report	63
Consolidated Statement of Profit or Loss and Other Comprehensive Income	68
Consolidated Statement of Financial Position	69
Consolidated Statement of Changes in Equity	71
Consolidated Statement of Cash Flows	72
Notes to the Consolidated Financial Statements	74
Financial Summary	141





EXECUTIVE DIRECTOR

Mr. Tang Yiu Sing (*Chief Executive Officer*)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Wong Kam Tai
Ms. Kwong Yuk Ying
Ms. Tsang Lee Mei

AUDIT COMMITTEE

Mr. Wong Kam Tai (*Chairman*)
Ms. Kwong Yuk Ying
Ms. Tsang Lee Mei

REMUNERATION COMMITTEE

Ms. Kwong Yuk Ying (*Chairman*)
Mr. Tang Yiu Sing
Mr. Wong Kam Tai
Ms. Tsang Lee Mei

NOMINATION COMMITTEE

Ms. Tsang Lee Mei (*Chairman*)
Mr. Tang Yiu Sing
Mr. Wong Kam Tai
Ms. Kwong Yuk Ying

RISK MANAGEMENT AND INTERNAL CONTROL COMMITTEE

Mr. Wong Kam Tai (*Chairman*)
Mr. Tang Yiu Sing
Ms. Kwong Yuk Ying
Ms. Tsang Lee Mei

COMPLIANCE OFFICER

Mr. Tang Yiu Sing

COMPANY SECRETARY

Mr. Suen Fuk Hoi

AUTHORISED REPRESENTATIVES

Mr. Tang Yiu Sing
Mr. Suen Fuk Hoi

REGISTERED OFFICE

Conyers Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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AUDITORS

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LEGAL ADVISERS

As to Hong Kong laws
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Conyers Dill & Pearman
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Cayman Islands

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking
Corporation Limited
Bank of China (Hong Kong) Limited





CORPORATE INFORMATION

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

WEBSITE

www.etsgroup.com.hk

STOCK CODE

8031





Dear Shareholders, Partners, and Valued Stakeholders,

On behalf of the board of directors (the "Board") of ETS Group Limited (the "Company"), I herewith present the audited consolidated financial statements of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2024 (the "Year") to all shareholders, partners and valued stakeholders.

For the financial year under review, the Group recorded a revenue of approximately HK\$80.7 million and turned profitable with a gain amounted to approximately HK\$17.5 million in the year ended 31 December 2024 (2023: loss of HK\$7.9 million).

On the global stage, Year 2024 remained a year of unrest, uncertainty and heightened geopolitical tension and risks, which directly and indirectly affected the local economy and business sentiment of Hong Kong. Despite the challenges, the Group has recorded a gain in profit in the Year, but in order to maintain a sustainable and prudent amount of working capital for any future business development and opportunities, the Group does not recommend a final dividend for the Year.

With artificial intelligence (AI) rapidly getting more and more advance and powerful, the transformative power of its application on contact centre services and system solutions has driven us to continuously working with other AI partners in order to offer cutting-edge technologies as well as higher efficiency and value to our customers. This type of partnership will remain as our long-term business strategy to enhance our competitive position, and create enduring value for our shareholders, customers, and stakeholders.

In view of the persistently weak local property market, interest rate hikes, record high bankruptcy petitions and not yet fully recovered local economic situations, the Group had decided to dispose our money lending business at a consideration of HK\$11,000,000 on 20 December 2024.

Look forward, the Group will continue to consolidate our resources and effort to focus on our principle contact centre business services while at the same time look out for any collaboration and partnership opportunities for expanding the breadth and depth of our business in the long run.

On behalf of the Board, I would like to extend my heartfelt gratitude to our shareholders, clients, partners, and employees for their unwavering support during the Year. Your trust and collaboration have been the foundation of our success, and we remain committed to delivering long-term value to all our stakeholders.

Tang Yiu Sing

CEO

Hong Kong 24 March 2025





MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS ENVIRONMENT AND BUSINESS REVIEW

The Group is continuously engaged in the business of providing comprehensive multi-media contact centre services and contact centre system solutions in Hong Kong. The principal activities of the Group include provisions of outsourcing inbound contact centre service, staff insourcing service, contact centre facilities management service, contact center system solutions to corporate clients in Hong Kong.

The Hong Kong economy experienced moderate growth in 2024, with real GDP increasing by approximately 2.5% during the year. While overall investment expenditure continued to expand, private consumption expenditure saw a slight decline. Although weak domestic demand and a sluggish property market throughout the year contributed to a slowdown in business activities and investments across various sectors, the Group recorded a slight increase in the annual revenue during the Reporting Period.

The local unemployment rate held steady at 3.1% by the end of the year, reflecting a resilient and active labor market throughout the period. Despite the Government's introduction of various talent admission schemes aimed at enriching Hong Kong's talent pool, the Group's talent acquisition efforts have not yet fully benefited from these initiatives due to the specific nature and cost requirements of the manpower we seek. The persistently tight labor market continued to exert upward pressure on hiring costs and staff wages, which inevitably impacted our profit margins. However, the Group achieved considerable growth in its staff insourcing service during the year, marking a positive development amid these challenges.

Despite facing challenges posed by the difficult business environment, the Group achieved a strong financial performance by unlocking the intrinsic value of its assets through the disposal of its investments in Hong Kong Virtual Asset Exchange Limited and the credit financing business. The Group's management believes that these strategic disposals will enable a more efficient allocation of resources, allowing us to focus on the development of our existing businesses and explore new investment opportunities. This approach underscores our commitment to optimizing resource utilization and driving sustainable growth.

DISPOSAL OF SUBSIDIARIES

The licensed money lending sector in Hong Kong has undergone significant consolidation, with the number of licensed operators declining from a peak of 2,490 in 2021 to approximately 2,110 in 2024 a reduction of over 15% in just three years. This contraction reflects the increasingly challenging operating environment accompanied by heightened credit risks due to weakened business environment.

Given these structural headwinds alongside persistent economic uncertainty, intensified regulatory scrutiny, and fierce industry competition the Group made the strategic decision to divest its money lending business, Gear Credit Limited, on 27 December 2024. The disposal generated a gain of approximately HK\$3,644,000 and aligns with our long-term strategy to streamline operations and reallocate resources toward our core business segments.





OUTSOURCING INBOUND CONTACT SERVICE

The Group provides multi-media inbound contact service which our clients outsource to us. The inbound contact services we provide include general enquiry hotlines, promotion hotlines, customer service hotlines, order hotlines, registration hotlines, emergency hotlines and helpdesk hotlines. Our inbound operation covers 24 hours a day and 7 days a week.

OUTSOURCING OUTBOUND CONTACT SERVICE

The Group bases on the call lists provided by our clients to perform outsourcing outbound contact services including telemarketing services, customer retention services, cross-selling and customer satisfaction surveys. These services are carried out at calling hours specified by our clients.

STAFF INSOURCING SERVICE

The Group assigns contact service staff that meets the required qualification and requirements to work at our clients' contact service centres or other designated premises to help our clients in the operation of their contact services or business. We provide our clients with staff to support their activities such as customer service, telemarketing, data entry, helpdesk assistance and other backend projects.

CONTACT SERVICE CENTRE AND SERVICE CENTRE FACILITIES MANAGEMENT SERVICE

The contact service centre and service centre facilities management service is comprised of four types of service including (a) leasing of our contact centre facilities in form of workstation, (b) IVRS hosting service, (c) contact centre system hosting solution and (d) service centre facility management.

FINANCIAL SERVICES

The financial services related to securities include securities brokerage, margin lending and consultancy services related to securities.

The financial services related to asset management include provision of asset management, fund management and consultancy services related to asset management.

The financial services related to credit finance include commercial and personal lending.

On 27 December 2024, the Group discontinued its financial services operation at the time of disposal of its subsidiary, Gear Credit Limited.

OTHERS

"Others" segment which principally comprises system maintenance income, licensing income and sales of system and software income.





PROSPECT

Geopolitical tensions, volatile trade policies, and ongoing supply chain disruptions have posed significant challenges to global trade and investment flows, adversely impacting key local sectors such as logistics, retail, and finance. Additionally, the potential for a global economic slowdown, combined with rising inflation and interest rates in major economies, could further dampen consumer confidence and business sentiment in Hong Kong over the long term. These factors highlight the need for resilience and adaptability in navigating an increasingly complex and uncertain economic landscape.

However, Hong Kong's resilience and adaptability, bolstered by its robust financial infrastructure and strategic connections with Mainland China, are likely to provide a cushion for the local economy amid external challenges. Furthermore, the recent rebound in international travel and tourism has injected optimism into the market, contributing to improved business sentiment.

The Group remains cautiously optimistic about the growth potential of its staff insourcing service, particularly given the persistently low unemployment rate and tight labor market expected in the near future. To capitalize on this opportunity, the Group's management will continue to enhance its talent acquisition and retention strategies, ensuring we are well-positioned to meet the growing service demands of our clients and further expand our market presence.

Over the past year, the rapid advancement and widespread adoption of artificial intelligence (AI), along with progress in local voice recognition technology, have led to the gradual integration of AI tools – such as AI chatbots, AI voicebots, virtual assistants, and predictive analytics – into call center operations. To seize these emerging opportunities, the Group has been collaborating closely with several local AI companies to incorporate AI capabilities into our contact center system solutions and services.

Looking ahead, the Group recognizes both the opportunities and challenges in the evolving landscape. We remain committed to capitalizing on these opportunities by swiftly adopting advanced technologies, investing in innovation, and reinforcing our position as a leading player in Hong Kong's call center industry. Through these efforts, we aim to deliver enhanced value to our clients and maintain our competitive edge in a rapidly transforming market.

DIVIDEND

The board of Directors does not recommend a final dividend for the year ended 31 December 2024 (2023: NIL).

FINANCIAL ASSETS DESIGNATED AS AT FAIR VALUE THROUGH PROFIT OR LOSS

Description of the investments

Unlisted equity securities in Hong Kong (FAFVTPL I)
Unlisted equity securities in Hong Kong (FAFVTPL II)

Total

2024 HK\$'000	2023 HK\$'000
–	–
–	1,543
–	1,543





FAFVTPL I

During 2019, the Group acquired an aggregate amount of 2,470 Shares of an unlisted company incorporated in Hong Kong, Oneshop limited ("Oneshop"), at approximately HK\$2 million representing approximately 18% of the total issued share capital of Oneshop.

As at 31 December 2024, the Group held 2,470 Shares with fair value of nil.

FAFVTPL II

The Group invested 165,385 shares ("Subscription Shares"), representing approximately 6.8% of the issued share capital of Hong Kong Virtual Asset Exchange Limited ("VAX"), at HK\$12.9 million in VAX. VAX is an unlisted company currently applying to the SFC for obtaining licenses to carry out Type 1 (dealing in securities) and Type 7 (providing automated trading services) regulated activities under the SFO for the regulation of virtual asset trading platforms in Hong Kong.

As at 31 December 2024, the Group no longer held any shares of VAX.

FINANCIAL REVIEW

The Group recorded a profit attributable to owners of the Company amounted approximately HK\$17.5 million for the year ended 31 December 2024 as compared with the loss attributable to owners of the Company approximately HK\$7.9 million for the year ended 31 December 2023. The profit was mainly due to the gain on disposal of GCL and VAX and the reversal of expected credit loss.

The Group recorded the reversal of expected credit loss amounted approximately HK\$8.8 million for the year ended 31 December 2024 (2023: approximately HK\$3.8 million).

Fair value changes in the financial asset at fair value through profit or loss amounted approximately HK\$13.5 million gain for the year ended 31 December 2024 (2023: approximately HK\$0.3 million gain).





Revenue

The Group recorded an increase in total revenue to approximately HK\$3.6 million from approximately HK\$77.1 million for the year ended 31 December 2023 to approximately HK\$80.7 million for the year ended 31 December 2024.

The following table sets forth the analysis of revenue in terms of business nature of our Group for the years ended 31 December 2024 and 2023 respectively:

	Year ended 31 December 2024 HK\$'000		Year ended 31 December 2023 HK\$'000 (restated)	
		%		%
Outsourcing inbound contact service	16,174	20%	14,479	18.8%
Staff insourcing service	52,638	65.2%	49,574	64.3%
Contact service centre facilities management service	5,204	6.5%	9,385	12.2%
Others	6,710	8.3%	3,694	4.7%
Revenue	80,726	100%	77,132	100%

Outsourcing Inbound Contact Services

The revenue of outsourcing inbound contact services increased from approximately HK\$14.5 million for the year ended 31 December 2023 to approximately HK\$16.2 million for the year ended 31 December 2024.

Staff Insourcing Services

The revenue of staff insourcing services segment increased from approximately HK\$49.6 million for the year ended 31 December 2023 to approximately HK\$52.6 million for the year ended 31 December 2024. The increase of the revenue is mainly due to increase of the demand of the staff insourcing services.

Contact Service Centre and Service Centre Facilities Management Services

The revenue of the contact service centre and service centre facilities management services decreased from approximately HK\$9.4 million for the year ended 31 December 2023 to approximately HK\$5.2 million for the year ended 31 December 2024. The decrease of the revenue is mainly due to decrease of the demand of the contact service centre and service centre facilities management services.

Others

For the year ended 31 December 2024, the Group recorded a revenue in licencing and sales of system and software of approximately HK\$4.5 million (2023: approximately HK\$1.5 million), system maintenance income of approximately HK\$2.2 million (2023: approximately HK\$2.2 million).





Segment Result and Gross Profit Margin

The following table sets forth the analysis of segment result and gross profit margin by business units of our Group for the years ended 31 December 2024 and 2023 respectively:

	Year ended 31 December 2024		Year ended 31 December 2023	
	HK\$'000	GP Margin %	HK\$'000	GP Margin %
Outsourcing inbound contact service	1,345	8.3%	1,133	7.8%
Staff insourcing service	5,019	9.5%	4,437	9%
Contact service centre facilities management service	1,134	21.8%	2,427	25.9%
Others	2,789	41.6%	1,395	37.8%
Segment result	10,287	12.7%	9,392	12.2%

The gross profit percentage of our Group increased from approximately 12.2% for the year ended 31 December 2023 to approximately 12.7% for the year ended 31 December 2024. The overall increase in segment result and the gross profit margin is mainly due to increase of the gross profit of Others segment for the year ended 31 December 2024.

Outsourcing Inbound Contact Services

The gross profit margin in Outsourcing Inbound Contact services increased from approximately 7.8% for the year ended 31 December 2023 to approximately 8.3% for the year ended 31 December 2024. The increase in the gross profit margin mainly due to increase in demand of Outsourcing Inbound Contact services and reversal of Expected credit loss.

Staff Insourcing Services

The gross profit margin in staff insourcing services was similar in 2023 and 2024, only increased from approximately 9% for the year ended 31 December 2023 to approximately 9.5% for the year ended 31 December 2024.

Contact Service Centre Facilities Management Services

The gross profit margin in contact service centre facilities management services decreased from approximately 25.9% for the year ended 31 December 2023 to approximately 21.8% for the year ended 31 December 2024. The decrease in the gross profit margin mainly due to decrease in demand of Contact Service Centre Facilities Management Services.

Others

The "Others" segment principally comprises sale of system and software, licence service fee income and maintenance fee of WISE-xb Contact Centre System. The gross profit margin was increased mainly due to effective cost control of the expenditures.



Other Gains/(losses) – Net

The Group recorded net other gains amounted approximately HK\$13.5 million (2023: loss HK\$2.2 million). The other gains mainly comprise the financial effect of disposal of VAX.

Expenses

During the year under review, the employee benefits expenses increased from approximately HK\$65 million for the year ended 31 December 2023 to approximately HK\$78 million for the year ended 31 December 2024. The increases of employee benefit expenses are mainly due to more employees were employed.

The Group recorded other operating expenses amounted to approximately HK\$3.7 million (2023: approximately HK\$6.5 million). The other operating expenses mainly include auditors' remuneration, insourcing expenses, insurance, legal and professional expenses, rent and rates, repair and maintenance, subcontracting expenses, telephone expenses, travelling, entertainment, utilities expenses and the provision of expected credit loss. The other operating expenses to sales ratio decreased from approximately 8.4% for the year ended 31 December 2023 to approximately 4.5% for the year ended 31 December 2024. The reversal of expected credit loss of the financial assets increased from approximately HK\$3.8 million for the year ended 31 December 2023 to approximately HK\$8.8 million for the year ended 31 December 2024.

The Group's depreciation and amortization expenses increased from approximately HK\$2.1 million for the year ended 31 December 2023 to approximately HK\$3.3 million for the year ended 31 December 2024. The increase of depreciation and amortization expenses is mainly due to the increase of depreciation of property, plant and equipment and right-of-use asset.

Profit/(Loss) Attributable to Owners of the Company

The Group's loss attributable to owners of the Company decreased from approximately HK\$7.9 million for the year ended 31 December 2023 to profit attributable to owners for approximately HK\$17.5 million for the year ended 31 December 2024. The profit attributable to owners of the Company was mainly attributable to the reversal of credit loss, financial effect of disposal of subsidiary and VAX.

FOREIGN EXCHANGE EXPOSURE

Substantially all the revenue-generating operations of the Group were transacted in Hong Kong dollars during the year under review which is the functional currency of the Company and the presentation currency of the Group. The Group therefore does not have significant foreign exchange risk.

CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

The Group had no significant contingent liabilities as at 31 December 2024 (2023: Nil). As at 31 December 2024, there was no capital commitments outstanding but not provided for in the financial statements (2023: Nil).



SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

During the year ended 31 December 2024, the Group disposed of the entire interest in Gear Credit Limited (an indirect wholly-owned subsidiary of the Company) via Future Data Limited (an indirect wholly-owned subsidiary of the Company) to a buyer at the consideration of HK\$11,000,000 (the "Disposal"). The Disposal constituted a discloseable transaction of the Company under the GEM Listing Rules and are subject to the reporting and announcement requirements, but are exempt from Shareholders' approval requirement under the GEM Listing Rules. Details were announced in the Company's announcement dated 20 December 2024.

Save for those disclosed in this report, there were no significant investments held as at 31 December 2024, nor were there material acquisitions and disposals of subsidiaries during the year. There is no plan for material investments or capital assets as at 31 December 2024.





PARTICULARS OF DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

Executive Director

Mr. Tang Yiu Sing (鄧耀昇), aged 39, was appointed as an executive Director and a director of the relevant members of the Group on 29 July 2015 and is the Chief Executive Officer of the Group, an authorised representative, and a member of each of the Nomination Committee, the Remuneration Committee and the Risk Management and Internal Control Committee of the Company. He has over 11 years of experience in corporate management and property investment. He is the founder and Chief Executive Officer of Stan Group (Holdings) Limited ("Stan Group"), a company engaged in various businesses such as restaurant operation, hotel management, marketing, property investment, storage, wedding planning services and financing, and is responsible for the corporate strategic planning and overall business development of the company. Mr. YS Tang has been appointed as an executive director of Pine Care Group Limited (stock code: 1989), a company listed on the Main Board of Hong Kong Exchanges and Clearing Limited, with effect from 23 March 2020. He is also the Honorary Chairman of the Association for Hong Kong Catering Services Management Limited, a member of Chinese Entrepreneurs Organization, Secretary of Lions Club of Metropolitan Hong Kong and a Director of Innovative Entrepreneur Association. Mr. YS Tang obtained a master's degree in Business Administration from the University of Western Ontario in 2014. He is also the son of Mr. Tang Shing Bor, the late non-executive Director of the Company who passed away on 14 May 2021.

Independent Non-Executive Directors

Mr. Wong Kam Tai (黃錦泰), aged 51, was appointed as an independent non-executive Director on 12 January 2017 and is the Chairman of each of the Audit Committee and the Risk Management and Internal Control Committee, and a member of each of the Nomination Committee and the Remuneration Committee of the Company. Mr. Wong had been appointed as a non-executive director of Xinhua News Media Holdings Limited (Stock Code: 309), a listed company under the Main Board of Hong Kong Exchanges and Clearing Limited with effect from 8 November 2019, and his directorship ceased on 29 February 2020. He has obtained a Master of Business Administration (Strategic Financial Management) from the University of Hull in the United Kingdom in 2001, a Master of Law (Commercial Law) from the University of Northumbria at Newcastle in the United Kingdom in 2002 and a Master of Arts from Macquarie University in Australia in 2011. Mr. Wong is also a member of the Hong Kong Institute of Certified Public Accountants, a member of the Chartered Institute of Public Finance and Accountancy in the United Kingdom and a fellow member of CPA Australia. Mr. Wong has worked in the accounting field for ten years before becoming an accounting academic in 2002.





Ms. Kwong Yuk Ying (鄺玉瑩), aged 38, was appointed as an independent non-executive Director on 1 January 2023 and is the Chairman of the Remuneration Committee, and a member of each of the Nomination Committee, the Audit Committee and the Risk Management and Internal Control Committee of the Company.

From 2008 to 2009, Ms. Kwong worked as a semi-senior audit clerk at Li, Tang, Chen & Co, which was subsequently merged with Shinewing (HK) CPA Limited in 2020. From 2010 to 2013, she worked at BDO Limited, with her last position as a senior associate. From 2013 to 2016, she was a senior associate at PricewaterhouseCoopers. From 2016 to 2018, Ms. Kwong served as an accounting manager of GRS Asia Limited, being a subsidiary of Genesis Healthcare, Inc., the issued shares of which are listed on Nasdaq Stock Market in the United States (Trading Symbol: GENN). From 2018 to 2020, Ms. Kwong was the financial controller of Bamboos Health Care Holdings Limited, the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 2293).

Ms. Kwong is currently the chief financial officer and the company secretary of AV Promotions Holdings Limited, the issued shares of which are listed on GEM of the Stock Exchange (stock code: 8419). She obtained a Bachelor of Business Administration (Honours) in Accountancy from the City University of Hong Kong in 2008. Ms. Kwong is also a member of the Hong Kong Institute of Certified Public Accountants since 2013, and has over 15 years of experience in auditing, finance and accounting.

Ms. Tsang Lee Mei (曾莉梅), aged 55, was appointed as an independent non-executive Director on 6 March 2024 and is the Chairman of the Nomination Committee as well as a member of each of the Audit Committee, the Remuneration Committee and the Risk Management and Internal Control Committee of the Company.

From 2021 to 2023, Ms. Tsang served as the financial controller, company secretary and authorised representative of Satu Holdings Limited, the issued shares of which are listed on GEM of the Stock Exchange (stock code: 8392). From 2018 to 2021, Ms. Tsang worked as the financial controller and company secretary of Wecon Holdings Limited, the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 1793). From 2016 to 2018, she served as the assistant finance manager of K.H. Foundation Limited, being a subsidiary of K.H. Group Holdings Limited and the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 1557). From 2006 to 2016, Ms. Tsang worked as the finance manager of Mobicon Holdings Limited, being a subsidiary of Mobicon Group Limited and the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 1213). From 1999 to 2006, she worked at Kwong Ming Engineering Limited with her last position as a finance manager.

Ms. Tsang obtained a Bachelor degree in Combined Studies – Accounting from De Montfort University, Leicester, the United Kingdom in 1996, a Bachelor degree in Professional Accounting from Dongbei University of Finance and Economics, the People's Republic of China in 2004 and a Master of Science and Finance from the City University of Hong Kong in 2007. Ms. Tsang has also been a member of the Association of Accounting Technicians since 1994, a member of the Hong Kong Institute of Certified Public Accountants since 1999 and a fellow member of the Association of Chartered Certified Accountants since 2004. Ms. Tsang has over 30 years of experience in accounting, finance, auditing and compliance assurance industry.



SENIOR MANAGEMENT

Ms. Chang Men Yee Carol (張敏儀), aged 61, is the Chief Operating Officer of the Group. Ms. Chang joined the Group on 1 January 1991 and is also a director of all the subsidiaries of the Company. Ms. Chang is responsible for the business and resources planning, operational administration, sales and marketing supervision of the Group. Ms. Chang holds a degree in Bachelor of Arts from The University of Texas at Austin in the United States of America in 1986.

Mr. Suen Fuk Hoi (孫福開), aged 60, is the company secretary and the Finance Controller of the Group. Mr. Suen joined the Group on 20 June 2003 and is responsible for financial planning and management of the Group. Mr. Suen holds a degree in Bachelor of Business Administration from The Open Learning Institute of Hong Kong (now known as The Open University of Hong Kong) in 1995. Mr. Suen has been a member of the Hong Kong Institute of Certified Public Accountants since January 1999 and has also been admitted as an associate of the Association of International Accountants since October 1998.

Mr. Yu Yeuk Sze (余若詩), aged 58, joined the Group on 23 January 2003. He is the General Manager for Information Technology of the Group. Mr. Yu graduated with a degree in Bachelor of Science in Information Technology from the City Polytechnic of Hong Kong (now known as City University of Hong Kong) in 1991.

Mr. Cheung Chi Tat (張志達), aged 62, joined the Group on 20 August 1990. He is the Software Development Manager of the Group. Mr. Cheung obtained a Higher Diploma in Electronic Engineering from The Hong Kong Polytechnic (now known as "The Hong Kong Polytechnic University") in 1986.

Mr. Siu Man On (蕭文安), aged 46, joined the Group on 2 March 2009. He is the Head of Corporate Finance and Planning of the Group. Mr. Siu obtained a degree in Bachelor of Commerce in Australia in 2003. He is a member of Certified Practising Accountant Australia and a fellow member of The Hong Kong Institute of Certified Public Accountants.



CORPORATE GOVERNANCE PRACTICES

Recognising the importance of a publicly listed company's responsibilities to enhance its transparency and accountability, the Company is committed to maintain a high standard of corporate governance in the interests of its shareholders. The Company's corporate governance practices are based on the principles and code provisions as set out in the Corporate Governance Code (the "Code") in Appendix C1 to the GEM Listing Rules of the Stock Exchange.

For the year ended 31 December 2024, the Company has complied with all the code provisions as set out in the Code.

The Company continues to enhance its corporate governance practices appropriate to the conduct and growth of its business, and to review and improve such practices from time to time to ensure that business activities and decision making processes are regulated in a proper and prudent manner in accordance with international best practices.

CODE OF CONDUCT FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specified enquiry with the Directors, all Directors (including ex-Directors who held office during the year) confirmed that they had complied with the required standard of dealings concerning securities transactions by the Directors throughout the year ended 31 December 2024.

BOARD OF DIRECTORS

Board composition

The Board currently comprises one executive Director and three independent non-executive Directors. The composition of the Board is as follows:

Executive Director

Mr. Tang Yiu Sing (*Chief Executive Officer*)

Independent Non-Executive Directors

Mr. Wong Kam Tai

Ms. Kwong Yuk Ying

Ms. Tsang Lee Mei (newly appointed on 6 March 2024)

Pursuant to the announcement made by the Company on 29 December 2023, Mr. Cheung Kong Ting ("Mr. Cheung") resigned as an INED with effect on 1 January 2024. Following Mr. Cheung's resignation, the Board comprised four members with two executive Directors (including Mr. Yeung Ka Wing who resigned on 5 February 2024) and two independent non-executive Directors. As a result, the number of INEDs fell below the minimum number of three as prescribed under Rule 5.05 of the GEM Listing Rules. And, the Company failed to meet the requirement on appointing INEDs representing at least one-third of the Board pursuant to Rule 5.05A of the GEM Listing Rules. The Audit Committee only had two members which is below the minimum number prescribed under Rule 5.28 of the GEM Listing Rules. The Nomination Committee comprised of four members, two of which were executive Directors (including Mr. Yeung Ka Wing who resigned on 5 February 2024) and two of which were independent non-executive Directors, which failed to meet the requirement that the nomination committee must comprise a majority of independent non-executive directors under Rule 5.36A of the GEM Listing Rules.

In order to comply with the abovesaid GEM Listing Rules, the Company identified Ms. Tsang Lee Mei to fill up the abovementioned vacancy on 6 March 2024, within three months from 1 January 2024 as prescribed under Rules 5.06 and 5.33 of the GEM Listing Rules. Please refer to the Company's announcement dated 6 March 2024 for details.



The particulars of the Directors and other senior management are disclosed in the section headed “Particulars of Directors and Senior Management” on pages 14 to 16 in this report. Save as disclosed in this report, there is no relationship, including financial, business, family or other material/relevant relationship(s) among members of the Board. The Board formed the view that the composition of the Board is well balanced. Each of the Directors has relevant expertise and extensive corporate and strategic planning experiences that may contribute to the business of the Group.

The Board is accountable to shareholders for the Company’s performance and activities and is responsible for the leadership and control of, and promoting the success of the Company. This is achieved by the setting up of corporate and strategic objectives and policies, and the monitoring and evaluations of operating activities, internal control policies and financial performance of the Company.

All Directors carry out their duties in good faith and in compliance with applicable laws and regulations, taking decisions objectively and acting in the interests of the Company and its shareholders at all times.

The day-to-day management, administration and operations of the Company are delegated to the Chief Executive Officer and senior management of the Company. The Board has delegated a schedule of responsibilities to these officers for the implementation of the Board’s decisions. The Board periodically reviews the delegated functions and work tasks. Prior to entering into any significant transactions, the aforesaid officers have to obtain the Board’s approval. The Board reserves for its decision on all major matters of the Company, including the approval and monitoring of all policy matters, overall strategies and budgets, material transactions (in particular those that may involve conflict of interests), financial information, appointment of directors and other significant financial and operational matters.

The Company has received a written confirmation of independence from each of the INEDs pursuant to Rule 5.09 of the GEM Listing Rules. The Company, based on such confirmation, considers all INEDs to be independent.

Directors’ training

Each of the newly appointed Directors (if any) is provided with necessary induction and information to ensure that he has a proper understanding of the Company’s operations and businesses as well as his responsibilities under relevant statutes, laws, rules and regulations. The company secretary of the Company (the “Company Secretary”) also provides Directors with updates on latest development and changes in the GEM Listing Rules and other relevant legal and regulatory requirements from time to time.

The Directors, namely Mr. Tang Yiu Sing, Mr. Yeung Ka Wing (ceased as Director on 5 February 2024), Mr. Wong Kam Tai, Ms. Kwong Yuk Ying and Ms. Tsang Lee Mei (newly appointed as Director on 6 March 2024), also participated in the continuous professional developments in relation to regulatory update, the duties and responsibility of the Directors and the business of the Group by attending seminars/courses and/or reading relevant materials thereto.

Board meeting and procedures

The Board schedules at least four meetings a year at approximately quarterly intervals and will meet as necessary to discuss the overall strategy and operational or financial performance of the Company. The Directors can attend Board meetings in persons or through other means of electronic communication in accordance with the articles of association of the Company (the “Articles of Association”). All Board meetings involve the active participation of the Directors who make effort to contribute the formulation of policy and the success of the Company.



Directors' attendance at Board/Board committee/general meetings

The Board held seven Board meetings during the year ended 31 December 2024. The attendance records of individual directors at such meetings and the annual general meeting held by the Company during the year under review are set below:

	Number of Meeting Attended/Held ⁽¹⁾	
	Board Meeting	General Meeting
Executive Directors:		
Mr. Tang Yiu Sing	5/7	1/1
Mr. Yeung Ka Wing (resigned on 5 February 2024)	N/A	N/A
Independent Non-executive Directors:		
Mr. Wong Kam Tai	7/7	1/1
Ms. Kwong Yuk Ying	7/7	1/1
Mr. Tsang Lee Mei (appointed on 6 March 2024)	6/7	1/1

Note:

1. Refers to the number of meetings attended/held while the Board member holds his office.

The Company Secretary is responsible for assisting the Chief Executive Officer to prepare the agenda of Board meetings (the "Agenda") and each Director may request to include any matters in the Agenda. Notice of at least fourteen days is given for a regular Board meeting. The Board papers are circulated at least three days before the Board meetings to enable the Directors to make informed decisions on matters to be raised at the Board meetings. All Directors may access the advice and services of the Company Secretary who regularly updates the Board on corporate governance and regulatory matters. In addition, the Company has maintained a procedure for the Directors to seek independent professional advice, in appropriate circumstances, at the Company's expense in discharging their duties to the Company. The Company Secretary is also responsible for preparing minutes and keeping records in sufficient detail of matters discussed and decisions resolved at all Board meetings. Draft Board minutes are normally circulated to all Directors for comments within a reasonable time after each Board meeting. All minutes of the Board meetings are open for inspection at any reasonable time on reasonable notice by any Director.

Should a potential conflict of interest involving a substantial shareholder or a Director arise, the matter will be discussed in a physical meeting, as opposed to being dealt with by written resolution. Independent non-executive Directors with no conflict of interest will be present at meetings dealing with such conflict issues.

The Company has arranged appropriate directors and officers liability insurance in respect of legal action against the Directors.

Independent non-executive Directors are identified as such in all corporate communications containing the names of the Directors. An updated list of the Directors identifying the independent non-executive Directors and the roles and functions of the Directors is maintained on the websites of the Company and the Stock Exchange.



CHAIRMAN AND CHIEF EXECUTIVE OFFICER

No Chairman has been appointed since Mr. Tang Shing Bor passed away on 14 May 2021. Mr. Tang Yiu Sing is the Chief Executive Officer of the Company.

DIRECTORS' APPOINTMENT, RE-ELECTION AND REMOVAL

Mr. Tang Yiu Sing, executive Director, entered into a renewed service contract with the Company for a term of three years commencing on 29 July 2024.

Mr. Wong Kam Tai, independent non-executive Director, entered into a renewed service contract with the Company for a term of three years commencing on 12 January 2023.

Ms. Kwong Yuk Ying, an independent non-executive Director appointed on 1 January 2023, entered into a letter of appointment with the Company for a term of three years commencing on 1 January 2023.

Ms. Tsang Lee Mei, an independent non-executive Director newly appointed on 6 March 2024, entered into a letter of appointment with the Company for a term of three years commencing on 6 March 2024.

All Directors are subject to retirement by rotation at least once in every three years in accordance with the Articles of Association. The Directors to retire every year shall be those appointed by the Board during the year and those who have been longest in office since their last re-election.

BOARD COMMITTEES

Nomination Committee

The Nomination Committee was established with written terms of reference in compliance with the GEM Listing Rules and the Code from time to time. The written terms of reference of the Nomination Committee are available on the websites of the Stock Exchange and the Company.

The Nominee Committee is responsible for the formulation of nomination policies, review of the structure, size and composition (including the skills, knowledge and experience) of the Board on a regular basis, and where necessary, nominating potential candidates to fill casual vacancies or for additional appointments on the Board and senior management of the Company.

The Chairman may in conjunction with other Directors from time to time review the structure, size and composition of the Board in particular to ensure there are appropriate numbers of Directors on the Board. The Board may also identify and nominate qualified individuals for appointment as new Directors based on their qualifications, abilities and potential contributions to the Company.



Below are the nomination procedure and process:

- The evaluation, recommendation, nomination, selection and appointment or re-appointment of each proposed Director shall be assessed and considered by the Nomination Committee and the Board against the selection criteria and the Board Diversity Policy.
- In the appointment of a proposed Director, the Nomination Committee shall evaluate the candidate's eligibility based on the selection criteria. If multiple candidates are involved, the Nomination Committee shall prioritize them according to the Company's needs and the candidates' respective qualification.

The Board will review the nomination procedure and process from time to time.

The members of the Nomination Committee currently comprise Ms. Tsang Lee Mei (Chairman), Mr. Tang Yiu Sing, Mr. Wong Kam Tai and Ms. Kwong Yuk Ying, the majority of whom being independent non-executive Directors.

The Nomination Committee held two meetings during the year ended 31 December 2024, and the attendance records of the individual committee members are set out below:

	Number of Meetings Attended/Held ⁽¹⁾
Ms. Tsang Lee Mei (<i>Chairman</i>) (appointed on 6 March 2024)	1/2
Mr. Tang Yiu Sing (<i>Chairman</i>) (up to 5 March 2024)	2/2
Mr. Wong Kam Tai	2/2
Ms. Kwong Yuk Ying	2/2
Mr. Yeung Ka Wing (resigned on 5 February 2024)	N/A

Note:

1. Refers to the number of meetings attended/held while the member of Nomination Committee holds his office.

The summary of work of the Nomination Committee during the year is as follows:

- reviewed the Board's structure, size and composition based on the board diversity policy adopted by the Board of Directors in September 2013 (the "Board Diversity Policy");
- reviewed the independence of the independent non-executive Directors; and
- made recommendation on the retiring Directors at the Annual General Meeting of the Company.

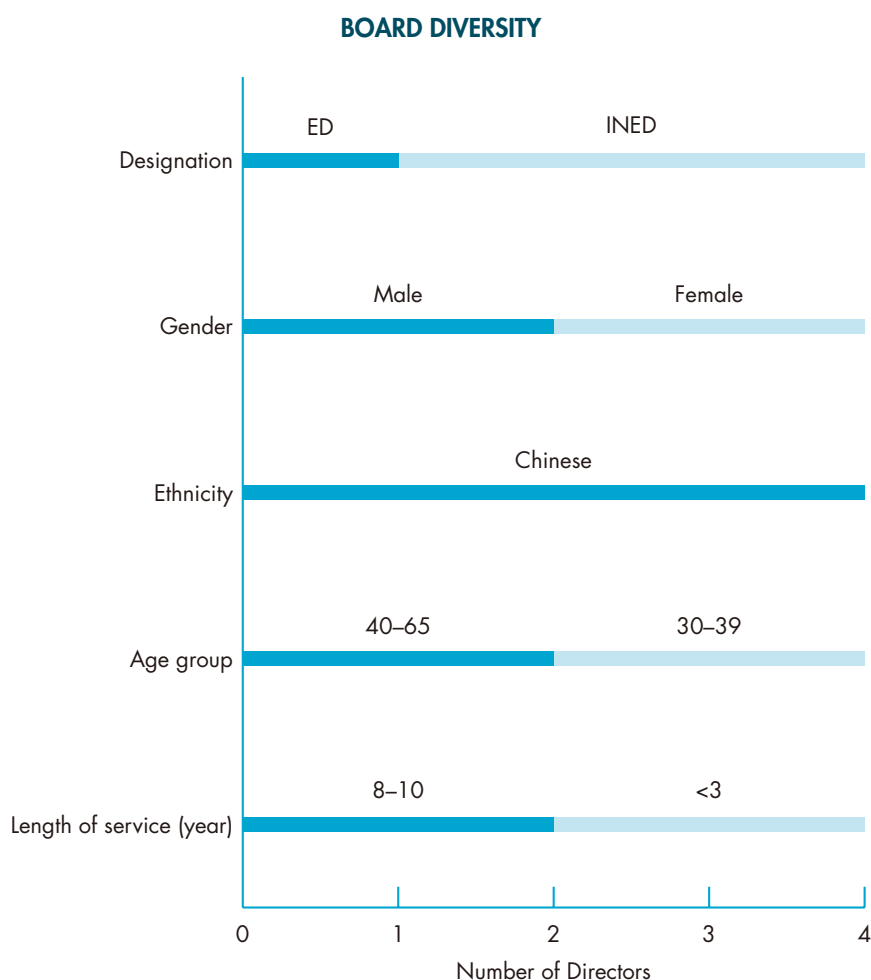




According to the Board Diversity Policy, in designing the Board's composition, the diversity of the Board has been considered from a number of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of the diversity on the Board. Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

The Nomination Committee reviewed the Board's composition under diversified perspectives, and monitored the implementation of the Board Diversity Policy annually.

As at 31 December 2024, the Board's composition under major diversified perspectives was summarized as follows:



ED: Executive Director

INED: Independent Non-Executive Director

The gender ratio in the workforce (including senior management) is detailed under "Diversity and Equal Opportunity" in the ESG Report on page 42 of the 2024 Annual Report.





DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility to prepare the Company's financial statements for each financial period and to ensure that the financial statements are prepared in accordance with the statutory requirements and applicable accounting standards. The statement prepared by the external auditors of the Company about their responsibilities on the financial statements of the Company for the year ended 31 December 2024 is set out in the Independent Auditors' Report on pages 63 to 67. The Board also ensures the timely publication of the financial statements. The Directors, having made appropriate enquiries, confirm that they are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern. The management provides sufficient explanation and information to the Board to enable it to make an informed assessment of financial and other information before approval.

The Directors are provided with monthly updates on the Company's performance, position and prospects to enable the Board as a whole and each Director to discharge their duties under the GEM Listing Rules.

Remuneration Committee

The Remuneration Committee was established with written terms of reference in compliance with the GEM Listing Rules and the Code from time to time. The written terms of reference of the Remuneration Committee are available on the websites of the Stock Exchange and the Company.

The primary duties of the Remuneration Committee are mainly to make recommendations to the Board on the overall remuneration policy and structure relating to the Directors and senior management of the Group, review and evaluate their performance in order to make recommendations on the remuneration package of each of the Directors and senior management personnel as well as other employee benefit arrangements.

The members of the Remuneration Committee currently comprise Ms. Kwong Yuk Ying (Chairman), Mr. Tang Yiu Sing, Mr. Wong Kam Tai and Ms. Tsang Lee Mei, the majority of whom being independent non-executive Directors.

The Remuneration Committee held three meetings during the year ended 31 December 2024, and the attendance records of the individual committee members are set out below:

	Number of Meetings Attended/Held ⁽¹⁾
Ms. Kwong Yuk Ying (<i>Chairman</i>)	3/3
Mr. Tang Yiu Sing	3/3
Mr. Wong Kam Tai	3/3
Ms. Tsang Lee Mei (appointed on 6 March 2024)	2/3

Note:

1. Refers to the number of meetings attended/held while the member of Remuneration Committee holds office.





The summary of work of the Remuneration Committee during the year is as follows:

- reviewed the remuneration package of an executive Director and the Director's fee of all independent non-executive Directors, and recommended to the Board for approval; and
- reviewed the revenue of the respective employment contract of the executive and non-executive Directors and recommended to the Board for approval.

Audit Committee

The Audit Committee was established with written terms of reference in compliance with the GEM Listing Rules and the Code from time to time. The written terms of reference of the Audit Committee are available on the websites of the Stock Exchange and the Company.

The primary duties of the Audit Committee are mainly to make recommendations to the Board on the appointment and removal of the external auditors, review the financial statements and related materials and provide advice in respect of the financial reporting process and oversee the internal control procedures of the Group.

The members of the Audit Committee currently comprise Mr. Wong Kam Tai (Chairman), Ms. Kwong Yuk Ying and Ms. Tsang Lee Mei, all being independent non-executive Directors.

The Audit Committee held three meetings during the year ended 31 December 2024, and the attendance records of individual committee members are set out below:

	Number of Meetings Attended/Held ⁽¹⁾
Mr. Wong Kam Tai (<i>Chairman</i>)	3/3
Ms. Kwong Yuk Ying	3/3
Ms. Tsang Lee Mei (appointed on 6 March 2024)	3/3

Note:

1. Refers to the number of meetings attended/held while the member of Audit Committee holds his office.

The summary of work of the Audit Committee during the year is as follows:

- met with the external auditors and reviewed the annual, interim and quarterly reports of the Company;
- reviewed the effectiveness of the Company's internal control and risk management systems;
- reviewed and approved audit fee; and
- recommended the re-appointment of auditors.





Risk Management and Internal Control Committee

The Risk Management and Internal Control Committee ("RMICC") was established in November 2015 in compliance with the GEM Listing Rules as amended applying to the accounting periods beginning and after 1 January 2016.

The primary duties of the RMICC are:

- (a) to evaluate the nature and extent of the Group's exposure to the risks in its business and the external environment and to review and ensure that the Group establishes and maintains appropriate and effective risk management and internal control systems;
- (b) to oversee the management in the design, implementation and monitoring of the risk management and internal control systems of the Group and ensure that a review of the effectiveness of such systems has been conducted at least annually; and
- (c) to monitor the effectiveness of the internal audit procedures in the compliance of the non-competition arrangement for controlling shareholders of the Company.

The members of the RMICC currently comprise Mr. Wong Kam Tai (Chairman), Mr. Tang Yiu Sing, Ms. Kwong Yuk Ying and Ms. Tsang Lee Mei, the majority of whom being independent non-executive Directors.

The RMICC held two meetings during the year ended 31 December 2024, and the attendance records of the individual committee members are set out below:

	Number of Meetings Attended/Held ⁽¹⁾
Mr. Wong Kam Tai (<i>Chairman</i>)	2/2
Mr. Tang Yiu Sing	2/2
Ms. Kwong Yuk Ying	2/2
Ms. Tsang Lee Mei (appointed on 6 March 2024)	2/2
Mr. Yeung Ka Wing (resigned on 5 February 2024)	N/A

Note:

1. Refers to the number of meetings attended/held while the member of the Risk Management and Internal Control Committee holds his office.

The summary of work of the Risk Management and Internal Control Committee during the year is as follows:

- to review whether there are any conflict of interests or competition of business between the Company and the company owned by an executive director of the Company; and
- to review the credit risk, the liquidity risk and the business risk of the Group.

The Company considered that its risk management and internal control systems are effective and adequate.



Auditors and their remuneration

The consolidated financial statements for the year ended 31 December 2024 were audited by HLB Hodgson Impey Cheng Limited (“HIC”) whose term of office will expire upon the forthcoming annual general meeting of the Company. The Audit Committee has recommended to the Board that HIC be re-appointed as the auditors of the Company at the forthcoming annual general meeting of the Company.

During the year ended 31 December 2024, the remuneration paid or payable to HIC, the auditors of the Company, in respect of the audit services rendered was approximately HK\$850,000 (2023: HK\$1,000,000) and the non-audit services rendered was nil (2023: nil).

Internal control

The Board acknowledges its responsibility for maintaining an adequate and effective internal control system to safeguard shareholders’ investments and Company’s assets. The Company has established the internal control department for monitoring, testing and reviewing the Group’s internal control system. It is in charge of verifying and reviewing the Group’s operation and making recommendations for improvement to the Group by providing reports on the adequacy and effectiveness of the arrangements for risk management, control and corporate governance of the Group.

The Board and the Audit Committee have conducted review of the internal control system of the Group twice during the year under review to ensure an effective and adequate internal control system in place. Based on the reviews conducted, the Board and the Audit Committee are of the opinion that, in the absence of any evidence to the contrary, the internal control system in place is adequate in meeting the current scope of the Group’s business operations.

Corporate governance functions

The Board, including all the executive Directors and independent non-executive Directors, is responsible for performing the corporate governance duties including developing and reviewing the Company’s policies and practices on corporate governance. With the assistance of the Company Secretary, the Board reviews and monitors the training and continuous professional development of the Directors and senior management and the Company’s policies and practices on compliance with legal and regulatory requirements. The Board is also responsible for developing, reviewing and monitoring the code of conduct and compliance manual (if any) applicable to the employees and Directors.

DELEGATION BY THE BOARD

While at all times the Board retains full responsibility for guiding and monitoring the Company in discharging its duties, certain responsibilities are delegated to various board committees which have been established by the Board to deal with different aspects of the Company’s affairs. Unless otherwise specified in their respective written terms of reference as approved by the Board, these board committees are governed by the Company’s Articles of Association as well as the Board’s policies and practices (in so far as the same are not in conflict with the provisions contained in the Articles of Association).

With the establishment of the Audit Committee, Remuneration Committee, Nomination Committee, the RMICC, the independent non-executive Directors will be able to effectively devote their time to perform the duties required by the respective board committees.



The Board has also delegated the responsibility of implementing its strategies and the day-to-day operation to the management of the Company under the leadership of the executive Directors. Clear guidance has been made as to the matters that should be reserved to the Board for its decision which include matters on, inter alia, capital, finance and financial reporting, internal controls, communication with shareholders, Board membership, delegation of authority and corporate governance.

COMPANY SECRETARY

The Board approves the selection, appointment or dismissal of the Company Secretary. The Company Secretary reports to the Chairman of the Board and/or the Chief Executive Officer of the Company. All Directors have access to the advice and services of the Company Secretary to ensure that board procedures, and all applicable laws, rules and regulations, are followed.

During the year under review, Mr. Suen Fuk Hoi acted as company secretary of the Company. Mr. Suen Fuk Hoi undertook over 15 hours' professional training to update his skill and knowledge in compliance with the GEM Listing Rules.

CHANGES IN CONSTITUTIONAL DOCUMENTS

During the year under review, there are no changes in the constitutional documents of the Company.

SHAREHOLDERS' RIGHTS

According to the Articles of Association of the Company, any one or more shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Company Secretary, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two (2) months after the deposit of such requisition. If within twenty-one (21) days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

And, if a shareholder wishes to propose a person other than a Director retiring at the meeting for election as a Director at an annual general meeting, the shareholder (other than the person to be proposed) duly qualified to attend and vote at the meeting should deposit a written notice of nomination at the head office of the Company or at the office of the Company's Branch Share Registrar at least a 7-day period commencing from the day after the dispatch of the notice of the annual general meeting and ending on no later than seven (7) days prior to the date of such general meeting. The relevant procedures are set out in the circular regarding, among others, the 2025 Annual General Meeting of the Company, which will be delivered together with the 2024 Annual Report of the Company to the shareholders.



THE PROCEDURES FOR SENDING ENQUIRIES TO THE BOARD

Specific enquiries from shareholders to the Board can be sent in writing to the Company at our head office in Hong Kong or by email through info@eprotel.com.hk as stated on the Company's website.

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

The Board recognises the importance of maintaining clear, timely and effective communication with the shareholders and investors of the Company. The Board also recognises that effective communication with investors is the key to establish investors' confidence and to attract new investors. Therefore, the Company has established a range of communication channels between itself and its shareholders, and investors. These include answering questions through the annual general meeting of the Company, the publication of annual, interim and quarterly reports, notices, announcements and circulars. The Company also disseminates information to the shareholders and investors of the Company through its website at www.etsgroup.com.hk.

The Chairman of the Board or the Chief Executive Officer of the Company attends the annual general meeting. The chairmen of the Audit, Remuneration and Nomination Committees and the RMICC are invited to attend the annual general meeting to answer questions at the annual general meeting. The external auditors are invited to attend the annual general meeting to answer questions about the conduct of the audit, the preparation and content of the auditors' report, the accounting policies and auditor independence.

The notice of annual general meeting is distributed to all shareholders at least 21 clear days prior to the annual general meeting and the accompanying circular also sets out details of each proposed resolution and other relevant information as required under the GEM Listing Rules. The chairman of the annual general meeting exercises his power under the Articles of Association of the Company to put each proposed resolution to the vote by way of a poll. The procedures for demanding and conducting a poll are explained at the meeting prior to the polls being taken. Voting results are posted on the GEM website and the Company's website on the day of the annual general meeting.

Save as mentioned under the sub-heading "The Procedures for Sending Enquiries to the Board" above, in order to provide more relevant information to our shareholders, the Company has published all corporate information, news and events about the Group on its website for easy access by the shareholders.

The Company reviewed the shareholders' communication policy and considered its implementation during the year being effective.



THE BOARD'S ESG STATEMENT

ETS Group Limited (the "Company") and its subsidiaries (collectively the "Group" or "we" or "us") is pleased to present the Environmental, Social and Governance Report (the "ESG Report") for the period from 1 January 2024 to 31 December 2024 ("2024" or "Reporting Period") which summarizes the Group's environmental, social and governance ("ESG") initiatives and performances in a transparent manner and demonstrates our ongoing commitment for long term sustainable development.

The Group is committed to driving sustainable, long-term business growth while fostering positive change for the communities we serve, our people, and the environment. The Board oversees our strategic direction, ensuring that our ESG strategy aligns with the core values of our businesses. Recognizing the environmental impact of our operations, we actively integrate sustainability into our decisions and practices promoting energy efficiency, waste reduction, recycling, and other green initiatives. As part of our corporate social responsibility commitment, we have established measurable targets across key ESG areas, including greenhouse gas emissions, energy and water consumption, and waste management, with rigorous performance monitoring to track progress and trends.

Moving forward, the Group remains committed to advancing our sustainability performance and expanding our corporate responsibility efforts. We will continue to create meaningful value for all stakeholders and drive a positive impact through our business operations.

ESG Governance

The Board of Directors (the "Board") holds ultimate responsibility for overseeing the Group's ESG direction, strategy, governance, and disclosures. The Board reviews and approves ESG goals, targets, priorities, and policies, while ensuring robust risk management and internal controls are in place to address ESG-related matters effectively.

The ESG Committee (the "Committee") consists of senior management representatives and core members from across the Group's various departments. Its primary mandate is to review and analyze ESG-related information gathered by these members. The Committee serves as a strategic advisory body that identifies and evaluates potential ESG risks for management consideration, develops recommendations on ESG matters for Board review and approval, and ensures the effective alignment of ESG initiatives with our business operations and corporate objectives.

Reporting Scope

The Group is principally engaged in the business of providing contact center services and system solutions, and this ESG Report primarily covers the Group's operational activities conducted within its Hong Kong premises.

The reporting scope remains consistent with that of the financial year ended 31 December 2023, with no material changes. As part of our ongoing commitment to ESG transparency, we will continue to evaluate relevant ESG factors across all business units and expand our disclosure scope as appropriate to reflect our operational footprint and stakeholder expectations.





Reporting Framework

This ESG Report has been prepared in accordance with the Environmental, Social and Governance Reporting Guide (the “ESG Reporting Guide”) as set out in Appendix C2 of the Rules Governing the Listing of Securities on GEM (the “GEM Listing Rules”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). Information relating to the corporate governance practices of the Group has been set out in the Corporate Governance Report in the Company’s 2024 annual report.

Reporting Principles

The Group has applied the following principles for the preparation of this ESG Report:

Materiality:	Materiality assessment has been conducted to identify material ESG issues that have major impacts on investors and other stakeholders. Corresponding economic and ESG targets, metrics, initiatives and progress are reviewed by the Committee and the Board.
Quantitative:	Measurable key performance indicators (“KPIs”) have been established for relevant comparisons under appropriate conditions. Information on the standards, methodologies, assumptions and conversion factors used have been disclosed when applicable.
Balance:	The data and content have been disclosed in an objective manner, providing our stakeholders with unbiased information.
Consistency:	Consistent statistical methodologies and presentation of KPIs have been used to allow meaningful comparisons of related data over time.





Sustainability Goal

The Group strategically established our ESG goals with reference to the guideline set out by the announcement of the United Nations (UN) Sustainable Development Goals (SDGs) which came into force in January 2016, to address ESG issues which is material to the Group's business and stakeholders, while contributing towards a sustainable future. We have identified three specific SDGs that most related to our business nature as a service provider of comprehensive multi-media contact services and contact centre system as follow:



SDG5 – Achieve gender equality and empower all women and girls

Gender equality is one of the cornerstones of our ESG strategy, reflecting our commitment to fostering an inclusive and equitable workplace. We prioritize equal opportunities for all employees, regardless of gender, through fair hiring practices, pay equity, and leadership development programs. By promoting diversity and empowering women in decision-making roles, we aim to drive innovation and sustainable growth. Through these efforts, we contribute to SDG5, ensuring a more just and sustainable future for all. During the Year, we recorded approximately 58% female employees including approximately 13% at management level.



SDG9 – Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.

We align our operations with SDG9 by delivering innovative call centre services and system solutions that drive efficiency, resilience, and sustainable growth. Our advanced technologies, together with AI and automation tools, enable businesses to build robust communication channels and infrastructures for their operations. We are committed to fostering innovation by continuously improving our systems to meet evolving customer needs and support inclusive industrialization. By integrating sustainable practices into our operations and product design, we contribute to building resilient infrastructure and promoting technological progress, ensuring a positive impact on both our clients and businesses.



SDG 16 – Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels

Aligned with SDG 16's vision for peace, justice and strong institutions, the Group maintains rigorous governance frameworks to combat corruption and promote institutional integrity. We have implemented comprehensive anti-corruption policies that enforce strict compliance with all applicable anti-bribery legislation across our operations. To further institutional transparency, the Group has established a protected whistleblower mechanism that guarantees confidential reporting channels for unethical conduct or corruption concerns. This system is designed to safeguard reporting parties from any form of retaliation, thereby fostering a culture of accountability and ethical business practice throughout our organization.





We target to maintain zero corruption and fraud incidents across the Group's operations (2023: nil). The relevant policy of the Group is presented in the section "Anti-Corruption". We also set out our target on zero discrimination incidents across the Group's operations (2023: nil).

Stakeholder Engagement

The Group maintains an active stakeholder engagement framework that informs both our business strategy and ESG priorities. Recognizing that sustainable growth requires inclusive decision-making, we employ diversified communication channels to understand and harmonize the interests of all stakeholders – including shareholders, employees, customers, business partners, regulatory bodies, government entities, NGOs, and broader community.

Key Stakeholders	Communication Channels
Shareholders	<ul style="list-style-type: none"> • Annual general meeting and other shareholder meetings • Financial reports • Announcements and circulars • Company website
Staff	<ul style="list-style-type: none"> • Performance review • Bulletin board • Internal meetings and emails
Customers and business partners	<ul style="list-style-type: none"> • Meetings, telephone communications and emails • Sales and operation teams • Customer satisfaction surveys
Government and regulatory authorities	<ul style="list-style-type: none"> • Statutory filings and notifications • Written or electronic communications • Public consultation
Suppliers	<ul style="list-style-type: none"> • Business meetings and emails • Performance appraisal • Procurement processes
NGO and the public	<ul style="list-style-type: none"> • Collaboration and volunteer activities • Financial reports and announcements • ESG report

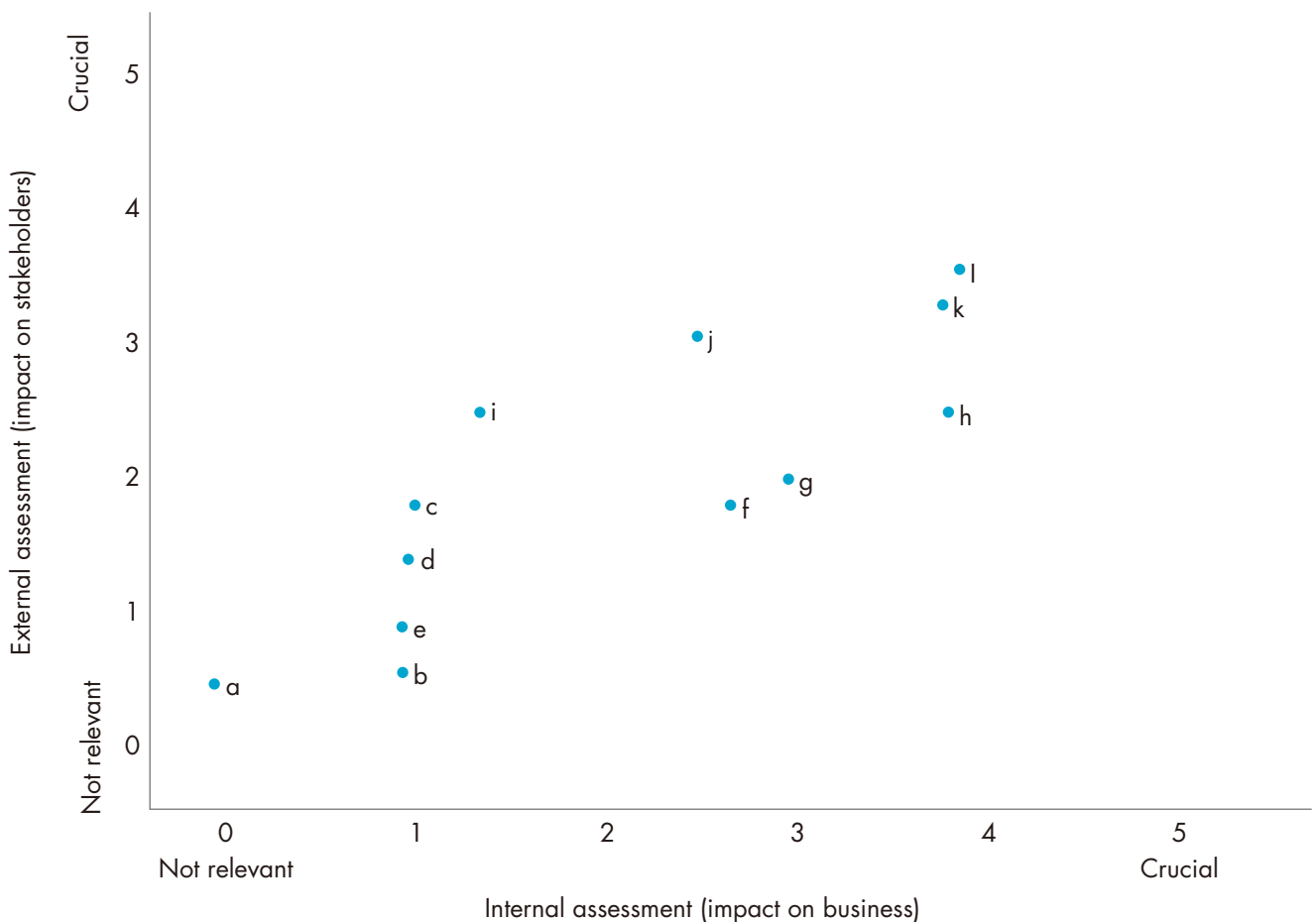




MATERIALITY ASSESSMENT

Through the engagement of different stakeholders, the Committee has conducted materiality assessment of various ESG aspects based on the significance of economic, environmental and social impacts on the Group as well as stakeholders. The results of the materiality assessment as depicted in the following matrix were reviewed and approved by the Committee and is used to determine the focus of the Group's ESG strategy, assess our business risks and improve our ESG policies and execution.

MATERIALITY MATRIX



Notes: a: Greenhouse Gas Emissions, b: Energy and Waste Management, c: Health and safety, d: Diversity & Equal Opportunity, e: Supply Chain Management, f: Training Program, g: Employment Practices, h: Talent Retention & Management, i: Contribution to Society, j: Anti-corruption and Business Ethics, k: Customer Satisfaction and Service Quality, l: Customer Privacy and Data Protection

Our latest materiality assessment reveals that stakeholders' priority ESG concerns remain consistent with the previous year's findings. The most significant issues identified are (1) customer privacy and data protection, (2) customer satisfaction and service quality, (3) talent retention and management, and (4) anti-corruption and business ethics.

Additional material topics including social contribution, fair employment practices, and employee training and development continue to rank prominently among stakeholder priorities.



The Group conducts regular reviews of these material ESG factors through our established governance processes, ensuring they inform our ongoing sustainability strategy and drive continuous performance improvement across all relevant business functions.

Review and Approval

The Group has taken responsibility to ensure the integrity of this ESG Report during the Reporting Period and the ESG Report has been reviewed and approved by the Board and the Committee.

Feedbacks

We value comments and suggestions from our stakeholders, and are pleased to receive your valuable feedback on this ESG Report. Please feel free to share your view with us by email at info@eprotel.com.hk.

PART A – Environmental

A1. Emissions

The Group continued its commitment as a responsible corporate citizen by making inroads in environment protection. We embrace our responsibilities by promoting energy saving, waste reduction, recycling and other green initiatives in our business decisions and operations. We constantly educate our staff to raise their awareness on environmental protection and apply the practice to our day-to-day operation of the business.

Integral to our efforts is the cultivation of a green office culture, where employees are encouraged to adopt eco-friendly practices. The Group has implemented and regularly reviewed our Environmental Policy that based on “Reduce, Reuse, Recycle and Replace” principles. The major objective of the Environmental Policy is to ensure our energy consumption, air emission, waste disposal and recycling are conducted in an environmental responsible manner, and always comply with the relevant environmental laws and regulations. Moreover, we continue to look for and implement more environmental friendly initiatives to enhance our ESG performance.

As our business is mainly engaged in provision of services, the operations of the Group do not have significant impacts on the environment, and the principal emissions from the Group were air and greenhouse gas (“GHG”) emissions from the company vehicle and the consumption of electricity and paper. Despite our relatively insignificant impact made to the environment, the Group is dedicated to maintain sustainable consumption to help to combat climate changes as best as we can.

During the Reporting Period, the Group has not identified any material non-compliance of environmental laws and regulations, including but not limited to Air Pollution Control Ordinance, Water Pollution Control Ordinance, Water Disposal Ordinance and Noise Control Ordinance that would have a significant impact on the Group.

Exhaust Gas Emissions

The Group mainly provides contact centre services to our customers and the corresponding air emission generated is not significant. The major source of air emission was generated from fuel consumption by the Company’s motor vehicle (Scope 1).

We continued to achieve our target to maintain the total air emission under 4,000g. During the Reporting Period, the Group’s total exhaust air emissions has slightly increased 1.6% to 3,400g in the Year 2024 as compared to approximately 3,348g in 2023.



The Group continuously to encourage the staffs to use the company vehicle as a transportation tool in a responsible manner. The Group will continue to responsibly manage exhaust air emission through regular maintenance of the motor vehicle to achieve efficient fuel consumption and considers to switch to electric vehicle at the suitable time.

The Group's exhaust air emission performance was as follows:

Exhaust air emission	Unit	2024	2023	%
Nitrogen Oxides (NO _x)	g	3,122	3,075	1.5%
Sulphur Oxides (SO _x)	g	48	47	2.1%
Particulate matter (PM)	g	230	226	1.8%
Total emission:		3,400	3,348	1.6%

GHG Emission

The Group is committed to low-carbon generation and promotes corporate green transformation. The Group's main GHG emissions came from direct fuel consumption by the company's petrol vehicle (Scope 1) and electricity consumption for the business operations (Scope 2). During the Reporting Period, the Group's total GHG emission performance was as follows:

	Unit	2024	2023	%
Direct GHG emission (Scope 1)	tonnes of CO ₂ e	8.67	8.54	15%
Indirect GHG emission (Scope 2)	tonnes of CO ₂ e	133.7	152.18	-12.1%
Total GHG emission ¹	tonnes of CO ₂ e	142.39	160.72	-11.4%
GHG emission intensity per floor area ²	tonnes of CO ₂ e/ft ²	0.0099	0.0105	-0.8%

Notes:

1. GHG emissions data are presented in terms of carbon dioxide equivalent and in reference to, including but not limited to, the reporting requirements of the "GHG Protocol Corporate Accounting and Reporting Standard" issued by the World Resources Institute and the World Business Council for Sustainable Development, the "How to prepare an ESG Report – Appendix II: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange of Hong Kong Limited and the "2023 Sustainability Report" published by the CLP Power Hong Kong.
2. total floor area for calculating intensity data, FY2024: 14,290 ft²; FY2023: 16,000 ft².

During the Reporting Period, the Group did not record any indirect emissions generated from air travelling for business.

The Group continued to achieve our target for 2024, which is to maintain the total GHG emissions to less than 400 tonnes of CO₂e per year. During the Reporting Period, the Group's total GHG emissions has decreased by approximately 11.4% from approximately 160.72 tonnes of CO₂e in 2023 to approximately 142.39 tonnes of CO₂e in 2024 as a result of implementing more effective fuel and energy conservation measures.



Hazardous Waste Handling

The Group did not generate any hazardous waste during the Reporting Period. Our Environmental Policy provides practical guidelines in governing the use, storage and disposal of chemical waste generated from the operation. In case there is any hazardous waste produced, the Group will engage qualified chemical waste management company to handle the chemical waste in accordance with the relevant environmental rules and regulations.

During the Reporting Period, the Group has followed the Producer Responsibility Scheme on Waste Electrical and Electronic Equipment (WPRS) regulation that came into effect in 2018, by engaging licensed recycling vendor for proper treatment and disposal of our computer equipment as a support to Hong Kong's waste reduction and recycling efforts.

Non-hazardous Waste Handling

The Group remains steadfast in promoting the principle of "Reduce, Reuse, Recycle and Replace" for waste management and strives to promote better utilisation of resources. The Group has implemented Environmental Policy to encourage responsible usage of resources such as paper and plastics, as well as reinforcing an environmental-friendly living habits among our staff. Relevant guidelines in our Environmental Policy include the followings:

- print with smaller font size to reduce the use of paper;
- reduce blank space in document;
- set double-side printing as the default mode for photocopier;
- collect and reuse one-sided printout as scratch paper;
- reuse paper envelope and packaging;
- read electronically instead of printing out hard copies as much as possible;
- place recycle bins for collecting paper, plastic and glass for recycling;
- reduce usage of one-time disposable items.





Through the implementation of the above measures, the Group has continued to achieve our annual target of consuming less than 1,200 kg of paper in a year. We reduced the use of paper from approximately 476 kg in 2023 to 420 kg in 2024, representing a drop of approximately 11.8%. The Group's non-hazardous waste intensity is 0.03 kg per square feet of floor area in 2024 (2023: 0.03 kg).

In 2024, the Group's management further promoted a less paper or paperless work environment through regular internal campaigns. We engaged qualified recycling vendors to collect and recycle used paper, and disposed plastic bottles and glass containers to the Green@Community recycling network.

The paper recycled in 2024 resulted in a reduction of approximately 2,256 kg of greenhouse gas (GHG) emissions, compared to 5,856 kg in 2023. The decrease was due to a lack of significant outdated paper documents disposal during the Reporting Period. The amount of paper recycled in 2024 is equivalent to planting around 58 tree seedlings contributing positively to environmental conservation.

A2. Use of Resources

Energy Management

The Group continues to strive to optimize the use of resources and minimize the environmental impact of our operations through the implementation of green and eco-friendly practices as recommended in our Environmental Policy. All staff are encouraged to adopt energy saving measures in the daily business operations as a collective contribution to saving the environment. The management of the Group performed regular review on our energy consumption across each of the business units, and implement appropriate corrective actions or new initiatives to achieve the target of electricity saving and efficient consumption.

The Group consumed energy mainly in support of the business operation and adheres to the following major guidelines in our Environmental Policy.

- use energy efficient LED lighting if possible;
- turn off power of electrical appliances, lights, air conditioners after work;
- apply zoning control of air conditioning to reduce wastage;
- encourage staff to use teleconferences or video conferences;
- use anti-glare blinds and filters to better control indoor temperature; and
- share energy saving tips with employees regularly.



During the year of 2024, the Group has continued to achieve our target of consuming less than 600,000 kWh of electricity per year provided there is no material change in our operation scale and model. The Group's consumption of electricity was 342,864 kWh in 2024, which has reduced by approximately 13.8% from approximately 390,209 kWh in 2023. The Group's total energy consumption intensity has also decreased by the same magnitude from 24.4 kWh in 2023 to approximately 24 kWh per square foot of floor area in 2024.

Water Consumption

The Group mainly consumes water for general cleaning and sanitation purposes. We take a practical approach in managing our water consumption, and always promote environmental friendly practices and the importance of water conservation.

The Group continues to keep close monitor of our water consumption level, and adopt effective measures to minimise consumption for our operation as recommended in our Environmental Policy.

- install infra sensor water faucets to reduce wastage;
- adjust speed of water flow to avoid overuse of water; and
- post "Water Saving" slogans to encourage using water conscientiously.

The Group continued to meet our target of consuming less than 4,000 cubic meters of water per year. Our consumption of water was 2,739 cubic meters in 2024 which has decreased by approximately 19.3% from 3,394 cubic meters in 2023. The Group's total water consumption intensity has also decreased by the same magnitude from 0.21 cubic meters in 2023 to 0.19 cubic meters per square feet of floor area in 2024. The Group will keep using water responsibly and also encouraging staff to do the same for the benefit of the environment.

Use of Packing Materials

Due to the nature of our business, the Group does not produce any substantial packaging materials during the year of 2024.

A3. The Environment and Natural Resources

The Group's business has limited impact on the environment and natural resources. The Group has implemented Environmental Policy and performed continuous monitoring and control to reduce environmental impact caused by our business operation.



A4. Climate Change

Strategy

The Group recognizes the significant risks posed by extreme climate events, including super typhoons and heavy flooding in Hong Kong. Such events could disrupt the city's infrastructure and supply chain logistics, as well as damage the Group's assets, potentially harming productivity, operations, and revenue.

To proactively identify, assess, and mitigate climate-related risks, the ESG Committee conducted a detailed analysis of potential threats and formulated actionable recommendations. These measures aim to strengthen resilience, safeguard operations and infrastructure, protect our workforce, and minimize adverse business impacts – ensuring long-term sustainability in the face of climate challenges.

Physical risks

Extreme climate change may lead to extreme weather conditions such as extreme heat or cold, strong typhoons, prolonged heavy rainstorms and flooding in Hong Kong, causing disruption to staff roster of the contact centre operation, interruption of power supply and possible damages to the infrastructure. All these risks may give rise to customer dissatisfaction, loss in revenue, increasing cost of repairing or even causing casualties.

To mitigate risks from extreme weather events, the Group has implemented comprehensive measures to ensure employee health and safety, including flexible work arrangements such as early release or delayed resumption of work – based on real-time traffic conditions, weather forecasts, and employees' personal needs. In the event of prolonged disruptions, the Group's Business Continuity Plan (BCP) ensures operational resilience through remote work solutions and agent/server infrastructure, to minimize downtime. In addition, uninterruptible power supply (UPS) systems are in place to protect critical equipment, enabling uninterrupted operations during power outages.

To further safeguard against financial losses, the Group maintains insurance coverage for employees and key assets, reducing potential liabilities from weather-related disruptions.

Transition risks – Policy and legal risks

The Group acknowledges that increasingly stringent environmental and climate-related standards, legislation, and regulations may expose the business to transitional risks, including shifting stakeholder expectations, elevated operating costs, and growing compliance requirements. To effectively address these challenges, the Group remains vigilant in monitoring both existing and emerging climate-related policies to ensure full compliance and mitigate associated risks.

We have established a systematic approach to stay informed, including regular reviews of climate-related disclosures on the Hong Kong Stock Exchange website and other regulatory platforms, subscriptions to relevant industry publications, and participation in key seminars and briefings. This enables us to maintain up-to-date knowledge and adapt our strategies accordingly.

Furthermore, the Group continuously evaluates and enhances our climate-related measures to drive ongoing improvement. Complementing these efforts, we prioritize transparency in our ESG reporting and initiatives, reinforcing trust and confidence among customers, shareholders, and other stakeholders. Through this proactive and adaptive approach, the Group aims to not only meet current regulatory demands but also position itself for long-term resilience as climate-related requirements continue to evolve.





PART B – SOCIAL

B1. Employment

The Group recognizes that our employees are the foundation of our success and our most valuable asset. Guided by a people-centric philosophy, we are dedicated to attracting, nurturing, and retaining top talent through a supportive workplace culture that prioritizes safety, fairness, and professional growth. Our open-door policy fosters transparent communication, building trust and strengthening relationships across all levels of the organization.

We are committed to advancing employee well-being and development as key drivers of both individual fulfillment and organizational performance.

This commitment is made through comprehensive employment policies covering the full spectrum of workforce matters – from recruitment and compensation to promotion, work-life balance, equal opportunities, diversity and inclusion, anti-discrimination measures, and comprehensive benefits. These policies, detailed in our Staff Handbook, reflect our unwavering dedication to creating an environment where every employee can thrive and contribute to our collective success.

The management of the Group regularly reviews our employment policies and practices to ensure strict compliance with all applicable labor laws and regulations. Our compliance framework encompasses key Hong Kong legislation including the Employment Ordinance, Mandatory Provident Fund Schemes Ordinance, Employees' Compensation Ordinance and Minimum Wage Ordinance. Beyond meeting legal requirements, these periodic evaluations serve as opportunities to enhance our employment programs and workforce management strategies.

Against the backdrop of Hong Kong's current 3.1% unemployment rate and ongoing talent shortages, particularly at junior and middle management levels, we are redoubling our focus on talent acquisition and retention initiatives. The Group recognizes that maintaining a stable, skilled workforce is fundamental to our operational continuity and competitive advantage.

During the Reporting Period, the Group did not have any material non-compliance with employment related laws and regulations in Hong Kong.





Recruitment, Promotion and Dismissal

Our organizational success is fundamentally rooted in our capacity to attract, develop, and retain exceptional talent. The Group maintains a rigorously equitable recruitment framework that evaluates candidates exclusively based on professional qualifications, relevant experience, demonstrated competencies, and potential to fulfill position requirements. This merit-based selection process expressly prohibits discrimination on any grounds including but not limited to race, ethnicity, gender, marital status, religious affiliation, disability, or sexual orientation. We consistently enhance our talent acquisition methodologies to identify individuals whose professional ethos and capabilities align with our corporate values and strategic objectives.

To cultivate and retain our workforce, we have institutionalized a comprehensive performance management system characterized by objectivity and transparency. This structured mechanism facilitates regular evaluation of employee contributions while identifying advancement opportunities. The appraisal process incorporates constructive dialogue between management and staff, focusing on performance outcomes, professional growth trajectories, and mutual goal alignment. Exceptional performers are recognized through career progression opportunities and targeted development initiatives designed to maximize their potential.

While workforce stability remains a key priority, the Group adheres to the strictest standards of employment termination practices in full compliance with Hong Kong's Employment Ordinance. We maintain an absolute prohibition against arbitrary or unjust dismissal, ensuring all termination decisions are grounded in legitimate business rationale and conducted with appropriate due process.

During the Reporting Period, the Group was not aware of any material non-compliance or breach of relevant laws and regulations regarding employment.

Remuneration and Benefits

The Group has implemented a comprehensive compensation framework designed to be equitable, competitive, and performance-driven, enabling us to both attract talent and retain valued employees. Our remuneration structure objectively reflects individual contributions, role responsibilities, and measurable performance outcomes. We conduct periodic market benchmarking exercises to ensure our compensation packages remain aligned with industry standards and continue to meet evolving employee expectations.

In addition to our competitive salary structure, we offer an extensive benefits package that demonstrates our commitment to employee welfare and work-life balance. This includes various leave provisions (annual, sick, maternity/paternity, marriage, and compassionate), comprehensive medical coverage and mandatory provident fund contributions. Furthermore, we enhance these core benefits with discretionary bonuses and professional development opportunities including education sponsorship programs.



Beyond tangible compensation, the Group actively cultivates an engaging and supportive work environment. Throughout the reporting period, management organized numerous welfare initiatives and team-building activities designed to strengthen interpersonal connections, boost morale, and reinforce our collaborative culture. These efforts reflect our holistic approach to workforce management, where professional fulfillment is complemented by opportunities for personal growth, relaxation, and community building within the workplace.



Diversity and Equal Opportunity

The Group recognizes the value of a diverse workforce and is committed to fostering an inclusive and collaborative workplace culture at all times. We strive to create a trusting work environment that promotes equal opportunity and is free from discrimination against any individual on the basis of race, nationality, religion, gender, physical or mental disability, age, marital status, pregnancy, breastfeeding, or sexual orientation. The Group has implemented an Equal Opportunity Policy that complies with relevant laws and regulations, including but not limited to the Race Discrimination Ordinance, the Sex Discrimination Ordinance, the Family Status Discrimination Ordinance and the Disability Discrimination Ordinance. We do not tolerate any form of discrimination or harassment in the workplace, and employees are encouraged to report such issues to senior management for prompt investigation and resolution. Any individual found to have engaged in unlawful discrimination will face disciplinary action, up to and including termination of employment.



Our employees are encouraged to be culturally sensitive, tolerant, and respectful toward one another at all times. We maintain a zero-tolerance policy for discrimination and harassment in the workplace. This policy also applies to interactions with external customers and stakeholders who engage in behaviour constituting harassment, whether within or outside the office. Reporting channels have been established to facilitate direct communication with top management regarding such matters. During the reporting period, we did not receive any complaints related to discrimination or harassment (2023: nil).

The Group had a total of 258 employees (2023: 258) in Hong Kong, and with a large majority of them working on full-time basis. We have maintained a reasonable diversity in our workforce in terms of gender and age groups in 2023 and 2024.

	2024		2023	
	Headcount	%	Headcount	%
By Gender				
Male	109	42%	115	45%
Female	149	58%	143	55%
By Age Group				
≤35	81	32%	93	36%
>35	177	68%	165	64%
By Employment Type				
Full Time	237	92%	234	91%
Part Time	21	8%	24	9%
Total	258	100%	258	100%

The Group's average employee turnover rate for the year ended 31 December 2024 was 7.6% (2023: 10.6%) which is calculated by the average of the monthly turnover rates, while the monthly turnover rate is calculated by dividing the total number of staff resigned during the month by the total number of staff as at the end of the month. The Group's average female and male employee turnover rate for the year ended 31 December 2024 was 4.7% and 2.9% respectively.

B2. Health and Safety

Work Safety

The management of the Group prioritizes employee safety and health in all our business operations. We have established a Safety Policy in accordance with the guidelines recommended by the Labour Department and the Occupational Safety and Health Council. This policy is designed to provide a safe and healthy working environment and to protect employees from occupational hazards. The Safety Policy complies with the regulations outlined in the Occupational Safety and Health Ordinance, the Employees' Compensation Ordinance, and the Fire Safety (Buildings) Ordinance.





Demonstrating our steadfast commitment to workplace safety, the Group's Administration Department conducted a comprehensive Occupational Safety Lecture on First Aid in the Workplace during the Reporting Period. This professionally-led training equipped employees with vital emergency response skills, including CPR techniques, wound management, and treatment of common workplace injuries. Certified instructors ensured the highest standards of accuracy and practical relevance throughout the session.



The training serves enhancing our emergency preparedness, fostering a proactive safety culture, and supporting our ESG objectives regarding employee health and workplace sustainability. The training empowers staff to respond confidently to medical situations while reinforcing our organizational commitment to welfare and protection. Our Administration Department maintains rigorous safety standards through continuous policy reviews, systematic hazard identification, and targeted improvements. Other health and safety measures include:

- ensure adequate lighting throughout the workplace;
- organize annual fire drill exercise;
- maintain and clean air-conditioners regularly;
- carry out carpet cleaning and pest control regularly;
- ensure all exit doors can be easily opened from inside;
- ensure all fire escape routes are unobstructed;
- display a clear fire escape route at prominent areas;
- pour diluted bleach solution to all drain pipes regularly;
- install "Exit" sign at all exits; and
- set up first aid boxes at accessible locations.





Health Management

The Group places paramount importance on employee health and well-being, acknowledging the specific challenges inherent in modern work environments – including extended screen exposure, occupational stress, and prolonged sedentary behavior. To proactively address these concerns, we organize regular activities to promote both physical and mental health initiatives. Our approach includes flexible scheduling options, and mandated break periods to encourage sustainable work rhythms and maintain healthy work-life integration.

We further support our staff's well-being through regular team gatherings and the provision of nutritious nourishment in the workplace. The office environment is equipped with air purification systems, readily available hand sanitizing stations, and personal protective equipment to maintain optimal hygiene standards. Regular intensive carpet cleaning, air-conditioner maintenance, and pest control services are conducted to uphold a clean and hygienic work environment. These comprehensive measures collectively foster a health-oriented workplace culture that enhances employee engagement, job satisfaction, and long-term productivity – ultimately contributing to the development of a resilient and high-performing workforce.



During the Reporting Period, the Group was not aware of any material non-compliance with health and safety related laws and regulations that would have a significant impact on the Group. We recorded 1 injury case that occurred within the office premises (2023: 1 injury case) and we recorded 5 lost days during the year 2024 (2023: 4 lost days).





B3. Development and Training

The Group's leadership maintains an unwavering commitment to talent acquisition and retention through a culture of perpetual growth and development. Recognizing that professional development serves as both a retention strategy and talent magnet, we have implemented comprehensive learning initiatives designed to cultivate a highly skilled workforce. Our approach includes specialized training curricula developed for distinct employee groups, from frontline personnel to senior management, ensuring all staff acquire role-specific competencies and leadership capabilities.

New team members benefit from structured onboarding programs that facilitate cultural assimilation while providing job-critical skills training. To further support career progression, we provide financial assistance through training allowances and education sponsorship programs for qualified employees. These strategic investments in human capital development demonstrate our dedication to fostering professional excellence and creating meaningful career pathways, ultimately strengthening our organizational capability and competitive advantage.

The employee training data of the Group during the Reporting Period are listed as below:

Average Training Hours per year		
	2024	2023
By Gender		
Male	13.4	10.4
Female	10.3	6.3
By Category – Supervisory Level		
Male	15.7	20.5
Female	15.9	18.7
By Category – Working Level		
Male	12.9	8.3
Female	10.2	6.0





B4. Labour Standards

The Group is committed to upholding ethical employment practices and strictly prohibits child labor and forced labor in any form. We fully comply with all relevant laws and regulations, including but not limited to the Employment of Children Regulations and the Employment of Young Persons (Industry) Regulations under the Hong Kong Employment Ordinance. Our Human Resources Department is responsible for collecting and verifying the personal data of selected candidates to ensure their eligibility for employment.

To prevent the employment of child labor, our Human Resources Department rigorously verifies the valid identity documents of job applicants in accordance with the guidelines outlined in the Employee Handbook. This ensures that all candidates are legally employable before any employment is confirmed.

To eliminate any form of forced labor, job responsibilities and office hours are clearly defined in the employment contract. In cases where overtime work is required, policies are in place to ensure that such works is conducted on a voluntary basis.

Any incidents violating labor standards will result in the immediate termination of the employment contract for those responsible. During the reporting period, the Group did not employ any child or forced labor, and there were no recorded instances of material non-compliance or breaches of relevant laws and regulations concerning child labor and forced labor.

B5. Supply Chain Management

In addition to implementing good practices in our operations, we have adopted a set of ESG procurement specifications to promote responsible procurement throughout our supply chain. We regularly communicate our ESG policies and standards to suppliers and have established clear guidelines to govern our procurement practices. These include maintaining an updated Approved Vendor List and conducting annual evaluations of suppliers based on product and service quality, pricing, and their environmental and social policies and/or performance. Priority is given to eco-friendly products and suppliers who demonstrate strong labor practices, as well as environmental and social responsibility.

The Group's procurement guidelines are founded on principles of open and fair competition, and we have a zero-tolerance policy for corruption or bribery in the selection process. Employees are required to disclose any potential conflicts of interest in the procurement process or with suppliers to management in advance.

During the reporting period, we primarily engaged with five major suppliers based in Hong Kong. The Group was not aware of any significant incidents or irregularities related to business ethics, environmental protection, or employment practices among our major suppliers and subcontractors.





B6. Product and Service Responsibility

The Group is committed to delivering premium-quality services to our customers, recognizing that product and service responsibility are critical to our business success and long-term sustainability. Since 1997, the Group has been awarded the ISO 9001 Quality System Certificate for the design and provision of telemarketing services and 24-hour customer service hotlines, reflecting our dedication to maintaining the highest standards of quality.

Quality excellence forms the foundation of our sustainable growth strategy. The Group maintains rigorous quality assurance protocols, with comprehensive testing procedures implemented at every stage of our system solutions' development before customer delivery. Our commitment extends through robust warranty programs and continuous maintenance support, ensuring optimal system performance while facilitating future enhancements. This end-to-end quality management approach demonstrates our dedication to delivering superior solutions and building lasting customer trust.



During the reporting period, the Group was not aware of any material non-compliance with laws and regulations related to safety, advertising, labeling, or privacy matters concerning our products and services that could have a significant impact on the Group.

Customer Service

The management of the Group recognizes the importance of customer satisfaction and loyalty to our business. We place great emphasis on maintaining close communication with each of our customers at various levels. We have adopted a customer-centric approach, actively seeking feedback through various channels, including but not limited to hotline, email, and website, to ensure the provision of high-quality services, identify areas for improvement, and manage customer complaints. The Sales and Marketing Department is primarily responsible for collecting feedback from customers and formulating action plans with relevant internal and external parties to address the identified issues.

To ensure complaints are handled effectively, we have established Complaint Handling Guidelines and Procedures to ensure each complaint is recorded, followed up and closed by the relevant staff of each of the involved departments.

During the reporting period, the Group was not aware of any serious complaints that would have a significant impact on our operations.





Protection of IP Rights

The Group maintains a robust intellectual property protection framework, holding multiple registered trademarks in Hong Kong and vigilantly enforcing our IP rights against any infringement. We have established a comprehensive Information Security Policy that mandates strict compliance with all third-party IP rights. This includes rigorous software license management where all applications must be used in full accordance with their licensing terms. Employees are expressly prohibited from unauthorized software reproduction, installation, or use that would violate copyright laws or licensing agreements. The deployment of free software requires advance managerial approval, with any policy violations subject to appropriate disciplinary measures.

During the reporting period, the Group did not encounter any material non-compliance or violations related to intellectual property rights.

Customer Data Privacy

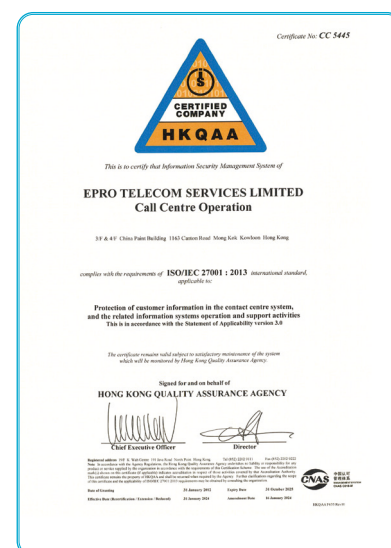
The Group is committed to upholding customer data privacy and has established a Personal Data (Privacy) Policy to ensure the security of our customers' information. Since 2011, the Group has obtained the ISO 27001 Information Security Management System certification and has consistently adhered to the Personal Data (Privacy) Ordinance of Hong Kong.

The Group maintains a comprehensive data protection framework to safeguard sensitive electronic information and personal data. Our security measures begin with strong technical controls, including data encryption, stringent password policies and secure server infrastructure housed in access-controlled facilities available only to authorized personnel. We implement advanced network protections through continuously updated firewalls and anti-virus systems to defend against evolving cyber threats.

Complementing these technical safeguards, we enforce rigorous organizational protocols. All employees handling sensitive information must sign confidentiality agreements to ensure proper understanding of their data protection responsibilities. Our business continuity planning includes robust data recovery procedures to maintain access to critical information while meeting all recovery objectives.

The data lifecycle is carefully managed through systematic processes, with confidential information being securely deleted or destroyed according to established guidelines once customer-agreed retention periods expire. This multilayered approach demonstrates our unwavering commitment to information security, regulatory compliance, and the ethical management of sensitive data throughout its entire lifecycle.

During the reporting period, the Group successfully maintained its target of zero cases of non-compliance with laws and regulations related to the Personal Data (Privacy) Ordinance of Hong Kong, with no incidents having a significant impact on the Group.



Advertising and Labelling

The Group's operations involve limited activities related to advertising and labeling matters. As such, information pertaining to advertising and labeling is considered immaterial to the Group.

B7. Anti-corruption

The Group upholds uncompromising ethical standards across all business operations, with an absolute prohibition against bribery and corruption. Our comprehensive Anti-Corruption Policy, developed in strict compliance with the Prevention of Bribery Ordinance and subject to regular management review, establishes clear protocols for identifying, addressing, and preventing corrupt practices including fraud, extortion, and money laundering.

All employees must rigorously avoid any gifts, favors, or advantages that could influence business decisions or create conflicts of interest. The policy mandates immediate refusal of such improper offers and requires prompt reporting through designated channels. Violations trigger severe consequences ranging from disciplinary measures to termination of employment, with egregious cases being referred to relevant authorities for criminal investigation.

This rigorous framework demonstrates our organizational commitment to lawful, transparent operations while safeguarding the Group's reputation and stakeholder trust. Regular policy reviews and employee training ensure our anti-corruption measures remain effective and aligned with evolving legal and regulatory requirements.

Whistle-Blowing Policy

The Group is committed to upholding the highest standards of openness, integrity and accountability in all our business operations. To this end, we have established a Whistle-Blowing Policy that enables stakeholders, including employees, customers, suppliers, creditors, and debtors, to report any suspected misconduct, malpractice, or improper business activities to the Board anonymously and without fear of retaliation. Reports can be submitted through a dedicated email account or by mail, with contact details published on our corporate website. The Board retains overall authority and oversight of the Whistle-Blowing Policy. All reports and complaints are handled promptly and fairly, with the whistle-blower's identity protected wherever possible to prevent any unfair treatment. Investigation details and outcomes are shared only with individuals on a need-to-know basis.

During the reporting period, the Group was not aware of any material non-compliance with relevant laws and regulations related to bribery, extortion, fraud, or money laundering, including but not limited to the Prevention of Bribery Ordinance and the Anti-Money Laundering and Counter-Terrorist Financing Ordinance of Hong Kong. Additionally, no concluded legal cases regarding corrupt practices were brought against the Group or its employees during the reporting period.



B8. Community Investments

The Group is deeply committed to embedding sustainability and social responsibility into our corporate DNA. We actively cultivate a culture of meaningful community engagement through strategic charitable initiatives and employee volunteer programs. Our leadership champions corporate citizenship by organizing and supporting a wide range of philanthropic activities – from charitable donations and educational sponsorships to hands-on volunteer projects.

We recognize that sustainable community development requires more than financial contributions; it demands active participation. By mobilizing both corporate resources and our employees' collective passion for service, we endeavour to contribute to lasting progress through on-going collaboration.

For the twelfth consecutive year, the Group has been awarded the Caring Company certificate in recognition of our support for the Mental Health Association of Hong Kong (HKMHA) through donations and volunteer initiatives. We have continued to participate in regular gatherings in collaboration with the HKMHA through our in-house Volunteer Team to build communication and foster friendships between our volunteers and HKMHA members. The Group remains dedicated to supporting underprivileged groups in society through our collective efforts and contributions.





REPORT OF THE DIRECTORS

The Directors are pleased to present their report and the audited consolidated financial statements (the “Financial Statements”) of the Company and of the Group for the year ended 31 December 2024.

PRINCIPAL ACTIVITIES

The principal business activity of the Company is investment holding. The principal activities and other particulars of the subsidiaries of the Company are set out in note 15 to the Financial Statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2024 and appropriations are set out in the Financial Statements on page 68 and note 14 of this Report respectively.

DIVIDENDS

During the year under review, no interim dividend was declared and paid to the shareholders of the Company for the year ended 31 December 2024 (2023: HK15 cents).

The Board does not recommend the payment of any final dividend for the year ended 31 December 2024 (2023: Nil) to the shareholders of the Company.

CLOSURE OF THE REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the Company’s forthcoming annual general meeting (“AGM”) to be held on 9 May 2025 (Friday), the Register of Members will be closed from 6 May 2025 (Tuesday) to 9 May 2025 (Friday) (both days inclusive), during which period no transfers of shares will be registered. In order to be eligible for attending the AGM, all transfer documents, accompanied by the relevant share certificates, must be lodged with the Company’s branch and share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:00 p.m. on 2 May 2025 (Friday). (Note: 5 May 2025 (Monday) is Hong Kong public holiday.)

FINANCIAL SUMMARY

A summary of the results, assets and liabilities of the Group for the past five financial years is set out on pages 141 and 142 of this Report.

BUSINESS REVIEW

Details of the Company’s business review are set out in the section headed “Management Discussion and Analysis” of this Report.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year are set out in note 16 to the Financial Statements.





SHARE CAPITAL

Details of movements in the Company's share capital during the year are set out in note 27 to the Financial Statements.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Articles of Association or the laws of the Cayman Islands which would oblige the Company to offer new Shares on a pro rata basis to existing shareholders of the Company.

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

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company during the year under review.

RESERVES

Details of movements in the reserves of the Company and the Group during the year are set out in note 28 to the Financial Statements and in the consolidated statement of changes in equity on page 71 respectively.

DISTRIBUTABLE RESERVES

As at 31 December 2024, the Company's reserves available for distribution, calculated in accordance with the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, amounted to approximately HK\$3,488,000 (2023: HK\$3,488,000).

MAJOR CLIENTS

Sales to the Group's five largest clients accounted for approximately 47% of the total sales for the year and sales to the single largest client amounted to approximately 13% of the total sales for the year.

None of the Directors or any of their associates or any shareholders of the Company (which, to the best knowledge of the Directors) owns more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest clients.



SHARE OPTION SCHEME

The following relates to the share option scheme conditionally adopted by the shareholders of the Company on 4 May 2021 and became unconditional on 6 May 2021 (the "Share Option Scheme").

The purpose of the Share Option Scheme is to provide incentive or reward to eligible persons for their contribution or potential contribution to, and continuing efforts to promote the interests of the Group.

Participants under the Share Option Scheme include any employee and director of the Group, any business or joint venture partners, contractors, agents or representatives, consultants, advisers, suppliers, producers or licensors, customers, licensees (including any sub-licensees) or distributors, landlords or tenants (including any sub-tenants) of the Group.

Details of the principal terms of the Share Option Scheme are set out in Appendix III to the Company's circular issued on 31 March 2021 (the "Circular") regarding, amongst others, the adoption of the Share Option Scheme. The principal terms of the Share Option Scheme are summarised as follows:

The Share Option Scheme was adopted for a period of 10 years commencing from 4 May 2021 and will remain in force until 3 May 2031. The Company may by resolution in general meeting terminate the Share Option Scheme at any time without prejudice to the exercise of options granted prior to such termination.

The subscription price shall be determined by the Board in its absolute discretion but in any event shall not be lower than the higher of: (i) the closing price of the shares as stated in the daily quotations sheet issued by the Stock Exchange on the date of offer of the grant of an option (the "Offer Date"), which must be a business day ("Business Day") as defined in the Circular; (ii) the average closing price of the shares as stated in the daily quotations sheets issued by the Stock Exchange for the five consecutive Business Days immediately preceding the Offer Date; and (iii) the nominal value of the Shares on the Offer Date.

Upon acceptance of the options, the grantee shall pay HK\$1.00 to the Company as consideration for the grant. An offer of the grant of the option shall remain open for acceptance for a period of twenty-one (21) days inclusive of, and from the Offer Date provided no such offer shall be open for acceptance after the Share Option Scheme is terminated. The exercise period of any option granted under the Share Option Scheme shall not exceed the period of ten years from the date of grant but subject to the provisions for early termination of the Share Option Scheme.

Notwithstanding anything to the contrary herein, the maximum number of shares which may be issued upon the exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of the Company, must not, in aggregate, exceed 30% of the total number of shares in issue from time to time.



The total number of shares in respect of which options may be granted under the Share Option Scheme and any other share options schemes of the Company shall not exceed 28,000,000 shares, being 10% of the total number of shares in issue as at the date of the approval of the Share Option Scheme (the "Scheme Mandate Limit") unless the Company obtains the approval of the shareholders of the Company in general meeting provided that options lapsed in accordance with the terms of the Share Option Scheme or any other share option schemes of the Company will not be counted for the purpose of calculating the Scheme Mandate Limit. The Scheme Mandate Limit may be refreshed at any time subject to prior shareholders' approval but in any event, the total number of shares in respect of which options may be granted under the Share Option Scheme and any other share option scheme of the Company as "refreshed" shall not exceed 10% of the total number of shares in issue as at the date of the approval of the shareholders of the Company on the refreshment of the Scheme Mandate Limit.

The maximum number of shares issued and to be issued upon exercise of the options granted and to be granted to each grantee under the Share Option Scheme (including exercised, cancelled and outstanding options) in any 12-month period shall not exceed 1% of the total number of shares in issue. Any further grant of options in excess of this 1% limit shall be subject to issuance of a circular by the Company and approved by the shareholders of the Company in accordance with the GEM Listing Rules.

No options have been granted under the Share Option Scheme since its adoption.

EQUITY-LINKS AGREEMENTS

Other than the Share Option Scheme as disclosed above, no equity-linked agreements that will or may result in the Company issuing shares or that require the Company to enter into any agreements that will or may result in the Company issuing shares were entered by the Company during the year or subsisted at the end of the year.

DIRECTORS

The Directors during the year under review and up to the date of this Report are:

Executive Directors

Mr. Tang Yiu Sing (*Chief Executive Officer*)

Mr. Yeung Ka Wing (*Compliance Officer*) (resigned on 5 February 2024)

Independent Non-executive Directors

Mr. Wong Kam Tai

Ms. Kwong Yuk Ying

Ms. Tsang Lee Mei (appointed on 6 March 2024)





REPORT OF THE DIRECTORS

The Company has received, from each of the existing INEDs, an annual confirmation of their independence in accordance with Rule 5.09 of the GEM Listing Rules. The Company considers that all of the INEDs are independent.

In accordance with Article 84(1) of the Articles of Association, at each annual general meeting one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation. And, according to the Corporate Governance Code under Appendix C1 to the GEM Listing Rules, every Director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

According to Article 83(3) of the Articles of Association, any Director appointed by the Board shall hold office only until the next following annual general meeting of the Company and shall be eligible for re-election.

To comply with the above, Mr. Tang Yiu Sing and Ms. Kwong Yuk Ying shall retire from office at the 2025 annual general meeting of the Company and, being eligible, offer themselves for re-election.

PARTICULARS OF DIRECTORS AND SENIOR MANAGEMENT

The particulars of Directors of the Company and senior management of the Group are disclosed in the section headed "Particulars of Directors and Senior Management" on pages 14 to 16 of this Report.

DIRECTORS' SERVICE CONTRACTS

Mr. Tang Yiu Sing, executive Director, entered into a renewed service contract with the Company for a term of three years commencing on 29 July 2024.

Mr. Wong Kam Tai, independent non-executive Director, entered into a renewed service contract with the Company for a term of three years commencing on 12 January 2023.

Ms. Kwong Yuk Ying, an independent non-executive Director, entered into a letter of appointment with the Company for a term of three years commencing on 1 January 2023.

Ms. Tsang Lee Mei, an independent non-executive Director newly appointed on 6 March 2024, entered into a letter of appointment with the Company for a term of three years commencing on 6 March 2024.

The appointments of all Directors are subject to the provisions of the Articles of Association with regard to vacation of office of Directors, removal and retirement by rotation of Directors.

Apart from the foregoing, no Director proposed for re-election at the forthcoming annual general meeting of the Company has a service contract or an appointment letter with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.



DIRECTORS' RIGHTS TO ACQUIRE SHARES

Apart from the Share Option Scheme, at no time during the year ended 31 December 2024 was any of the Company or any associated corporation a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors, or their spouses or children under the age of 18, had any right to subscribe for the shares in, or debentures of, the Company, or had exercised any such rights.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Save as disclosed in note 32 to the Financial Statements, none of the Directors had material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries, fellow subsidiaries or its parent company was a party during the year under review.

PERMITTED INDEMNITY PROVISION

Pursuant to the Company's Memorandum and Articles of Association and subject to the provisions of the statutes, the Directors and other officers of the Company shall be indemnified out of the assets and profits of the Company against all actions, costs, charges, losses, damages and expenses which they or any of them shall or may incur or sustain by reason of any act done or omitted in or about the execution of their duty in their respective offices provided that this indemnity shall not extend to any matter in respect of any fraud or dishonesty. The Company has maintained the relevant liability insurance for the Directors and official of the Company during the year.

NON-COMPETITION UNDERTAKING

As disclosed in the announcement of the Company dated 24 October 2019, Gear Credit Limited, which is an indirect wholly-owned subsidiary of the Company, has obtained a money lender's licence under the Money Lenders Ordinance ("MLO") and commenced its money lending business.

Prior to the commencement of business of Gear Credit Limited, on 21 October 2019, Mr. Tang Shing Bor ("Mr. Tang") (our late Chairman and non-executive Director who passed away on 14 May 2021), Mr. Tang Yiu Sing ("Mr. YS Tang") (our Chief Executive Officer and executive Director), H.K. Sources Finance Limited ("HK Sources") and Kong Way Credit Company Limited ("Kong Way", together with Mr. Tang, Mr. YS Tang and HK Sources, the "Covenantors") entered into a deed of non-competition (the "Deed of Non-competition") in favour of the Company (for itself and as trustee of the members of the Group) with a view to safeguard the interest of the Company and the Shareholders as a whole.



As at the date of the Deed of Non-competition, (i) Mr. Tang was the controlling shareholder of HK Sources, which is a company incorporated in Hong Kong with limited liability and a holder of a money lender's licence under the MLO and is principally engaged in the provision of mortgage loan; and (ii) Mr. YS Tang was the sole shareholder of Kong Way, which is a company incorporated in Hong Kong with limited liability and a holder of a money lender's licence under the MLO and is principally engaged in the provision of loans for individuals and small and medium enterprises. Subject to the terms and conditions of the Deed of Non-competition, each of the Covenantors irrevocably and unconditionally, jointly and severally, undertakes to and covenants with the Company (for itself and as trustee for the benefit of the members of the Group) that during the continuation of the Deed of Non-competition, other than the aforementioned shareholding interests held by Mr. Tang and Mr. YS Tang in HK Sources and Kong Way respectively, each of the Covenantors shall not, and shall procure each of his/its close associates (other than any members of the Group) not to, whether on his/its own account or in conjunction with or on behalf of any person, firm or company and whether directly or indirectly, carry on a business which is, or be interested or involved or engaged in or acquire or hold any rights or interest or otherwise involved in (in each case whether as a shareholder, partner, agent or otherwise and whether for profit, reward or otherwise) any business which competes or is likely to compete directly or indirectly with the business currently and from time to time engaged by the Group (including but not limited to the provision of comprehensive multi-media contact services, contact centre system, staff insourcing and financial services engaged by the Group and the money lending business engaged by the Group through Gear Credit and/or other member(s) of the Group in Hong Kong and any other country or jurisdiction to which the Group markets, supplies or otherwise provides such service and/or in which any members of the Group carries on business mentioned above from time to time (the "Restricted Business").

Each of the Covenantors further undertakes that if he/it and/or any of his/its close associates is offered or becomes aware of any project or new business opportunity ("New Business Opportunity") that relates to the Restricted Business, whether directly or indirectly, he/it shall: (i) promptly in any event not later than three (3) Business Days notify the Company in writing of such opportunity and provide such information as is reasonably required by the Company in order to enable the Company to come to an informed assessment of such opportunity; and (ii) use his/its best endeavours to procure that such opportunity is offered to the Company on terms no less favourable than the terms on which such opportunity is offered to him/it and/or his/its close associates. If the Group has not given written notice of its desire to invest in such New Business Opportunity or has given written notice denying the New Business Opportunity within five (5) Business Days (the "5-day Offering Period") of receipt of notice from the Covenantors, the Covenantors and/or his/its close associates shall be permitted to invest in or participate in the New Business Opportunity on his/its own accord. The Covenantors agree to extend the five (5) Business Days to a maximum of ten (10) Business Days if the Company requires so by giving a written notice to the Covenantors within the 5-day Offering Period.

As at the date of this report, the Company had received written notices from all of the Covenantors in respect of any New Business Opportunity which competed or was likely to compete with the existing business of the Group which was offered or came to the knowledge of the Covenantors or their close associates (other than any member of the Group). Each of the Covenantors has made an annual declaration to the Company in respect of his/its compliance with his/its obligations under the Deed of Non-competition for the year ended 31 December 2024.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

Save as disclosed above, so far as the Directors are aware of, none of the Directors or the substantial/controlling shareholders of the Company has any interest in a business which compete or may compete, either directly or indirectly, with the business of the Group or has any other conflict of interest with the Group as at 31 December 2024.



DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND/OR SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND/OR ITS ASSOCIATED CORPORATIONS

As at 31 December 2024, the interests and short positions of the Directors and chief executives of the Company (the "Chief Executives") in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meanings of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) (the "SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which any such Director or Chief Executive is taken or deemed to have under such provision of the SFO) or which were required pursuant to section 352 of the SFO, to be entered in the register required to be kept by the Company, or which were required, pursuant to standard of dealings by Directors as referred to in Rule 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

Long Positions in the Shares of the Company

Name of Directors/ Chief Executives	Capacity	Nature of interests	Number of Shares/ underlying Shares held	Approximate percentage of the issued share capital of the Company as at 31 December 2024
Tang Yiu Sing	Joint administrator of the late Mr. Tang Shing Bor's estate	Corporate interest	210,000,000 (Note)	71.04%

Note: These interests were held by Million Top Enterprises Limited under the late Mr. Tang Shing Bor's estate. Mr. Tang Shing Bor passed away on 14 May 2021 and his interests in the Shares form part of his estate.

Save as disclosed above, as at 31 December 2024, none of the Directors and/or Chief Executive had any other interests or short positions in any shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to the Securities Transactions by Directors, to be notified to the Company and the Stock Exchange.



SUBSTANTIAL SHAREHOLDERS' INTERESTS AND/OR SHORT POSITION IN SHARES AND/OR UNDERLYING SHARES OF THE COMPANY

So far as is known to the Directors, as at 31 December 2024, the following persons (not being a Director or Chief Executive) who had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under provision of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO, or who is directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company:

Long Positions in the Shares of the Company

Name of substantial shareholders	Capacity	Number of Shares/underlying Shares held	Approximate percentage of the issued share capital of the Company as at 31 December 2024
Tang Yiu Man Raymond	Joint administrator of the late Mr. Tang Shing Bor's estate	210,000,000 (Note 1)	71.04%
Million Top Enterprises Limited	Beneficial owner	210,000,000	71.04%
Pine Care Group Limited ("Pine Care Group")	Interest in a controlled corporation	15,625,000	5.29%
Pine Care Titanium Limited ("Pine Care Titanium") (Note 2)	Beneficial owner	15,625,000	5.29%
Chime Corporation Limited ("Chime Corporation") (Note 3)	Interest in a controlled corporation	15,625,000	5.29%
Jong Yat Kit	Joint and several administrator of Chime Corporation Limited	15,625,000	5.29%
Wong Tak Wai	Joint and several administrator of Chime Corporation Limited	15,625,000	5.29%



Notes:

1. These interests were held by Million Top Enterprises Limited under the late Mr. Tang Shing Bor's estate. Mr. Tang Shing Bor passed away on 14 May 2021 and his interests in the Shares form part of his estate.
2. These interests were held by Pine Care Titanium after the conversion of the convertible bonds in a principal amount of HK\$9,500,000 at a conversion price of HK\$0.608 per conversion share into a total of 15,625,000 conversion shares issued and allotted by the Company on 11 August 2023. Pine Care Titanium was wholly and beneficially owned by Pine Care Group.
3. Chime Corporation Limited indirectly and substantially owns Pine Care Group.

Save as disclosed above, as at 31 December 2024, the Directors were not aware of any other persons (other than Directors or Chief Executive) who had interests and/or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company pursuant to section 336 of the SFO, or who is directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company.

CORPORATE GOVERNANCE

The Company is committed to maintaining the highest standard of corporate governance practices. Information on the corporate governance practices adopted by the Company is set out in the Corporate Governance Report on pages 17 to 28 of this Report.

EMOLUMENT POLICY

The Company has established the Remuneration Committee to make recommendations to the Board with regard to the Group's remuneration policy relating to Directors and senior management of the Company, reviewing and evaluating their performance and recommending remuneration package for each of them as well as other employee benefit arrangements. The emoluments of the Directors are decided with reference to their duties and level of responsibilities and the remuneration policy of the Company and the prevailing market conditions. The Company has adopted the Share Option Scheme as an incentive to Directors and eligible participants, details of such scheme is set out in paragraph headed "Share Option Scheme" on pages 54 to 55 of this Report.

RELATED PARTY TRANSACTIONS

Details of related party transactions of the Group during the year ended 31 December 2024 are set out in note 29 to the Financial Statements. Those related party transactions constitute continuing connected transactions both exempted and non-exempted from the reporting, announcement and independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules. The Company confirmed that it has complied with the disclosure requirements in accordance with Chapter 20 of the GEM Listing Rules.





REPORT OF THE DIRECTORS

CONNECTED TRANSACTIONS

The Group does not have any connected transaction (which are subject to reporting and announcement requirements but exempt from independent shareholders' approval requirements) during the financial year and up to the date of approval of this Report.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained a sufficient public float as at the latest practicable date prior to the issue of this Report as required under the GEM Listing Rules.

AUDITORS

The accounts for the year ended 31 December 2024 were audited by HIC whose term of office will expire upon the annual general meeting. A resolution for the re-appointment of HIC as the auditors of the Company for the subsequent year is to be proposed at the forthcoming annual general meeting.

On Behalf of the Board

Tang Yiu Sing

Chief Executive Officer and Executive Director

Hong Kong, 24 March 2025



國衛會計師事務所有限公司
HODGSON IMPEY CHENG LIMITED

31/F, Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

**TO THE MEMBERS OF
ETS GROUP LIMITED**

(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of ETS Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 68 to 140, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policies information.

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

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAAs") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.





Key Audit Matter

Impairment of trade receivables

Refer to Notes 4 and 22 to the consolidated financial statements

The balance of trade receivables as at 31 December 2024 were approximately HK\$19,075,000, which were material to the consolidated financial statements. The Group has applied the simplified approach in calculating the expected credit loss for these trade receivables.

We identified the impairment of trade receivables as a key audit matter due to significant management's estimations and judgments are involved in assessing the expected credit losses of trade receivables.

How our audit addressed the Key Audit Matter

Our procedures in relation to assess the impairment of trade receivables included:

We obtained an understanding and evaluated the methodologies and assumption used by the Group, including the involvement of the valuer engaged by the management of the Group, in assessing expected credit losses.

We evaluated the competence, capabilities and objectivity of the valuer and obtained an understanding of the valuer's scope of work and their terms of engagement.

We tested the accuracy of aging analysis of the trade receivables as at 31 December 2024, on a sample basis, by comparing the relevant invoices and other supporting documents.

We assessed the reasonableness of recoverability of trade receivables with reference to the credit history including default or delay in payments, settlement records and aging analysis of each individual customer.

We also examined the key data inputs on a sample basis to assess their accuracy and completeness, and challenging the assumptions, including both historical and forward-looking information in relation to the model used to determine the expected credit losses with support of auditor's internal valuation experts.





OTHER INFORMATION IN THE ANNUAL REPORT

The directors of the Company are responsible for the other information. The other information comprises all the information included in the annual report other than the consolidated financial statements and our auditors' report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion, solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.



As part of an audit in accordance with HKSAAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.



From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement director on the audit resulting in this independent auditors' report is Lo Kin Kei.

HLB Hodgson Impey Cheng Limited
Certified Public Accountants

Lo Kin Kei
Practising Certificate Number: P06413

Hong Kong, 24 March 2025



CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

	Notes	2024 HK\$'000	2023 HK\$'000 (restated)
Continuing operations			
Revenue	5	80,726	77,132
Other income	6	480	920
Other gains/(losses) – net	7	13,457	(2,151)
Employee benefits expenses	8	(77,972)	(65,488)
Depreciation and amortization		(3,341)	(2,098)
Other operating expenses		(3,652)	(6,459)
Share of loss of an associate		(249)	(249)
Operating profit		9,449	1,607
Finance costs	9	(185)	(679)
Profit before tax	10	9,264	928
Income tax expense	11	(855)	(131)
Profit for the year from continuing operations		8,409	797
Discontinued operation	12	9,100	(8,719)
Profit/(loss) for the year from discontinued operation			
Profit/(loss) and total comprehensive income/(expense) for the year attributable to owners of the Company		17,509	(7,922)
Earnings/(loss) per share	13		
From continuing and discontinued operations			
– Basic and diluted (HK cents)		5.9	(2.8)
From continuing operations			
– Basic and diluted (HK cents)		2.8	0.3

The accompanying notes form an integral part of these consolidated financial statements. Details of dividends for the year are disclosed in Note 14 to the consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024



	Notes	2024 HK\$'000	2023 HK\$'000
Non-current assets			
Property, plant and equipment	16	766	712
Right-of-use assets	17	2,599	535
Intangible assets	18	1,470	1,642
Interest in an associate	19	332	581
Financial assets at fair value through profit or loss	20	–	1,543
Other receivable	22	2,770	–
Deferred income tax assets	26	1	755
		7,938	5,768
Current assets			
Contract assets	21	3,438	5,749
Trade and other receivables	22	18,290	16,939
Tax recoverable		363	474
Cash and cash equivalents	23	49,523	26,587
		71,614	49,749
Current liabilities			
Contract liabilities	21	1,944	2,218
Other payables and accruals	24	14,480	9,787
Current income tax liabilities		18	83
Lease liabilities	25	2,343	274
		18,785	12,362
Net current assets		52,829	37,387
Total assets less current liabilities		60,767	43,155



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	Notes	2024 HK\$'000	2023 HK\$'000
Non-current liabilities			
Deferred income tax liabilities	26	14	8
Lease liabilities	25	359	262
		373	270
Net assets		60,394	42,885
Equity attributable to the owners of the Company			
Share capital	27	2,956	2,956
Reserves		57,438	39,929
Total equity		60,394	42,885

The consolidated financial statements were approved and authorized for issue by the Board of Directors on 24 March 2025 and signed on its behalf by:

Tang Yiu Sing

Director

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024



	Attributable to owners of the Company					
	Share capital HK\$'000 (Note 27)	Share premium HK\$'000 (Note 28)	Convertible bonds equity reserve HK\$'000	Merger reserve HK\$'000 (Note 28)	Retained profits HK\$'000	Total equity HK\$'000
Balance as at 1 January 2023	2,800	25,238*	1,734*	25,624*	34,455*	89,851
Loss for the year	–	–	–	–	(7,922)	(7,922)
Other comprehensive income for the year	–	–	–	–	–	–
Total comprehensive expense for the year	–	–	–	–	(7,922)	(7,922)
Conversion of convertible bonds	156	11,078	(1,734)	–	–	9,500
Dividends recognized as distributions (Note 14)	–	(32,828)	–	–	(15,716)	(48,544)
Balance as at 31 December 2023 and 1 January 2024	2,956	3,488*	–*	25,624*	10,817*	42,885
Profit for the year	–	–	–	–	17,509	17,509
Other comprehensive income for the year	–	–	–	–	–	–
Total comprehensive income for the year	–	–	–	–	17,509	17,509
Balance as at 31 December 2024	2,956	3,488*	–*	25,624*	28,326*	60,394

* These reserve accounts comprise the consolidated reserves of approximately HK\$57,438,000 (2023: approximately HK\$39,929,000) in the consolidated statement of financial position.

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



CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2024



	Note	2024 HK\$'000	2023 HK\$'000 (restated)
Cash flows from operating activities			
Profit/(loss) before tax			
– From continuing operations		9,264	928
– From discontinued operation		9,112	(8,744)
Adjustments for:			
Depreciation and amortization		3,341	2,247
Fair value gain on financial assets at fair value through profit or loss		(13,457)	(287)
Fair value loss on embedded derivatives of convertible bonds		–	2,434
Gain on disposal of subsidiaries		(3,644)	(2,300)
Share of loss of an associate		249	249
(Reversal of)/provision for impairment of financial assets and contract assets – net		(13,669)	6,195
Interest income		(478)	(918)
Interest expense		185	681
Operating cash flows before changes in working capital		(9,097)	485
Contract assets		2,382	(1,879)
Trade and other receivables		17,082	5,857
Bank trust account balances		–	6,157
Contract liabilities		(274)	(30)
Other payables and accruals		4,744	(4,977)
Cash generated from operations		14,837	5,613
Income tax paid		(423)	(269)
Net cash generated from operating activities		14,414	5,344



CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2024



	Note	2024 HK\$'000	2023 HK\$'000 (restated)
Cash flows from investing activities			
Additions of intangible assets		(732)	(720)
Decrease in pledged bank deposits		–	6,092
Interest received		478	918
Withdrawal of time deposits		–	20,000
Net cash inflow on disposal of subsidiaries	33	450	2,275
Proceeds from disposal of financial asset at fair value through profit or loss		10,900	203
Purchases of property, plant and equipment		(538)	(199)
Net cash generated from investing activities		10,558	28,569
Cash flows from financing activities			
Interest paid		(185)	(33)
Dividend paid		–	(48,544)
Repayments of borrowings		–	(2,000)
Repayments of lease liabilities		(1,851)	(398)
Payment on convertible bonds		–	(2,788)
Net cash used in financing activities		(2,036)	(53,763)
Net increase/(decrease) in cash and cash equivalents		22,936	(19,850)
Cash and cash equivalents at beginning of the year		26,587	46,437
Cash and cash equivalents at end of the year	23	49,523	26,587

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





NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

1. GENERAL INFORMATION

ETS Group Limited (the “Company”) is an investment holding company. ETS Group Limited and its subsidiaries (collectively referred as to the “Group”) are principally engaged in providing comprehensive multi-media contact services, contact centre system and staff insourcing in Hong Kong. The Group’s financial services operation was discontinued in current year (note 12).

The Company was incorporated in the Cayman Islands on 29 June 2011 as an exempted company with limited liability under the Companies Law of the Cayman Islands and its shares have been listed on the GEM of The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”) with effect from 9 January 2012.

As at 31 December 2024, the directors of the Company regard Million Top Enterprises Limited, a company incorporated in Hong Kong with limited liability, as the parent and ultimate holding company of the Company.

The address of the Company’s registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The address of the Company’s principal place of business in Hong Kong is 4th Floor, China Paint Building, 1163 Canton Road, Mongkok, Kowloon, Hong Kong.

The consolidated financial statements are presented in Hong Kong dollars (“HK\$”), unless otherwise stated. These consolidated financial statements have been approved for issued by the Board of Directors on 24 March 2025.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES INFORMATION

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standard (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“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 on the GEM of the Hong Kong Stock Exchange and by the Hong Kong Companies Ordinance.





2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

2.1 Basis of preparation (continued)

2.1.1 Amendments to HKFRSs that are mandatorily effective for the current year

The Group has applied the following amendments to HKFRSs issued by the HKICPA for the first time in the current year:

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 HKFRSs 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 these consolidated financial statements.

2.1.2 New standard and amendments to existing standards not yet adopted

Certain new standard and amendments to existing standards have been published that are not mandatory for 31 December 2024 reporting periods and have not been early adopted by the Group:

Standards	Subject	Effective for annual periods beginning on or after
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	A date to be determined
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards – Volume 11	1 January 2026
Amendments to HKAS 21	Lack of Exchangeability	1 January 2025
HKFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature – dependent Electricity	1 January 2026

The directors of the Company anticipate that the application of all new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.



2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

2.2 Subsidiaries

Consolidation

Subsidiaries are an entity (including structured entities) over which the group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. It means the amounts previously recognized in other comprehensive income are reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs.

Discontinued operation


A discontinued operation is a component of the group's business, the operations and cash flows of which can be clearly distinguished from the rest of the group and which:

- represents a separate major line of business or geographical area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held for sale.

Where an operation is classified as discontinued operation, the comparative statement of profit or loss and other comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative year.

2.3 Segment reporting



Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the steering committee that makes strategic decisions.



2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

2.4 Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in HK\$, which is the Company's functional and presentation currency.

2.5 Property, plant and equipment

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the consolidated statement of profit or loss and other comprehensive income during the financial period in which they are incurred.

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

– Leasehold improvements	: Over the term of the lease or 5 years, whichever is shorter
– Furniture and fixtures	: 5 years
– Computer equipment	: 3 years
– Computer software	: 5 years
– Electronic and office equipment	: 5 years
– Motor vehicle	: 5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within "Other gains/(losses) – net" in the consolidated statement of profit or loss and other comprehensive income.



2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

2.6 Intangible assets

(a) Internally generated software development costs

Costs associated with maintaining computer software programs are recognized as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognized as intangible assets when the following criteria are met:

- It is technically feasible to complete the software product so that it will be available for use or sale;
- Management intends to complete the software product and use or sell it;
- There is an ability to use or sell the software product;
- It can be demonstrated how the software product will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- The expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalized as part of the software include employee costs.

Capitalized development costs are recorded as intangible assets and amortized from the point at which the asset is ready for use.

(b) Research and development

Research expenditure and development expenditure that do not meet the criteria in (a) above are recognized as an expense as incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period.

(c) Amortization methods and periods

The group amortizes intangible assets with a limited useful life using the straight-line method over the following periods:

- Internally generated software development costs : 4 years



2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

2.7 Interest in an associate

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associates used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group assesses whether there is an objective evidence that the interest in an associate may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

2.8 Impairment of non-financial assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets ("CGU"). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.



2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

2.9 Financial instruments

Financial assets and financial liabilities are recognized when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss ("FVTPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income which are derived from the Group's ordinary course of business are presented as revenue.

2.9.1 Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL, except that at initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which HKFRS 3 Business Combinations applies.



2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

2.9 Financial instruments (continued)

2.9.1 Financial assets (continued)

Classification and subsequent measurement of financial assets (continued)

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortized cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

(a) Amortized cost and interest income

Interest income is recognized using the effective interest method for financial assets measured subsequently at amortized cost. For financial assets that have subsequently become credit-impaired, interest income is recognized by applying the effective interest rate to the amortized cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognized by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

(b) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortized cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognized in profit or loss. The net gain or loss recognized in profit or loss excludes any dividend or interest earned on the financial asset and is included in the "Other gains/(losses) – net" line item.



2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

2.9 Financial instruments (continued)

2.9.1 Financial assets (continued)

Impairment of financial assets and contract assets

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets (including trade receivables, other receivables and deposits and bank balances), and other items (contract assets) which are subject to impairment assessment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognizes lifetime ECL for trade receivables (amounts receivables arising from multi-media contact services, contact centre system and advisory services) and contract assets.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless there has been a significant increase in credit risk since initial recognition, in which case the Group recognizes lifetime ECL. The assessment of whether lifetime ECL should be recognized is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(a) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.



2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

2.9 Financial instruments (continued)

2.9.1 Financial assets (continued)

Impairment of financial assets and contract assets (continued)

(a) Significant increase in credit risk (continued)

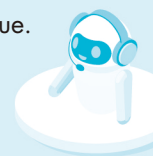
In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if (i) it has a low risk of default, (ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when it has an internal or external credit rating of "investment grade" as per globally understood definitions.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.



2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

2.9 Financial instruments (continued)

2.9.1 Financial assets (continued)

Impairment of financial assets and contract assets (continued)

(b) Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(c) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganization.



2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

2.9 Financial instruments (continued)

2.9.1 Financial assets (continued)

Impairment of financial assets and contract assets (continued)

(d) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognized in profit or loss.

(e) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights. The Group uses a practical expedient in estimating ECL on trade receivables using a provision matrix taking into consideration historical credit loss experience and forward looking information that is available without undue cost or effort.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Lifetime ECL for certain trade receivables and contract assets are considered on a collective basis taking into consideration past due information and relevant credit information such as forward-looking macroeconomic information.

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.



2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

2.9 Financial instruments (continued)

2.9.1 Financial assets (continued)

Impairment of financial assets and contract assets (continued)

(e) Measurement and recognition of ECL (continued)

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortized cost of the financial asset.

The Group recognizes an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade and other receivables and contract assets where the corresponding adjustment is recognized through a loss allowance account.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire. On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

2.9.2 Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.



2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

2.9 Financial instruments (continued)

2.9.2 Financial liabilities and equity (continued)

Financial liabilities

All financial liabilities are subsequently measured at amortized cost using the effective interest method or at FVTPL.

Financial liabilities at amortized cost

Financial liabilities including other payables and accruals, and lease liabilities are subsequently measured at amortized cost, using the effective interest method.

Derecognition of financial liabilities

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

2.10 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position where the Group currently has a legally enforceable right to offset the recognized amounts, and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The Group has also entered into arrangements that do not meet the criteria for offsetting but still allow for the related amounts to be set off in certain circumstances, such as bankruptcy or the termination of a contract.

2.11 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2.12 Borrowing costs

All borrowing costs are recognized in profit or loss in the period in which they are incurred.



2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)**2.13 Current and deferred income tax**

The tax expense for the period comprises current and deferred tax. Tax is recognized in the profit or loss except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred income tax*Inside basis differences*

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

(c) Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.14 Employee benefitsDefined contribution plans

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

The Group operates a Mandatory Provident Fund Scheme for all qualifying employees in the Group. Under the scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK\$30,000. The assets of the schemes are held separately from those of the Group, in funds under the control of trustees. The Group contributes 5% of relevant payroll costs to the Scheme, which contribution is matched by employees.



2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

2.14 Employee benefits (continued)

Short-term employee benefits

Short-term employee benefits are recognized at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognized as an expense unless another HKFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognized for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

2.15 Revenue from contracts with customers

Revenue is recognized when or as the control of the goods or service is transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the goods or service may transfer over time or at a point in time.

Control of the goods or service is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer; or
- creates and enhances an asset that the customer controls as the Group performs; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If service transfers over time, revenue is recognized over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognized at a point in time when the customer obtains control of the distinct good or service.

The progress towards complete satisfaction of the performance obligation is measured based on one of the following methods that best depict the Group's performance in satisfying the performance obligation:

- Direct measurements of the value transferred by the Group to the customer; or
- The Groups efforts or inputs to the satisfaction of the performance obligation.

In determining the transaction price, the Group adjusts the promised amount of consideration for the effect of a financing component if it is significant. As a practical expedient, the Group does not adjust any of the transaction prices for the time value of money when the period between the payment by the customer and the transfer of the promised goods or services is one year or less.

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with HKFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration from the customer.



2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

2.16 Leases

Leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable,
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date,
- amounts expected to be payable by the Group under residual value guarantees,
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received,
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third party financing, and
- makes adjustments specific to the lease, e.g. term, country, currency and security.





2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

2.16 Leases (continued)

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability,
- any lease payments made at or before the commencement date less any lease incentives received,
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of premises are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

3. FINANCIAL RISK MANAGEMENT

3.1 Financial instruments by category

Assets as per consolidated statement of financial position

Financial assets at FVTPL:

- Unlisted equity securities at FVTPL

Financial assets at amortized cost:

- Trade and other receivables excluding prepayments
- Cash and cash equivalents

2024 HK\$'000	2023 HK\$'000
–	1,543
20,560	16,659
49,523	26,587

Liabilities as per consolidated statement of financial position

Financial liabilities at amortized cost:

- Other payables and accruals excluding non-financial liabilities
- Lease liabilities

2024 HK\$'000	2023 HK\$'000
14,480	9,787
2,702	536



3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.2 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

(a) Market risk

(i) Price risk

The Group is exposed to price risk arising from financial assets at FVTPL.

As at 31 December 2024, the Group did not have financial assets classified as financial assets at FVTPL at the end of the reporting period, the Group is not exposed to material price risk.

As at December 2023, if prices had been 5% higher/lower, the Group's loss before taxation for the year would decrease/increase by approximately HK\$77,000 as a result of the changes in fair value of financial assets at FVTPL as at the reporting date.

(ii) Interest rate risk

Other than bank balances with variable interest rate, the Group has no other significant interest-bearing assets. Management does not anticipate significant impact to interest-bearing assets resulted from the changes in interest rates, because the interest rates of bank balances are not expected to change significantly.

The Group is exposed to fair value interest rate risk in relation to fixed-rate promissory notes and fixed-rate lease liabilities. The Group currently does not have interest rate hedging policy. However, the management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise. Therefore, no sensitivity analysis for such risk has been prepared.



3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.2 Financial risk factors (continued)

(b) Credit risk and impairment assessment

Credit risk refers to the risk that the Group's counterparties default on their contractual obligations resulting in financial losses to the Group. The Group's credit risk exposures are primarily attributable to trade receivables, contract assets, other receivables and deposits and bank balances. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

Bank balances

The credit risk of bank balances are limited because the counterparties are banks with sound credit ratings assigned by international credit-rating agencies. There has been no recent history of default in relation to these banks and thus the risk of default is regarded as low and therefore no loss allowance was recognized.

Other receivables and deposits

For other receivables and deposits, management makes individual assessment on the recoverability of other receivables based on historical settlement records and past experience, and also forward-looking information. The directors believe that there is no material credit risk inherent in the Group's outstanding balances of other receivables and deposits.

Trade receivables and contract assets arising from contracts with customers

In respect of trade receivables and contract assets, individual credit evaluations are performed on all customers and counterparties. These evaluations focus on the counterparty's financial position, past history of making payments and take into account information specific to the counterparty as well as pertaining to the economic environment in which the counterparty operates. In addition, the Group reviews the recoverable amount of each individual trade receivables and contract assets balance at the end of the reporting period to ensure adequate impairment losses are made for irrecoverable amounts.

As at 31 December 2024, the Group has certain concentrations of credit risk as 13% and 47% (2023: 31% and 57%) of the Group's trade receivables were due from the Group's largest customer and the Group's five largest customers, respectively. Further quantitative data in respect of the Group's exposure to credit risk arising from trade and other receivables are disclosed in Note 22.



3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.2 Financial risk factors (continued)

(b) Credit risk and impairment assessment (continued)

Loan and interests receivables

The Group manage the credit risk for money lending business by assesses the credit quality of the customers, taking into account its financial position, past experience and other factors. Further details of the risk management policies, please refer to “Management Discussion and Analysis” section in 2023 annual report. The management estimates the estimated loss rates of loan receivables based on historical credit loss experience of the debtors as well as the fair value of the collateral pledged by the customers to the loan receivables. Please refer to below disclosure for the assessment of ECL.

As at 31 December 2023, the loan receivables due from the largest customer and the five largest customers constituted approximately 16% and 75% of the Group’s overall loan portfolio respectively.

The Group’s internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Trade receivables/ contract assets	Loan and interests receivables/other receivables and deposits
Low risk	The counterparty has a low risk of default and does not have any past-due amounts	Lifetime ECL – not credit-impaired	12m ECL
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL – not credit-impaired	Lifetime ECL – not credit- impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired	Lifetime ECL – credit-impaired



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.2 Financial risk factors (continued)

(b) Credit risk and impairment assessment (continued)

The tables below detail the credit risk exposures of the Group's financial assets and contract assets, which are subject to ECL assessment:

	Note	12m or lifetime ECL	2024		2023	
			Gross carrying amount		Gross carrying amount	
			HK\$'000	HK\$'000	HK\$'000	HK\$'000
Financial assets at amortised cost						
Trade receivables (amounts receivables arising from multi-media contact services and contact centre system, and advisory services)	22	Lifetime ECL (not credit-impaired) (collective basis)	8,615		12,338	
		Credit-impaired	10,460	19,075	18,417	30,755
Loan and interests receivables (Note)	22	12m ECL	–		502	
		Credit-impaired	–	–	23,088	23,590
Other receivables and deposits	22	12m ECL	12,206	12,206	996	996
Other items						
Contract assets	21	Lifetime ECL (not credit-impaired)	3,471	3,471	5,853	5,853

Note:

For the purposes of internal credit risk management, the Group uses past due information to assess whether credit risk has increased significantly since initial recognition.

	Past due HK\$'000	Not past due HK\$'000	Total HK\$'000
2023			
Loan and interests receivables	23,088	502	23,590



3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.2 Financial risk factors (continued)

(b) Credit risk and impairment assessment (continued)

(i) Trade receivables and contract assets

For trade receivables arising from multi-media contact services, contact centre system and advisory services and contract assets, the Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. Except for debtors with significant outstanding balances or credit-impaired, the Group determines the ECL on these items on a collective basis, grouped by past due status and individual risk assessment. Debtors with credit-impaired with gross carrying amounts of approximately HK\$10,460,000 (2023: HK\$18,417,000) as at 31 December 2024 were assessed individually.

	Current	Within 30 days	Over 31 days and within 60 days	Over 61 days and within 90 days	Over 90 days	Total
Amounts receivables arising from multi-media contact services and contact centre system, and advisory services						
As at 31 December 2024						
Expected loss rate	1.7%	1.9%	6.9%	11.9%	100%	
Gross carrying amount (HK\$'000)	5,854	1,301	684	776	10,460	19,075
Loss allowance provision (HK\$'000)	98	24	47	92	10,460	10,721
As at 31 December 2023						
Expected loss rate	3.0%	7.3%	21.4%	47.4%	100%	
Gross carrying amount (HK\$'000)	6,301	3,738	2,143	156	18,417	30,755
Loss allowance provision (HK\$'000)	188	274	459	74	18,417	19,412

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.2 Financial risk factors (continued)

(b) Credit risk and impairment assessment (continued)

(i) Trade receivables and contract assets (continued)

The following table shows the movement in lifetime ECL that has been recognized for trade receivables arising from multi-media contact services, contact centre system and advisory services under the simplified approach.

	Lifetime ECL (not credit- impaired) HK\$'000	Lifetime ECL (credit- impaired) HK\$'000	Total HK\$'000
As at 1 January 2023	60	26,480	26,540
Transfer to credit-impaired	(3)	3	–
Impairment losses recognized	996	5,822	6,818
Impairment losses reversed	(57)	(13,889)	(13,946)
As at 31 December 2023 and 1 January 2024	996	18,416	19,412
Transfer to credit-impaired	(30)	30	–
Impairment losses recognized	261	2,955	3,216
Impairment losses reversed	(966)	(10,941)	(11,907)
As at 31 December 2024	261	10,460	10,721

Changes in the loss allowance for trade receivables are mainly due to:

	2024 (Decrease)/ increase in lifetime ECL Credit- impaired HK\$'000	2023 (Decrease)/ increase in lifetime ECL Credit- impaired HK\$'000
Settlement of credit-impaired trade debtors with a gross carrying amount of approximately HK\$10,941,000 (2023: HK\$13,889,000)	(10,941)	(13,889)
Origination of new trade receivables with days past due up to 90 days	2,955	5,822



3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.2 Financial risk factors (continued)

(b) Credit risk and impairment assessment (continued)

(i) Trade receivables and contract assets (continued)

	<u>Total</u>
Contract assets	
As at 31 December 2024	
Expected loss rate	1.0%
Gross carrying amount (HK\$'000)	3,471
Loss allowance provision (HK\$'000)	33
As at 31 December 2023	
Expected loss rate	1.8%
Gross carrying amount (HK\$'000)	5,853
Loss allowance provision (HK\$'000)	104

The following table shows reconciliation of loss allowances that has been recognized for contract assets.

	<u>Lifetime ECL HK\$'000</u>
As at 1 January 2023	2
Impairment losses recognized	102
As at 31 December 2023 and 1 January 2024	104
Impairment losses reversed	(71)
As at 31 December 2024	33



3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.2 Financial risk factors (continued)

(b) Credit risk and impairment assessment (continued)

(i) Trade receivables and contract assets (continued)

For receivables arising from loan and interests receivables (included in trade receivables), the Group has applied the general approach in HKFRS 9 to measure the loss allowance at 12m ECL.

However, the Group considered that certain loan and interests receivables have been a significant increase in credit risk in default occurring since initial recognition. Lifetime ECL was used to assess the allowances of such loan and interests receivables. To measure the expected credit losses, loan and interests receivables have been based on individual risk assessment.

	Low risk	Loss	Total
Loan and interests receivables			
As at 31 December 2023			
Expected loss rate	13.9%	83.2%	
Gross carrying amount (HK\$'000)	502	23,088	23,590
Loss allowance provision (HK\$'000)	70	19,200	19,270



3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.2 Financial risk factors (continued)

(b) Credit risk and impairment assessment (continued)

(i) Trade receivables and contract assets (continued)

The following table shows reconciliation of loss allowances that has been recognized for receivables arising from loan and interests receivables (included in trade receivables).

As at 31 December 2023, certain loan and interests receivables are overdue by more than 90 days and are determined to be credit-impaired after considering the overdue aging analysis and other qualitative factors.

	12m ECL HK\$'000	Lifetime ECL (not credit- impaired) HK\$'000	Lifetime ECL (credit- impaired) HK\$'000	Total HK\$'000
As at 1 January 2023	247	–	5,772	6,019
Impairment losses recognized	70	–	15,503	15,573
Impairment losses reversed	(247)	–	(2,075)	(2,322)
As at 31 December 2023 and 1 January 2024	70	–	19,200	19,270
Transfer to credit impaired	(70)	–	70	–
Impairment losses recognized	–	–	699	699
Impairment losses reversed	–	–	(5,608)	(5,608)
Disposal of a subsidiary	–	–	(14,361)	(14,361)
As at 31 December 2024	–	–	–	–

Change in the loss allowance for loan and interests receivables are mainly due to:

	2023 Increase in lifetime ECL Credit- impaired HK\$'000
Full allowance of ECL for defaulted unsecured loan receivable	15,503



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.2 Financial risk factors (continued)

(b) Credit risk and impairment assessment (continued)

(ii) Other receivables and deposits

For other receivables and deposits, the Group has applied the general approach in HKFRS 9 to measure the loss allowance at 12m ECL.

	Total
Other receivables and deposits	
As at 31 December 2024	
Expected loss rate	0.1%
Gross carrying amount (HK\$'000)	12,206
Loss allowance provision (HK\$'000)	3
As at 31 December 2023	
Expected loss rate	0.1%
Gross carrying amount (HK\$'000)	996
Loss allowance provision (HK\$'000)	1

The following table shows reconciliation of loss allowance that has been recognized for other receivables and deposits.

	12m ECL HK\$'000
As at 1 January 2023	31
Impairment losses reversed	(30)
As at 31 December 2023 and 1 January 2024	1
Impairment losses recognized	2
As at 31 December 2024	3



3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.2 Financial risk factors (continued)

(c) Liquidity risk

Ultimate responsibility for liquidity risk management rests with the board of directors. The Group manages liquidity risk by maintaining adequate reserves, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The table below analyzes the Group's financial liabilities into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted payments (including interest payments computed using contractual rates or, if floating based on current rates at the end of the reporting period). Balances due within 12 months equal their carrying amounts, as the impact of discounting is not significant.

	On demand or within 1 year HK\$'000	More than 1 year but less than 2 years HK\$'000	Total HK\$'000
As at 31 December 2024			
Other payables and accruals excluding non-financial liabilities	14,480	–	14,480
Lease liabilities	2,430	360	2,790
	16,910	360	17,270
As at 31 December 2023			
Other payables and accruals excluding non-financial liabilities	9,787	–	9,787
Lease liabilities	294	270	564
	10,081	270	10,351



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3 Fair value estimation

The table below analyzes the Group's financial instruments carried at fair value as at 31 December 2024 by level of the inputs to valuation technique(s) used to measure fair value. Such inputs are categorized into three levels within a fair value hierarchy as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

	Fair value as at 31 December 2024 HK\$'000	Fair value as at 31 December 2023 HK\$'000	Fair value hierarchy	Valuation technique(s)	Key unobservable inputs	Value of input	Relationship of unobservable inputs to fair value
Financial assets at FVTPL							
– Unlisted equity securities A	–	–	Level 3	Cost approach	Net assets value	N/A	Higher the net assets value, higher the fair value
– Unlisted equity securities B	Note 20	1,543	Level 3	Market approach	Lack of marketability discount	23.6%	Higher the lack of marketability discount, lower the fair value
					Enterprise value to sale ratio	12.8	Higher the enterprise value to sale ratio, higher the fair value



3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3 Fair value estimation (continued)

There were no significant transfers of financial assets between Level 1 and Level 2 fair value hierarchy classifications and no transfers into or out of Level 3 during the year.

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

In estimating the fair value of the unlisted equity securities, the Group engaged an independent third-party qualified valuers to perform the valuation. Management works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model based on market conditions existing at the end of each reporting period. The management reports the management's findings to the board of directors of the Company to explain the cause of fluctuations in the fair value of the unlisted equity securities.

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortized cost in the consolidated financial statements approximate their fair values.

The Group's financial instruments carried at amortized cost are not materially different from their fair values as at 31 December 2024 and 2023.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3 Fair value estimation (continued)

The movements in fair value measurements in Level 3 during the year are as follows:

	Unlisted equity at FVTPL HK\$'000	Derivatives component of convertible bonds HK\$'000
Balance as at 1 January 2023	1,260	354
Profit/loss recognized in profit or loss	283	2,434
Conversion of convertible bonds	–	(2,788)
Balance as at 31 December 2023 and 1 January 2024	1,543	–
Profit recognized in profit or loss	13,457	–
Disposal	(15,000)	–
Balance as at 31 December 2024	–	–

3.4 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, raise new debt financing or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt comprises total debt (including contract liabilities, other payables and accruals, and lease liabilities as shown in the consolidated statement of financial position) less cash and cash equivalents. Total capital is calculated as "equity" as shown in the consolidated statement of financial position plus net debt.



3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.4 Capital management (continued)

The gearing ratios of the Group are as follows:

	2024 HK\$'000	2023 HK\$'000
Total debt	19,126	12,541
Less: cash and cash equivalents (Note 23)	(49,523)	(26,587)
Net debt	(30,397)	(14,046)
Total equity	60,394	42,885
Total capital	29,997	28,839
Gearing ratio	N/A	N/A

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Impairment of trade receivables

The Group estimates the amount of loss allowance for ECL on trade receivables based on the credit risk and past due status of trade receivables. The loss allowance amount is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows with the consideration of expected future credit loss. The assessment of the credit risk involves high degree of estimation and uncertainty. When the actual future cash flows are less than expected or more than expected, a material impairment loss or a material reversal of impairment loss may arise accordingly.



5. SEGMENT INFORMATION AND REVENUE

The directors of the Company review the Group's internal financial reporting and other information and also obtain other relevant external information in order to assess performance and allocate resources, and operating segment is identified with reference to these.

On 27 December 2024, the Group disposed of Gear Credit Limited ("GCL"). Upon completion of the disposal, the Group's financial services operation was discontinued in the current year. The segment information report below does not include any amounts from the discontinued operation. In addition, the consolidated statement of profit or loss has been restated as if the operation discontinued during the current year has been discontinued at the beginning of the comparative period.

The reportable operating segments derive their revenue primarily from the following business units in Hong Kong:

Continuing operations

- (a) Outsourcing inbound contact services;
- (b) Outsourcing outbound contact services;
- (c) Staff insourcing services;
- (d) Contact service centre and service centre facilities management services; and
- (e) The "Others" segment which principally comprises sales of system and software, licence service fee income and system maintenance fee income.

Discontinued operation

- (a) Financial services segment which principally comprises commission income from broker business, asset management services and credit finance.



5. SEGMENT INFORMATION AND REVENUE (CONTINUED)

The segment information provided to the board of directors for the reportable segments for the years ended 31 December 2024 and 2023 are as follows:

For the year ended 31 December 2024

	Outsourcing inbound contact services HK\$'000	Staff insourcing services HK\$'000	Contact service centre and service centre facilities management services HK\$'000	Others HK\$'000	Total HK\$'000
Segment revenue	16,174	52,638	5,204	6,710	80,726
Segment results	1,345	5,019	1,134	2,789	10,287
Impairment loss reversed	(3,309)	(4,183)	(610)	(660)	(8,762)
Depreciation and amortization	350	889	808	485	2,532
Total segment assets	2,718	9,711	1,731	1,307	15,467
Total segment assets includes: Additions to non-current assets (other than financial instruments)	84	213	193	116	606
Total segment liabilities	1,762	4,681	969	1,617	9,029



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

5. SEGMENT INFORMATION AND REVENUE (CONTINUED)

For the year ended 31 December 2023 (restated)

	Outsourcing inbound contact services HK\$'000	Staff insourcing services HK\$'000	Contact service centre and service centre facilities management services HK\$'000	Others HK\$'000	Total HK\$'000
Segment revenue	14,479	49,574	9,385	3,694	77,132
Segment results	1,133	4,437	2,427	1,395	9,392
Depreciation and amortization	220	559	643	169	1,591

	Continuing operations				Discontinued operation	
	Outsourcing inbound contact services HK\$'000	Staff insourcing services HK\$'000	Contact service centre and service centre facilities management services HK\$'000	Others HK\$'000	Financial services HK\$'000	Total HK\$'000
Total segment assets	4,076	12,333	1,908	864	4,320	23,501
Total segment assets includes: Additions to non-current assets (other than financial instruments)	97	245	282	74	–	698
Total segment liabilities	1,665	4,596	488	1,408	–	8,157

There were no inter-segment sales during the years ended 31 December 2024 and 2023. The revenue from external parties reported to the directors of the Company is measured in a manner consistent with that in the consolidated statement of profit or loss and other comprehensive income.



5. SEGMENT INFORMATION AND REVENUE (CONTINUED)

A reconciliation of segment results to profit before tax is as follows:

	2024 HK\$'000	2023 HK\$'000 (restated)
Segment results for reportable segments	10,287	9,392
Unallocated:		
Other income	480	920
Other gains/(losses) – net	13,457	(2,151)
Depreciation and amortization	(809)	(507)
Finance costs	(185)	(674)
Corporate and other unallocated expenses	(13,966)	(6,052)
Profit before tax	9,264	928

Segment result represents the profit earned by each segment without other income, other gains/(losses) – net, unallocated depreciation and amortization, unallocated finance costs and corporate and other unallocated expenses (mainly including unallocated salaries and allowances). This is the measure reported to the chief operating decision maker for the purpose of resource allocation and performance assessment.

The amounts provided to the directors of the Company with respect to total assets are measured in a manner consistent with that of the consolidated financial statements. These assets are allocated based on the operations of the segment.

Reportable segments' assets are reconciled to total assets as follows:

	2024 HK\$'000	2023 HK\$'000
Segment assets for reportable segments	15,467	23,501
Unallocated:		
Property, plant and equipment	184	278
Right-of-use asset	624	128
Tax recoverable	363	474
Deferred income tax assets	1	755
Financial assets at FVTPL	–	1,543
Corporate and other unallocated assets	62,913	28,838
Total assets per consolidated statement of financial position	79,552	55,517



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

5. SEGMENT INFORMATION AND REVENUE (CONTINUED)

The amounts provided to the directors of the Company with respect to total liabilities are measured in a manner consistent with that of the consolidated financial statements. These liabilities are allocated based on the operations of the segment.

Reportable segments' liabilities are reconciled to total liabilities as follows:

	2024 HK\$'000	2023 HK\$'000
Segment liabilities for reportable segments	9,029	8,157
Unallocated:		
Deferred income tax liabilities	14	8
Current income tax liabilities	18	83
Lease liabilities	648	129
Corporate and other unallocated liabilities	9,449	4,255
Total liabilities per consolidated statement of financial position	19,158	12,632

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

- all assets are allocated to operating segments other than unallocated property, plant and equipment, unallocated right-of-use assets, tax recoverable, deferred income tax assets, financial assets at FVTPL and corporate and other unallocated assets (including intangible assets, interest in an associate, other receivables, deposits and prepayment and cash and cash equivalents); and
- all liabilities are allocated to operating segments other than deferred income tax liabilities, current income tax liabilities, unallocated lease liabilities and corporate and other unallocated liabilities (including other payables and accruals).

The Company is domiciled in the Cayman Islands with the Group's major operations located in Hong Kong. The result of its revenue from external customers in Hong Kong is approximately HK\$80,052,000 (2023: approximately HK\$76,389,000), and the total of revenue from external customers from other country is approximately HK\$674,000 (2023: approximately HK\$743,000).

The total of non-current assets other than other receivable, financial instruments and deferred income tax assets located in Hong Kong is approximately HK\$5,167,000 (2023: approximately HK\$3,470,000), and none of these non-current assets is located in other countries (2023: Nil).



5. SEGMENT INFORMATION AND REVENUE (CONTINUED)

Information about major customers

Revenue from major customers, each of whom contributed to 10% or more of the Group's total revenue, is set out below:

	2024 HK\$'000	2023 HK\$'000
Customer A ¹	10,956	N/A ³
Customer B ^{1, 2}	8,376	N/A ³
Customer C ^{1, 2}	N/A ³	10,333
Customer D ^{1, 2}	N/A ³	8,759

¹ Revenue from staff insourcing services.

² Revenue from provision of telecommunication services.

³ The corresponding revenue did not contribute to 10% or more of the total revenue of the Group.

Breakdown of the revenue from all services is as follows:

Analysis of revenue by category

	2024 HK\$'000	2023 HK\$'000 (restated)
Revenue from contracts with customers		
Service fee income from provision of telecommunication and related services	21,378	23,864
Licensing and sales of system and software	4,498	1,536
System maintenance income	2,212	2,158
Staff insourcing services and personnel services	52,638	49,574
	80,726	77,132



5. SEGMENT INFORMATION AND REVENUE (CONTINUED)

Disaggregation of revenue from contracts with customers

	2024 HK\$'000	2023 HK\$'000 (restated)
By timing of revenue recognition:		
Continuing operation		
Control transferred over time	76,228	75,596
Control transferred at a point of time	4,498	1,536
	80,726	77,132

Performance obligations for contracts with customers and revenue recognition policies

(a) Provision of telecommunication and related services

For provision of telecommunication and related services, comprising outsourcing inbound contact services, outsourcing outbound contact services and contact service centre facilities management services revenue is recognized when the relevant services are rendered and the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs, thus the Group satisfies a performance obligation and recognizes revenue over time with reference to the Group's input to the satisfaction of the performance obligation of the projects.

(b) Sales of software system and related services as an integrated service

For sales of software system and related services as an integrated service, the Group provides multiple deliverables to customers, including sale of software system, installation of software and related services regarding to the IT specifications and requirement of the system. It is accounted for as a single performance obligation since the Group provides an integrated service. Revenue is recognized at a point when the sales and related services are completed without further unfulfilled obligation.

(c) System maintenance services

For system maintenance services, the services fee received are generally paid in advance prior to the contract period and are initially recorded as contract liabilities. The revenue is recognized when the relevant services are rendered and the customer simultaneously receives and consumes the benefits provided by the Group throughout the contract period. Thus, the Group satisfies a performance obligation and recognizes revenue over time with reference to the actual service period passed relative to the total contract period. The portion of system maintenance services fee received in advance but not earned is recorded as contract liabilities and is reflected as a current liability as such amounts represent revenue that the Group expects to earn within one year.



5. SEGMENT INFORMATION AND REVENUE (CONTINUED)

Performance obligations for contracts with customers and revenue recognition policies (continued)

(d) Provision of licensing services

For provision of licensing services, the services provided relate to granting licensees the right to use the software, revenue is recognized at a point of time.

(e) Staff insourcing services

For staff insourcing services, the Group entails assigning the staff of the Groups with qualifications and experience specified by the customers to work at the customers' business centre. The Group is responsible for the entire recruitment process for the insourcing service, which includes recruitment advertising, interview and assessment, employment contract maintenance, routine payroll management and other administrative support. The insourced staff remain as employees of the Group which the Group is responsible for all the employee benefits including defined contribution plans and termination benefits. The Group recognized the revenue associated with this arrangement over the period of time with reference to the value of the services provided which have the same pattern of transfer and benefit the customer as the services are provided.

Transaction price allocated to the remaining performance obligations

Remaining performance obligations expected to be satisfied during the year ending:

Within one year
More than one year

2024 HK\$'000	2023 HK\$'000
3,806	6,467
678	725
4,484	7,192



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

6. OTHER INCOME

	2024 HK\$'000	2023 HK\$'000
Interest income from bank deposits	478	918
Sundry income	2	2
	480	920

7. OTHER GAINS/(LOSSES) – NET

An analysis of the Group's other gains/(losses) – net from continuing operations is as follows:

	2024 HK\$'000	2023 HK\$'000 (restated)
Financial assets at FVTPL		
– Fair value gain	13,457	283
Fair value loss on embedded derivatives of convertible bonds	–	(2,434)
	13,457	(2,151)



8. EMPLOYEE BENEFITS EXPENSES

An analysis of the Group's employee benefit expenses from continuing operations is as follows:

	2024 HK\$'000	2023 HK\$'000 (restated)
Salaries and allowances	69,659	63,485
Discretionary bonuses	6,000	–
Retirement benefit costs	3,045	2,723
Total employee benefits expenses, including directors' remuneration	78,704	66,208
Less: Amounts capitalized in deferred development costs	(732)	(720)
	77,972	65,488

There is no forfeited contributions that may be used by the Group to reduce the existing level of contributions.

Five highest paid individuals

None (2023: None) of the five highest-paid individuals in the Group for the year was a director. Directors' emoluments are shown in Note 32. The emoluments paid or payable to the above five individuals (2023: five individuals) for the year are as follows.

	2024 HK\$'000	2023 HK\$'000
Salaries, allowances and benefits in kind	4,457	4,499
Discretionary bonuses	3,403	–
Retirement benefit costs	162	159
	8,022	4,658



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

8. EMPLOYEE BENEFITS EXPENSES (CONTINUED)

Five highest paid individuals (continued)

	Number of Individuals	
	2024	2023
Emolument bands (in HK\$)		
Below HK\$1,000,000	2	4
HK\$1,000,001–HK\$1,500,000	1	–
HK\$1,500,001–HK\$2,000,000	1	1
HK\$3,500,001–HK\$4,000,000	1	–

No emoluments were paid by the Group to any of the directors of the Company or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office (2023: Nil). None of the directors of the Company waived any emoluments during the year (2023: Nil).

9. FINANCE COSTS

An analysis of the Group's finance costs from continuing operations is as follows:

	2024 HK\$'000	2023 HK\$'000 (restated)
Interest on borrowings	–	26
Effective interest expense on convertible bonds	–	648
Interest on lease liabilities	185	5
	185	679



10. PROFIT BEFORE TAX

	2024 HK\$'000	2023 HK\$'000 (restated)
Profit before tax from continuing operations is stated after charging/(crediting):		
<i>Depreciation and amortization</i>		
Depreciation of owned property, plant and equipment	484	458
Depreciation of right-of-use assets	1,953	274
Amortization of intangible assets	904	1,366
Total depreciation and amortization	3,341	2,098
 Auditors' remuneration	 850	 1,000
Reversal of impairment of financial assets and contract assets – net (included in other operating expenses)	(8,760)	(3,756)
Expenses relating to short-term leases	596	2,843

11. INCOME TAX EXPENSE

An analysis of the Group's income tax expenses from continuing operations is as follows:

Hong Kong Profits Tax has been provided at a rate of 16.5% (2023: 16.5%) on the estimated assessable profits arising in or derived from Hong Kong for the year.

	2024 HK\$'000	2023 HK\$'000 (restated)
Current tax:		
Provision for the year	–	212
Underprovision in prior years	107	–
Total current tax	107	212
Deferred income tax (Note 26)	748	(81)
Income tax expense	855	131



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

11. INCOME TAX EXPENSE (CONTINUED)

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the Hong Kong Profits Tax rate as follows:

	2024 HK\$'000	2023 HK\$'000 (restated)
Profit before tax	9,264	928
Tax calculated at Hong Kong Profits Tax rate of 16.5%	1,529	153
Tax effects of:		
– Income not subject to tax	(2,193)	(130)
– Expenses not deductible for tax purposes	67	1
– Temporary differences not recognized	(121)	723
– Tax effect of share of result of an associate	41	41
– Tax losses for which no deferred income tax asset was recognized	1,804	762
– Utilization of previous unrecognized tax losses	(379)	(1,413)
– Tax reduction	–	(6)
– Underprovision in respect of prior years	107	–
Tax charge	855	131

12. DISCONTINUED OPERATION

On 20 December 2024, the Group entered into a sale agreement to dispose of a subsidiary, GCL, which carried out all of the Group's financial services operation. The disposal was effected in order to allocate its resources for the development of the Group's existing businesses. The disposal was completed on 27 December 2024, on which date control of GCL passed to the acquirer.

The profit/(loss) for the year from the discontinued financial services operation is set out below. The comparative figures in the consolidated statement of profit or loss and other comprehensive income have been restated to represent the financial services operation as a discontinued operation.

	2024 HK\$'000	2023 HK\$'000
Profit/(Loss) of financial services operation for the year	5,456	(11,019)
Gain on disposal of financial services operation (Note 33)	3,644	2,300
	9,100	(8,719)



12. DISCONTINUED OPERATION (CONTINUED)

The results of the financial services operation for the period from 1 January 2024 to 27 December 2024, which have been included in the consolidated statement of profit or loss and other comprehensive income, were as follows:

	1 January 2024 to 27 December 2024 HK\$'000	1 January 2023 to 31 December 2023 HK\$'000
Revenue	694	1,587
Other gains	–	5
Employee benefits expenses	–	(1,471)
Depreciation	–	(149)
Reversal of/(Provision for) impairment of financial assets – net	4,909	(9,951)
Other operating expenses	(135)	(1,063)
Operating profit/(loss)	5,468	(11,042)
Finance costs	–	(2)
Profit/(Loss) before tax	5,468	(11,044)
Income tax (expense)/credit	(12)	25
Profit/(Loss) for the period/year	5,456	(11,019)



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

12. DISCONTINUED OPERATION (CONTINUED)

Cash flows from discontinued operation:

	2024 HK\$'000	2023 HK\$'000
Net cash used in operating activities	(535)	(6,879)
Net cash inflow from investing activities	–	6,606
Net cash outflow from financing activities	–	(6,123)

The carrying amounts of the assets and liabilities of GCL at the date of disposal are disclosed in Note 33.

13. EARNINGS/LOSS PER SHARE

The calculation of the basic earnings/loss per share attributable to owners of the Company is based on (i) the profit/loss attributable to owners of the Company for the year; and (ii) the weighted average number of 295,625,000 ordinary shares issued during the year (2023: 286,078,767 ordinary shares).

The diluted loss per share is equal to the basic loss per share as there were no dilutive potential ordinary shares in issue during the years ended 31 December 2024 and 2023.

Basic and diluted earnings per share for the discontinued operations is HK3.1 cents per share (2023: HK3.1 cents loss per share) based on the profit for the year from the discontinued operations of approximately HK\$9,100,000 (2023: loss for the year from discontinued operation of approximately HK\$8,719,000) and the denominators detailed above for both basic and diluted earnings/loss per share.



14. DIVIDENDS

Dividends for ordinary shareholders of the Company recognised as distribution during the year:

2023 Interim – HK15 cents per share

2022 Final – HK1.5 cents per share

2024 HK\$'000	2023 HK\$'000
–	44,344
–	4,200
–	48,544

No dividend was paid or proposed by the board of directors of the Company for the year ended 31 December 2024.

15. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Details of the subsidiaries directly and indirectly held by the Company at the end of the reporting period are set out below:

Name	Place of incorporation and kind of legal entity	Principal activities	Particulars of issued share capital	Interest held	
				2024	2023
Epro Telecom Holdings	Hong Kong, limited liability company	Investment holding	HK\$20,533,987 divided into 20,533,987 ordinary shares	100% (indirect)	100% (indirect)
Epro Telecom Services Limited	Hong Kong, limited liability company	Provision of telecommunication and related services and sales of system and software	HK\$23,000,001 divided into 23,000,001 ordinary shares	100% (indirect)	100% (indirect)
Interactive Business Services Limited	Hong Kong, limited liability company	Provision of telecommunication and related services	HK\$3,000,000 divided into 3,000,000 ordinary shares	100% (indirect)	100% (indirect)
Gear Credit Limited	Hong Kong, limited liability company	Provision of corporate financial management	HK\$10,000 divided into 10,000 ordinary shares	Note 33	100% (indirect)

The above table lists the subsidiaries of the Company which, in the opinion of the directors of the Company, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors of the Company, result in particulars of excessive length.

None of the subsidiaries had issued any listed securities at the end of the reporting period. The Group had no subsidiaries which have material non-controlling interest for the years ended 31 December 2024 and 2023.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

16. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements, furniture and fixtures HK\$'000	Computer equipment HK\$'000	Computer software HK\$'000	Electronic and office equipment HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
As at 1 January 2023						
Cost	8,973	341	1,516	278	698	11,806
Accumulated depreciation	(8,872)	(231)	(854)	(150)	(698)	(10,805)
Net book amount	101	110	662	128	–	1,001
Year ended 31 December 2023						
Opening net book amount	101	110	662	128	–	1,001
Additions	53	138	–	8	–	199
Depreciation charge	(76)	(65)	(303)	(44)	–	(488)
Closing net book amount	78	183	359	92	–	712
As at 31 December 2023						
Cost	2,079	450	1,504	238	698	4,969
Accumulated depreciation	(2,001)	(267)	(1,145)	(146)	(698)	(4,257)
Net book amount	78	183	359	92	–	712
Year ended 31 December 2024						
Opening net book amount	78	183	359	92	–	712
Additions	65	–	473	–	–	538
Depreciation charge	(37)	(92)	(315)	(40)	–	(484)
Closing net book amount	106	91	517	52	–	766
As at 31 December 2024						
Cost	2,083	443	1,977	232	–	4,735
Accumulated depreciation	(1,977)	(352)	(1,460)	(180)	–	(3,969)
Net book amount	106	91	517	52	–	766



17. RIGHT-OF-USE ASSETS

	Premises HK\$'000						
As at 31 December 2024							
Carrying amount	2,599						
As at 31 December 2023							
Carrying amount	535						
For the year ended 31 December 2024							
Depreciation charge (Note 10)	1,953						
For the year ended 31 December 2023							
Depreciation charge	393						
	<table> <tr> <th>2024 HK\$'000</th><th>2023 HK\$'000</th></tr> <tr> <td>Total cash outflow for leases</td><td>3,291</td></tr> <tr> <td>Additions to right-of-use assets</td><td>558</td></tr> </table>	2024 HK\$'000	2023 HK\$'000	Total cash outflow for leases	3,291	Additions to right-of-use assets	558
2024 HK\$'000	2023 HK\$'000						
Total cash outflow for leases	3,291						
Additions to right-of-use assets	558						

The Group leases certain premises for its operations. Leases contracts are entered into for fixed terms of 2 years (2023: 2 years). Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

The Group regularly entered into short-term leases for premises. As at 31 December 2024 and 2023, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense disclosed in Note 10.

The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

18. INTANGIBLE ASSETS

	Internally generated software development costs HK\$'000
As at 1 January 2023	
Cost	59,220
Accumulated amortization and impairment	(56,932)
Net book amount	2,288
Year ended 31 December 2023	
Opening net book amount	2,288
Additions	720
Amortization charge	(1,366)
Closing net book amount	1,642
As at 31 December 2023	
Cost	59,940
Accumulated amortization and impairment	(58,298)
Net book amount	1,642
Year ended 31 December 2024	
Opening net book amount	1,642
Additions	732
Amortization charge	(904)
Closing net book amount	1,470
As at 31 December 2024	
Cost	60,672
Accumulated amortization and impairment	(59,202)
Net book amount	1,470



18. INTANGIBLE ASSETS (CONTINUED)

Internally generated software development costs

Internally generated capitalized software development costs have definite useful lives and are amortized on a straight-line basis over 4 years.

19. INTEREST IN AN ASSOCIATE

Cost of unlisted interest in an associate
Share of post-acquisition loss and other comprehensive income,
net of dividends received

2024 HK\$'000	2023 HK\$'000
1,000	1,000
(668)	(419)
332	581

The following table illustrates the aggregate financial information of the Group's and the Company's associates that are not individually material:

Share of results of the associate for the year
Aggregate carrying amount of the Group's investments in the associate

2024 HK\$'000	2023 HK\$'000
(249)	(249)
332	581

20. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Unlisted equity securities in Hong Kong

2024 HK\$'000	2023 HK\$'000
–	1,543

During the year ended 31 December 2024, the Group disposed of the equity securities in Hong Kong Virtual Asset Exchange Limited, at a consideration of HK\$15,000,000, by way of cash consideration of HK\$10,900,000 and a promissory note of principal sum of HK\$4,100,000 as detailed in Note 22. A gain on disposal has been recognized in "Other gains/(losses) – net" in the consolidated statement of profit or loss and other comprehensive income.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

21. CONTRACT ASSETS AND CONTRACT LIABILITIES

The Group has recognized the following revenue-related contract assets and contract liabilities:

	2024 HK\$'000	2023 HK\$'000
Contract assets	3,471	5,853
Less: loss allowance	(33)	(104)
Contract assets – net	3,438	5,749
Contract liabilities	(1,944)	(2,218)
	1,494	3,531

The contract assets are mainly arising from contracts for staff insourcing services primarily relate to the Group's rights to consideration for work completed but not yet billed at the reporting date. The contract assets are transferred to trade receivables when the rights become unconditional. The contract liabilities primarily relate to the advanced consideration received from customers mainly arising from contracts for the provision of system maintenance, for which revenue is recognized based on the progress of the provision of related services.

Revenue recognized in relation to contract assets and contract liabilities

The following table shows how much of the revenue recognized in the respective reporting period relates to carried-forward contract assets and contract liabilities.

	2024 HK\$'000	2023 HK\$'000
Revenue recognized that was included in the contract liabilities balance at the beginning of the year	1,156	1,071
Transfers from the contract assets recognized at the beginning of the year to trade receivables	5,853	3,974

Details of impairment assessment of contract assets are set out in Note 3.2.



22. TRADE AND OTHER RECEIVABLES

	2024 HK\$'000	2023 HK\$'000
Trade receivables		
Amounts receivables arising from multi-media contact services, contact centre system and advisory services	19,075	30,755
Loan and interests receivables	–	23,590
Less: loss allowance	(10,721)	(38,682)
Trade receivables – net	8,354	15,663
Other receivables, deposits and prepayments	12,709	1,277
Less: loss allowance	(3)	(1)
Other receivables, deposits and prepayments – net	12,706	1,276
Total trade and other receivables	21,060	16,939
Analyzed for reporting purposes as:		
Current assets	18,290	16,939
Non-current assets	2,770	–
	21,060	16,939

The average credit period on the Group's sales is 30 days (2023: 30 days). The aging analysis of the trade receivables based on invoice date is as follows:

	2024 HK\$'000	2023 HK\$'000
0–30 days	5,609	6,604
31–60 days	1,539	3,731
61–90 days	666	1,696
Over 90 days	11,261	18,724
	19,075	30,755



22. TRADE AND OTHER RECEIVABLES (CONTINUED)

The carrying amounts of the Group's trade and other receivables are denominated in HK\$.

As at 31 December 2024, the carrying amounts of the Group's trade receivables included approximately HK\$4,464,000 (2023: approximately HK\$9,444,000) is due from Jiayuan Stangroup Development Company Limited. This receivable arises mainly from sale transactions and are due 10 days from the date of invoices. The receivable is unsecured and interest-free. During the year ended 31 December 2024, approximately HK\$4,980,000 (2023: HK\$8,061,000) of the receivable was settled.

As at 31 December 2024, included in other receivables is a promissory note as consideration received secured by a share charge over the entire share capital of GCL, interest bearing at 6% per annum and repayable in three instalments at a principal sum of (i) HK\$3,000,000 on or before 30 June 2025; (ii) HK\$3,000,000 on or before 31 December 2025 and (iii) HK\$4,500,000 on or before 30 June 2026.

As at 31 December 2024, included in other receivables is a promissory note as consideration received secured by a share charge over the sale shares of Hong Kong Virtual Asset Exchange Limited, interest bearing at 6% per annum and repayable at a principal sum of HK\$4,100,000 on or before 31 March 2025.

As at 31 December 2023, the carrying amount of the Group's deposits included approximately HK\$681,000 is premise rental deposits paid to Star China Development Limited.

As at 31 December 2023, the Group's loan and interests receivables, which arise from the money lending business, are denominated in HK\$. All the loan receivables are entered with contractual maturity within 1 year. Loan receivables are interest-bearing at a rate range from 5% to 20% per annum.

The fair value of collateral held in respect of the loan and interests receivables as at 31 December 2023 is approximately HK\$4,000,000.

The other classes within trade and other receivables do not contain impaired assets. The maximum exposure to credit risk at the end of the reporting period is the carrying value of each class of receivables mentioned above. The Group does not hold any collateral as security.

Details of impairment assessment of trade and other receivables are set out in Note 3.2.



23. CASH AND CASH EQUIVALENTS

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term time deposits are made for three months and earn interest at the respective short-term time deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

	2024 HK\$'000	2023 HK\$'000
Cash at banks and on hand	38,523	26,587
Short-term bank deposits	11,000	–
Cash and cash equivalents	49,523	26,587

As at 31 December 2024, the cash and cash equivalents of the Group denominated in RMB amounted to approximately HK\$72,000 (2023: approximately HK\$72,000). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorized to conduct foreign exchange business.

24. OTHER PAYABLES AND ACCRUALS

	2024 HK\$'000	2023 HK\$'000
Other payables	1,040	2,381
Accruals	13,440	7,406
	14,480	9,787

25. LEASE LIABILITIES

	2024 HK\$'000	2023 HK\$'000
Lease liabilities payable:		
Within one year	2,343	274
More than one year but not exceeding two years	359	262
	2,702	536
Less: Amount due for settlement with 12 months shown under current liabilities	(2,343)	(274)
Amount due for settlement after 12 months shown under non-current liabilities	359	262

The incremental borrowing rates applied to lease liabilities ranged from 5.63% to 6.33% (2023: 5.63%).



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

26. DEFERRED INCOME TAX

For the purpose of presentation in the consolidated statement of financial position, certain deferred income tax assets and liabilities have been offset. The following is the analysis of the deferred income tax balances for financial reporting purposes:

	2024 HK\$'000	2023 HK\$'000
Deferred income tax assets	1	755
Deferred income tax liabilities	(14)	(8)
	(13)	747

The following are the major deferred income tax liabilities and assets recognized and movements thereon during the current and prior years:

	Accelerated tax depreciation HK\$'000	ECL provision HK\$'000	Total HK\$'000
As at 1 January 2023	(637)	(16)	(653)
Charged/(credited) to the consolidated statement of profit or loss	70	(176)	(106)
Disposal of subsidiaries	13	(1)	12
As at 31 December 2023 and 1 January 2024	(554)	(193)	(747)
Charged to the consolidated statement of profit or loss	616	144	760
As at 31 December 2024	62	(49)	13

Deferred income tax assets are recognized for tax loss carry-forwards to the extent that the realization of the related tax benefit through future taxable profits is probable. The Group did not recognize deferred income tax assets in respect of the tax losses at the end of reporting period as the directors of the Company consider that it is uncertain as to the extent that future profits will be available against which tax losses can be utilized in the foreseeable future.

As at 31 December 2024, the Group has unused tax losses of approximately HK\$30,450,000 (2023: approximately HK\$21,441,000) which are available for offset against future profits may be carried forward indefinitely. Certain amounts of unused tax losses are subject to approval from the Hong Kong Inland Revenue Department.



27. SHARE CAPITAL

	Number of shares		Share capital	
	2024	2023	2024 HK\$'000	2023 HK\$'000
Ordinary shares of HK\$0.01 each				
Authorised				
At beginning of year and at end of year	5,000,000,000	5,000,000,000	50,000	50,000
Issued and fully paid				
At beginning of year	295,625,000	280,000,000	2,956	2,800
Issue of shares	–	15,625,000	–	156
At end of year	295,625,000	295,625,000	2,956	2,956

28. RESERVES

Merger reserve

Merger reserve represents the difference between the nominal value of the shares issued by the Company in exchange for the nominal value of the share capital of its subsidiaries arising from the corporate reorganization.

Share premium

The share premium represents the difference between the par value of issued shares of the Company and the considerations received from the shareholders.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

29. RELATED PARTY TRANSACTIONS

Save as disclosed in Notes 22 and 32 to the consolidated financial statements, the Group entered into the following significant related party transactions during the year:

Name of related party	Nature of transactions	Notes	2024 HK\$'000	2023 HK\$'000
Star China Development Limited	Short-term lease expenses	(i) & (ii)	–	2,694

Notes:

- (i) Short-term lease expenses are based on terms mutually agreed between the parties involved.
- (ii) Star China Development Limited is controlled by Mr. SB Tang's estate.

Key management personnel compensation

	2024 HK\$'000	2023 HK\$'000
Salaries and short-term employee benefits	404	480
Post-employment benefits	3	6
	407	486



30. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

	As at 31 December	
	2024 HK\$'000	2023 HK\$'000
Non-current assets		
Investment in a subsidiary	40,151	40,151
Current assets		
Other receivables	267	118
Amounts due from subsidiaries	30,626	22,837
Tax recoverable	195	–
Cash and cash equivalents	18,569	10,455
	49,657	33,410
Current liabilities		
Other payables	1,076	867
Amounts due to subsidiaries	35,087	29,846
Current income tax liabilities	–	64
	36,163	30,777
Net current assets	13,494	2,633
Net assets	53,645	42,784
Equity attributable to the owners of the Company		
Share capital	2,956	2,956
Reserves (Note (a))	50,689	39,828
Total equity	53,645	42,784

Approved and authorized for issue by the Board of Directors on 24 March 2025.

Tang Yiu Sing
Director



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

30. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY (CONTINUED)

Note (a): Reserve movement of the Company

	Share premium HK\$'000	Convertible bonds equity reserve HK\$'000	Special reserve HK\$'000	Retained profits/ (Accumulated loss) HK\$'000	Total HK\$'000
As at 1 January 2023	25,238	1,734	40,151	15,716	82,839
Conversion of convertible bonds	11,078	(1,734)	–	–	9,344
Dividend recognized as distributions	(32,828)	–	–	(15,716)	(48,544)
Loss for the year	–	–	–	(3,811)	(3,811)
As at 31 December 2023 and 1 January 2024	3,488	–	40,151	(3,811)	39,828
Profit for the year	–	–	–	10,861	10,861
As at 31 December 2024	3,488	–	40,151	7,050	50,689

Special reserve

Special reserve represents the difference between the fair value of the shares of Eastside Fortune Limited acquired pursuant to the corporate reorganization on 13 December 2011 over the nominal value of the Company's share issued in exchange therefore.

31. NOTE TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Changes in liabilities arising from financing activities:

The table below details changes in the Group's liabilities from financing activities. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flow will be classified in the Group's consolidated cash flow statement as cash flows from financing activities.

	Convertible bonds HK\$'000	Borrowings HK\$'000	Lease liabilities HK\$'000	Total HK\$'000
As at 1 January 2023	9,206	2,000	376	11,582
Financing cash flows	(2,788)	(2,026)	(405)	(5,219)
New leases entered	–	–	558	558
Fair value adjustment	2,434	–	–	2,434
Interest expenses	648	26	7	681
Conversion of convertible bonds	(9,500)	–	–	(9,500)
As at 31 December 2023 and 1 January 2024	–	–	536	536
Financing cash flows	–	–	(2,036)	(2,036)
New leases entered	–	–	4,017	4,017
Interest expenses	–	–	185	185
As at 31 December 2024	–	–	2,702	2,702



32. BENEFITS AND INTEREST OF DIRECTORS

(a) Directors' and chief executive's emoluments

The remuneration of every director and the chief executive for the year ended 31 December 2024 is set out below:

Name of director	Fees HK\$'000	Salary HK\$'000	Discretionary bonus HK\$'000	Other benefits HK\$'000	Retirement benefit costs HK\$'000	Total HK\$'000
Executive directors						
Mr. YS Tang ¹	–	60	–	–	3	63
Mr. Yeung Ka Wing ²	–	6	–	–	–	6
Independent non-executive directors						
Ms. Kwong Yuk Ying ³	120	–	–	–	–	120
Ms. Tsang Lee Mei ⁵	98	–	–	–	–	98
Mr. Wong Kam Tai	120	–	–	–	–	120
	338	66	–	–	3	407



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

32. BENEFITS AND INTEREST OF DIRECTORS (CONTINUED)

(a) Directors' and chief executive's emoluments (continued)

The remuneration of every director and the chief executive for the year ended 31 December 2023 is set out below:

Name of director	Fees HK\$'000	Salary HK\$'000	Discretionary bonus HK\$'000	Other benefits HK\$'000	Retirement benefit costs HK\$'000	Total HK\$'000
Executive directors						
Mr. YS Tang ¹	–	60	–	–	3	63
Mr. Yeung Ka Wing ²	–	60	–	–	3	63
Independent non-executive directors						
Ms. Kwong Yuk Ying ³	120	–	–	–	–	120
Mr. Cheung Kong Ting ⁴	120	–	–	–	–	120
Mr. Wong Kam Tai	120	–	–	–	–	120
	360	120	–	–	6	486

Notes:

1. Mr. YS Tang is the chief executive of the Group.
2. Mr. Yeung Ka Wing resigned on 5 February 2024.
3. Ms. Kwong Yuk Ying was appointed on 1 January 2023.
4. Mr. Cheung Kong Ting resigned on 1 January 2024.
5. Ms. Tsang Lee Mei was appointed on 6 March 2024.

(b) Directors' material interest in transactions, arrangement or contracts

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.



33. DISPOSAL OF SUBSIDIARIES

(a) GCL

On 27 December 2024, the Group discontinued its financial services operation at the time of disposal of its subsidiary, GCL. The net assets of GCL at the date of disposal were as follows:

	HK\$'000
Analysis of assets and liabilities over which control was lost:	
Loan and interests receivables	3,645
Deposits	20
Tax recoverable	362
Cash and cash equivalents	50
Other payables and accruals	(51)
	<hr/>
Net assets disposed of	4,026
	<hr/>
Consideration received:	
Cash received	500
Promissory note (<i>Note</i>)	7,170
	<hr/>
Total consideration	7,670
	<hr/>
Gain on disposal of a subsidiary:	
Consideration received and receivable	7,670
Net assets disposed of	(4,026)
	<hr/>
Gain on disposal	3,644
	<hr/>
Net cash inflow arising on disposal:	
Cash consideration	500
Less: cash and cash equivalents disposed of	(50)
	<hr/>
	450
	<hr/>

Note: The promissory note with principal sum amounted HK\$10,500,000 will be settled fully in cash by the purchaser on or before 30 June 2026. The fair value of the promissory note was determined to be HK\$7,170,000.

The impact of the discontinued operation on the Group's results and cash flows in the current and prior periods is disclosed in Note 12.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

33. DISPOSAL OF SUBSIDIARIES (CONTINUED)

(b) Gear Future Limited and its subsidiaries ("Gear Future Group")

In October 2023, the Group disposed of its 100% equity interest in Gear Future Group at a consideration of approximately HK\$8,906,000. The net assets of Gear Future Group at the date of disposal were as follows:

	HK\$'000
Consideration received	
Cash received	8,906
Analysis of assets and liabilities over which control was lost	
Deferred income tax assets	12
Other assets	205
Trade and other receivables	63
Bank trust account balances	296
Cash and cash equivalents	6,631
Trade and other payables	(601)
Net assets disposed of	6,606
Gain on disposal of subsidiaries	
Consideration received	8,906
Net assets disposed of	(6,606)
Gain on disposal	2,300
Net cash inflow arising on disposal	
Cash consideration received	8,906
Less: cash and cash equivalents sold	(6,631)
	2,275



	2024 HK\$'000	For the year ended 31 December			
		2023 HK\$'000 (restated) (Note)	2022 HK\$'000	2021 HK\$'000	2020 HK\$'000
Continued operations Results					
Revenue	80,726	77,132	86,130	98,757	104,211
Operating profit/(loss)	9,449	1,607	(7,980)	(17,252)	(4,751)
Finance costs	(185)	(679)	(1,093)	(496)	(399)
Profit/(Loss) before tax	9,264	928	(9,073)	(17,748)	(5,150)
Income tax (expense)/credit	(855)	(131)	(223)	(872)	13
Profit/(Loss) for the period/year from discontinued operation	9,100	(8,719)	–	–	–
Profit/(Loss) for the year	17,509	(7,922)	(9,296)	(18,620)	(5,137)

Note: The financial services has been classified as discontinued operation of the Group for the year ended 31 December 2024. In accordance with HKFRS 5, *Non-current Assets Held for sale and Discontinued Operations*, the group has restated the comparative information in 2023 in this regard.



FINANCIAL SUMMARY



	At 31 December				
	2024 HK\$'000	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000	2020 HK\$'000
Asset and liabilities					
Property, plant and equipment	766	712	1,001	1,541	1,320
Right-of-use assets	2,599	535	370	1,004	5,246
Intangible assets	1,470	1,642	2,288	3,771	5,437
Interest in an associate	332	581	830	–	–
Financial assets at fair value through profit or loss	–	1,543	1,260	2,200	–
Deferred income tax assets	1	755	669	818	1,171
Other assets	–	–	205	205	205
Net current assets	55,599	37,387	83,244	97,982	102,700
Total assets less current liabilities	60,767	43,155	89,867	107,521	116,079
Deferred income tax liabilities	(14)	(8)	(16)	(18)	(46)
Lease liabilities	(359)	(262)	–	(251)	–
Convertible Bonds	–	–	–	(8,105)	–
Net assets	60,394	42,885	89,851	99,147	116,033
Capital and reserves					
Share capital	2,956	2,956	2,800	2,800	2,800
Reserves	57,438	39,929	87,051	96,347	113,233
Total equity	60,394	42,885	89,851	99,147	116,033
Earnings/(Loss) per share attributable to owners of the Company – Basic and diluted (HK cents)	5.9	(2.8)	(3.3)	(6.7)	(1.8)

Notes:

- The results of the Group for the year ended 31 December 2024 and 2023 are those set out on page 68 of this annual report.
- The consolidated statement of financial position as at 31 December 2024 and 2023 are those set out on pages 69 to 70 in this annual report.





ETS GROUP LIMITED
易通訊集團有限公司

