

# CFHL

Capital Finance Holdings Limited

首都金融控股有限公司

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)

(Stock Code: 8239)

Annual Report  
2024

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

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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.

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*This report, for which the directors (the “**Directors**”) of Capital Finance Holdings Limited (the “**Company**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the 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.*

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# CORPORATE INFORMATION

## BOARD

### *Executive Directors*

Mr. Zhang Wei (*Chief Executive Officer*)  
Ms. Li Wei  
Mr. Wong Ming Fair Victor

### *Independent Non-executive Directors*

Mr. Chen Yihua  
Mr. Chan Ngai Fan  
Ms. Cheung Yin Man Monica

## BOARD COMMITTEES

### *Audit Committee*

Mr. Chan Ngai Fan (*Chairman*)  
Mr. Chen Yihua  
Ms. Cheung Yin Man Monica

### *Remuneration Committee*

Mr. Chan Ngai Fan (*Chairman*)  
Mr. Chen Yihua  
Ms. Cheung Yin Man Monica

### *Nomination Committee*

Mr. Chen Yihua (*Chairman*)  
Mr. Zhang Wei  
Mr. Chan Ngai Fan  
Ms. Cheung Yin Man Monica  
Mr. Wong Ming Fair Victor

## COMPANY SECRETARY

Ms. Lam Fei Sui

## HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suite No. 2, 15/F  
Tower 1, China Hong Kong City  
33 Canton Road, Tsim Sha Tsui  
Kowloon  
Hong Kong

## REGISTERED OFFICE

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

## PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Corporate Services (Bermuda) Limited  
Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

## BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

## PRINCIPAL BANKERS

Bank of Communications (Hong Kong) Limited  
The Bank of East Asia, Limited  
Bank of China (Hong Kong) Limited

## AUDITOR

Forvis Mazars CPA Limited  
42/F., Central Plaza  
18 Harbour Road, Wanchai  
Hong Kong

## COMPANY WEBSITE

<http://www.capitalfinance.hk>

## STOCK CODE

8239



# BOARD OF DIRECTORS' STATEMENT

Dear Shareholders,

On behalf of the Board of Directors (the “**Board**”), it is my pleasure to present to you the annual report of our Company and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 December 2024.

In 2024, the global political and economic environment has remained volatile, with ongoing geopolitical tensions and conflicts in various regions continuing to add uncertainty to the global economic recovery. The aftermath of the prolonged Russia-Ukraine conflict and the disruptions in the supply chain from previous years continue to pose challenges, contributing to inflation and resource constraints. In response, the Federal Reserve has continued its cautious adjustments to interest rates, impacting the banking and lending sectors.

Turning to China’s domestic economy, the recovery post-COVID-19 has been sluggish and has not met market expectations. Consumer confidence remains weak amid global uncertainties. The Renminbi has continued its downward trend against the U.S. dollar, influenced by the ongoing tensions in U.S.-China relations and the debt crisis among real estate developers in the People’s Republic of China (the “**PRC**”). Micro and small businesses (the “**MSBs**”) and self-employed businesses continue to face significant challenges. Despite these hurdles, China has maintained a prudent monetary policy, with the People’s Bank of China (the “**PBOC**”) implementing measures to support the economy, including reductions in the loan prime rate.

In 2024, competition in the short-term financing sector has intensified. The domestic pawn and micro-lending environment have become increasingly challenging. In light of this, our Group has made concerted efforts to expand into new markets, launching customer loan services and managing distressed loans categorized as customer loans in Hong Kong.

Faced with current business risks, we are committed to adapting to the ever-changing market landscape. We leverage our accumulated expertise and capabilities in short-term financing services to maintain existing clients while actively pursuing new ones. By understanding local market dynamics and customer needs, we offer fast and flexible financing services tailored to the specific requirements of MSBs and self-employed businesses. Additionally, we are strengthening post-loan management and optimizing our collateral portfolio to enhance capital strength and improve risk management capabilities.

To maintain competitiveness, we continue to focus on reducing costs and expenses, strengthening budget management, and enhancing internal controls. Through resource sharing and process optimization, we aim to control costs, improve operational efficiency, and ultimately enhance profitability. Strengthening our internal controls will also enable us to better manage risks and ensure compliance with regulatory requirements, enhancing the integrity and stability of our operations.

Looking ahead, the global economy in 2025 is shaped by factors like geopolitical tensions, trade relations, inflation, and monetary policies, alongside rapid digital and technological changes. This creates a complex landscape with significant challenges and uncertainties.

# BOARD OF DIRECTORS' STATEMENT

In this complex and demanding market landscape, we must respond flexibly to market changes and fully leverage the Group's rapid and agile lending strategies. The Group intends to develop and incorporate AI technology and transformation in order to adapt to the fast-changing business environment and capture the market opportunities with our own resource or through cooperation. This initiative will allow us to align more closely with market developments in client acquisition, credit assessment, compliance management, and customer service, thereby translating operational efficiency and competitive advantage into revenue growth and enhancing customer satisfaction, even amidst market uncertainties.

While continuing to focus on our existing short-term financing operations, the Group will also actively seek new business opportunities including but not limited to pursuing potential merger and acquisition projects in the PRC and/or Hong Kong. This strategic approach aims to diversify our income sources, increase revenue, and create long-term sustainable value for our shareholders.

## APPRECIATION

I would like to take this opportunity to express my sincere gratitude and appreciation to all shareholders, business partners and customers for their ongoing support and trust to the Group. Also, I would like to thank my fellow Directors, management team and staff for their dedication and contributions over the year.

By Order of the Board

**Zhang Wei**

*Executive Director*

Hong Kong, 27 March 2025

# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS AND FINANCIAL REVIEW

During the year ended 31 December 2024, the Group is principally engaged in short-term financing services in the PRC and Hong Kong.

The Group recorded total revenue for the year ended 31 December 2024 of approximately Hong Kong dollars ("HK\$") 18,863,000 (2023: approximately HK\$36,233,000), representing a decrease of approximately HK\$17,370,000 as compared with the previous year. The decrease was mainly attributable to the combination of two main factors. Firstly, there was a decrease of approximately HK\$27,212,000 in interest income from short-term financing services business in the PRC, driven by an unfavorable economic environment, a challenging industry landscape, and complex market competition in the region. Secondly, the Group recorded a settlement gain from distressed debt assets classified in loans to customers of approximately HK\$8,900,000 within the short-term financing services sector in the Hong Kong market. This initiative is part of the Group's strategy to develop its short-term financing services business in Hong Kong starting in the second half of 2024, aimed at enhancing revenue streams and mitigating the impact of performance in the PRC market.

Other income and other gains and losses, net for the year ended 31 December 2024 amounted to approximately HK\$5,177,000 (2023: approximately HK\$10,017,000). This represents a decrease of approximately HK\$4,840,000 compared to the previous year, primarily due to a reduction of approximately HK\$6,085,000 in the gain on early redemption of convertible bonds for the year ended 31 December 2024.

The administrative and other expenses for the year ended 31 December 2024 decreased from approximately HK\$29,302,000 for the year ended 31 December 2023 to approximately HK\$23,172,000. This decline is attributable to the effective implementation of cost control measures by the Group during the year.

The Group recorded a charge of loss allowance for expected credit loss ("ECL") on loans to customers for the year ended 31 December 2024 of approximately HK\$5,257,000 (2023: approximately HK\$2,607,000), representing an increase of approximately HK\$2,650,000 as compared with last year. The increase in charge of loss allowance for ECL was mainly due to several challenging factors within the PRC short-term financing services market, including an unfavorable economic environment, a challenging industry landscape and intense market competition. These conditions have led to a deterioration of the customers' ageing and a decline in the expected recoverable value of collaterals and guarantees which resulted from the increase in costs and efforts of their realisation. As a result, there was an increase in the weighted average rate of ECL during 2024. Additionally, the Group launched its personal loans money lending business in Hong Kong in 2024, which accounted for approximately HK\$755,000 charge of loss allowance for ECL on loans to customers for the year ended 31 December 2024.

There was a one-off cumulative exchange loss previously recognised in other comprehensive income arising from the deregistration of a subsidiary in the amount of approximately HK\$4,064,000 recorded for the year ended 31 December 2024 whereas no such exchange loss was recognised for the year ended 31 December 2023.

The finance costs for the year ended 31 December 2024 decreased by approximately HK\$7,343,000 to approximately HK\$8,148,000 (2023: approximately HK\$15,491,000). The decrease was mainly due to redemption of convertible bonds by the Group during the years ended 31 December 2023 and 2024.

The increase in loss attributable to the owners of the Company was mainly due to the combined effects of the following factors: (i) a decrease in total revenue by approximately HK\$17,370,000 for the year ended 31 December 2024 compared to the corresponding year in 2023; (ii) a decrease of other income and other gains and losses, net by approximately HK\$4,840,000 for the year ended 31 December 2024 compared to the corresponding year in 2023; (iii) a decrease of administrative and other expenses by approximately HK\$6,130,000 for the year ended 31 December 2024 compared to the corresponding year in 2023; (iv) a one-off cumulative exchange loss previously recognised in other comprehensive income arising from the deregistration of a subsidiary in the amount of approximately HK\$4,064,000 recorded for the year ended 31 December 2024 whereas no such exchange loss was recognised for the year ended 31 December 2023; (v) a decrease in finance costs for the year ended 31 December 2024 by approximately HK\$7,343,000 compared to the corresponding year in 2023; and (vi) an increase in the charge of loss allowance for ECL on loans to customers by approximately HK\$2,650,000 for the year ended 31 December 2024 compared to the corresponding year in 2023.

# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS AND FINANCIAL REVIEW *(Continued)*

### *Short-term financing services*

During the year ended 31 December 2024, the revenue of the short-term financing services was approximately HK\$18,863,000 (2023: approximately HK\$36,233,000). The operating results of short-term financing services recorded a profit before income tax of approximately HK\$5,015,000 (2023: approximately HK\$21,056,000). The decline in operating results was mainly due to the decrease in revenue by approximately HK\$17,370,000 for the year ended 31 December 2024.

## PROSPECTS

Looking ahead, the global economy in 2025 is shaped by factors like geopolitical tensions, trade relations, inflation, and monetary policies, alongside rapid digital and technological changes. This creates a complex landscape with significant challenges and uncertainties.

In this complex and demanding market landscape, we must respond flexibly to market changes and fully leverage the Group's rapid and agile lending strategies. The Group intends to develop and incorporate AI technology and transformation in order to adapt to the fast-changing business environment and capture the market opportunities with our own resource or through cooperation. The Company wishes to enhance the service platform to include big data analysis, artificial intelligence, Natural Language Processing and/or cloud computing so that we could upgrade our services such as improving the level of industry informatization, reducing customer acquisition costs, and strengthening risk control. This initiative will allow us to align more closely with market developments in client acquisition, credit assessment, compliance management, and customer service, thereby translating operational efficiency and competitive advantage into revenue growth and enhancing customer satisfaction, even amidst market uncertainties.

While continuing to focus on our existing short-term financing operations, the Group will also actively seek new business opportunities including but not limited to pursuing potential merger and acquisition projects in the PRC and/or Hong Kong. This strategic approach aims to diversify our income sources, increase revenue, and create long-term sustainable value for our shareholders.

## LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2024, the Group had other debts which are promissory notes of approximately HK\$73,804,000 (2023: promissory notes and liability component of convertible bonds of approximately HK\$113,796,000). The Group will try to obtain future financing, and whenever possible and appropriate, raise fund via equity funding activities in order to further reduce the financing cost.

As at 31 December 2024, the Group had cash and cash equivalents of approximately HK\$72,243,000 (2023: approximately HK\$93,183,000) which were mainly denominated in HK\$ and Renminbi ("RMB"). To manage liquidity risk, management monitors forecasts of the Group's liability position and cash and cash equivalent position on the basis of expected cash flow. The Group expects to fund the future cash flow needs through internal cash flows generated from operations and external fund raising activities from the capital market.

As at 31 December 2024, the gearing ratio for the Group was approximately 1.9 (2023: approximately 2.2), calculated based on the total debts of approximately HK\$73,804,000 (2023: approximately HK\$113,796,000) over shareholder's equity of approximately HK\$39,517,000 (2023: approximately HK\$51,136,000). The debt ratio was approximately 0.54 (2023: approximately 0.59), calculated as total liabilities over total assets of the Group.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to the shareholders of the Company (the "Shareholders"), issue new shares or sell assets to reduce debts.



# MANAGEMENT DISCUSSION AND ANALYSIS

## CAPITAL STRUCTURE

The capital structure of the Group as at 31 December 2024 is summarised as follows:

### (i) Bank Borrowings

There was no bank borrowings outstanding as at 31 December 2024 (2023: Nil).

### (ii) Promissory Notes

During the year ended 31 December 2024, the Company had the promissory notes issued for the settlement of the matured New 2023 CB (the definition and its details are set out in Note 25 to the consolidated financial statements) and matured promissory note. Summary of the promissory notes is as follows. Further details are set out in Note 24 to the consolidated financial statements.

Date of issue (Note)	Principal amount as at 1 January 2024 (HK\$)	Interest rate per annum	Principal repayment due date	Amount issued during the year (HK\$)	Redeemed principal amount (HK\$)	Amount matured during the year (HK\$)	Outstanding principal amount as at 31 December 2024 (HK\$)
24 December 2023	13,650,000	7%	23 December 2024	–	(11,650,000)	(2,000,000)	–
5 August 2024	–	8%	4 August 2026	6,720,000	–	–	6,720,000
5 August 2024	–	8%	31 December 2025	63,664,650	–	–	63,664,650
23 December 2024	–	7%	23 December 2025	2,000,000	–	–	2,000,000

Note: On 24 December 2023, the Company entered into an agreement with the New 2022 CB (The definition and its details are set out in Note 25 to the consolidated financial statements) holder, pursuant to which the Company issued a new promissory note with principal amount of HK\$13,650,000 to settle the outstanding principal amount of HK\$13,000,000 with redemption premium of HK\$650,000 of the New 2022 CB, which was matured on 24 December 2023.

On 5 August 2024, the Company entered into an agreement with a holder of the New 2023 CB, pursuant to which the Company issued a new promissory note with principal amount of HK\$6,720,000 to settle the outstanding principal amount of HK\$6,400,000 with redemption premium of HK\$320,000 of the New 2023 CB, which was matured on 5 August 2024.

On 5 August 2024, the Company entered into an agreement with a holder of the New 2023 CB, pursuant to which the Company issued a new promissory note with principal amount of HK\$63,664,650 to settle the outstanding principal amount of HK\$60,633,000 with redemption premium of HK\$3,031,650 of the New 2023 CB, which was matured on 5 August 2024.

On 23 December 2024, the Company entered into an agreement with a promissory note holder, pursuant to which the Company issued a new promissory note with principal amount of HK\$2,000,000 to settle the outstanding amount of HK\$2,000,000 of the promissory note, which was matured on 23 December 2024.

# MANAGEMENT DISCUSSION AND ANALYSIS

## CAPITAL STRUCTURE *(Continued)*

### *(iii) Convertible Bonds*

Summary of the convertible bonds of the Company in issue during the year ended 31 December 2024 is as follows. Further details are set out in Note 25 to the consolidated financial statements.

Date of issue	Principal amount as at 1 January 2024 (HK\$)	Maturity date	Conversion price per share (HK\$)	Amount redeemed during the year (HK\$)	Amount matured during the year (HK\$)	Outstanding principal amount as at 31 December 2024 (HK\$)	Number of shares to be issued upon full conversion as at 31 December 2024
21 July 2022	101,273,000	5 August 2024	1.0	(34,240,000)	(67,033,000)	-	-

## FUND RAISING ACTIVITIES

### *Placing of New Shares under General Mandate*

On 28 February 2024, the Company entered into the placing agreement with the placing agent, pursuant to which the placing agent agrees, as agent of the Company, to procure on a best effort basis not less than six placees who and whose ultimate beneficial owners shall be independent third parties to subscribe for up to 15,640,000 placing shares at the placing price of HK\$0.5 per placing share (the “**Placing**”). The closing price of share was HK\$0.58 per share as quoted on the Exchange on 28 February 2024, being the date of the placing agreement.

The placing shares was allotted and issued pursuant to the general mandate granted to the Directors pursuant to an ordinary resolution of the Company passed at the annual general meeting of the Company held on 28 June 2023 and is not subject to further Shareholders’ approval.

The completion of the Placing took place on 14 March 2024. All the placing shares are fully placed, the gross proceeds from which was approximately HK\$7.8 million. The net placing price was approximately HK\$0.48 per placing share. The net proceeds, after deduction of all relevant expenses (including but not limited to placing commission and all relevant expenses) incidental to the Placing of approximately HK\$0.3 million, was approximately HK\$7.5 million. The Company intended to apply the net proceeds from the Placing for settlement of outstanding short-term liabilities of the Company and general working capital of the Group and had fully utilised the net proceeds.

For details, please refer to the announcement of the Company dated 28 February 2024.

# MANAGEMENT DISCUSSION AND ANALYSIS

## USE OF PROCEEDS

### *Placing of New Shares under General Mandate*

The actual net proceeds raised from the placing of 15,640,000 ordinary shares of the Company as announced on 28 February 2024 was approximately HK\$7,511,000. Up to 31 December 2024, the Group has utilised the net proceeds as follows:

	Intended use of net proceeds HK\$'000	Actual use of net proceeds up to 31 December 2024 HK\$'000	Unutilised net proceeds up to 31 December 2024 HK\$'000
Settlement of outstanding short-term liabilities of the Company	7,511	7,511	–

## SIGNIFICANT INVESTMENTS, ACQUISITIONS AND DISPOSALS

During the year ended 31 December 2024, the Group did not process any other significant investment, acquisition or disposal of subsidiaries or associated companies.

## FURTHER PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed in this annual report, the Group currently does not have any firm intention or specific plans for material investments or capital assets.

## CHARGE OF GROUP ASSETS

As at 31 December 2024, the Group did not have any assets under charge (2023: Nil).

## FOREIGN EXCHANGE EXPOSURE

The Group has transactional currency exposures. Such exposures arise from the business operations in the PRC denominated in RMB. As at 31 December 2024, the Group had a minimal exposure to foreign currency risk as most of its business transactions, assets and liabilities were principally denominated in the respective functional currency, i.e. RMB, used by the respective group entities.

RMB is not freely convertible into other foreign currencies and conversion of RMB into foreign currencies is subject to the rules and regulations of foreign exchange control promulgated by the PRC government. As at 31 December 2024, the Group did not have a foreign currency hedging policy in respect of its foreign currency assets and liabilities. The Group will closely monitor its foreign currency exposure and will consider using hedging instruments in respect of significant foreign currency exposure as and when appropriate.

As at 31 December 2024, the Group had no investment in any financial derivatives, foreign exchange contracts, interest or currency swaps, hedging or other financial arrangements for hedging purposes to reduce any currency risk nor made any over-the-counter contingent forward transactions.

# MANAGEMENT DISCUSSION AND ANALYSIS

## CONTINGENT LIABILITIES

As at 31 December 2024, the Group did not have any material contingent liability (2023: Nil).

## EMPLOYEE INFORMATION AND REMUNERATION POLICY

As at 31 December 2024, the Group employed a total of 39 employees (2023: 39 employees). The salaries and benefits of the Group's employees are maintained at a competitive level and employees are rewarded on a discretionary performance-related basis within the general framework of the Group's salary and bonus system, which is reviewed annually. Year-end bonuses based on individual performance will be paid to employees as recognition of and reward for their contributions. Other benefits include contributions to statutory mandatory provident fund scheme and medical scheme to our employees. Staff costs, excluding Directors' emoluments, for the year ended 31 December 2024 amounted to approximately HK\$13,643,000 (2023: approximately HK\$14,176,000).

The Company has adopted the share option scheme on 18 June 2024 where options to subscribe for shares of the Company may be granted to the eligible participants of the Group as to recognise and motivate the contribution and potential future contribution of the eligible participants. No share options have been granted to the eligible participants under the share option scheme during the year ended 31 December 2024.

## EVENT AFTER REPORTING PERIOD

### *Disposal of investment property*

On 27 February 2025, Beijing City Jinshou Pawning Company Limited ("**Beijing Jinshou**"), an indirect wholly-owned subsidiary of the Company, has entered into a sales and purchase agreement with the independent third party, pursuant to which Beijing Jinshou has agreed to sell the property, which is a residential premise located in Beijing, for a total consideration of RMB1,920,000 (equivalent to approximately HK\$2,050,000) (the "**Disposal**"). As at 31 December 2024, the fair value of the property as shown in Note 14 to the consolidated financial statements was RMB1,920,000 (equivalent to approximately HK\$2,043,000). The Disposal was completed, with no significant gain or loss on disposal of investment property recognised in the profit or loss.

### *Partial Redemption of Promissory Note*

On 26 March 2025, the Company and a holder of promissory note entered into redemption agreement, to early redeem the promissory note with principal amount of HK\$4,060,000 by cash settlement at consideration of HK\$4,060,000. Upon completion of the redemption, the remaining outstanding principal of promissory note is HK\$59,604,650. The carrying value of the promissory note redeemed was approximately HK\$4,227,000 and a settlement gain of approximately HK\$167,000 was recognised in the profit or loss.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE ("ESG") REPORT

## ABOUT THIS REPORT

### *Overview*

This ESG report of the Group for the year ended 31 December 2024 covers environmental and social subject areas in accordance with the requirements of Environmental, Social and Governance Reporting Code stated in Appendix C2 of the GEM Listing Rules (the "**ESG Reporting Code**"). Corporate governance is addressed separately in the Corporate Governance Report.

### *Scope of the report*

This report endeavours to present a balanced representation of the Group's environmental and social performance and covers the entire operations of all entities in the Group.

The content of this report is defined through a process to determine ESG management approach, strategy, priorities and objectives relating to the Group's operations, to describe our management, measurement and monitoring system employed to implement ESG strategy, and to disclose our key policies, compliance with relevant laws and regulations, our performance, and key performance indicators ("**KPIs**").

### *Reporting Principles*

This report follows the ESG Reporting Code and applies the following principles:

Reporting principles	Application in this report
Materiality	The Group's stakeholders are engaged in the identification of ESG issues that matter most from their perspectives. The Group assessed the materiality of those ESG issues based on the corresponding risks posed on the sustainability on the Group's businesses. Material ESG issues were identified and prioritized and are disclosed in this report.
Quantitative	Information on the standards, methodologies, assumptions and/or calculation tools used, and source of conversion factors used, for the reporting of emissions/energy consumption, where applicable, are disclosed in the respective sections in this report.
Consistency	Unless stated otherwise, the Group applies consistent methodology in compiling the ESG data reported to ensure meaningful comparison of ESG performance over time and between entities. Any change in methods or KPIs used is explained.

### *Approved by the Board of Directors*

The Board has overall responsibility for the Group's ESG strategy and reporting. The Board is responsible for evaluating and determining the Group's ESG-related risks, and ensuring that appropriate and effective ESG risk management and internal control systems are in place. The ESG report was approved by the Board on 27 March 2025.



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE ("ESG") REPORT

## ENVIRONMENTAL AND SOCIAL SUBJECT AREAS OF THE GROUP

### *About the Group*

The Group is principally engaged in the provision of short-term financing services. The Group mainly operates in the PRC and Hong Kong. Particulars of the Group's principal subsidiaries are set out in Note 19 to the consolidated financial statements for the year ended 31 December 2024.

### *Strategies*

Environmental and social responsibilities are viewed as the Group's core commitment to environment, internal workplace, and external community, and an integral part of the Group's practice to create value for stakeholders. Our strategy is to fulfil the Group's environmental and social responsibilities through achieving environmental and social objectives during daily operations.

### *Objectives*

We integrate environmental and social considerations into the Group's business objectives to achieve:

#### Environmental objectives:

- Add environmentally friendly elements to our daily service and operation activities;
- Reduce greenhouse gas emissions;
- Use energy and resources efficiently; and
- Continuously improve waste management

#### Social objectives:

- Respect employees' rights and promote an equal opportunity workplace;
- Commit to occupational safety and health, and provide a safe and healthy workplace;
- Commit to ethical business practices, and build integrity within the workplace; and
- Promote community participation

### *Approach*

Monitored by the Board of Directors, the Group is executing its environmental and social strategy and achieving its related objectives through a series of actions and commitments:

- Embed environmental and social objectives into business processes including decision making process;
- Establish and document environmental and social policies for management and staff members to follow;
- Comply with environmental and social laws and regulations;
- Report our performance on a balanced picture;
- Disclose KPIs as measurement of actual results;
- Ensure appropriate and effective ESG risk management and internal control systems are in place; and
- Practise corporate citizenship in things we do

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE ("ESG") REPORT

## ENVIRONMENTAL AND SOCIAL SUBJECT AREAS OF THE GROUP *(Continued)*

*Approach (Continued)*

Environmental and social management system comprises:

- The direction from the Board to fulfil the ESG responsibilities;
- Daily execution of environmental and social strategy and achieving its objectives by management;
- Performance and achievements done by employees in accordance with the Group's environmental and social policies;
- Compliance with environmental and social laws and regulations;
- Review and monitoring of ESG risks management and internal control systems by the Board; and
- Reporting and disclosure of our performance and KPIs

Measures for the achievement of environmental and social objectives are:

- Environmental policies;
- Social policies;
- Checklists for the compliance with applicable environmental and social laws and regulations;
- Requiring documentation for the performance and accomplishment of environmental and social related activities or matters; and
- Data collection, calculation, and disclosure of KPIs

The implementation of environmental and social strategies, management of environmental activities, and measurement of achieving environmental and social objectives are monitored by dedicated managerial staff members and finally by the Board for its overall ESG responsibility.

To demonstrate our commitment to transparency and accountability, the Company has established an ESG working group, which has clear terms of reference that set out the powers delegated to it by the Board.

## STAKEHOLDER ENGAGEMENT AND MATERIALITY

Stakeholder engagement is a key success factor in formulating our environmental and social strategy, defining our objectives, assessing materiality, and establishing policies. Our key stakeholders include customers, suppliers or service providers, employees, business allies, competitors, management, and shareholders. We continue to interact with our stakeholders on an ongoing basis in order to identify and collect their expectations and concerns regarding significant ESG related matters of the Group's businesses, which are evaluated, prioritized and incorporated into our ESG strategy, including the setting of practicable ESG targets. Our communication channels with our stakeholders include company website, annual general meeting, staff meetings and supplier meetings.

Based on the stakeholder engagement, we have identified issues with significant environmental and social impact and issues concerning stakeholders. The results of materiality assessment prioritised stakeholder inputs and made us focused on the material aspects for actions, achievements and reporting. We present below the relevant and required disclosure.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE ("ESG") REPORT

## GENERAL DISCLOSURE AND KPIS

### A. *Environmental*

The Group recognises the value of a practice to protect the natural environment for the benefit of humans. We are committed to doing everything we can to reduce the degrading of the biophysical environment.

#### Aspect A1: Emissions

Emissions refer to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.

Emissions disclosed as KPIs are calculated based on the consumption data collected and applicable emission factors. Since certain emission factors of the PRC are not accessible or updated from official sources, we have applied relevant emission factors which are available from recognised or reputable sources. If certain emission factors of the PRC are not available, available consumption data collected, waste produced, or emission measured is disclosed.

- **Air and Greenhouse Gas Emissions**

Air emissions include NO<sub>x</sub>, SO<sub>x</sub>, and other pollutants regulated under national laws and regulations. Greenhouse gases include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride.

- *Air and Greenhouse Gas Emissions from Production*

In view of the Group's business nature, there were no air and greenhouse gas emissions from production.

- *Air and Greenhouse Gas Emissions from Vehicles*

The Group believes that green transportation brings benefits, which include reduction of transportation costs and reduction of energy consumption and pollution. As such, the Group encourages optimising transportation routes, high filling rate or carpooling and proper tire pressure to achieve efficiency.

The Group reminds employees to consider environmental impact in their commuting decisions to reduce air and greenhouse emissions. Employees are encouraged to take public transportation as often as possible and select fuel-efficient vehicles. While employees are driving, it is suggested to avoid unnecessary acceleration or deceleration, close windows when the vehicle is travelling at high speed, and only use air-conditioning when it is necessary.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE ("ESG") REPORT

## GENERAL DISCLOSURE AND KPIS *(Continued)*

### A. Environmental *(Continued)*

#### • Air and Greenhouse Gas Emissions *(Continued)*

##### – Air and Greenhouse Gas Emissions from Vehicles *(Continued)*

##### KPI A1.1 Emissions from vehicles

	2024	2023
Types of emissions	(g)	(g)
NO <sub>x</sub>	0.41	0.37
SO <sub>2</sub> – PRC operation	14.21	66.37
Particulate Matter ("PM")	0.15	0.13
Hydrocarbons ("HC") – PRC operation	1.36	1.22
Carbon Monoxide ("CO") – PRC operation	11.20	10.00

##### KPI A1.2 Greenhouse gas ("GHG") emissions in total

GHG emissions in total are approximately 5 tonnes for the year ended 31 December 2024 (2023: approximately 26 tonnes), which includes scope 1, scope 2, and scope 3 emissions as disclosed below. GHG intensity for the year ended 31 December 2024 is 0.13 tonnes/per employee (2023: 0.66 tonnes/per employee).

##### KPI A1.2 Scope 1 – Direct emissions from operations that are owned or controlled by the Group

Main categories of Scope 1 emissions: GHG emissions from mobile combustion sources

	2024	2023
Types of emissions	(kg)	(kg)
Carbon Dioxide ("CO <sub>2</sub> ")	2,161.72	10,095.80
Methane ("CH <sub>4</sub> ")	0.03	0.02
Nitrous Oxide ("N <sub>2</sub> O")	0.15	0.13
Total GHG emissions	2,161.90	10,095.95

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE ("ESG") REPORT

## GENERAL DISCLOSURE AND KPIS *(Continued)*

### A. *Environmental (Continued)*

#### • Air and Greenhouse Gas Emissions *(Continued)*

##### – Indirect Greenhouse Gas Emissions from Electricity Consumption

Electricity consumption of the Group is a major part of its greenhouse gas emissions. Various electricity-saving policies have been established to reduce the electricity consumption by the Group. The Group encourages staff members to switch off light during daytime, maintain lamps well to keep clean, and install energy-efficient lighting. Air conditioning is required to be set at no lower than 25°C. It is also required to ensure the windows and doors are closed while air-conditioning is on, and turn off the air-conditioning after office hours or after the usage of a meeting room.

*KPI A1.2 Scope 2 – Energy indirect emissions resulting from the generation of purchased or acquired electricity, heating, cooling and steam consumed within the Group*

Main sources of Scope 2 emissions: Electricity purchased from power companies

	2024	2023
Types of emissions	(kg)	(kg)
CO <sub>2</sub> equivalent emission	240	7,398
Total GHG emissions	240	7,398

##### – Indirect Greenhouse Gas Emissions from Paper Waste Disposed at Landfills

In order to address indirect emissions relating to paper waste deposited at landfills, the Group encourages employees to apply computer technology such as emails and storage devices to reduce paper consumption, print on both sides of a sheet of paper, avoid unnecessary printing or copying on paper, and adjust documents and use space efficiency formats to optimise use of paper, and put recycling boxes near the photocopiers to collect single-sided paper for reuse and used double-sided paper for recycling.

To reduce paper usage, we have incorporated the principles of the "3Rs" (Reduce, Reuse, and Recycle) into our business activities. We target to establish a paperless office by using electronic administrative platforms and communication channels to our staff as well as customers whenever possible.



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE ("ESG") REPORT

## GENERAL DISCLOSURE AND KPIS *(Continued)*

### A. Environmental *(Continued)*

#### • Air and Greenhouse Gas Emissions *(Continued)*

##### – Indirect Greenhouse Gas Emissions from Business Travel by Employees

The Group constantly reminds employees to consider environmental impact in their commuting decisions to reduce air and greenhouse gas emissions. Employees are encouraged to take public transportation as often as possible.

The Group recognises the severity of indirect greenhouse gas emissions from business travel by employees, and requires employees to utilise teleconference instead of overseas meetings and choose railway rather than via air for short distance travel where possible to reduce the carbon footprint of business travel.

*KPI A1.2 Scope 3 – All other indirect emissions that occur outside the Group, including both upstream and downstream emissions*

Activities from which indirect GHG emissions arise:

	2024	2023
• Paper waste disposed at landfills – Hong Kong office		
Types of emissions	(kg)	(kg)
CO <sub>2</sub> equivalent emission	742	934
• Electricity used for processing fresh water and sewage by government departments		
Types of emissions	(kg)	(kg)
CO <sub>2</sub> equivalent emission	1	2
• Business air travel by employees		
Types of emissions	(kg)	(kg)
CO <sub>2</sub> equivalent emission	1,906	7,163
Total GHG emissions	2,649	8,099

For the PRC operation, total paper waste disposed for the year ended 31 December 2024 is 96 kg (2023: 182 kg).

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE ("ESG") REPORT

## GENERAL DISCLOSURE AND KPIS *(Continued)*

### A. *Environmental (Continued)*

- **Discharges into Water and Land**

The Group requires that discharges, if any, into waterways and land must comply with relevant laws and regulations.

- **Generation of Hazardous Waste and Non-hazardous Waste**

Our internal guidance encourages employees to handle office waste generated in a proper and environmentally friendly manner.

- *Hazardous Waste*

Hazardous wastes are those defined by national regulations. Hazardous wastes are required to be collected by recycling companies and labelled properly with sealed packaging.

*KPI A1.3 Total hazardous waste produced and intensity*

There was no significant hazardous waste generated in view of the Group's business nature.

- *Non-hazardous Waste*

We promote waste reduction practices including waste reduction at source, reuse, clean recycling, recover and reduction of disposal at landfills. Employees are encouraged to purchase supplies or equipment with longer life-span, to install recycling bins to collect recyclables, such as waste paper, glass or aluminium bottles, metal, and plastics, and to have recyclers to collect recyclables.

*KPI A1.4 Total non-hazardous waste produced and the intensity*

	2024	2023
	(Tonnes)	(Tonnes)
Non-hazardous waste produced – Landfill	0.11	0.11
Non-hazardous waste produced – Landfill or Incineration	1.51	0.72
Non-hazardous waste produced – Recycled	0.31	0.17
Total non-hazardous waste produced	1.93	0.99
	(Tonnes/ per employee)	(Tonnes/ per employee)
Non-hazardous waste intensity	0.05	0.03

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE ("ESG") REPORT

## GENERAL DISCLOSURE AND KPIS *(Continued)*

### A. Environmental *(Continued)*

- **Generation of Hazardous Waste and Non-hazardous Waste *(Continued)***

*KPI A1.5 Description of measures to mitigate emissions and results achieved*

In accordance with policies stated above for the reduction of air and greenhouse gas emissions from vehicles, the Group adopts the following measures: control the numbers of vehicles owned by the Group; control the frequency of employees not to take public transportation for local business commuting; and control the volume of business travel by employees. We consider such measures had been achieved for the year ended 31 December 2024.

*KPI A1.6 Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved*

Non-hazardous wastes are preferred to be recycled, otherwise, they are sent for landfill or incineration. In accordance with policies stated above for the reduction of non-hazardous wastes, the Group adopts the following measures: control the commercial wastes generated by employees; control the waste of papers; control the volume of non-hazardous waste going direct to landfill or incineration without recycling. We consider such measures had been achieved for the year ended 31 December 2024.

- **Compliance with Relevant Laws and Regulations that Have a Significant Impact on the Group**

For the year ended 31 December 2024, there were no confirmed non-compliance incidents or grievances in relation to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste that would have a significant impact on the Group.

### Aspect A2: Use of Resources

The Group recognises that efficient use of resources, including energy, water and other raw materials, in production, storage, transportation, buildings, electronic equipment, etc., is one of the significant aspects to protect environment.

- **Efficient Use of Energy**

The Group established policies and procedures to reduce energy consumption in the facility, to assess the energy efficiency, to increase the use of clean energy, if possible, to set applicable targets to monitor energy consumption, and to ensure power is turned off when electrical appliances are not in use.

Electricity is the primary resource we consumed in our daily operations. In order to reduce such consumption, we have established a policy to monitor the use of energy, promote the procurement of energy efficient equipment, and require our colleagues to adopt green office practices.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE ("ESG") REPORT

## GENERAL DISCLOSURE AND KPIS *(Continued)*

### A. Environmental *(Continued)*

- **Efficient Use of Energy *(Continued)***

*KPI A2.1 Direct and/or indirect energy consumption by type in total and intensity*

	2024	2023
Direct energy consumption by type	(kWh in '000s)	(kWh in '000s)
Non-renewable fuel consumed	21	59
Electricity purchased for consumption	9	16
Total energy consumed	30	75
	(kWh in '000s/ per employee)	(kWh in '000s/ per employee)
Total energy consumption intensity	0.77	1.93

- **Water Consumption**

The Group requires employees to reduce water consumption in the offices. For example, employees are encouraged to fully empty any containers before washing, to turn off water taps promptly, to check faucets and pipes for leaks, and to adopt water saving appliances.

*KPI A2.2 Water consumption in total and intensity*

	2024	2023
	(Cubic metres)	(Cubic metres)
Annual water consumed	24	223
	(Cubic metres/ per employee)	(Cubic metres/ per employee)
Water consumption intensity	0.62	5.73

*KPI A2.3 Description of energy use efficiency initiatives and results achieved*

The Group's ability to use energy efficiently can be revealed by its intention and measures for the reductions in energy consumption. Energy consumption has a direct effect on the environmental footprint of the Group, its operational costs, and exposure to certain risks (e.g. fluctuations in energy supply and prices). The Group's policies and measures specific to managing energy use have been stated above. We consider such policies had been adopted and measures had been achieved for the year ended 31 December 2024.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE ("ESG") REPORT

## GENERAL DISCLOSURE AND KPIS *(Continued)*

### A. Environmental *(Continued)*

- **Water Consumption *(Continued)***

*KPI A2.4 Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved*

The Group's ability to use water efficiently can be revealed by its intention and measures for the reductions in water consumption. Water consumption has a direct effect on the environmental footprint of the Group, its operational costs, and exposure to certain risks (e.g. reliance on sources of water that may be considered sensitive due to their relative size or function; or status as a possibly rare, threatened, or endangered system; or to their possible support of a particular endangered species of plant or animal). The Group's policies and measures specific to water use have been stated above. We consider such policies had been adopted and measures had been achieved for the year ended 31 December 2024.

- **Efficient Use of Raw Material and Packaging Material**

No significant raw material or packaging material waste was generated in view of the Group's business nature.

*KPI A2.5 Total packaging material used for finished products and, if applicable, with reference to per unit produced*

The disposal of products and packing materials at the end of a use phase is a steadily growing environmental challenge, tracking the use of packaging materials is to reduce, reuse and/or recycle the packaging materials. As mentioned above, no significant raw material or packaging material waste was generated in view of the Group's business nature.

### Aspect A3: The Environment and Natural Resources

The Group is committed to reducing the operation impacts on environment and natural resources. Policies are established to consider the actual impacts on environment and natural resources and to reduce such impacts. We encourage environmental education and advocacy among employees to motivate environmentally responsible behaviour which helps fulfil the Group's commitment to minimising its adverse impacts on the environment.

*KPI A3.1 Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them*

We understand that our performance in respect of emissions, waste production and disposal, and use of resources impacts the environment, we endeavour to minimise such impacts, and communicate our environmental policies, measures, performance, and achievements to our stakeholders. No significant impact on the environment and natural resources was caused in view of the Group's business nature. Policies and/or measures adopted in the year ended 31 December 2024 specific to managing potential impacts of activities on the environment and natural resources are mentioned above.



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE ("ESG") REPORT

## GENERAL DISCLOSURE AND KPIS *(Continued)*

### A. *Environmental (Continued)*

#### Aspect A4: Climate Change

The Group mainly engages in financial services business which does not involve production. The increase in temperature may lead to an increase in the energy consumption of the Group's offices and branches. The Group will continue to monitor the potential risks of climate change and its impacts on the Group's operations and customers, and devise and implement preventive and emergency measures accordingly. Besides, the Group will continue its efforts to control energy consumption and carbon emissions.

### B. *Social*

The Group strives to fulfil its social responsibilities as a corporate citizen of communities. We endeavour to establish harmonious relationship with our employees, customers, suppliers or service providers, business allies, competitors and the communities. We care about the well-being and development of employees, ensure high standard of service responsibility, enhance transparent relationship with external parties, including customers, suppliers or service providers, business allies, competitors, and contribute to our community development.

### *Employment and Labour Practices*

#### Aspect B1: Employment

The Group established employment policies, including compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.

- **Compensation and Dismissal**

The Group offers competitive remuneration to attract and retain talented staff members. Remuneration packages are reviewed periodically to ensure consistency with employment market. Laws and regulations on minimum wage and statutory social benefits are required to be followed. Dismissal is required to comply with employment laws and regulations, and to follow the internal policies and procedures, including policy on prevention of dismissal purely on employees' gender, marital status, pregnancy, disability, age or family status.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE ("ESG") REPORT

## GENERAL DISCLOSURE AND KPIS *(Continued)*

### *B. Social (Continued)*

#### *Employment and Labour Practices (Continued)*

- Recruitment and Promotion**

The Group attracts talent through fair, flexible and transparent recruitment strategy. Recruitment process includes application for recruitment, description of position, collection of job applications, interview, selection, approval, and job offering. Promotion is based on performance and suitability.

*KPI B1.1 Total workforce by gender, employment type (for example, full-time or part-time), age group and geographical region*

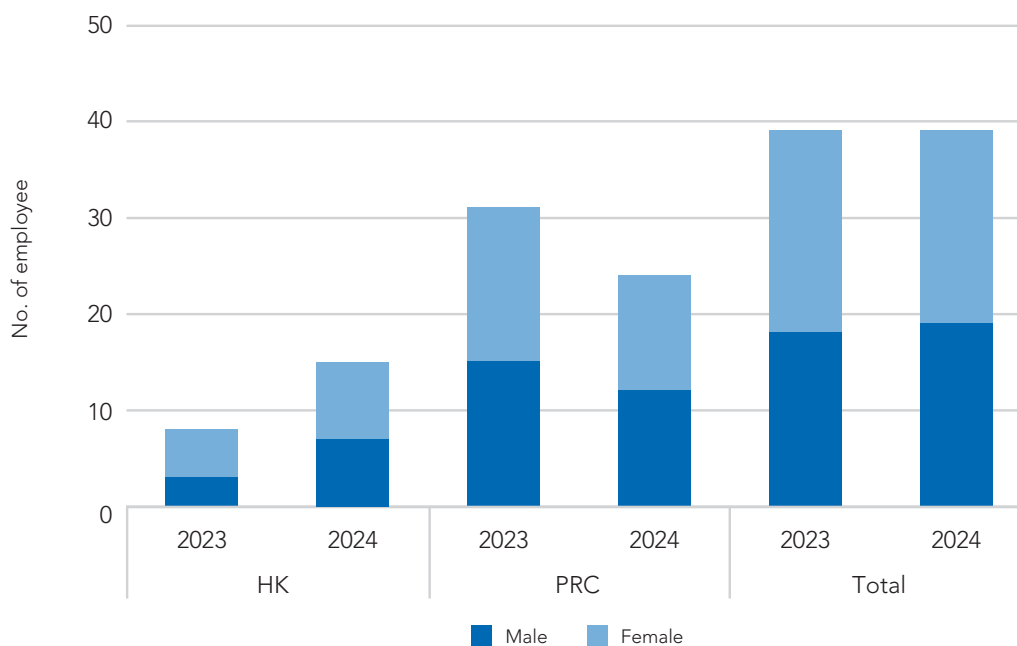
As at 31 December 2024, the Group had a total of 39 employees (2023: 39 employees). The human resources structure of the Group was relatively stable. Meanwhile, the workforce composition of the Group was also considered to be more balanced and diverse in terms of gender and age.

Workforce indicators

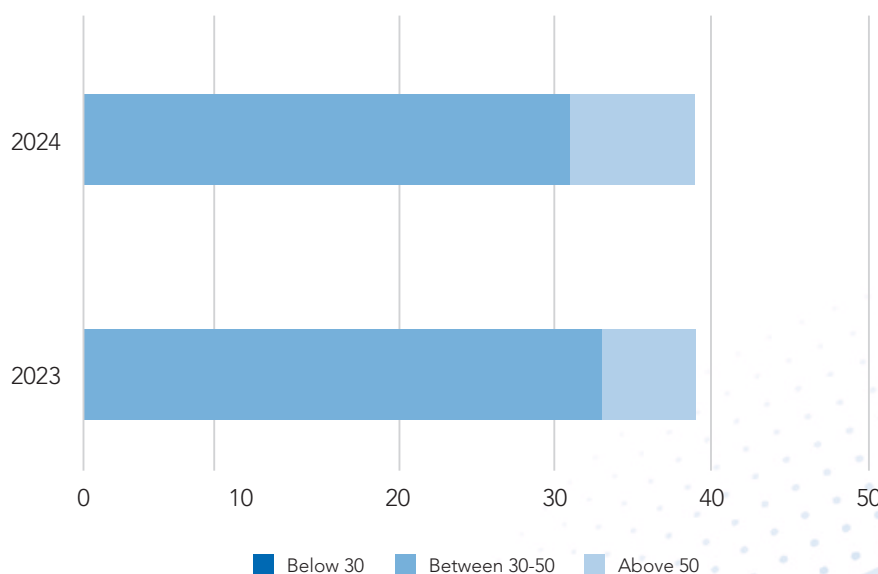
	2024	2023
Number of employees		
By gender		
Female	20	21
Male	19	18
By age group		
Below 30	–	–
30 to 50	31	33
Above 50	8	6
By region		
Hong Kong	15	8
PRC	24	31
By employment contract		
Permanent	37	35
Temporary/Part-time	2	4

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE ("ESG") REPORT

Workforce by Location and by Gender as at Year End



Workforce by Age Group as at Year End



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE ("ESG") REPORT

## GENERAL DISCLOSURE AND KPIS *(Continued)*

### B. Social *(Continued)*

#### Employment and Labour Practices *(Continued)*

- Recruitment and Promotion *(Continued)*

KPI B1.2 Employee turnover rate by gender, age group and geographical region

Employee turnover indicators

	2024	2023
<b>Number of employee turnover</b>		
By gender		
Female	3	11
Male	3	10
By age group		
Below 30	–	1
30 to 50	5	17
Above 50	1	3
By region		
Hong Kong	1	2
PRC	5	19
By employment contract		
Permanent	6	21
Temporary/Part-time	–	–
<b>Employee turnover rate (%)</b>		
By gender		
Female	15%	52%
Male	16%	56%
By age group		
Below 30	–%	–%
30 to 50	16%	52%
Above 50	13%	50%
By region		
Hong Kong	7%	25%
PRC	21%	61%

During the year ended 31 December 2024, a total of 6 employees (2023: 21 employees) left the Group, representing total turnover rate of employees of 15% (2023: 54%).

- Working Hours, Rest Periods, Benefits and Welfare

Employees' working hours, rest periods, benefits and welfare, including mandatory provident fund and social security benefits, are required to be in compliance with employment or labour laws and regulations. Selected benefit programs, including medical coverage, are also provided.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE ("ESG") REPORT

## GENERAL DISCLOSURE AND KPIS *(Continued)*

### *B. Social (Continued)*

#### *Employment and Labour Practices (Continued)*

- **Equal Opportunities, Diversity and Anti-discrimination**

The Group is an equal opportunity employer. We endeavour to provide a fair workplace for employees and follow the principles of equality and non-discrimination. Recruitment, remuneration, promotion, and benefits are required to be handled based on objective assessment, equal opportunity and non-discrimination regardless of gender, race, age, or other measures of diversity.

- **Compliance with Relevant Laws and Regulations that Have a Significant Impact on the Group**

For the year ended 31 December 2024, there were no confirmed non-compliance incidents or grievances in relation to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare that would have a significant impact on the Group.

#### **Aspect B2: Health and Safety**

The Group is committed to maintaining a healthy and safe workplace for employees, and to preventing workplace injuries and illnesses. Safety inspections and spot checks across all departments were conducted periodically to review the safety and health issues.

- **Providing a Safe Working Environment**

The Group requires entities to establish and document policies and procedures on safety for employees to follow, set targets for the safety of employees, monitor the safety performance against the targets periodically, and report any safety incidents to management.

We are committed to maintaining a safe and hygienic workplace by regularly monitoring the physical conditions of our offices including with regards to cleanliness, indoor air quality, pest controls, security, fire precautions, etc.. Masks are required to be provided to employees when haze occurs or respiratory virus spreads. Physical examination of employees in Beijing is required to be arranged each year by the Group for preventing infectious diseases and occupational diseases.

- **Protecting Employees from Occupational Hazards**

One of the key factors for successfully protecting employees from occupational hazards is to train employees to protect themselves from psychological and physical hazards. The Group encourages such training to be delivered to employees.

- **Work-life Balance**

The Group supports employees to enjoy leisure and sports activities outside of workplace, with the aim of enhancing work-life balance, personal development and sense of belonging among employees.

*KPI B2.1 Number and rate of work-related fatalities occurred in each of the past three years including the reporting year*

No work-related fatalities occurred in the Group in each of the past three years including this reporting year.

*KPI B2.2 Lost days due to work injury*

No lost days due to work injury incurred in the Group for the year ended 31 December 2024 (2023: Nil).



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE ("ESG") REPORT

## GENERAL DISCLOSURE AND KPIS *(Continued)*

### *B. Social (Continued)*

#### *Employment and Labour Practices (Continued)*

- **Compliance with Relevant Laws and Regulations that Have a Significant Impact on the Group**

For the year ended 31 December 2024, there were no confirmed non-compliance incidents or grievances in relation to providing a safe working environment and protecting employees from occupational hazards that would have a significant impact on the Group.

#### **Aspect B3: Development and Training**

The Group is committed to providing adequate training to our employees to improve their knowledge and skills for discharging duties at work. Training includes vocational training courses provided internally or externally.

- **Employee Development**

The Group requires employees to attend internal and external training courses including employee continuing education to improve employees' knowledge and skills for their job positions.

- **Training Activities**

The Group has its internal policy on staff training that covers human resource development and training system, training plan and execution, evaluation of training results, costs, trainer management, and responsibilities.

Training and development courses are offered throughout the Group to upgrade employee skills and knowledge. Our training programs are tailored to the needs of different job functions to strengthen the skills and abilities of our employees. Training topics vary from updates on rules and regulations, technical knowledge, management skills to customer services standards. Furthermore, on-job training including coaching by supervisors is offered to our staff in order to maintain and enhance our work quality. We also encourage our staff to discuss their learning plans with their supervisors during their performance evaluation process and we provide financial subsidies for employees to attend external training courses, where appropriate. All new employees are required to undergo trainings regarding the corporate culture, basic guidelines, policies and procedures, safety, basic knowledge about the Group's operations and systems, etc..

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE ("ESG") REPORT

## GENERAL DISCLOSURE AND KPIS *(Continued)*

### B. Social *(Continued)*

#### Employment and Labour Practices *(Continued)*

- **Training Activities** *(Continued)*

*KPI B3.1 The percentage of employees trained by gender and employee category (e.g. senior management, middle management)*

Development and training indicators

	2024	2023
Total number of hours of training received by employees	380	320
Total number of employees trained (%)	79%	82%
Average training hours completed per employee	10	8
<b>Percentage of employees trained:</b>		
By gender		
Female	48%	53%
Male	52%	47%
By employee category		
Senior management	35%	19%
Middle management	23%	28%
Others	42%	53%

*KPI B3.2 The average training hours completed per employee by gender and employee category*

	2024	2023
<b>Average training hours completed per employee:</b>		
By gender		
Female	4	9
Male	15	7
By employee category		
Senior management	21	4
Middle management	2	8
Others	4	11

The Group continued to provide practical training to its employees in 2024. Compared to training hours in 2023, the Group provided more training hours to employees in 2024, due to lesser impact from Covid-19.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE ("ESG") REPORT

## GENERAL DISCLOSURE AND KPIS *(Continued)*

### *B. Social (Continued)*

#### *Employment and Labour Practices (Continued)*

##### **Aspect B4: Labour Standards**

The Group is committed to avoiding child and forced labour in the workplace.

- **Preventing Child and Forced Labour**

The Group prohibits child labour. It requires human resource department and user departments to work together to prevent or identify child labour, and to ensure child labour is not in the workforce. Prior to any confirmation of employment of the Group, our human resources department will require job applicants to provide valid identity documents to verify that the applicants are lawfully employable and ensure full compliance with relevant laws and regulations that prohibit child and forced labour. If any violations were to be detected, the Group would immediately cease any labour activities. Any false documents would be considered fraudulent and the Group would have the right to terminate the labour contract immediately. The Group will regularly review the employees' information to ensure there is no violation of any regulations and policies.

We are committed to protecting human rights, to prohibiting forced labours, and to creating a workplace with respect, fairness, and free will for our employees.

- **Compliance with Relevant Laws and Regulations that Have a Significant Impact on the Group**

For the year ended 31 December 2024, there were no confirmed non-compliance incidents or grievances in relation to child and forced labour that would have a significant impact on the Group.

### *Operating Practices*

#### **Aspect B5: Supply Chain Management**

Supply chain management is a key area of our business, which includes managing environmental and social risks of the supply chain. The Group requires suppliers to provide products and services for us with up-to-standard quality, health and safety to ensure compliance with environmental laws and regulations, and labour standards. The contracting for procurement of products and services is required to be based solely upon specification, quality, service, price, tendering, and applicable environmental and social considerations.

The Group requires impartial selection of suppliers and service providers, maximisation of competition in tendering process, approval of contract terms, compliance with laws and regulations, prevention and detection of bribery or fraud in the tendering and procurement process, and accomplishment of efficiency and cost saving in procurement.

The Group expects the suppliers to implement good employment measures by dealing with their employees fairly and reasonably, respecting employees' rights and providing employees with an environment free from discrimination, child labour and forced labour. The suppliers also need to adhere to transparent business processes and high standards of conduct which they have to avoid conflicts of interest and prohibit corruption and bribery. Before making any procurement decisions, the Group will conduct due diligence and assessments on suppliers to avoid environmental and social risks along the supply chain. Our supply chain management policies and procedures include assessment, selection, approval, procurement and performance evaluation. We regularly evaluate our key suppliers' performance to determine whether to extend our partnership with them. Performance evaluation is based on capacity, delivery accuracy and punctuality, service, environmental protection and social responsibilities.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE ("ESG") REPORT

## GENERAL DISCLOSURE AND KPIS *(Continued)*

### *B. Social (Continued)*

#### *Operating Practices (Continued)*

##### **Aspect B5: Supply Chain Management *(Continued)***

The Group's suppliers mainly comprise those providing consultancy services to the Group, general supplies for shops and offices are located in both Hong Kong and the PRC. During the year ended 31 December 2024, the Group had 48 suppliers (2023: 48 Suppliers) and 30 suppliers (2023: 30 suppliers) located in the PRC and in Hong Kong respectively.

##### **Aspect B6: Product Responsibility**

Product responsibility refers to health and safety, advertising, labelling and privacy matters relating to services provided and method of redress.

- **Health and Safety**

The Group is fully responsible for our services, including health and safety relating to our services provided. No services provided by the Group are subject to recalls for safety and health reasons and no service related complaint is received by the Group for the year ended 31 December 2024 (2023: Nil).

We take our safety obligations seriously so as to meet and, where possible, go beyond the regulatory standards in relation to health and safety that are applicable to our services.

We ensure health and safety relating to our services provided. We are required to comply with internal policies and regulatory requirements when delivering our services and regularly review our services quality and seek customer feedback to identify areas of improvement.

- **Advertising**

The Group respects our customers' rights and is committed to providing accurate service information for customers in connection with their procurement decision. The Group requires careful review of advertising material to protect customers' interest.

- **Labelling**

The Group requires that labelling is accurate, legitimate, clear, and not misleading, and intellectual property rights, if applicable, are protected. We ensure that the information and marketing materials we provided do not contain any misleading content to protect customers' interests.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE ("ESG") REPORT

## GENERAL DISCLOSURE AND KPIS *(Continued)*

### *B. Social (Continued)*

#### *Operating Practices (Continued)*

##### **Aspect B6: Product Responsibility *(Continued)***

- **Privacy Matters**

The Group is committed to protecting customer data and privacy information, and keeping business information confidential. Training to employees in this regard and proper information system security are required.

We acknowledge the importance of protecting the privacy and confidentiality of our customers' information. An internal policy which governs the collection, handling, and disclosure of clients' data has been developed and communicated to our staff. The Group has prohibited the use of any personal information of customers by other parties for direct marketing purposes if unlawful or without explicit and implicit consent of customers.

- **Methods of Redress**

Although we ensure the quality of our services, at the same time, the Group requires that services with quality, safety, or health issues should be compensated in accordance with terms of service agreements. Compensation of services is required to be offered to all customers who are affected with consistent treatment and procedures.

- **Compliance with Relevant Laws and Regulations that Have a Significant Impact on the Group**

For the year ended 31 December 2024, there were no confirmed non-compliance incidents or grievances in relation to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress that would have a significant impact on the Group.

##### **Aspect B7: Anti-corruption**

The Group established anti-corruption policies to prohibit employees from receiving any advantages offered by customers, suppliers, colleagues, or other parties, while they are performing employee duties, and prohibit any activities involving conflicts of interest, bribery, extortion, fraud, and money laundering. We require employees and we encourage employees, customers, suppliers, or other parties to report incidents relating to any conflicts of interest, bribery, extortion, fraud and money laundering. The Group established code of conduct lays out the Group's expectation and guiding provisions on anti-corruption. We provide publications on anti-corruption practices to our directors and senior management personnel regularly. Anti-corruption measures and laws are enforced within the business arena of the Group. The Group endeavor to maintain high moral standard and integrity, and forbid any forms of corruptions by setting out guidance in the Group's Code of Conducts. Whistleblowing policy is a good example of an anti-corruption, anti-fraud, and anti-malpractice policy followed by the Group which encourages reporting of any inappropriate behavior.

There is no concluded legal cases regarding corrupt practices brought against the Group or its employees during the year ended 31 December 2024.

- **Compliance with Relevant Laws and Regulations that Have a Significant Impact on the Group**

For the year ended 31 December 2024, there were no confirmed non-compliance incidents or grievances in relation to bribery, extortion, fraud and money laundering that would have a significant impact on the Group.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE ("ESG") REPORT

## GENERAL DISCLOSURE AND KPIS *(Continued)*

### *B. Social (Continued)*

#### *Community*

#### Aspect B8: Community Investment

The Group endeavours to support the communities in which we operate including community engagement to understand the needs of communities, and to ensure the Group's activities take into consideration of the communities' interest.

- **Labour Needs**

The Group strives to enlarge the business operation so that we can hire more workers to utilise communities' available labour resources.

- **Community Activities**

We encourage our employees to participate in community activities, such as community health initiatives, sports, cultural activities, volunteer work, and charitable events.

The Group has realised the significance of a sustainable community in facilitating the growth and development of all the business operations. It is the responsibility of the Group to contribute to the well-being of the community in which it operates.

During the year, the Group has not contributed on social activities and events to the community, due to the economic downturn after the outbreak of Covid-19 (2023: Nil).

- **Environmental Protection**

All employees of the Group are encouraged to participate in environmental protection activities and raise the environmental awareness of people in the communities.

# DIRECTORS AND SENIOR MANAGEMENT

## EXECUTIVE DIRECTORS

Mr. Zhang Wei ("**Mr. Zhang**"), aged 56, is the chief executive officer (the "**CEO**"), executive director and a member of the nomination committee of the Company. Mr. Zhang joined 北京萬馳科技有限公司 (Beijing Wanchi Technology Company Limited\*, "**Beijing Wanchi**") in November 2012. Mr. Zhang has taken up the management role as the chairman/director and general manager of a number of subsidiaries of the Company. Mr. Zhang holds a diploma in banking management from Harbin University of Finance and studied the subject of law and graduated from the People's Republic of China Communist Party Beijing City Committee Party School\*. Mr. Zhang has over 29 years of experience in the financial management field. Prior to joining Beijing Wanchi in 2012, he held various managerial positions in banking and investment management corporations.

Ms. Li Wei ("**Ms. Li**"), aged 48, is the executive director of the Company. She is a director of certain subsidiaries of the Company. Ms. Li obtained a master's degree in management from Tianjin University in the People's Republic of China. Ms. Li was the executive vice president and the executive director of China Vered Financial Holding Corporation Limited (stock code: 245) ("**China Vered**"), a company listed on the Main Board of the Exchange, from August 2018 to May 2019 and from July 2018 to December 2022 respectively, and the acting chief executive officer of China Vered from November 2021 to September 2023.

Mr. Wong Ming Fair Victor ("**Mr. Wong**"), aged 41, is the executive director and a member of the nomination committee of the Company. Mr. Wong graduated from the University of British Columbia with a bachelor's degree in arts. He has served in several public and private positions. Mr. Wong is currently a committee member of the District Fire Safety Committee (Kwai Tsing District). Mr. Wong holds the position of President at the Hong Kong Industrial and Commercial Association Limited (香港工商總會). He serves as the Vice President of the Jiangsu Hong Kong Cultural Association Ltd. (江蘇香港文化促進會). He currently also serves as an independent non-executive director of Goldway Education Group Limited (stock code: 8160), a company listed on GEM of the Exchange and serves as a managing director of a globally renowned business specializing in European fabric trade and tailored suits.

## INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chen Yihua ("**Mr. Chen**"), aged 51, is the independent non-executive director, chairman of the nomination committee and a member of the remuneration committee and audit committee of the Company. Mr. Chen holds a bachelor's degree in machinery manufacturing engineering from Tianjin University, the PRC. Mr. Chen has 24 years of experience in management in international express logistic industry. Mr. Chen is also familiar with import and export business in machinery and equipment. Mr. Chen held managerial position in different multinational companies, such as China National Overseas Engineering Corporation and FedEx Express-DTW Co. Ltd.. Mr. Chen is currently the senior director of infrastructure and process engineering of DHL-Sinotrans International Air Courier Ltd..

\* English name is for identification purpose only



# DIRECTORS AND SENIOR MANAGEMENT

## INDEPENDENT NON-EXECUTIVE DIRECTORS *(Continued)*

Mr. Chan Ngai Fan ("**Mr. Chan**"), aged 45, is the independent non-executive director, chairman of the audit committee and the remuneration committee, and a member of nomination committee of the Company, responsible for providing independent opinion and judgement to the Board. Mr. Chan has more than 15 years of experience in auditing, accounting and financial management. Mr. Chan obtained a bachelor's degree in Arts in Accountancy and a master's degree in Corporate Governance from the Hong Kong Polytechnic University in December 2007 and October 2013, respectively. He is a member of the Hong Kong Institute of Certified Public Accountants (Practising), and an associate member of the Hong Kong Institute of Chartered Secretaries since February 2011 and November 2019, respectively.

Mr. Chan is currently an independent non-executive director of Leader Education Limited (stock code: 1449), Persistence Resources Group Ltd (stock code: 2489) and Central Wealth Group Holdings Limited (stock code: 139) since July 2020, November 2023 and July 2024 respectively, all companies listed on the Main Board of the Exchange. He was the independent non-executive director of Sanxun Holdings Group Limited (stock code: 6611) from September 2019 to September 2023 and Contel Technology Company Limited (stock code: 1912) from July 2020 to June 2023, both companies listed on the Main Board of the Exchange.

Ms. Cheung Yin Man Monica ("**Ms. Cheung**"), aged 40, is the independent non-executive director, and a member of each of the audit committee, the remuneration committee and the nomination committee of the Company. Ms. Cheung holds a bachelor's degree in Business Administration from the Chinese University of Hong Kong. She is a member of the Hong Kong Institute of Certified Public Accountants, a Chartered Financial Analyst and a Certified Environmental, Social and Governance Analyst. She is currently a director of a licensed corporation to carry on business in type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (the "**SFO**"), and possesses over 15 years of experience in the fields of auditing, corporate finance, financial management and environmental, social and governance. She has also been a licensed person for type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO since 2011.

## SENIOR MANAGEMENT

Ms. Lam Fei Sui ("**Ms. Lam**"), aged 46, is the chief financial officer, company secretary and authorised representative of the Company under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong). Ms. Lam joined the Group in July 2015. She holds a Bachelor's Degree of arts in accountancy from The Hong Kong Polytechnic University. She is a fellow member of the Association of Chartered Certified Accountants and a member of Hong Kong Institute of Certified Public Accountants. Ms. Lam has more than 15 years of experience in accounting and finance, auditing and internal audit in both Hong Kong and the PRC. Prior to joining the Group, Ms. Lam has worked for an international accounting firm and a company whose shares are listed on the Main Board of the Exchange. Ms. Lam currently serves as an independent non-executive director of Jujiang Construction Group Co., Ltd. (stock code: 1459) since June 2024, a company listed on the Main Board of the Exchange.

# CORPORATE GOVERNANCE REPORT

The Company is committed to promoting high standards of corporate governance through its continuous effort in improving its corporate governance practices and process. The Board believes that sound and reasonable corporate governance practices are essential for sustainable growth of the Group and for safeguarding the interests and the Group's assets.

Throughout the year ended 31 December 2024, the Company had complied with all the code provisions set out in Part 2 of the Appendix C1 Corporate Governance Code of the GEM Listing Rules (the "**CG Code**").

## MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the code of conduct for securities transactions by Directors on terms equivalent to the Rules 5.48 to 5.67 of the GEM Listing Rules (the "**Model Code**"). The Company had made specific enquiries with written guidelines in relation to the Model Code to all Directors and all Directors have confirmed that they complied with the required standards set out in the Model Code throughout the year ended 31 December 2024.

## THE BOARD

As at the date of this annual report, the Board comprised six Directors, including three executive Directors, namely Mr. Zhang Wei as the CEO, Ms. Li Wei and Mr. Wong Ming Fair Victor; and three independent non-executive Directors, namely Mr. Chen Yihua, Mr. Chan Ngai Fan and Ms. Cheung Yin Man Monica.

Biographical details of the Directors are shown on pages 34 to 35 and set out on the website of the Company. The List of Directors and their Role and Function was published both on the websites of the Company and the Exchange. The Board is currently supported by the audit committee, remuneration committee and nomination committee of the Company to oversee specific areas of the Company's affairs. Each of these committees has been established with written terms of reference, which were approved by the Board, setting out the committee's major duties and responsibilities. These terms of reference were published both on the websites of the Company and the Exchange.

# CORPORATE GOVERNANCE REPORT

## THE BOARD *(Continued)*

The overall management of the Company's business is vested in the Board, which assumes the responsibility for leadership and control of the Company and the Directors are collectively responsible for promoting the success of the Company by directing and supervising the Company's affairs and overseeing the achievement of strategic plans to enhance shareholders' value.

Generally, the Board is responsible for all major aspects of the affairs of the Company, including:

- formulation of overall strategies and review of its financial performance and results;
- oversee the risk management and internal control systems on an ongoing basis;
- policies relating to key business and financial objectives of the Company;
- material transactions, including acquisition, investment, disposal of assets or capital expenditure;
- appointment, removal or reappointment of Board members and auditors;
- communication with key stakeholders, including shareholders and regulatory bodies; and
- recommendation to shareholders on final dividend and the declaration of any interim dividends.

The Board is responsible for maintaining proper accounting records so as to enable the Directors to monitor and disclose with reasonable accuracy the financial position of the Group. The Board updates Shareholders on the operations and financial position of the Group through quarterly, interim and annual results announcements as well as the publication of timely reports and announcements of other matters as prescribed by the relevant laws, rules and regulations.

Directors are also provided with access to independent professional advice, where necessary, in carrying out their obligations as Directors, at the expense of the Company.

All Directors, including independent non-executive Directors assume the responsibilities to the Shareholders for the well-being and success of the Company. They are aware of their duties to act in good faith and in the best interests of the Company and its Shareholders. To the best knowledge of the Company, there is no financial, business, family or other material/relevant relationship among members of the Board.

The non-executive Directors (including the independent non-executive Directors), advise the Company on strategic and critical matters. The Board considers that each non-executive Director brings his/her own senior level of experience and expertise to the constructive functioning of the Board. To this end, regular informal meetings are held between the executive Directors and non-executive Directors. The Chairman should hold meetings with the independent non-executive Directors at least annually without presence of other Directors to evaluate the functioning of the Board.

All independent non-executive Directors are appointed for a term of one year. They are subject to the retirement by rotation and re-election of Directors in the bye-laws of the Company (the "**Bye-laws**") which requires one-third of the Directors in office to retire from office by rotation but eligible for offering, themselves to be re-elected at each annual general meeting of the Company.

The executive Directors are delegated with responsibility to oversee and monitor the operation of specific business areas and to implement the strategies and policies set by the Board.

# CORPORATE GOVERNANCE REPORT

## INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

Each of the independent non-executive Director has made written annual confirmation of his/her independence pursuant to Rule 5.09 of the GEM Listing Rules. Upon review, the Board concluded that all the independent non-executive Directors are independent within the meaning of the GEM Listing Rules.

## MECHANISMS TO ENSURE INDEPENDENT VIEWS IN THE BOARD

The Board has established mechanisms to ensure independent views are available to the Board. Such mechanism is designed to ensure a strong independent element on the Board of the Company, which allows the Board effectively exercises independent judgment to better safeguard shareholders' interests. During the year ended 31 December 2024, the Board had conducted an annual review that the mechanism is effective in ensuring that independent views and input are provided to the Board. A summary of the mechanism is set out below:

### *Composition*

The Board shall ensure the appointment of at least three independent non-executive Directors and at least one-third of its members being independent non-executive Directors (or such higher threshold as may be required by the Listing Rules from time to time).

### *Independence Assessment*

Certain principles and aspects are set for evaluating the independence of the independent non-executive Directors are that the independent non-executive Directors should not have any substantive or material interest with the Group, the management of the Group or the Controlling Shareholder of the Group, including stock ownership relationship, employment and compensation relationship, business relationship, professional relationship and cross-directorships and any other links.

### *Mechanism*

A mechanism is in place for Directors to seek independent professional advice in performing their duties at the Company's expense. Directors are encouraged to access and consult with the Company's senior management independently, if necessary. An annual review on Board independence will be conducted, with attention to ensuring that it remains independent in judgement, and continue to present an objective and constructive challenge to the assumptions and viewpoints presented by the management.

## CHAIRMAN AND CHIEF EXECUTIVE

Code provision C.2.1 of the CG Code requires the roles of chairman and chief executive should be separated and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing. The roles of chairman and chief executive of the Company is separated and were not performed by the same individual.

Mr. Mang Sheung Lok, the former executive Director, was the Chairman until 12 February 2025 and Mr. Zhang Wei currently serves as the CEO. Mr. Mang Sheung Lok provided leadership for the decision of the Board regarding the daily operations and administration of the Company are delegated to the management, led by the CEO. Acting as the principal manager, Mr. Zhang Wei is responsible to develop operating plans and strategies to the Board and ensuring the effective implementation of the strategies and policies adopted and prioritised by the Board supported with effective and competence management built and maintained by him. Mr. Zhang Wei maintained to keep all Directors timely and appropriately informed of all major changes and business development.

# CORPORATE GOVERNANCE REPORT

## CHAIRMAN AND CHIEF EXECUTIVE *(Continued)*

Following the resignation of Mr. Mang Sheung Lok on 12 February 2025, The existing three executive Directors had collectively performed the duties of the chairman of the Company as an interim arrangement until the appointment of a new chairman. The Board believes that the Directors have their unique expertise and functions well within the Company.

The Board believes that the balance of power and authority for the present arrangement will not be impaired and is adequately ensured by current Board which comprises experience and high caliber individuals with sufficient number of Board members.

## THE BOARD COMMITTEES

### *(1) Remuneration Committee (the "RC")*

The RC reviews and makes recommendations to the Board on the remunerations of Directors and senior management. To minimise any conflict of interest, any member who is interested in any given proposed motion is required to abstain from voting on such motion. The RC was set up on 20 March 2006 with written terms of references to oversee the remuneration policy and structure for all Directors and senior management. The RC comprises all independent non-executive Directors and chaired by an independent non-executive Director. During the year ended 31 December 2024 and up to the date of this annual report, the members of the RC were as follows:

#### **Independent non-executive Directors:**

Mr. Chan Ngai Fan *(re-designated as the Chairman on 1 February 2024)*

Mr. Chen Yihua

Ms. Cheung Yin Man Monica *(appointed on 1 February 2024)*

Mr. Lee Zak Yuen *(resigned on 1 February 2024)*

The RC held four meetings and passed several written resolutions during the year ended 31 December 2024 in making recommendation to the Board on the remuneration package of the existing and newly appointed Directors, adoption of new share option scheme, and reviewing the policy and structure of the remuneration packages for Directors. The company secretary of the Company (the "**Company Secretary**") act as the secretary to the RC. The roles and functions of the RC are to make recommendations to the Board on the Company's policy and structure for all remuneration of the Directors and senior management and on the establishment of a formal and transparent procedure for developing remuneration policy. The RC also reviews and recommends the Board on its proposals relating to the remuneration of the executive Directors with reference to the Board's corporate goal and objectives and matters relating to share schemes under the GEM Listing Rules when necessary. The RC is provided with sufficient resources by the Company to discharge its duties. No individual Director is involved in deciding his or her own remuneration.

# CORPORATE GOVERNANCE REPORT

## THE BOARD COMMITTEES *(Continued)*

### (1) *Remuneration Committee (the "RC") (Continued)*

The emolument payable to Directors depends on the prevailing market conditions, the Company's performance and their time, effort and expertise to be exercised on the Group's affairs and the Company's remuneration policy.

The remuneration packages of each Directors and senior management were discussed, reviewed and recommended to the Board during the year ended 31 December 2024. Details of Directors' emoluments are set out in Note 8 to the consolidated financial statements in this annual report.

Pursuant to code provision E.1.5 of the CG Code, the remuneration of the members of the senior management by band for the year ended 31 December 2024 was within the following band:

In the band of	Number of individual
HK\$1,000,001–HK\$1,500,000	1

The Company has adopted a share option scheme on 18 June 2024 (details of which are set out in Note 29 to the consolidated financial statements in this annual report). The purpose of the said share option scheme is to enable the Board, at its discretion, to grant options to selected eligible participants to motivate them and to optimise their performance and efficiency for the benefit of the Group.

Since the previous share option scheme was expired on 2 August 2022, the RC considered to adopt the new Share Option Scheme in order to continue and maintain the incentive arrangements for the eligible participants. The RC reviewed the scheme rules of the Share Option Scheme and considered it was in the best interest and for the benefit of the Company and Shareholders as a whole to adopt the Share Option Scheme and the scheme rules were in compliance with the provisions of Chapter 23 of the GEM Listing Rules. For details, please refer to the Company's circular dated 29 April 2024.

### (2) *Nomination Committee (the "NC")*

The NC was set up on 1 February 2012 with written terms of reference to review the structure, size and composition (including but not limited to the gender, skills, knowledge, experience and diversity of perspectives) of the Board and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy. The NC is chaired by an independent non-executive Director. The NC comprises a majority of independent non-executive Directors. During the year ended 31 December 2024 and up to the date of this annual report, the members of the NC were as follows:

#### **Executive Directors:**

Mr. Zhang Wei

Mr. Mang Sheung Lok (*resigned on 12 February 2025*)

Mr. Wong Ming Fair Victor (*appointed on 12 February 2025*)

#### **Independent non-executive Directors:**

Mr. Chen Yihua (*Chairman*)

Mr. Chan Ngai Fan

Ms. Cheung Yin Man Monica (*appointed on 1 February 2024*)

Mr. Lee Zak Yuen (*resigned on 1 February 2024*)

# CORPORATE GOVERNANCE REPORT

## THE BOARD COMMITTEES *(Continued)*

### *(2) Nomination Committee (the “NC”) (Continued)*

The NC held four meetings during the year ended 31 December 2024 in making recommendations to the Board on the appointment and re-appointment of Directors, change of committee composition and on the re-election of Directors at the general meeting; reviewing the structure, size, composition and diversity of the Board members; assessing the independence of the independent non-executive Directors; reviewing the need to separate the roles of the Chairman and the CEO and reviewing the Nomination Policy (as defined below) and Board Diversity Policy (as defined below). The Company Secretary act as the secretary to the NC. The roles and functions of the NC are to identify individuals suitably qualified to become Board members, select or make recommendations to the Board on the selection of individuals nominated for directorships, assess the independence of independent non-executive Directors, review the Board Diversity Policy and the Nomination Policy and the progress on achieving the objectives set for implementing the Board Diversity Policy and the Nomination Policy and make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the Chairman and the CEO.

#### Director Nomination Policy

Director nomination policy of the Group (the “**Nomination Policy**”) is in place and was adopted in writing on 31 December 2018. The Nomination Policy sets out the procedures, process and criteria for identifying and recommending candidates for election to the Board.

#### Board Diversity Policy

The Company recognises and embraces the benefits of having a diverse Board to enhance the quality of its performance. With a view to achieving a sustainable and balanced development, the Company sees increasing diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development. All Board appointments will be based on meritocracy, and candidates will be considered against appropriate criteria, having due regard for the benefits of diversity on the Board. The Company recognises that certain independent non-executive Directors could have multiple business commitments, including directorship to other corporations. The Company requires these independent non-executive Directors to be committed sufficient time to be devoted to the Group as mutually deemed necessary. The board diversity policy (the “**Board Diversity Policy**”) adopted aims to set out the approach to achieve diversity on the Board. A summary of the Board Diversity Policy is set out below:

#### *Measurable Objectives and Implementation*

The Company commits to selecting the best person for the role. Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural background and ethnicity, in addition to educational background, 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.



# CORPORATE GOVERNANCE REPORT

## THE BOARD COMMITTEES *(Continued)*

### *(2) Nomination Committee (the "NC") (Continued)*

#### **Board Diversity Policy** *(Continued)*

##### *Monitoring and Reporting*

The NC will report annually, in this annual report, on the Board's composition under diversified perspectives, and monitor the implementation of the Board Diversity Policy.

##### *Review of the Board Diversity Policy*

The NC will review the Board Diversity Policy, as appropriate, to ensure the effectiveness of the Board Diversity Policy. The NC will discuss any revisions that may be required, and recommend any such revisions to the Board for consideration and approval.

The Board currently comprises two female Directors and four male Directors who are of different age, genders and with professional experience and qualifications in various aspects. Having regard to the composition of the Board and the measurable objectives, the NC was of the opinion that the Board consists of members with diversified gender, age, cultural and education background, professional/business experience, skills and knowledge.

The Board considers that the Company has achieved gender diversity at the Board level and targets to maintain, or if suitable candidates are identified further enhance, such achievement. In striving to maintain gender diversity, similar considerations are used when recruiting and selecting key management and other personnel across the Group's operations.

As at 31 December 2024, the Group maintained a 20:19 ratio of female to male in the workplace (including senior management). The Board was not aware of any mitigating factors or circumstances which make achieving gender diversity across the workforce (including senior management) more challenging or less relevant. For details of our hiring practices, please refer to page 24 of the "Environmental, Social and Governance Report" section of this report.

The Group is determined to maintain gender diversity and equality in terms of the whole workforce, and to procure the senior management team to achieve gender equality in terms of the gender ratio. The NC will discuss periodically and when necessary, agree on further measurable objectives and plans for achieving diversity, including gender diversity, on the Board and recommend them to the Board for adoption.

### *(3) Audit Committee (the "AC")*

The AC comprises all independent non-executive Directors and is chaired by an independent non-executive Director who has appropriate professional qualifications and related financial management expertise. During the year ended 31 December 2024 and up to the date of this annual report, the members of the AC were as follows:

#### **Independent non-executive Directors:**

Mr. Chan Ngai Fan (*Chairman*)

Mr. Chen Yihua

Ms. Cheung Yin Man Monica (*appointed on 1 February 2024*)

Mr. Lee Zak Yuen (*resigned on 1 February 2024*)

# CORPORATE GOVERNANCE REPORT

## THE BOARD COMMITTEES *(Continued)*

### *(3) Audit Committee (the "AC") (Continued)*

The AC held three meetings during the year ended 31 December 2024 in reviewing the interim and annual reports before submission to the Board, the audit approach for the year ended 31 December 2024, the corporate governance, internal control and risk management issue, adequacy of the resources, staff qualifications and experience, training programmes and budget on accounting, financial reporting and internal audit functions; and making recommendations to the Board on the re-appointment of external auditor of the Company and the engagement of a consultancy firm for the provision of risk assessment and internal audit services and provision of environmental, social and governance services to the Group. The Company Secretary act as the secretary to the AC. The AC performs, amongst others, the following roles and functions:

- ensure that co-operation is given by the Company's management to the external auditor where applicable;
- review the Group's quarterly, interim and annual results announcements and reports and the financial statements prior to their recommendations to the Board for approval;
- review the effectiveness of the Group's financial reporting system, risk management and internal control systems; and
- review transactions with connected persons (if any).

#### Review of risk management and internal control systems

The AC is delegated by the Board with the responsibility to provide independent oversight of the Group's financial reporting, risk management and internal control systems, and the adequacy of the external and internal audits. The AC reviewed the effectiveness of the Group's risk management and internal control systems by reviewing the reports (including the internal audit plan) issued by the independent internal control service provider and the internal control self-assessment from the management.

The AC reviewed and concurred with the management's confirmation that for the year ended 31 December 2024: (i) the Group's risk management and internal control systems were effective and adequate; and (ii) the Group had complied satisfactorily with the requirements of the CG Code in respect of risk management and internal control systems.

#### Review of accounting, financial reporting and internal audit functions

The AC reviewed and was satisfied with the adequacy of the resources, staff qualifications and experience, training programmes and budget, on the Group's accounting, financial reporting and internal audit functions.

# CORPORATE GOVERNANCE REPORT

## BOARD COMPOSITION AND BOARD AND COMMITTEE MEETINGS

### *Practices and Conduct of Meetings*

The Board meets regularly at least four times each year and more frequently as the needs of the business demand. Apart from the Board meetings, the Board would from time to time devote separate sessions to consider and review the Group's strategy and business activities.

The Board and committees' meeting schedule and the agenda of each meeting were made available to Directors in advance.

Notices of regular Board meetings were served to all Directors at least 14 days before the meetings. For all other Board and committees' meetings, reasonable notices were given.

Papers for Board meetings or committees' meetings together with all relevant information are sent to all Directors or committee members at least 3 days before each regular meeting to enable them to make informed decisions with adequate data. The Board and each Director also have direct and independent access to the management whenever necessary.

According to the current Board practice, any material transactions involving a conflict of interest with a substantial Shareholder or a Director will be considered and dealt with by the Board at a duly convened Board meeting. The Bye-laws also contain provisions requiring the Directors to abstain from voting and not to be counted in the quorum at meetings for approving transactions in which such Directors or any of their associates have a material interest.

### Meetings Held and Attendance

The composition of the Board and the committees, and the individual attendance records of each Director at the Board and committees' meetings during the year ended 31 December 2024 are set out below:

Name of Directors	Meetings attended/Meetings held				
	Board meetings	AC meetings	RC meetings	NC meetings	General meetings
<b>Executive Directors</b>					
Mr. Mang Sheung Lok ( <i>Chairman</i> ) ( <i>resigned on 12 February 2025</i> )	7/7	N/A	N/A	4/4	1/1
Mr. Zhang Wei ( <i>CEO</i> )	3/7	N/A	N/A	2/4	1/1
Ms. Li Wei	7/7	N/A	N/A	N/A	1/1
<b>Independent non-executive Directors</b>					
Mr. Chen Yihua	6/7	2/3	3/4	3/4	1/1
Mr. Chan Ngai Fan	7/7	2/3	4/4	4/4	1/1
Ms. Cheung Yin Man Monica ( <i>appointed on 1 February 2024</i> )	6/6	3/3	3/3	3/3	1/1
Mr. Lee Zak Yuen ( <i>resigned on 1 February 2024</i> )	0/1	0/0	0/1	0/1	0/0
<i>Total number of meetings held</i>	7	3	4	4	1

# CORPORATE GOVERNANCE REPORT

## INDUCTION AND CONTINUOUS DEVELOPMENT

Each newly appointed Director receives a comprehensive induction package (the “Package”) designed to enhance his/her knowledge and understanding of the Group’s culture and operations. The Package usually includes a briefing or an introduction to the Group’s structure, businesses strategies, recent developments and governance practices.

In order to keep the Directors remain informed and refresh their relevant knowledge and skills (Note), the Company provided regular updates and presentations on changes and developments relating to the Group’s business and the legislative and regulatory environments to the Directors and encouraged Directors to participate in continuous professional developments. During the year ended 31 December 2024, the Directors have confirmed that they have received the training as follows:

Name of Directors	Reading journals, written training materials and/or updates	Attending courses, seminars, conferences and/ or forums
Mr. Mang Sheung Lok ( <i>Chairman</i> ) ( <i>resigned on 12 February 2025</i> )	✓	–
Mr. Zhang Wei ( <i>CEO</i> )	✓	–
Ms. Li Wei	✓	–
Mr. Chen Yihua	✓	✓
Mr. Chan Ngai Fan	✓	✓
Ms. Cheung Yin Man Monica ( <i>appointed on 1 February 2024</i> )	✓	✓
Mr. Lee Zak Yuen ( <i>resigned on 1 February 2024</i> )	–	–

Note: Training set out above refers to training relevant to the Group’s business, the economy, corporate governance, rules and regulations, accounting, financial or professional skills and/or directors’ duties and responsibilities.

The Directors acknowledge the need for continuous professional development so that they can continue contributing to the Company, and the Company provides support whenever relevant and necessary.

## ACCOUNTABILITY AND AUDIT

The Board acknowledges its responsibility to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group. The Board is not aware of any material uncertainties relating to events or condition that might cast significant doubt upon the Company’s ability to continue in business. Accordingly, the Board has prepared the financial statements of the Company on a going concern basis.

The Board also acknowledges its responsibility to present a balanced, clear and understandable assessment in the Company’s annual, interim and quarterly reports, other price-sensitive announcements and other financial disclosures required under the GEM Listing Rules, and reports to the regulators as well as the information required to be disclosed pursuant to statutory requirements.

The above statements, which should be read in conjunction with the independent auditor’s report set out from pages 76 to 81 of this annual report, are made with a view to distinguishing how the responsibilities of the Directors differ from those of the auditor in relation to the financial statements.

# CORPORATE GOVERNANCE REPORT

## ACCOUNTABILITY AND AUDIT *(Continued)*

Having made appropriate enquiries and examined major areas which could give rise to significant financial exposures, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements for the year ended 31 December 2024. The Directors considered the Group has applied appropriate accounting policies consistently and made judgements and estimates that are prudent and reasonable in accordance with applicable accounting standards.

The interim and annual results and reports were published within the time limits as required under the GEM Listing Rules after the end of the relevant periods to provide stakeholders with transparent and timely financial information.

## AUDITOR'S REMUNERATION

During the year ended 31 December 2024, the remuneration, reviewed and approved by the AC on the audit and non-audit scope, paid or payable to the auditor in respect of audit and non-audit services provided by the auditor of the Group, Forvis Mazars CPA Limited ("**Forvis Mazars**"), were as follows:

Nature of services	Year Ended	
	31 December 2024 Amount HK\$'000	31 December 2023 Amount HK\$'000
Audit services	750	650
Non-audit services (Note)	130	415

Note: Non-audit services provided by Forvis Mazars during the years ended 31 December 2024 and 2023 included agreed-upon procedures reports on the Group's quarterly result, attendance of the annual general meeting of the Company, agreed-upon procedures on preliminary announcement of annual results, report on the continuing connected transactions and other professional services.

## CORPORATE GOVERNANCE FUNCTION

The written terms of reference of the corporate governance functions was adopted by the Company on 1 February 2012 and the Board is collectively responsible for the following corporate governance functions:

- to develop and review the Company's policies and practices on corporate governance and make recommendations on changes and updating;
- to review and monitor the training and continuous professional development of Directors and senior managements;
- to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors;
- to review the Company's compliance with the CG Code and disclosure in corporate governance reports; and
- such other corporate governance duties and functions set out in the CG Code (as amended from time to time) for which the Board is responsible.

# CORPORATE GOVERNANCE REPORT

## RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges its responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Group's strategic objectives, and maintaining sound and effective risk management and internal control systems to safeguard the interests of Shareholders and the Group's assets. The Board also acknowledges its responsibility for overseeing the Group's risk management, financial reporting, and internal control systems on an on-going basis and reviewing their effectiveness at least annually through the AC. The AC assists the Board in fulfilling its oversight and corporate governance roles in the Group's financial, operational, compliance, risk management (including environmental, social and governance ("ESG") risk) and internal controls, and the resourcing of the finance and internal audit functions.

The Board recognises that corporate governance and ESG are complementary, with corporate governance inextricably linked to good governance of environmental and social issues. The Company's business, from day-to-day operations to aspects of commercial viability, including but not limited to brand and reputation, and stakeholder capitalism, are all relating to corporate governance and ESG. The management of issues relating to how an organisation interacts with the environment, its own people and the communities in which it operates all tie in with how the organisation is governed. Taken together, corporate governance and ESG demonstrate how a business ought to be managed and operated, while simultaneously taking into consideration environmental and social risks or impacts. The Company acknowledges that good corporate governance practices are not only a prerequisite for managing ESG issues, but provide the bedrock for managing environmental and social risk and ensuring there is accountability and ownership at the highest level of the business.

To this end, appropriate policies and controls have been designed and established to ensure that assets are safeguarded against improper use or disposal, relevant rules and regulations are adhered to and complied with, reliable financial and accounting records are maintained in accordance with relevant accounting standards and regulatory reporting requirements, and key risks (including material risk relating to ESG) that may impact on the Group's performance are appropriately identified and managed. Besides, management continues to allocate resources for the risk management and internal control systems to provide reasonable, though not absolute, assurance against material misstatement or loss and to manage rather than eliminate the risk of failure to achieve business objectives.

The Board, through the AC, has delegated the internal audit function to an independent internal control service provider, who has conducted a review on the adequacy and effectiveness of the Group's risk management and internal control systems for the year ended 31 December 2024. The review is conducted in accordance to the internal audit plan approved by the AC, which covers all material controls, including financial, operational and compliance controls. The Board considers that the Group's risk management and internal control systems are effective and adequate.

The Board, through the AC, leads and provides direction to management by laying down strategies and overseeing their implementation by management, monitors the Group's operational and financial performance, and ensures that sound internal control and risk management systems are in place.

The Board reviewed and was satisfied with the adequacy of the resources, staff qualifications and experience, training programmes and budget, on the Group's accounting, financial reporting and internal audit functions.

The Board, through delegation of its authority to an ESG working group, is also responsible for reviewing the Company's corporate social responsibility strategy, principles and policies; setting guidance, direction and overseeing practices and procedures; and monitoring progress on the Company's corporate social responsibility and related activities.

# CORPORATE GOVERNANCE REPORT

## RISK MANAGEMENT AND INTERNAL CONTROL *(Continued)*

The following highlights the key risk management measures under the Group's "Three Lines of Defence" model for 2024.

### *1st line of defence – Risk management*

- Management conducted an annual internal control self-assessment for 2024. Division heads confirmed that appropriate internal control policies and procedures have been established and complied with.
- Various policies, procedures and guidelines have been adopted with defined authority for effective segregation of duties, controls and risk management, and they are subject to regular review.
- The Group's anti-bribery and anti-corruption guidelines were adopted to set out minimum standards in recognising circumstances which may lead to or give the appearance of involving corruption or unethical business conduct, to help avoid conduct which is clearly prohibited, and to encourage everyone in the Group to seek appropriate guidance promptly when needed.
- The Group's whistleblowing policy was adopted to facilitate internal reporting of any malpractice and unethical conduct within the Group without fear of reprisal and victimisation.

### *2nd line of defence – Risk oversight*

- The Group's enterprise risk management ("ERM") policy was developed to outline the principles, governance, roles and responsibilities, and approach within a coherent risk management framework that addresses and prioritises risks that are material and relevant to the Group's corporate goals.
- The Group's ERM framework was refined to help management assess and manage risks arising from and associated with new business activities and environments, including emerging risks. An integrated risk assessment approach was adopted to address risks across various subsidiaries of the Group, to assess those risks on an integrated group-wide basis.

### *3rd line of defence – Independent internal control service*

- The internal control service provider takes up the internal audit function, who is responsible for conducting independent reviews of the adequacy and effectiveness of the Group's internal control systems and reporting the review results regularly to the Board through the AC.

The Group's ERM policy was approved by the Board as an effective and adequate approach to be applied across the Group to manage the risks associated with its business and operations. This policy is designed to enhance ERM of the Group through a holistic and integrated framework so that all material risks faced by the Group are identified and appropriately managed to:

- (i) promote consistent risk identification, measurement, reporting and mitigation;
- (ii) set a common risk language to avoid any conflicting terminology or confusion in risk reporting;
- (iii) develop and communicate policies on ERM and controls aligned with the business strategy; and
- (iv) enhance reporting to provide transparency of risks across the Group.

For internal audit, a risk-based approach is adopted. The annual work plan of internal control service provider for internal audit covers major activities and processes of the Group's operations, businesses and service units. The results of these audit activities are communicated to the AC and key members of senior management of the Group. Audit issues are tracked and followed up for proper implementation, and their progress are reported to the AC and senior management of the Group (as the case may be) periodically. The internal control service provider for internal audit provides recommendations to the Board; the AC and the senior management of the Group for ensuring the adequacy and effectiveness of internal controls for the Group.



# CORPORATE GOVERNANCE REPORT

## RISK MANAGEMENT AND INTERNAL CONTROL *(Continued)*

The Company has adopted policies and procedures for assessing and, where prudent, improving the effectiveness of its risk management and internal control systems, including requiring the management of the Group to assess the effectiveness of risk management and internal control systems at least annually and to personally certify, through the internal control self-assessment for 2024, that such matters are appropriate and functioning effectively in the belief that this will enhance the corporate governance of the Company and its business practices in the future.

The Company regulates the handling and dissemination of inside information as set out in the code of conduct to ensure inside information remains confidential until the disclosure of such information is appropriately approved, and the dissemination of such information is efficiently and consistently made.

## COMPANY SECRETARY

The appointment and removal of the company secretary is subject to approval by the Board in accordance with the Bye-laws. The company secretary is responsible for ensuring the Board procedures and policy are followed and Board activities are effectively conducted. The company secretary is also responsible for maintaining minutes recorded in sufficient details of all the meetings of the Board and committees of the Company. Draft and final versions of minutes are disseminated to Directors for comment and filed for record purposes respectively within a reasonable time after each meeting. The Directors have full and timely access to the board papers and minutes of the Board and committees of the Company.

Ms. Lam Fei Sui, the chief financial officer of the Company, has been appointed as the Company Secretary on 1 January 2024. Ms. Lam confirmed that she has complied with all the qualifications, experience, and professional training requirements of the GEM Listing Rules. During the year ended 31 December 2024, Ms. Lam has taken no less than 15 hours of relevant professional training.

## CONSTITUTIONAL DOCUMENTS

The latest version of the amended and restated Bye-laws has been published both on the websites of the Company and the Exchange and no amendments had been made during the year ended 31 December 2024.

## INVESTOR RELATIONS

The Board recognises the importance of maintaining on-going communication with the Shareholders. The Company promotes communications with the Shareholders through several communication channels including publication of notices, circulars and announcements of key developments, and quarterly, interim and annual reports as prescribed under the GEM Listing Rules which can also be accessed via the "Investor Relations" of the Company's website.

The aims of the Company are to improve its transparency, gain more understanding and confidence in relation to the Group's business developments and acquire more market recognition and support from the Shareholders. The Shareholders are encouraged to attend all general meetings of the Company. The notices of the special general meetings and annual general meeting of the Company were circulated to all the Shareholders in accordance with the requirements of the GEM Listing Rules and the Bye-laws. It is a standard practice to have the non-executive Directors available to answer questions relating to their roles, tenure, and the committees of the Board. The results of voting by poll are published on the websites of the Exchange and the Company after the meetings.

# CORPORATE GOVERNANCE REPORT

## INVESTOR RELATIONS *(Continued)*

The shareholders' communication policy of the Company sets out the Company's procedures in providing the Shareholders with prompt and equal access to information about the Company, in order to enable the Shareholders to assess the Company's overall performance, exercise their rights in an informed manner and engage actively with the Company. To ensure that the shareholders and potential investors are provided with ready, equal and timely access to balanced and understandable information about the Company, the Company has established several channels to communicate with the shareholders as follows:

- (i) corporate communications such as annual reports, interim reports, quarterly reports and circulars are issued in printed form and are available on the website of the Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and on the website of the Company at <http://www.capitalfinance.hk>;
- (ii) periodic announcements are published on the websites of the Exchange and the Company;
- (iii) corporate information is made available on the Company's website; and
- (iv) annual and special general meetings provide a forum for the Shareholders to make comments and exchange views with the Directors and senior management.

The Company keeps on promoting investor relations and enhancing communication with the existing shareholders and potential investors. It welcomes suggestions from investors, stakeholders and the public. Enquiries about Shareholders' shareholdings can be directed to the Company's share registrar.

The Company reviewed the implementation and effectiveness of the shareholders' communication policy and considered it to be effective.

Any comments and suggestions to the Board can be addressed to our Hong Kong office or the Company Secretary by mail to Suite No. 2, 15/F, Tower 1, China Hong Kong City, 33 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong or email at [general@capitalfinance.hk](mailto:general@capitalfinance.hk).

## SHAREHOLDERS' RIGHTS

In accordance with the Company's bye-law 58 of the Bye-laws, the Shareholders holding at the date of deposit of the requisition not less than one-tenth of the issued share capital of the Company carrying the right of voting at special general meetings of the Company shall at all times have the right, by written requisition to the Company at the head office and principal place of business in Hong Kong, to require a special 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 requisitionists themselves may do so in accordance with the provisions of section 74(3) of the Companies Act 1981 of Bermuda.

# REPORT OF THE DIRECTORS

The Directors herein submit their report together with the audited consolidated financial statements of the Group for the year ended 31 December 2024.

## PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. Details of the principal activities of the subsidiaries of the Company are set out in Note 19 to the consolidated financial statements.

## SEGMENT INFORMATION

An analysis of the performance of the Group for the year ended 31 December 2024 by operating segment is set out in Note 5 to the consolidated financial statements.

## RESULTS AND DIVIDENDS

The Group's financial performance for the year ended 31 December 2024 and the financial position of the Company and the Group at that date are set out in the consolidated financial statements on pages 82 to 186.

There is no arrangement pursuant to which a shareholder of the Company has waived or agreed to waive any dividends.

The Board did not recommend any dividends in respect of the year ended 31 December 2024 (2023: Nil).

## DIVIDEND POLICY

The Company has adopted a dividend policy that aims to enhance transparency of the Company and facilitate Shareholders and investors to make informed investment decisions in relation to the Company (the "**Dividend Policy**").

According to the Dividend Policy, the Board shall take into account, inter alia, the following factors in deciding whether to propose a dividend and in determining the dividend amount:

- (i) the Group's financial results;
- (ii) the financial condition of the Group;
- (iii) future cash requirements and availability for business operations, business strategies and future development needs;
- (iv) any restrictions on payment of dividends that may be imposed by the Group's lenders;
- (v) the retained earnings and distributable reserves of the Company and each of the members of the Group;
- (vi) the general market conditions; and
- (vii) any other factors that the Board may consider appropriate.

The payment of the dividend by the Company is also subject to any restrictions under the Companies Act of Bermuda and the Bye-laws.

Any declaration and/or payment of future dividends under the Dividend Policy are/is subject to the Board's determination and would be in the best interests of the Group and the Shareholders as a whole. The Board will review the Dividend Policy from time to time.

# REPORT OF THE DIRECTORS

## BUSINESS REVIEW AND COMMENTARY

### *Financial Results*

The financial results and business review of the Group for the year ended 31 December 2024 are set out in the annual report and particular on the section of “Management Discussion and Analysis” from pages 6 to 11.

### *Environmental measure and performance*

Since the Group’s main business is short-term financing services in the PRC and Hong Kong; it does not bring about serious adverse effects on the environment. Nevertheless, the management acknowledges that being a responsible enterprise, the Group still has to take into account the impact of its business operation on the environment while enjoying financial growth.

As such, the Group has formulated its environmental measure with a focus on ensuring full compliance with applicable legislation and requirements by promoting environmental awareness among staff, disposing waste in an environmentally responsible way, and reusing and recycling materials.

In order to reduce carbon footprint across the office, the Group during the year ended 31 December 2024 encouraged employees to utilise e-statement or scanning to reduce our use of paper, switch off computers and office equipment, electrical appliances and air-conditioners when they are not in use.

For details, please refer to the section of “Environmental, Social and Governance Report” from pages 12 to 33 of this annual report.

### *Compliance with laws and regulations*

In relation to the human resources, the Group is committed to complying with the requirements of the Personal Data (Privacy) Ordinance, ordinances relating to disability, sex, family status and race discrimination, as well as the Employment Ordinance, the Minimum Wage Ordinance and ordinances relating to occupational safety of employees of the Group, so as to safeguard the interests and well-being of its employees.

The Group is also committed to safeguarding the security of personal data. When collecting and processing such data, the Group complies with the Personal Data (Privacy) Ordinance and guidelines issued by the Office of the Privacy Commissioner for Personal Data, with a view to protecting the privacy of its employees and customers, etc.. The operation team of the Group in the PRC and Hong Kong also complied with the laws and regulations in the PRC and Hong Kong.

During the year ended 31 December 2024, the Group was not aware of any non-compliance with any relevant laws and regulations that has a significant impact on it.

For details, please refer to the section of “Environmental, Social and Governance Report” from pages 12 to 33 of this annual report.

# REPORT OF THE DIRECTORS

## BUSINESS REVIEW AND COMMENTARY *(Continued)*

*Compliance with laws and regulations (Continued)*

### Key relationships

The Group understands the importance of maintaining a good relationship with its suppliers and customers to meet its immediate and long-term goals. We enjoy good relationships with suppliers and customers with mutual trust. The Group has adopted web-based services and customer services hotline with the aim of forming effective communication channels with our customers. By gathering customer feedbacks, the Group is able to enhance and improve the services offered to the customers, strengthen customer loyalty, and enhance market penetration and expansion. During the year ended 31 December 2024, there was no material and significant dispute between the Group and its suppliers/customers.

Employees are the valuable assets of the Group. The Group strives to motivate its employees with a clear career path and improvement of their skills by providing on-the-job training to our staff members. The systematic training programs cover areas such as managerial skills, technical knowledge, risk management, customer services, workplace ethics and other areas relevant to the industries. The Group has recorded 380 training hours during the year ended 31 December 2024. In addition, the Group puts efforts into providing staff with a harmonious, positive and inspiring working environment. The Group always adheres to its people-oriented concept, values and maintains their employees' legitimate rights and interests.

By providing employees with a good working environment, competitive salary and adequate trainings, employees' productivities and their performances are greatly improved.

For details, please refer to the section of "Environmental, Social and Governance Report" from pages 12 to 33 of this annual report.

### Key risks and uncertainties

The main risks for the Group include interest rate risk, foreign currency risk, credit risk and liquidity risk. Details of the main risks and risk management measures are set out in Note 32 to the consolidated financial statements.

For the year ended 31 December 2024, the Group's business and earnings growth were mainly affected by the fluctuations and uncertainties in the macroeconomic situation and the amendments of laws and regulations in the PRC. Due to the economic slowdown in the PRC, the government continues to lower the lending interest rates and amend the laws and regulations. Apart from strengthening the present Beijing market, the Group will further expand its business in Hong Kong and others cities, therefore, the macroeconomic conditions of the PRC and Hong Kong, such as the GDP growth rate, the unemployment rate and the request for credit facilities may create further uncertainties on the business development of the Group. Certain mitigating measures will be performed periodically and performances will be monitored from time to time.

## FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and the assets and liabilities of the Group for the last five financial years is set out on page 187 of this annual report.

# REPORT OF THE DIRECTORS

## PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year ended 31 December 2024 are set out in Note 12 to the consolidated financial statements.

## INVESTMENT PROPERTIES

Details of the movements in the investment properties of the Group during the year ended 31 December 2024 are set out in Note 14 to the consolidated financial statements. A summary of the properties held for investment is set out on page 188. This summary does not form part of the audited consolidated financial statements.

## SHARE CAPITAL

Details of movements in the share capital of the Company are set out in Note 27 to the consolidated financial statements.

## RESERVES

Details of movements in the reserves of the Group and the Company during the year ended 31 December 2024 are set out in the consolidated statement of changes in equity on pages 86 to 87 of this annual report and in Note 28 to the consolidated financial statements, respectively.

The Company had no distributable reserve as at 31 December 2024 (2023: Nil).

## PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Bye-laws of the Company or the laws of Bermuda which would oblige the Company to offer new shares on a pro-rata basis to the existing shareholders of the Company.

## MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year ended 31 December 2024.

## MAJOR CUSTOMERS AND SUPPLIERS

The revenue to the Group's five largest customers accounted for approximately 59.5% of the total revenue for the year ended 31 December 2024. The Group has no supplier for the year ended 31 December 2024.

The Group's largest customer accounted for approximately 47.2% of the total revenue for the year ended 31 December 2024.

None of the Directors, their close associates or the shareholders of the Company (which to the knowledge of the Directors owns more than 5% of the number of issued shares of the Company) has an interest in these major customers.

# REPORT OF THE DIRECTORS

## STRUCTURED AGREEMENTS

### A Overview

According to the laws of the PRC, foreign investors are not allowed to invest by means of equity investment in any pawn loan companies in the PRC or micro-financing companies in Beijing, as such the Company's indirect wholly-owned subsidiary, Beijing Wanchi has entered into a series of structured agreements (the "**Structured Agreements**") with Beijing City Jinfu Pawning Company Limited\* ("**Beijing Jinfu**"), Beijing Jinlu Pawning Company Limited\* ("**Beijing Jinlu**"), which was deregistered on 27 November 2024 (details of which are set out in Note 19(b) to the consolidated financial statements), Beijing City Jinshou Pawning Company Limited\* ("**Beijing Jinshou**") (Beijing Jinshou withdrew from the pawn loan business and deregistered its pawn business license on 26 February 2025 and as a result of such withdrawal, the Structured Agreements with Beijing Jinshou was terminated and all the equity interests of Beijing Jinshou was transferred to Beijing Wanchi in March 2025. Please refer to Note 19(c) to the consolidated financial statements for details), and Beijing Zhongjinfu Micro-financing Company Limited\* ("**Beijing Micro-financing**") and their respective owners, which enables the Group to:

- have power to direct the relevant activities of Beijing Jinfu, Beijing Jinlu, Beijing Jinshou and Beijing Micro-financing;
- exercise the voting rights of 100% equity interest of Beijing Jinfu, Beijing Jinlu and Beijing Jinshou and voting rights of 79% of equity interest of Beijing Micro-financing at the general meetings of Beijing Jinfu, Beijing Jinlu, Beijing Jinshou and Beijing Micro-financing respectively;
- receive and be exposed to substantially all of the economic interest returns generated by Beijing Jinfu, Beijing Jinlu and Beijing Jinshou and 79% of the economic interest returns generated by Beijing Micro-financing through service fees in consideration for the management and consulting services provided by Beijing Wanchi at Beijing Wanchi's discretion;
- have an irrevocable option to purchase the entire equity interest in Beijing Jinfu, Beijing Jinlu and Beijing Jinshou and 79% equity interest in Beijing Micro-financing with consideration each at a normal price of RMB1 when and to the extent permitted under the PRC laws; and
- obtain pledges over the entire equity interest of Beijing Jinfu, Beijing Jinlu and Beijing Jinshou and 79% equity interest of Beijing Micro-financing from their respective owners.

The Structured Agreements mainly included the Pawnbrokers Structured Agreements and the New Beijing Micro-financing Structured Agreements (please see the section headed "Continuing Connected Transactions" for the major terms).

\* English name is for identification purpose only

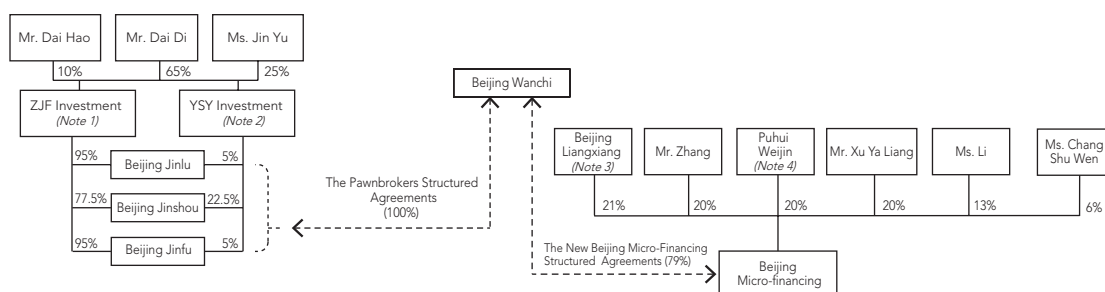


# REPORT OF THE DIRECTORS

## STRUCTURED AGREEMENTS *(Continued)*

### A Overview *(Continued)*

The following simplified diagram illustrates the flow of economic benefits from the Pawnbrokers and the Beijing Micro-financing to the Group stipulated under the Structured Agreements.



Note 1: 中金福(北京)投資管理有限責任公司 (Zhong Jinfu (Beijing) Investment Management Company Limited\*), a company established in the PRC with limited liability ("ZJF Investment")

Note 2: 雲水月投資管理(北京)有限公司 (Yun Shui Yue Investment Management (Beijing) Company Limited\*), a company established in the PRC with limited liability ("YSY Investment")

Note 3: 北京良鄉經濟開發區實業總公司 (Beijing Liangxiang Economic Development Zone Enterprise Holding Company Limited\*), a company established in the PRC with limited liability and a PRC State-owned enterprise under Liangxiang Economic Development Zone ("Beijing Liangxiang")

Note 4: 普惠微金(北京)教育諮詢有限公司 (Puhui Weijin (Beijing) Education Consultation Company Limited\*) ("Puhui Weijin"), a company established in the PRC with limited liability which is directly wholly-owned by ZJF Investment

\* English name is for identification purpose only

# REPORT OF THE DIRECTORS

## STRUCTURED AGREEMENTS *(Continued)*

### *B Significance and financial contributions to the Group*

Pursuant to the Structured Agreements, the Group obtains control over and derives the economic benefits from the Pawnbrokers and Beijing Micro-financing. The table below sets out the financial contribution of the Pawnbrokers and Beijing Micro-financing to the Group.

	Significances and financial contribution to the Group			
	Revenue		Total assets	
	For the year ended 31 December		As at 31 December	
	2024	2023	2024	2023
Pawnbrokers and Beijing Micro-financing	48%	100%	72%	77%

The table below sets out (i) revenue; and (ii) assets involved in the Pawnbrokers and Beijing Micro-Financing entities, they would be consolidated into the Group's financial statements pursuant to the Structured Agreements:

	Revenue		Assets	
	For the year ended 31 December		As at 31 December	
	2024	2023	2024	2023
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Pawnbrokers and Beijing Micro-financing	9,021	36,233	112,116	168,144

# REPORT OF THE DIRECTORS

## STRUCTURED AGREEMENTS *(Continued)*

### *C Risks associated with the Structured Agreements and the actions taken to mitigate the risk*

In connection with the Structured Agreements, the Group is subject to certain risks and limitations, which are summarised below:

- (1) Although the PRC legal adviser to the Company expressed the view that the Structured Agreements are in compliance with the relevant PRC laws and regulations, uncertainties exist regarding the interpretation and application of the current and future PRC laws, rules and regulations. The PRC legal adviser to the Company cannot assure that the PRC regulatory authorities will not determine that the Company's corporate structure and the Structured Agreements violate the PRC laws, rules or regulations. The PRC legal adviser to the Company also cannot rule out the possibility that there may be amendments to the Draft Foreign Investment Laws and the Note before promulgation and implementation of the New Foreign Investment Laws which may have a material adverse impact on the Group at the time when they take effect. If the PRC government determines that the Structured Agreements do not comply with the applicable laws and regulations of the PRC or Beijing Wanchi is found to be in violation of any future PRC foreign investment laws or regulation and/or any other laws or regulation, the relevant PRC regulatory authorities would have broad discretion in dealing with such violation including levying fines, confiscating the income, revoking the Pawnbrokers and Beijing Micro-financing entities' business or operating license(s), to restructure the relevant ownership structure or operations, and to dispose of all or some of its equity interest in the Pawnbrokers and Beijing Micro-financing entities. Any of these actions could cause material and adverse effect in the Group's ability to conduct business. In addition, if the imposition of any of these penalties causes the Company to lose the rights to receive its economic benefits from the Pawnbrokers and Beijing Micro-financing entities, the Company will no longer be able to consolidate the Pawnbrokers and Beijing Micro-financing entities. In case the Company is required to dispose of all the equity interest in the Pawnbrokers and Beijing Micro-financing entities, the Company may record a substantial loss and the Company's financial condition and results of operation may be materially and adversely affected.
- (2) The Structured Agreements may not be as effective in providing the Group with control and entitlement to the economic interests over the Pawnbrokers and Beijing Micro-financing as direct ownership. The Group can only look to and rely on the Pawnbrokers and Beijing Micro-financing and their respective registered shareholders to perform their contractual obligations under the Structured Agreements such that the Group can exercise effective control over the Pawnbrokers and Beijing Micro-financing. The registered shareholders of the Pawnbrokers and the Majority Shareholders (Beijing Micro-financing) may not act in the best interests of the Group or may not perform their obligations under the Structured Agreements. As such, the Group will face difficulties in effecting control over the structured entities' operation of business through Structured Agreements, which may adversely affect the Group's business efficiency.
- (3) The Structured Agreements may be subject to scrutiny by the tax authorities and additional tax may be imposed. Pawnbrokers and Beijing Micro-financing entities are required to pay Beijing Wanchi management fee for the services rendered by Beijing Wanchi. Such management fee payments between related parties may be subject to scrutiny or challenge by the PRC tax authorities within ten years after the taxable year during which such transactions are conducted.
- (4) If any of the Pawnbrokers and Beijing Micro-financing entities fail to obtain the requisite licenses and approvals to continually operate its pawn loan and micro-financing business in the PRC, the Group's business and financial position may be adversely affected.

# REPORT OF THE DIRECTORS

## STRUCTURED AGREEMENTS *(Continued)*

### *C Risks associated with the Structured Agreements and the actions taken to mitigate the risk (Continued)*

The Group has adopted the following measures to ensure the effective operation of the Group with the implementation of the Structured Agreements and the Group's compliance with the Structured Agreements:

- (1) Major issues arising from the implementation and compliance with the Structured Agreements of any regulatory enquiries from government authorities will be submitted to the Board, if necessary, for review and discussion on an occurrence basis;
- (2) The Board will review the overall performance and compliance with the Structured Agreements at least once a year;
- (3) The Company will disclose the overall performance and compliance with the Structured Agreements in its annual reports to update the Shareholders and potential investors; and
- (4) The Company will engage external legal advisors or other professional advisors, if necessary to assist the Board to review the implementation of the Structured Agreements, review the legal compliance of pawnbrokers and Beijing Micro-financing to deal with specific issues or matters arising from the Structured Agreements.

For the year ended 31 December 2024, the Board has reviewed the overall performance of the Structured Agreements and believed that the Group has complied with the Structured Agreements in all material respects.

As advised by the PRC legal advisers to the Company, the Structured Agreements are in compliance with and, to the extent governed by the PRC laws currently in force, are enforceable under, the current PRC laws. The Company will monitor the relevant PRC laws and regulations relevant to the Structured Agreements and will take all necessary actions to protect the Company's interest in the Pawnbrokers and Beijing Micro-financing.

### *D Material changes*

During the year ended 31 December 2024, save as disclosed herein, there was no material change in the Structured Agreements and/or the circumstances under which they were adopted.

### *E Unwinding of the Structured Agreements*

As of the date of this annual report, save for the deregistration of Beijing Jinlu and the termination of the Structured Agreements and transfer back of equity interests of Beijing Jinshou as disclosed herein, none of the Structured Agreements has been unwound as none of the restrictions that led to the adoption of Structured Agreements have been removed.

For more details of above Pawnbrokers and Beijing Micro-financing entities' particulars, business activities, and the quantitative information including revenue and assets, please refer to Note 19 to the consolidated financial statements. For more details of the Structured Agreements, please refer to the circular of the Company dated 30 May 2014 and the announcement of the Company dated 23 October 2020.

# REPORT OF THE DIRECTORS

## CONTINUING CONNECTED TRANSACTIONS

During the year ended 31 December 2024, the Group had the following continuing connected transactions which are subject to the reporting requirements under Chapter 20 of the GEM Listing Rules.

### A *Pawnbrokers Structured Agreements*

The Pawnbrokers Structured Agreements (collectively the Pawnbrokers Equity Pledge Agreements, the Pawnbrokers Exclusive Option Agreements, the Pawnbrokers Exclusive Service Agreements and the Pawnbrokers Proxy Agreements) were entered into in order to enable the Group to manage the business of the Pawnbrokers, comprising Beijing Jinfu, Beijing Jinlu and Beijing Jinshou in the PRC, under which all the business, financial and operating activities of Pawnbrokers are managed by Beijing Wanchi and all economic benefits and risks arising from the business, financial and operating activities of the Pawnbrokers are transferred to Beijing Wanchi by means of operation and management fees payable by Pawnbrokers to Beijing Wanchi.

#### (1) *The Pawnbrokers Exclusive Service Agreements*

Beijing Wanchi and each of the Pawnbrokers have entered into the Pawnbrokers Exclusive Service Agreements, pursuant to which, each of the Pawnbrokers agreed to engage Beijing Wanchi on an exclusive basis to provide operation and management services in connection with the business of the relevant Pawnbroker in the PRC. Each of the Pawnbrokers agreed, subject to compliance with the PRC laws and regulations, to pay to Beijing Wanchi the fees equivalent to the total profits before income tax as audited in accordance with the HKFRS Accounting Standards after deducting all relevant costs and reasonable expenses in connection with the business operation of the relevant Pawnbroker. Beijing Wanchi has the right to decide whether the Pawnbroker concerned should continue operations and the Pawnbroker concerned should unconditionally agree to the decision made by Beijing Wanchi for such purpose.

The Pawnbrokers Exclusive Service Agreements have a term of 10 years beginning from their effective date in 2013 and shall be renewed automatically for another 10 years upon every expiration of the term unless terminated by Beijing Wanchi with a 30-day written notice to the other parties or all the equity interests in or assets of the Pawnbrokers are transferred to Beijing Wanchi and/or its nominee(s).

#### (2) *The Pawnbrokers Exclusive Option Agreements*

Beijing Wanchi, ZJF Investment, YSY Investment, Mr. Dai Di, Mr. Dai Hao and Ms. Jin Yu (collectively, the “**Dai Family**”) and each of the Pawnbrokers have entered into the Pawnbrokers Exclusive Option Agreements, pursuant to which, ZJF Investment and YSY Investment irrevocably and unconditionally granted to Beijing Wanchi the exclusive rights to acquire or to nominate persons to acquire all or part of the equity interests in and/or assets of the relevant Pawnbroker at the minimum consideration as permitted by the PRC laws and regulations. Pursuant to the Pawnbrokers Exclusive Option Agreements, each of the Pawnbrokers may not, without the prior written consent of Beijing Wanchi, declare or distribute any dividends to its shareholders. The Pawnbrokers Exclusive Option Agreements became effective in 2013 and will expire on the date on which all the equity interests or assets of the Pawnbrokers are transferred to Beijing Wanchi and/or its nominee(s) pursuant to the Pawnbrokers Exclusive Option Agreements.

# REPORT OF THE DIRECTORS

## CONTINUING CONNECTED TRANSACTIONS *(Continued)*

### A *Pawnbrokers Structured Agreements (Continued)*

#### (3) The Pawnbrokers Proxy Agreements

Beijing Wanchi, ZJF Investment, YSY Investment, the Dai Family and each of the Pawnbrokers have entered into the Pawnbrokers Proxy Agreements, pursuant to which, Beijing Wanchi or its nominee(s) is irrevocably and unconditionally authorised to exercise shareholders' rights in the relevant Pawnbroker.

Beijing Wanchi or its nominee(s) may exercise such shareholders' rights without the prior consultation with ZJF Investment, YSY Investment or the Dai Family. Further, ZJF Investment, YSY Investment or the Dai Family shall not exercise such shareholders' rights without the prior written consent of Beijing Wanchi.

The Pawnbrokers Proxy Agreements became effective in 2013 and will expire on the date on which all the equity interests in or assets of the Pawnbrokers are transferred to Beijing Wanchi and/or its nominee(s).

#### (4) The Pawnbrokers Equity Pledge Agreements

Beijing Wanchi, ZJF Investment, YSY Investment, the Dai Family and each of the Pawnbrokers have entered into the Pawnbrokers Equity Pledge Agreements, pursuant to which, the first priority security interests (the "**Pledged Pawnbrokers Equity Interests**") over the equity interests in the Pawnbrokers were granted to Beijing Wanchi for guaranteeing the performance of the Pawnbrokers Exclusive Service Agreements, the Pawnbrokers Exclusive Option Agreements and the Pawnbrokers Proxy Agreements.

The Pawnbrokers Equity Pledge Agreements provide that none of the Pledged Pawnbrokers Equity Interests may be transferred or be pledged without prior written consent of Beijing Wanchi.

The Pawnbrokers Equity Pledge Agreements became effective in 2013 and shall be terminated pursuant to its terms and conditions.

Details of Pawnbrokers Structured Agreements were disclosed in the circular of the Company dated 30 May 2014.

Each of the Pawnbrokers and Beijing Wanchi (the Company's wholly-owned subsidiary) and/or, as the case may be, ZJF Investment, YSY Investment and the Dai Family (who ceased to be substantial shareholder of the Company (as defined under the GEM Listing Rules) after the completion of rights issue in March 2021) have entered into the respective Pawnbrokers Structured Agreements. As disclosed in the circular of the Company dated 30 May 2014, the directors, chief executives or substantial shareholders of the Pawnbrokers (each of them are treated as the Company's wholly-owned subsidiaries) and their respective associates are connected persons of the Company.

In view of the fact that ZJF Investment and YSY Investment are substantial shareholders of the Pawnbrokers, which are the subsidiaries (as defined under the GEM Listing Rules) of the Company under the Pawnbrokers Structured Agreements, ZJF Investment and YSY Investment are connected persons of the Company according to Rule 20.07(1) of the GEM Listing Rules, and therefore, the transactions conducted under the Structured Agreements are continuing connected transaction as defined in Chapter 20 of the GEM Listing Rules.

# REPORT OF THE DIRECTORS

## CONTINUING CONNECTED TRANSACTIONS *(Continued)*

### A *Pawnbrokers Structured Agreements (Continued)*

During the year ended 31 December 2024, Beijing Wanchi was entitled to operation and management fees from the Pawnbrokers in a manner as prescribed in the Pawnbrokers Exclusive Services Agreements on 23 December 2013. The operation and management fees payable by Pawnbrokers to Beijing Wanchi are equivalent to the total profits before income tax as audited in accordance with the HKFRS Accounting Standards after deducting all relevant costs and reasonable expenses in connection with the business operation of the relevant Pawnbrokers for the period from the acquisition completion date on 25 June 2014 to 31 December 2024. No dividend or other distribution had been made by the Pawnbrokers to its registered shareholders for the year ended 31 December 2024.

### B *New Beijing Micro-financing Structured Agreements*

On 23 October 2020, the relevant parties have entered into the following agreements to change certain registered shareholders of Beijing Micro-financing and to terminate the existing structured agreements:

- a. the equity transfer agreement, pursuant to which 北京永進基業科技孵化器有限公司 (Beijing Yongjin Jiye Technology Incubator Company Limited\*) ("**Beijing Yongjin**") agreed to transfer 20% of the equity interests in Beijing Micro-financing to Mr. Zhang at a consideration of RMB10,000,000;
- b. the equity transfer agreement, pursuant to which 永泰房地產(集團)有限公司 (Yongtai Real Estate (Group) Company Limited\*) ("**Yongtai**") agreed to transfer 20% of the equity interests in Beijing Micro-financing to Puhui Weijin at a consideration of RMB10,000,000;
- c. the equity transfer agreement, pursuant to which Mr. Wang Feng (王峰) ("**Mr. Wang**") agreed to transfer 13% of the equity interests in Beijing Micro-financing to Ms. Li at a consideration of RMB6,500,000 and 6% of the equity interests in Beijing Micro-financing to Ms. Chang Shu Wen (常淑文) ("**Ms. Chang**") at a consideration of RMB3,000,000; and
- d. the termination agreements, pursuant to which Beijing Yongjin, Yongtai, Mr. Xu Ya Liang (徐亞亮) ("**Mr. Xu**") and Mr. Wang, Beijing Wanchi and Beijing Micro-financing agreed that the existing structured agreements shall be terminated upon the new structured agreements becoming effective.

\* English name is for identification purpose only



# REPORT OF THE DIRECTORS

## CONTINUING CONNECTED TRANSACTIONS *(Continued)*

### *B New Beijing Micro-financing Structured Agreements (Continued)*

On the same date, and immediately after execution of the abovementioned equity transfer agreements and the termination agreements, Beijing Wanchi, Beijing Micro-financing and Mr. Zhang, Puhui Weijin, Mr. Xu, Ms. Li and Ms. Chang entered into the New Beijing Micro-financing Structured Agreements (collectively the New Beijing Micro-financing Equity Pledge Agreement, the New Beijing Micro-financing Exclusive Option Agreements, the New Beijing Micro-financing Exclusive Service Agreement and the New Beijing Micro-financing Proxy Agreement) and the undertaking to establish the new variable interest entity(ies) structure.

The New Beijing Micro-financing Structured Agreements are reproduced from the existing structured agreements and are on substantially the same terms as those currently in place under the existing structured agreements, save for the following amendments:

- a. the registered shareholders of Beijing Micro-financing would be changed from the Existing Majority Registered Shareholders (as defined in the Company's announcement dated 23 October 2020) to the New Majority Registered Shareholders (as defined in the Company's announcement dated 23 October 2020), and each of the New Majority Registered Shareholders would accordingly assume all rights and obligations of the Existing Majority Registered Shareholders under the existing structured agreements, including pledging their newly obtained equity interests in Beijing Micro-financing in favor of Beijing Wanchi and completing the registration of pledge with the competent PRC governmental authorities;
- b. relevant provisions are modified or inserted in observance of the requirements under the guidance letter HKEx-GL77-14 "Guidance on listed issuers using contractual arrangements for their businesses" published by the Exchange, including the dispute resolution provision which is modified to exclude the court of Cayman Islands and include the court of Bermuda as competent jurisdiction to grant interim remedies in support of the arbitration pending formation of the arbitral tribunal or in appropriate cases; and
- c. the New Beijing Micro-financing Exclusive Service Agreement shall become effective upon the completion of approval and registration of change in shareholding at the relevant PRC authorities in respect of the abovementioned equity transfer agreements, and expire on the date when all the equity interests held by the New Majority Registered Shareholders in Beijing Micro-financing (i.e. 79% of the equity interests in Beijing Micro-financing) is transferred to Beijing Wanchi and/or its nominee(s).

Upon the New Beijing Micro-financing Structured Agreements becoming effective, the Group will continue to control and manage the business and Beijing Micro-financing in the PRC, under which 79% of the business, financial and operating activities of Beijing Micro-financing are controlled and managed by Beijing Wanchi and 79% of the economic benefits and risks arising from the business, financial and operating activities and Beijing Micro-financing are transferred to Beijing Wanchi by means of operation and management fees payable by Beijing Micro-financing to Beijing Wanchi.

# REPORT OF THE DIRECTORS

## CONTINUING CONNECTED TRANSACTIONS *(Continued)*

### *B New Beijing Micro-financing Structured Agreements (Continued)*

#### **(1) New Beijing Micro-financing Exclusive Service Agreement**

Beijing Wanchi, the New Majority Registered Shareholders and Beijing Micro-financing have entered into the New Beijing Micro-financing Exclusive Service Agreement, pursuant to which, the New Majority Registered Shareholders agreed to engage Beijing Wanchi on an exclusive basis to provide operation and management services in connection with the business of Beijing Micro-financing in the PRC, the New Majority Registered Shareholders agreed, subject to compliance with the PRC laws and regulations, to pay to Beijing Wanchi the fees equivalent to 79% of the total profits after income tax of Beijing Micro-financing as audited in accordance with the HKFRS Accounting Standards. Beijing Wanchi shall receive the economic benefits and bear the economic risks related to the 79% of the total shares of Beijing Micro-financing and may provide financial support to Beijing Micro-financing if Beijing Micro-financing encounters operational losses or difficulties. Beijing Wanchi has the right to decide whether Beijing Micro-financing should continue operations and the New Majority Registered Shareholders should unconditionally agree and procure Beijing Micro-financing to unconditionally agree to the decision made by Beijing Wanchi for such purpose.

The New Beijing Micro-financing Exclusive Service Agreement has no fixed term beginning from its effective date (i.e. 23 November 2020, being the completion date of registration of change in shareholding at the relevant PRC authorities) and will expire on the date when all the equity interests held by the New Majority Registered Shareholders in Beijing Micro-financing (i.e. 79% of the equity interests in Beijing Micro-financing) is transferred to Beijing Wanchi and/or its nominee(s).

#### **(2) New Beijing Micro-financing Exclusive Option Agreement**

Beijing Wanchi, the New Majority Registered Shareholders and Beijing Micro-financing have entered into the New Beijing Micro-financing Exclusive Option Agreement, pursuant to which the New Majority Registered Shareholders irrevocably and unconditionally granted to Beijing Wanchi the exclusive right to acquire or to nominate persons to acquire all or part of 79% equity interest in Beijing Micro-financing (i) at the consideration equivalent to the then fair value of 79% equity interest in Beijing Micro-financing; or (ii) at the consideration as agreed by negotiation between Beijing Wanchi and the New Majority Registered Shareholders. Subject to compliance with the relevant PRC laws and regulations, Beijing Wanchi may exercise the options at any time and in any manner at its sole discretion. Pursuant to the New Beijing Micro-financing Exclusive Option Agreement, Beijing Micro-financing may not, without the prior written consent of Beijing Wanchi, declare or distribute any dividends to the New Majority Registered Shareholders. The New Beijing Micro-financing Exclusive Option Agreement became effective on 23 November 2020 (i.e. the completion date of registration of change in shareholding at the relevant PRC authorities) and will expire on the date when all the equity interests held by the New Majority Registered Shareholders in Beijing Micro-financing (i.e. 79% of the equity interests in Beijing Micro-financing) is transferred to Beijing Wanchi and/or its nominee(s).

# REPORT OF THE DIRECTORS

## CONTINUING CONNECTED TRANSACTIONS *(Continued)*

### *B New Beijing Micro-financing Structured Agreements (Continued)*

#### (3) New Beijing Micro-financing Proxy Agreement

Beijing Wanchi, the New Majority Registered Shareholders and Beijing Micro-financing have entered into the New Beijing Micro-financing Proxy Agreement, pursuant to which, Beijing Wanchi or its nominee(s) is irrevocably and unconditionally authorised to exercise shareholders' rights of the New Majority Registered Shareholders in Beijing Micro-financing.

Beijing Wanchi or its nominee(s) may exercise such shareholders' rights of the New Majority Registered Shareholders without the prior consultation with the New Majority Registered Shareholders. Further, the New Majority Registered Shareholders shall not exercise such shareholders' rights without the prior written consent of Beijing Wanchi.

The New Beijing Micro-financing Proxy Agreement became effective on 23 November 2020 (i.e. the completion date of registration of change in shareholding at the relevant PRC authorities) and will expire on the date when all the equity interests held by the New Majority Registered Shareholders in Beijing Micro-financing (i.e. 79% of the equity interests in Beijing Micro-financing) is transferred to Beijing Wanchi and/or its nominee(s).

#### (4) New Beijing Micro-financing Equity Pledge Agreement

Beijing Wanchi, the New Majority Registered Shareholders and Beijing Micro-financing have entered into the New Beijing Micro-financing Equity Pledge Agreement, pursuant to which, the first priority security interest (the "**Pledged Micro-financing Equity Interest**") over 79% equity interest in Beijing Micro-financing was granted to Beijing Wanchi for guaranteeing the performance of the New Beijing Micro-financing Exclusive Service Agreement, the New Beijing Micro-financing Exclusive Option Agreement and the New Beijing Micro-financing Proxy Agreement.

The New Beijing Micro-financing Equity Pledge Agreement provides that none of the Pledged Micro-financing Equity Interest may be transferred or be pledged without prior written consent of Beijing Wanchi.

The New Beijing Micro-financing Equity Pledge Agreement became effective on 23 November 2020 (i.e. the completion date of registration of change in shareholding at the relevant PRC authorities) and shall be terminated pursuant to its terms and conditions.

Details of the New Beijing Structured Agreements were disclosed in the circular of the Company dated 30 May 2014 and the announcement of the Company dated 23 October 2020.

# REPORT OF THE DIRECTORS

## CONTINUING CONNECTED TRANSACTIONS *(Continued)*

### *B New Beijing Micro-financing Structured Agreements (Continued)*

Beijing Micro-financing and Beijing Wanchi, Mr. Zhang, Puhui Weijin, Mr. Xu, Ms. Li and Ms. Chang have entered into the New Beijing Micro-financing Structured Agreements. As disclosed in the announcement of the Company dated 23 October 2020, as (i) Mr. Zhang is an executive Director and a director of each of Beijing Wanchi and Beijing Micro-financing; (ii) Ms. Li is an executive Director and a director of each of Beijing Wanchi and Beijing Micro-financing; and (iii) Ms. Chang is an executive director of a subsidiary of the Company, Mr. Zhang, Ms. Li and Ms. Chang are connected persons of the Company. In addition, Puhui Weijin is a substantial shareholder of Beijing Micro-financing. Puhui Weijin is also a connected person of the Company. The transactions contemplated under the New Beijing Micro-financing Structured Agreements constitute continuing connected transactions of the Company under Chapter 20 of the GEM Listing Rules.

During the year ended 31 December 2024, Beijing Wanchi did not receive any operation and management fees from Beijing Micro-financing in a manner as prescribed in the New Beijing Micro-financing Exclusive Service Agreement. No dividend or other distribution had been made by Beijing Micro-financing to its registered shareholders during the year ended 31 December 2024.

The independent non-executive Directors have reviewed the Pawnbrokers Structured Agreements and the New Beijing Micro-financing Structured Agreements and confirmed that: (1) the transactions carried out during the year ended 31 December 2024 have been entered into in accordance with the relevant provisions of the Pawnbrokers Structured Agreements and the New Beijing Micro-financing Structured Agreements and have been operated so that the total before-tax profit of the Pawnbrokers (after deducting all relevant costs and reasonable expenses in connection with their business operations) and 79% of the total profits after income tax of Beijing Micro-financing have been retained by the Group; (2) no dividends or other distributions have been made by the Pawnbrokers and Beijing Micro-financing to their respective registered shareholders which are not otherwise subsequently assigned or transferred to the Group; and (3) the transactions carried out during the year ended 31 December 2024 are fair and reasonable, are on normal commercial terms and in ordinary and usual course of business of the Group and are in the interests of the Company and the Shareholders as a whole. There was no new contract or renewed contract (on the same terms as the existing Pawnbrokers Structured Agreements and the New Beijing Micro-financing Structured Agreements) entered into during the year ended 31 December 2024.

# REPORT OF THE DIRECTORS

## CONTINUING CONNECTED TRANSACTIONS *(Continued)*

The Company's auditor was engaged to report on the continuing connected transactions entered into by the Group in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) *"Assurance Engagements Other than Audits or Reviews of Historical Financial Information"* and with reference to Practice Note 740 (Revised) *"Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules"* issued by the Hong Kong Institute of Certified Public Accountants. Based on the results of the work performed, the auditor has issued an unmodified limited assurance report containing findings and conclusions in respect of the continuing connected transactions in accordance with Chapter 20 of the GEM Listing Rules in confirming that:

- a. nothing has come to their attention that causes them to believe that the continuing connected transactions have not been approved by the Company's board of directors;
- b. nothing has come to their attention that causes them to believe that the continuing connected transactions were not entered into, in all material respects, in accordance with the relevant provisions of the Pawnbrokers Structured Agreements and the New Beijing Micro-financing Structured Agreements and have been operated so that the total before-tax profit of the Pawnbrokers (as defined in the Company's circular dated 30 May 2014) (after deducting all relevant costs and reasonable expenses in connection with their business operations) and 79% of the total profits after income tax of Beijing Micro-financing (as defined in the Company's announcement dated 23 October 2020), respectively, have been retained by the Group; and
- c. nothing has come to their attention that causes them to believe that dividends or other distributions have been made by the Pawnbrokers and Beijing Micro-financing to their respective registered shareholders which are not otherwise subsequently assigned or transferred to the Group.

The Company confirmed that the disclosure requirements for the continuing connected transactions have been complied in accordance with Chapter 20 of the GEM Listing Rules.

## EQUITY-LINKED AGREEMENTS

Other than (i) the Structured Agreements as disclosed above and (ii) the share option scheme of the Company set out in Note 29 to the consolidated financial statements, 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 into by the Company or subsisting during the year ended 31 December 2024.

# REPORT OF THE DIRECTORS

## DIRECTORS

The Directors during the year ended 31 December 2024 and up to the date of this annual report were:

### Executive Directors

Mr. Mang Sheung Lok (*resigned on 12 February 2025*)  
Mr. Zhang Wei (*CEO*)  
Ms. Li Wei  
Mr. Wong Ming Fair Victor (*appointed on 12 February 2025*)

### Independent Non-executive Directors

Mr. Chen Yihua  
Mr. Chan Ngai Fan  
Ms. Cheung Yin Man Monica (*appointed on 1 February 2024*)  
Mr. Lee Zak Yuen (*resigned on 1 February 2024*)

In accordance with bye-law 83(2) of the Bye-laws, any Director appointed by the Board to fill a casual vacancy shall hold office until the forthcoming annual general meeting of the Company (the “AGM”) and, being eligible, offer herself, for re-election at the forthcoming AGM.

In accordance with bye-law 84(1) of the Bye-laws, one-third of the Directors for the time being shall retire from the Board by rotation at the forthcoming AGM and, being eligible, offer themselves for re-election at the forthcoming AGM.

Ms. Cheung Yin Man Monica has obtained legal advice from legal advisor of the Company as regards the requirements under the GEM Listing Rules that are applicable to her as a director of a listed issuer on 29 January 2024 as required by Rule 5.02D of the GEM Listing Rules, and she has confirmed she understood her obligations as a director of the Company.

Mr. Wong Ming Fair Victor has obtained legal advice from legal advisor of the Company as regards the requirements under the GEM Listing Rules that are applicable to him as a director of a listed issuer on 5 February 2025 as required by Rule 5.02D of the GEM Listing Rules, and he has confirmed he understood his obligations as a director of the Company.

According to code provision B.2.3 of the CG Code, if an independent non-executive Director serves more than nine years, any further appointment of such independent non-executive Director should be subject to a separate resolution to be approved by the Shareholders. Mr. Chen Yihua had been appointed as the independent non-executive Director since 2 July 2012, and has served the Company as the independent non-executive Director for more than nine years. The reasons why the Board believes he is still independent and shall be re-elected would be included in the papers to the Shareholders accompanying the condition for his re-election.

The Directors’ biographical details are set out on pages 34 to 35.

# REPORT OF THE DIRECTORS

## CHANGES IN DIRECTORS' INFORMATION

Subsequent to the date of the interim report for the six months ended 30 June 2024 of the Company, the changes in the Directors' information as required to be disclosed pursuant to Rule 17.50A(1) of the GEM Listing Rules are set out below:

Name of Director(s)	Details of Changes
Mr. Zhang Wei	<ul style="list-style-type: none"><li>With effect from 1 December 2024, Director's fee of Mr. Zhang be adjusted from HK\$917,652 per annum to HK\$330,624 per annum with no annual bonus and discretionary bonus. Mr. Zhang's salary be adjusted from RMB420,000 per annum to RMB123,576 per annum.</li><li>With effect from 1 January 2025, Director's fee be adjusted from HK\$330,624 per annum to HK\$361,584 per annum. Mr. Zhang's salary be adjusted from RMB123,576 per annum to Nil.</li></ul>

## DIRECTORS' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS

Details of the Directors' emoluments and the five highest paid individuals of the Group are set out in Note 8 to the consolidated financial statements.

## DIRECTORS' SERVICE CONTRACTS

Mr. Chen Yihua, Mr. Chan Ngai Fan and Ms. Cheung Yin Man Monica, the independent non-executive Directors have each entered into an appointment letter with the Company for a term of one year subject to retirement by rotation and re-election at the general meeting in accordance with the Bye-laws and may be terminated by not less than one month prior notice in writing served by either party to the other in accordance with the provisions set out in the respective appointment letters.

Mr. Zhang Wei, Ms. Li Wei and Mr. Wong Ming Fair Victor, the executive Directors, have each entered into an appointment letter with the Company for a term of three years, commencing from 1 December 2022 to 30 November 2025, from 21 September 2022 to 20 September 2025 and from 12 February 2025 to 11 February 2028 respectively, subject to retirement by rotation and re-election at the general meeting in accordance with the Bye-laws and may be terminated by not less than one month prior notice in writing served by either party to the other in accordance with the provisions set out in the respective appointment letters.

None of the Directors who are proposed for re-election at the AGM has an appointment letter with the Company which is not terminable by the Company within one year without payment of compensation (other than statutory compensation).



# REPORT OF THE DIRECTORS

## DIRECTOR'S AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 31 December 2024, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) ("SFO"), which (i) were required to be notified to the Company and the 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 (ii) were recorded in the register required to be kept by the Company under Section 352 of the SFO; or (iii) which were required to be notified to the Company and the Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

### *Long Positions in the Shares*

Name of Director	Capacity	Number of ordinary shares held	Approximate percentage of shareholding in the Company (Note 1)
Mr. Zhang Wei	Beneficial owner	6,268,896	6.68
Ms. Li Wei	Beneficial owner	3,532,640	3.76
Mr. Mang Sheung Lok (Note 2)	Beneficial owner	13,000,000	13.85

Note:

1. The percentage represents the number of shares interested divided by the number of the issued shares as at 31 December 2024 (i.e. 93,841,461 shares).
2. Mr. Mang Sheung Lok has resigned as the executive Director since 12 February 2025.

Save for disclosed above, as at 31 December 2024, none of the Directors nor the chief executives of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Exchange pursuant to the Model Code.

# REPORT OF THE DIRECTORS

## SHARE OPTIONS

The following is a summary of principal terms of the share option scheme of the Company (the “**Share Option Scheme**”) adopted by the Shareholders at the annual general meeting of the Company held on 18 June 2024 (the “**Adoption Date**”). The terms of the Share Option Scheme are in accordance with the provisions of Chapter 23 of the GEM Listing Rules.

### *(a) Purpose of the Share Option Scheme*

The purpose of the Share Option Scheme is to enable the Group to grant options to the eligible participants as to recognise and motivate the contribution and potential future contribution of grantees by providing them the opportunity to acquire equity interests in the Company, motivate and give them additional incentive to optimise their valuable contributions towards the Group’s continued growth and success, attract and retain high-calibre personnel to strive for long term development of the Group.

### *(b) Eligible Participants of the Share Option Scheme*

The Board may, at its absolute discretion, grant (i) all Directors (whether executive or non-executive and whether independent or not), any employee (whether full-time or part-time) of the Group, (ii) director(s) and employee(s) (whether full-time or part-time) of the holding companies, fellow subsidiaries or associated companies of the Company, and (iii) service provider(s) who provide services to any member of the Group on a continuing or recurring basis in its ordinary and usual course of business which are in the interests of the long-term growth of the Group, which refer to any consultants who provide advisory services, consultancy services and/or other professional services to the Group.

### *(c) Total number of Shares available for issue under the Share Option Scheme*

The total number of Shares which may be allotted and issued upon exercise of all options to be granted under the Share Option Scheme and any other share option scheme of the Company must not in aggregate exceed 10% (the “**Scheme Mandate Limit**”) of the total number of Shares in issue on the Adoption Date unless the Company obtains a fresh approval from its shareholders.

Within the Scheme Mandate Limit, the total number of Shares which may be issued in respect of all options and awards to be granted under the Share Option Scheme and any other share scheme(s) of the Company to service providers shall not exceed such number of Shares as equals 1% of the Shares in issue as at the Adoption Date (the “**Service Provider Sublimit**”).

As at the date of this annual report, the outstanding number of options available for issue under the Share Option Scheme and any other share scheme(s) of the Company is 9,384,146 Shares, representing 10% of the total number of Shares in issue. The outstanding number of options available for issue under the Share Option Scheme and any other share scheme(s) of the Company is 938,414 Shares, representing 1% of the total number of Shares in issue.

# REPORT OF THE DIRECTORS

## SHARE OPTIONS *(Continued)*

### *(d) The Maximum Entitlement of Each Participant under the Share Option Scheme*

The total number of Shares issued and to be issued upon exercise of options granted to each participant (including both exercised and outstanding options) under the Share Option Scheme, in any 12-month period up to the date of grant shall not in aggregate over 1% of the total number of Shares in issue.

Where the Board proposes to grant any option to a participant who is a substantial shareholder or an independent non-executive director of the Company (or its subsidiaries), or any of their respective associates, and such option which if exercised in full, would result in the Shares issued and to be issued upon exercise of all options and awards granted and to be granted pursuant to the Share Option Scheme and other share schemes of the Company (excluding any options and awards lapsed) to such participant in the 12-month period up to and including the date of such grant being proposed by the Board (the “**Relevant Date**”) representing in aggregate over 0.1% of the total issued Shares at the Relevant Date, such further grant of options must be approved by the Shareholders in a general meeting of the Company where the grantee, his associates and all core connected persons of the Company must abstain from voting in favour of the proposed grant at such general meeting as required under the GEM Listing Rules.

### *(e) Timing for Exercising Option*

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period as the Board may determine which shall not exceed ten years from the date of grant in its absolute discretion.

### *(f) Vesting Period*

The vesting period of the Options granted under the Share Option Scheme shall be determined by the Board subject to a minimum period of no less than 12 months. However, the Board (or the RC where it relates to grants of Options to an employee participant who is a Director and/or senior management of the Company) will have a discretion in allowing a shorter vesting period to an employee participant in certain circumstances as listed in the Share Option Scheme.

### *(g) Payment of Acceptance of Option*

The amount payable by the grantee of an option to the Company (which shall not be later than 21 days from the date of grant) on acceptance of the offer for the grant of an option is HK\$1.00.

### *(h) The Basis of determining the Exercise Price of Option*

The exercise price in respect of any particular option will be such price as determined by the Board in its discretion at the time of the grant of the relevant Option but in any event the exercise price shall be at least the highest of:

- a. the closing price of the Shares as stated in the daily quotations sheet issued by the Exchange on the date of grant, which must be a business day;
- b. the average of the closing price of the Shares as stated in the daily quotations sheets issued by the Exchange for the 5 consecutive Business Days immediately preceding the date of grant; and
- c. the nominal value of the Share on the date of grant.

# REPORT OF THE DIRECTORS

## SHARE OPTIONS *(Continued)*

### (i) *Duration of the Share Option Scheme*

The Share Option Scheme will remain in force for a period of ten years commencing from the Adoption Date. Accordingly, the Share Option Scheme will expire on 18 June 2034.

As at 1 January 2024 and 31 December 2024, the total number of options available for grant under the Scheme Mandate Limit and available for issue under the Share Option Scheme were 0 and 9,384,146 respectively. As at 1 January 2024 and 31 December 2024, the total number of options available for grant under the Service Provider Sublimit and available for issue under the Share Option Scheme were 0 and 938,414 respectively.

No share option was granted, outstanding, vested, lapsed, cancelled or exercised since the adoption of the Share Option Scheme and at any time during the year ended 31 December 2024 and there was no share option outstanding as at 31 December 2024.

Apart from the Share Option Scheme, the Group have no other share schemes under Chapter 23 of the GEM Listing Rules during the year ended 31 December 2024 and as at the date of this annual report.

## DIRECTORS RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed above, at no time during the year ended 31 December 2024 was the Company or any of its subsidiaries a party to any arrangement to enable the Directors or the chief executives of the Company to acquire benefits by means of the acquisition of shares in or debt securities (including debentures) of the Company or any other body corporate, and none of the Directors, their spouse or their children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such right during the year.

## SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

The register of substantial shareholders of the Company pursuant to Section 336 of the SFO showed that, as at 31 December 2024, the following companies and persons had interests in more than 5% of the Company's issued share capital:

### *Long Positions in the Shares*

Name of substantial shareholder	Number of shares interested			Percentage of the issued share of the Company (Note)
	Direct interests	Deemed interests	Total interests	
Mr. Chu Chun Kit	7,871,500	–	7,871,500	8.38

Note: The percentage represents the number of shares interested divided by the number of the issued shares as at 31 December 2024 (i.e. 93,841,461 shares).

# REPORT OF THE DIRECTORS

## **SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES** *(Continued)*

### *Long Positions in the Shares (Continued)*

Save as disclosed above, the Directors are not aware of any person who, as at 31 December 2024, had an interest or a short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO, or which would be recorded in the register kept by the Company under Section 336 of the SFO.

## **RELATED PARTY TRANSACTIONS**

Details of the related party transactions undertaken during the year ended 31 December 2024 are provided under Note 30 to the consolidated financial statements. These related party transactions did not fall under the definition of connected transaction or continuing connected transaction as defined in the GEM Listing Rules.

## **DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS OF SIGNIFICANCE AND CONTROLLING SHAREHOLDER'S INTERESTS IN CONTRACTS OF SIGNIFICANCE**

Save as aforesaid and to the best knowledge of the Company and with the information available to the Company, no other (i) transaction, arrangement and contracts of significance, to which the Company or any of its subsidiaries was a party, and in which a director of the Company had a material interest, whether directly or indirectly; and (ii) any contract of significance (including those for the provision of service) between the Company, or one of its subsidiary companies, and a controlling shareholder or any of its subsidiaries, subsisted at the end of the period or at any time during the year ended 31 December 2024.

## **DIRECTORS' INDEMNITIES AND INSURANCE**

As permitted by the Bye-laws, a director of the Company shall be indemnified and secured harmless out of assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses incurred by the Director of the Company.

Such permitted indemnity provision has been in force since the adoption of the amended and restated Bye-laws on 5 March 2012 and is currently in force at the time of approval of this annual report. The Company has also taken out and maintained directors' and officers' liability insurance throughout the year ended 31 December 2024, which provides appropriate cover for certain legal actions brought against its directors and officers.

# REPORT OF THE DIRECTORS

## INTERESTS IN COMPETING BUSINESS

As at 31 December 2024, none of the Directors, the management Shareholders or substantial Shareholders or any of their respective associates (as defined in the GEM Listing Rules) had engaged in any business that compete or may compete either directly or indirectly with the business of the Group, or have any other conflict of interests with the Group.

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

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

## CORPORATE GOVERNANCE

The Company is committed to maintaining a high standard of corporate governance. Information on the corporate governance practices adopted by the Company is set out in the Corporate Governance Report on pages 36 to 50.

## RETIREMENT BENEFIT PLANS

Other than operating the statutory mandatory provident fund scheme for Hong Kong employees and participating in social insurance for its employees in the PRC in accordance with the relevant PRC regulations, the Group has not operated any other retirement benefits schemes for the Group's employees.

## SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and to the best knowledge of the Directors as at the date of this annual report, there is sufficient public float of the Company's issued shares as required under the GEM Listing Rules throughout the year ended 31 December 2024.

## AUDITOR

The consolidated financial statements of the Group for the years ended 31 December 2022, 2023 and 2024 have been audited by Forvis Mazars, who shall retire, and a resolution for their re-appointment as auditors of the Company will be proposed at the forthcoming AGM. There has been no change in auditor of the Company in the preceding three years.

On behalf of the Board

**Zhang Wei**

*Executive Director*

Hong Kong, 27 March 2025

# INDEPENDENT AUDITOR'S REPORT



## FORVIS MAZARS CPA LIMITED

富睿瑪澤會計師事務所有限公司

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To the members of

### **Capital Finance Holdings Limited**

*(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)*

## OPINION

We have audited the consolidated financial statements of Capital Finance Holdings Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) set out on pages 82 to 186, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated income statement, the consolidated statement of 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 policy information.

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

## BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing (“**HKSAs**”) issued by the HKICPA. Our responsibilities under those standards are further described in the “Auditor’s 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.



# INDEPENDENT AUDITOR'S REPORT

## KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements for the year ended 31 December 2024. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<b><i>Loss allowance for loans to customers (Refer to Notes 4, 21 and 32 to the consolidated financial statements)</i></b>	
<p>As at 31 December 2024, the Group had loans to customers of approximately HK\$48,784,000 (net of loss allowance for expected credit loss ("ECL") of approximately HK\$105,106,000), which represented approximately 31.3% of the Group's total assets.</p> <p>Management performed credit evaluations for the Group's customers and assessed ECL for loans to customers. These assessments focused on the customers' settlement record and their current repayment ability, the value of collateral and also took into account information specific to respective customer as well as pertaining to the economic environment in which the customer operated.</p> <p>Most of these assessments involved significant judgements of the management.</p> <p>We have identified the above matter as a key audit matter because of its significance to the consolidated financial statements and the subjective judgements were made by the management over assessing the credit standing of the Group's customers and therefore the estimation for ECL of loans to customers.</p>	<p>Our key procedures, among others, included:</p> <ul style="list-style-type: none"> <li>(a) obtaining an understanding of the Group's credit risk management and practices and assessing the Group's impairment provisioning policy in accordance with the requirements of HKFRS 9 "Financial Instruments";</li> <li>(b) assessing the Group's internal control procedures regarding the origination, ongoing internal credit quality assessments, recording and monitoring of loans to customers;</li> <li>(c) assessing the application of impairment methodology of ECL, and checking the assumptions and parameters to external data sources where available, on a sample basis;</li> <li>(d) assessing the reasonableness in the measurement of ECL individually and/or collectively and also the management's forecast of future repayments and assessment on current financial conditions of the customers, based on historical experience, value of collaterals (if any) and observable external data, etc.;</li> <li>(e) testing, on a sample basis, the accuracy of ageing categories of loans to customers based on relevant pawn tickets, loan agreements and services contracts;</li> <li>(f) assessing the effectiveness and marketability of certain collaterals, including considering the legal rights of the Group, the fair values of collaterals and timing required for converting collaterals into cash in the case of default, on a sample basis;</li> <li>(g) assessing the reasonableness and relevancy of the external information used by the Group as the forward looking information including economic data and forecasts published by government bodies and monetary authorities; and</li> <li>(h) checking the accuracy of the calculation of ECL based on the methodology adopted by the Group and the adequacy of the Group's disclosures in relation to credit risk exposed by the Group in the consolidated financial statements.</li> </ul>

# INDEPENDENT AUDITOR'S REPORT

## KEY AUDIT MATTERS *(Continued)*

Key audit matter	How our audit addressed the key audit matter
<p><b>Determination whether the Group has control over subsidiaries governed under structured agreements (the "Relevant Entities") and 北京華園四方資產管理有限公司 (Beijing Huayuan Sifang Asset Management Company Limited*) ("Beijing Huayuan Sifang") governed under equity transfer agreement (Refer to Notes 4 and 19 to the consolidated financial statements)</b></p> <p>The Group, through its indirect wholly-owned subsidiaries, entered into series of structured agreements (the "<b>Structured Agreements</b>") and an equity transfer agreement (the "<b>Equity Transfer Agreement</b>") in the People's Republic of China (the "PRC") with the Relevant Entities and Beijing Huayuan Sifang and the legal owners of the Relevant Entities and Beijing Huayuan Sifang, respectively. The Group, through the Structured Agreements and Equity Transfer Agreement, has exposure and rights to variable returns from its involvement with the Relevant Entities and Beijing Huayuan Sifang and has ability to affect those returns through its power over the Relevant Entities and Beijing Huayuan Sifang. Therefore, the Group is considered to have control over the Relevant Entities and Beijing Huayuan Sifang.</p> <p>In determining the extent of the Group's involvement with and control over the Relevant Entities and Beijing Huayuan Sifang, the management considers a number of factors including whether the Group has: (1) exercised effective financial and operational control over the Relevant Entities and Beijing Huayuan Sifang; (2) exercised equity holders' voting rights of the Relevant Entities and Beijing Huayuan Sifang; (3) received substantially all of the economic interest returns generated by the Relevant Entities and Beijing Huayuan Sifang in accordance with the amount of equity interest held by the Group and/or the Structured Agreements; (4) obtained an irrevocable and exclusive right to purchase the entire equity interest in the Relevant Entities from the respective equity holders; and (5) obtained a pledge over the entire equity interest of the Relevant Entities from their respective equity holders under the Structured Agreements, as appropriate.</p> <p>We have identified the above matter as a key audit matter because the Relevant Entities and Beijing Huayuan Sifang are material to the Group and the determination of whether the Group has power to control over the Relevant Entities and Beijing Huayuan Sifang involves a significant degree of management judgement.</p>	<p>Our key audit procedures, among others, included:</p> <ul style="list-style-type: none"> <li>(a) evaluating the terms in the Structured Agreements and Equity Transfer Agreement in connection with the Group's control over the Relevant Entities and Beijing Huayuan Sifang;</li> <li>(b) understanding how the Group controls the daily business operation and financing activities of the Relevant Entities and Beijing Huayuan Sifang;</li> <li>(c) evaluating the management's assessment in relation to the control over the Relevant Entities and Beijing Huayuan Sifang according to HKFRS 10 "Consolidated Financial Statements";</li> <li>(d) assessing the dividends or other distribution, if any, have been made by the Relevant Entities to their legal owners which are subsequently assigned or transferred to the Group;</li> <li>(e) obtaining an updated legal opinion from the Company's PRC legal counsel regarding whether the Structured Agreements are in compliance with relevant PRC laws and regulations and are legally binding and enforceable; and</li> <li>(f) evaluating the Company's PRC legal counsel's competence, capabilities and objectivity.</li> </ul>

\* English name is for identification purpose only

# INDEPENDENT AUDITOR'S REPORT

## OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the Company's 2024 annual report but does not include the consolidated financial statements and our auditor's 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 the other information, we are required to report that fact. We have nothing to report in this regard.

## RESPONSIBILITIES OF THE 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 HKFRS Accounting Standards issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors of the Company 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 of the Company 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 of the Company 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.

## AUDITOR'S 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 auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act 1981, 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 HKSAs 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.

# INDEPENDENT AUDITOR'S REPORT

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

As part of an audit in accordance with HKSAAs, we exercise professional judgement 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 of the Company.
- 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 auditor's 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 auditor's 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

# INDEPENDENT AUDITOR'S REPORT

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

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 auditor's 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.

### **Forvis Mazars CPA Limited**

*Certified Public Accountants*

Hong Kong, 27 March 2025

The engagement director on the audit resulting in this independent auditor's report is:

**Lam Kwok Sun**

Practising Certificate number: P08281

# CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2024

	Notes	2024 HK\$'000	2023 HK\$'000
Revenue	6	18,863	36,233
Other income and other gains and losses, net	6	5,177	10,017
Administrative and other expenses		(23,172)	(29,302)
Charge of loss allowance for expected credit loss ("ECL") on loans to customers	21	(5,257)	(2,607)
Fair value losses on investment properties	14	(152)	(277)
Fair value losses on financial assets at fair value through profit or loss ("FVTPL")	20	–	(190)
Cumulative exchange loss previously recognised in other comprehensive income arising from the deregistration of a subsidiary	19(b)	(4,064)	–
Finance costs	7	(8,148)	(15,491)
<b>Loss before income tax</b>	7	<b>(16,753)</b>	<b>(1,617)</b>
Income tax expenses	9	(3,033)	(7,579)
<b>Loss for the year</b>		<b>(19,786)</b>	<b>(9,196)</b>
<b>Loss for the year attributable to:</b>			
Owners of the Company		(16,905)	(8,819)
Non-controlling interests	19	(2,881)	(377)
		<b>(19,786)</b>	<b>(9,196)</b>
<b>Loss per share attributable to owners of the Company</b>			
Basic (Hong Kong cents)	11	(18.63)	(12.18)
Diluted (Hong Kong cents)	11	(20.06)	(12.18)

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2024

	Notes	2024 HK\$'000	2023 HK\$'000
<b>Loss for the year</b>		<b>(19,786)</b>	<b>(9,196)</b>
<b>Other comprehensive (expense)/income for the year</b>			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
– Exchange differences on translation of share of other comprehensive income of a joint venture	18	4	4
– Exchange differences on translation of financial statements of foreign operations		(5,249)	(7,310)
<i>Item that has been reclassified to profit or loss:</i>			
– Reclassification on exchange reserve upon deregistration of a subsidiary	19(b)	4,064	–
<b>Other comprehensive expense for the year, net of tax</b>		<b>(1,181)</b>	<b>(7,306)</b>
<b>Total comprehensive expense for the year</b>		<b>(20,967)</b>	<b>(16,502)</b>
<b>Total comprehensive expense attributable to:</b>			
Owners of the Company		(16,871)	(15,030)
Non-controlling interests	19	(4,096)	(1,472)
		<b>(20,967)</b>	<b>(16,502)</b>



# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	Notes	2024 HK\$'000	2023 HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment	12	919	923
Right-of-use assets	13	2,276	3,260
Investment properties	14	2,043	2,269
Intangible assets	15	–	–
Goodwill	16	–	–
Repossessed assets	17	1,575	942
Investment in a joint venture	18	–	–
Deferred tax assets	26	26,656	27,909
Loans to customers	21	4,423	–
		<b>37,892</b>	<b>35,303</b>
<b>Current assets</b>			
Financial assets at FVTPL	20	–	–
Loans to customers	21	44,361	89,833
Prepayments, deposits and other receivables		1,149	934
Cash and cash equivalents	22	72,243	93,183
		<b>117,753</b>	<b>183,950</b>
<b>Current liabilities</b>			
Accrued expenses, other payables and deposits received		6,059	9,562
Tax payables		143	2,082
Amount due to directors	23	995	925
Promissory notes	24	66,913	13,660
Convertible bonds – liability component	25	–	100,136
Lease liabilities	13	556	1,205
		<b>74,666</b>	<b>127,570</b>
<b>Net current assets</b>		<b>43,087</b>	<b>56,380</b>
<b>Total assets less current liabilities</b>		<b>80,979</b>	<b>91,683</b>

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	Notes	2024 HK\$'000	2023 HK\$'000
<b>Non-current liabilities</b>			
Promissory notes	24	6,891	–
Lease liabilities	13	1,940	2,171
		<b>8,831</b>	2,171
<b>Net assets</b>		<b>72,148</b>	89,512
<b>Capital and reserves</b>			
Issued capital	27	938	782
Reserves	28	38,579	50,354
Equity attributable to owners of the Company		<b>39,517</b>	51,136
Non-controlling interests	19	<b>32,631</b>	38,376
<b>Total equity</b>		<b>72,148</b>	89,512

The consolidated financial statements were approved and authorised for issue by the Board of Directors on 27 March 2025 and signed on its behalf by

**Zhang Wei**  
Director

**Li Wei**  
Director

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2023

	Attributable to owners of the Company									Non-controlling interests HK\$'000	Total equity HK\$'000
	Issued capital HK\$'000 (Note 27)	Share premium HK\$'000 (Note 28(i))	Contributed surplus HK\$'000 (Note 28(ii))	Capital reserve HK\$'000 (Note 28(ii))	Exchange reserve HK\$'000 (Note 28(iii))	Convertible bonds reserve HK\$'000 (Note 28(vi))	Statutory reserve HK\$'000 (Note 28(v))	Accumulated losses HK\$'000	Total HK\$'000		
As at 1 January 2023	58,091	686,772	131,109	304,635	(69,423)	22,093	22,931	(1,095,958)	60,250	41,065	101,315
Loss for the year	—	—	—	—	—	—	—	(8,819)	(8,819)	(377)	(9,196)
<b>Other comprehensive (expense)/income</b>											
<i>Items that may be reclassified subsequently to profit or loss:</i>											
Exchange differences on translation of											
– share of other comprehensive income of a joint venture (Note 18)	—	—	—	—	4	—	—	—	4	—	4
– financial statements of foreign operations	—	—	—	—	(6,215)	—	—	—	(6,215)	(1,095)	(7,310)
Other comprehensive expense for the year	—	—	—	—	(6,211)	—	—	—	(6,211)	(1,095)	(7,306)
Total comprehensive expense for the year	—	—	—	—	(6,211)	—	—	(8,819)	(15,030)	(1,472)	(16,502)
Transfer to statutory reserve	—	—	—	—	—	—	1,844	(1,844)	—	—	—
<b>Transactions with owners</b>											
Dividends declared to non-controlling interests (Note 19)	—	—	—	—	—	—	—	—	—	(1,217)	(1,217)
Issue of new shares upon placing (Note 27)	101	4,018	—	—	—	—	—	—	4,119	—	4,119
Capital reduction upon Capital Reorganisation (Note 27)	(62,460)	—	62,460	—	—	—	—	—	—	—	—
Transferred to accumulated losses upon maturity of New 2022 CB (Note 25)	—	—	—	—	—	(1,776)	—	1,776	—	—	—
Redemption of New 2022 CB and New 2023 CB by cash (Note 25)	—	—	—	—	—	(8,182)	—	313	(7,869)	—	(7,869)
Conversion of New 2022 CB (Note 25)	5,050	5,982	—	—	—	(1,366)	—	—	9,666	—	9,666
Transactions with owners	(57,309)	10,000	62,460	—	—	(11,324)	—	2,089	5,916	(1,217)	4,699
As at 31 December 2023	782	696,772	193,569	304,635	(75,634)	10,769	24,775	(1,104,532)	51,136	38,376	89,512

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

	Attributable to owners of the Company								Non-controlling interests HK\$'000	Total equity HK\$'000
	Issued capital HK\$'000 (Note 27)	Share premium HK\$'000 (Note 28(i))	Contributed surplus HK\$'000 (Note 28(ii))	Capital reserve HK\$'000 (Note 28(ii))	Exchange reserve HK\$'000 (Note 28(iii))	Convertible bonds reserve HK\$'000 (Note 28(iv))	Statutory reserve HK\$'000 (Note 28(v))	Accumulated losses HK\$'000	Total HK\$'000	
As at 1 January 2024	782	696,772	193,569	304,635	(75,634)	10,769	24,775	(1,104,532)	51,136	89,512
Loss for the year	-	-	-	-	-	-	-	(16,905)	(16,905)	(19,786)
<b>Other comprehensive (expense)/income</b>										
<i>Items that may be reclassified subsequently to profit or loss:</i>										
Exchange differences on translation of										
– share of other comprehensive income of a joint venture (Note 18)	-	-	-	-	4	-	-	-	4	4
– financial statements of foreign operations	-	-	-	-	(4,034)	-	-	-	(4,034)	(1,215)
<i>Item that has been reclassified to profit or loss:</i>										
Reclassification on exchange reserve upon deregistration of a subsidiary (Note 19(b))	-	-	-	-	4,064	-	-	-	4,064	4,064
Other comprehensive income/(expense) for the year	-	-	-	-	34	-	-	-	34	(1,181)
Total comprehensive income/(expense) for the year	-	-	-	-	34	-	-	(16,905)	(16,871)	(20,967)
Transfer to statutory reserve	-	-	-	-	-	-	370	(370)	-	-
Transfer upon deregistration of a subsidiary (Note 19(b))	-	-	-	-	-	-	(6,501)	6,501	-	-
<b>Transactions with owners</b>										
Dividends declared to non-controlling interests (Note 19)	-	-	-	-	-	-	-	-	(1,649)	(1,649)
Issue of new shares upon placing (Note 27)	156	7,355	-	-	-	-	-	-	7,511	7,511
Transferred to accumulated losses upon maturity of New 2023 CB (Note 25)	-	-	-	-	-	(8,510)	-	8,510	-	-
Redemption of New 2023 CB by cash (Note 25)	-	-	-	-	-	(2,259)	-	-	(2,259)	(2,259)
Transactions with owners	156	7,355	-	-	-	(10,769)	-	8,510	5,252	3,603
As at 31 December 2024	938	704,127	193,569	304,635	(75,600)	-	18,644	(1,106,796)	39,517	72,148

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

	Notes	2024 HK\$'000	2023 HK\$'000
<b>Operating activities</b>			
Loss before income tax		(16,753)	(1,617)
Bank interest income	6	(1,143)	(778)
Interest expenses	7	8,148	15,491
Loss/(Gain) on disposal of property, plant and equipment	6	5	(27)
Loss on disposal of an investment property	6	–	339
Gain on early termination of a lease	13	(30)	(190)
Gain on disposal of loans to customers	6	(88)	–
Charge of loss allowance for ECL on loans to customers	21	5,257	2,607
Fair value losses on investment properties	14	152	277
Fair value losses on financial assets at FVTPL	20	–	190
Gain on early redemption of convertible bonds	25	(3,099)	(9,184)
Gain on settlement of the New 2023 CB and New 2022 CB by issuance of promissory notes	25	(992)	(11)
Gain on early redemption of promissory notes	24(ii)	(91)	–
Gain on settlement of matured promissory notes by issuance of new promissory notes	24(i)	(60)	–
Depreciation of property, plant and equipment	12	246	293
Depreciation of right-of-use assets	13	1,036	1,384
Cumulative exchange loss previously recognised in other comprehensive income arising from the deregistration of a subsidiary	19(b)	4,064	–
Exchange differences		(2,577)	(600)
		(5,925)	8,174
Changes in working capital:			
Loans to customers		35,859	51,553
Prepayments, deposits and other receivables		(235)	144
Accrued expenses, other payables and deposits received		(3,178)	78
<b>Cash generated from operations</b>		<b>26,521</b>	<b>59,949</b>
Interest received		1,143	778
Income tax paid		(4,631)	(7,891)
<b>Net cash generated from operating activities</b>		<b>23,033</b>	<b>52,836</b>

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

	Notes	2024 HK\$'000	2023 HK\$'000
<b>Investing activities</b>			
Purchase of property, plant and equipment	12	(274)	(152)
Proceeds from disposal of property, plant and equipment		1	273
Proceeds from disposal of an investment property		–	2,313
Proceeds from disposal of financial assets at FVTPL	20	–	385
<b>Net cash (used in)/generated from investing activities</b>		<b>(273)</b>	<b>2,819</b>
<b>Financing activities</b>			
Issue of new shares upon placing	27(e)	7,820	4,246
Payment for transaction costs attributed to issue of shares upon placing	27(e)	(309)	(127)
Repayment of promissory notes	24, 33(a)	(11,650)	–
Interest on promissory notes	24, 33(a)	(366)	–
Repayment of New 2022 CB	25, 33(a)	–	(29,900)
Repayment of New 2023 CB	25, 33(a)	(34,041)	(35,640)
Advance from/(Repayment to) directors	33(a)	70	(1,235)
Dividends paid to non-controlling interests	19, 33(a)	(1,649)	(1,217)
Repayment for lease liabilities	33(a)	(994)	(1,289)
<b>Net cash used in financing activities</b>		<b>(41,119)</b>	<b>(65,162)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(18,359)</b>	<b>(9,507)</b>
<b>Cash and cash equivalents at beginning of the year</b>		<b>93,183</b>	<b>105,158</b>
Effect of foreign exchange rate changes, net		(2,581)	(2,468)
<b>Cash and cash equivalents at end of the year</b>		<b>72,243</b>	<b>93,183</b>
<b>Analysis of the balances of cash and cash equivalents</b>			
Bank balances and cash	22	72,243	93,183

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 1. CORPORATE INFORMATION

Capital Finance Holdings Limited (the “**Company**”) was previously incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands and continues as an exempted company with limited liability in accordance with the Bermuda Companies Act 1981 upon the change of domicile of the Company from the Cayman Islands to Bermuda becoming effective on 30 November 2009, and its shares are listed on GEM of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The address of its registered office is at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The address of its principal place of business has been changed from Unit 2613A, 26th Floor, Mira Place Tower A, 132 Nathan Road, Tsimshatsui, Kowloon, Hong Kong to Suite No. 2, 15/F, Tower 1, China Hong Kong City, 33 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong with effective from 22 November 2024.

The Company is principally engaged in investment holding. The Company and its subsidiaries (collectively referred to as the “**Group**”) are principally engaged in the provision of short-term financing services in the People’s Republic of China (the “**PRC**”) and Hong Kong. The details of the subsidiaries are set out in Note 19 to the consolidated financial statements.

The consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”), which is same as the functional currency of the Company, and rounded to the nearest thousands unless otherwise stated.

## 2. STATEMENT OF COMPLIANCE

The consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards, which collective term includes all applicable Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. The consolidated financial statements also comply with the applicable disclosure requirements under the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”).

The consolidated financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2023 consolidated financial statements, except for the adoption of the new/revised HKFRS Accounting Standards that are effective from the current year as set out in Note 3 to the consolidated financial statements.

A summary of the principal accounting policies adopted by the Group is set out in Note 3 to the consolidated financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 3. PRINCIPAL ACCOUNTING POLICIES

### *Adoption of new/revised HKFRS Accounting Standards*

The Group has applied, for the first time, the following new/revised HKFRS Accounting Standards:

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HK Interpretation 5	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback

### **Amendments to HKAS 1: Classification of Liabilities as Current or Non-current**

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity.

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

### **Amendments to HKAS 1: Non-current Liabilities with Covenants**

The amendments specify that covenants to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date. Instead, the amendments require a company to disclose information about these covenants in the notes to the consolidated financial statements.

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

### **Amendments to HK Interpretation 5: Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause**

This Interpretation is revised as a consequence of the above Amendments to HKAS 1 to align the corresponding wordings with no change in conclusion.

The adoption of the amendments on this interpretation does not have any significant impact on the consolidated financial statements.

### **Amendments to HKAS 7 and HKFRS 7: Supplier Finance Arrangements**

The amendments introduce new disclosure requirements to enhance the transparency of supplier finance arrangements and their effects on an entity's liabilities, cash flows and exposure to liquidity risk.

The adoption of the amendments does not have any significant impact on the consolidated financial statements.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

*Adoption of new/revised HKFRS Accounting Standards (Continued)*

### Amendments to HKFRS 16: Lease Liability in a Sale and Leaseback

The amendments require a seller-lessee to subsequently determine lease payments arising from a sale and leaseback in a way that it does not recognise any amount of the gain or loss that relates to the right of use it retains. The new requirements do not prevent a seller-lessee from recognising in profit or loss any gain or loss relating to the partial or full termination of a lease.

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

### *Future Changes in HKFRS Accounting Standards*

At the date of authorisation of the consolidated financial statements, the HKICPA has issued the following new/revised HKFRS Accounting Standards that are not yet effective for the current year, which the Group has not early adopted.

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

<sup>(1)</sup> Effective for annual periods beginning on or after 1 January 2025

<sup>(2)</sup> Effective for annual periods beginning on or after 1 January 2026

<sup>(3)</sup> Effective for annual periods beginning on or after 1 January 2027

<sup>(4)</sup> The effective date to be determined

The directors of the Company are in the process of assessing the possible impact on the future adoption of the new/revised HKFRS Accounting Standards, but are not yet in a position to reasonably estimate their impact on the Group's consolidated financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

### *Basis of measurement*

The measurement basis used in the preparation of the consolidated financial statements is historical cost, except for investment properties which were stated at fair value as explained in the accounting policies set out below.

### *Basis of consolidation*

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (i.e. its subsidiaries).

#### (a) Subsidiaries

A subsidiary is an investee over which the Company is able to exercise control. The Company controls an investee if all of the following elements are present: power over the investee; exposure, or rights, to variable returns from the investee; and the ability to use its power to affect those variable returns. Generally control is achieved with a shareholding of more than one half of the voting rights over the relevant activities of the investee. The existence and effect of potential voting rights that are exercisable or convertible are considered when assessing whether the Company controls another entity. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the period are included in the consolidated statement of comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

#### (b) Business combinations

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The Group recognises any non-controlling interests in the acquiree on an acquisition-by-acquisition basis. Non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the events of liquidation are measured at either fair value or the present ownership interest's proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by HKFRS Accounting Standards. Acquisition-related costs incurred are expensed unless they are incurred in issuing equity instruments in which case the costs are deducted from equity.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

*Basis of consolidation (Continued)*

### (b) Business combinations *(Continued)*

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent adjustments to consideration are recognised against goodwill only to the extent that they arise from new information obtained within the measurement period (a maximum of 12 months from the acquisition date) about the fair value at the acquisition date. The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with HKFRS 3 "Business Combinations" and HKFRS 9 "Financial Instruments" in the profit or loss. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interests in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of the consideration transferred, non-controlling interests recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the profit or loss.

Intra group transactions, balances and unrealised gains on transactions between the group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset, in which case the loss is recognised in the profit or loss. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

### (c) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners of the subsidiary in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying amount of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

### (d) Disposal of subsidiaries

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest; and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of. Any investment retained in the former subsidiary and any amounts owed by or to the former subsidiary are accounted for as a financial asset, associate, joint venture or others as appropriate from the date when control is lost.

### (e) Separate financial statements

In the Company's statement of financial position which is presented within these notes, investments in subsidiaries are stated at cost less impairment loss. The carrying amount of the investment is reduced to its recoverable amount on an individual basis, if it is higher than the recoverable amount. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

### *Joint venture*

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. A joint arrangement is an arrangement of which two or more parties have joint control. Joint control is a contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. The Group reassesses whether it has joint control of an arrangement and whether the type of joint arrangement in which it is involved has changed, if facts and circumstances change.

The Group's investment in a joint venture is accounted for under the equity method of accounting, except when the investment or a portion thereof is classified as held for sale. Under the equity method, the investment is initially recorded at cost and adjusted thereafter for the post-acquisition changes in the Group's share of the investee's net assets and any impairment loss relating to the investment. Except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee, the Group discontinues recognising its share of further losses when the Group's share of losses of the investee equals or exceeds the carrying amount of its interest in the investee, which includes any long term interests that, in substance, form part of the Group's net investment in the investee.

Goodwill arising on an acquisition of a joint venture is measured as the excess of the cost of investment over the Group's share of the net fair value of the identifiable assets and liabilities of the acquired joint venture. Such goodwill is included in investment in a joint venture. On the other hand, any excess of the Group's share of its net fair value of identifiable assets and liabilities over the cost of investment is recognised immediately in profit or loss as an income.

Unrealised profits and losses resulting from transactions between the Group and its joint venture are eliminated to the extent of the Group's interest in the investees, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

### *Goodwill*

Goodwill arises on the acquisition of subsidiaries represents the excess of the consideration transferred, the amount of any non-controlling interests in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable assets, liabilities and contingent liabilities acquired. It is carried at cost less accumulated impairment losses, if any, and is presented separately in the consolidated statement of financial position.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

### *Goodwill (Continued)*

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment.

For the goodwill arising on an acquisition in a reporting period, each units or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at not higher than operating segment level. When the recoverable amount of the CGUs is less than the carrying amount of the unit, the impairment loss is allocated to reduce the carrying amount of any goodwill allocated to the unit first, and then to the other assets of the unit pro-rata on the basis of the carrying amount to each asset in the unit. Any impairment loss for goodwill is recognised in profit or loss and is not reversed in subsequent periods.

On disposal of the relevant CGUs, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal.

### *Property, plant and equipment*

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses, if any.

The cost of an item of property, plant and equipment includes its purchase price and any directly attributable to the costs of bringing the asset to its working condition and location for its intended use.

Subsequent costs are included in the asset's carrying amount or recognised 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 the replaced part is derecognised. All other repairs and maintenance are recognised as an expense in profit or loss during the period in which they are incurred.

Property, plant and equipment are depreciated so as to write off their cost net of expected residual value over their estimated useful lives on a straight-line basis. The useful lives, residual value and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period. The useful lives are as follows:

Leasehold improvements	5 years or over the lease terms, whichever is shorter
Furniture, fixtures and office equipment	3 to 5 years
Motor vehicles	4 to 10 years

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

### *Property, plant and equipment (Continued)*

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the period in which the item is derecognised.

### *Investment properties*

Investment properties are land and/or building that are held by owner or lessee, to earn rental income and/or for capital appreciation.

Investment properties are stated at fair value at the end of the reporting period. Any gain or loss arising from a change in fair value is recognised in profit or loss. The fair value of investment property is based on a valuation by an independent professional valuer who holds a recognised professional qualification and has recent experience in the location and category of property being valued.

The fair value is based on market value, being the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties have each acted knowledgeably, prudently and without compulsion.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the item is derecognised.

### *Intangible assets (other than goodwill)*

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets with finite useful lives are carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation for other intangible assets with finite useful lives is provided on a straight-line basis over their estimated useful lives.

Intangible assets with indefinite useful lives are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from being indefinite to finite is accounted for on a prospective basis.

Impairment assessments for intangible assets are set out in the accounting policy "Impairment of non-current assets excluding goodwill" below.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

### *Financial instruments*

Financial assets and financial liabilities are recognised in the Group's consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value except those arising from contracts with customers which are initially measured in accordance with HKFRS 15 "Revenue from Contracts with Customers". 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 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 recognised immediately in profit or loss.

#### (a) Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised 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.

The Group assesses the classification and measurement of a financial asset based on the contractual cash flows characteristics of the asset and the Group's business model for managing the asset.

For an asset to be classified and measured at amortised cost, its contractual terms should give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding ("**SPPI**").

For the purpose of SPPI test, principal is the fair value of the financial asset at initial recognition. That principal amount may change over the life of the financial asset (e.g. if there are repayments of principal). Interest consists of consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin. The SPPI assessment is made in the currency in which the financial asset is denominated.

Contractual cash flows that are SPPI are consistent with a basic lending arrangement. Contractual terms that introduce exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement, such as exposure to changes in equity prices or commodity prices, do not give rise to contractual cash flows that are SPPI. An originated or an acquired financial asset can be a basic lending arrangement irrespective of whether it is a loan in its legal form.

An assessment of business model for managing financial assets is fundamental to the classification of a financial asset. The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. The Group's business model does not depend on management's intentions for an individual instrument, therefore the business model assessment is performed at a higher level of aggregate rather than on instrument-by-instrument basis.

The Group's business models for managing its financial instrument reflects how the Group manages its financial assets in order to generate cash flows. The Group's business models determine whether cash flows will result from collecting contractual cash flows, selling financial assets or both.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

### *Financial instruments (Continued)*

#### (a) *Financial assets (Continued)*

The Group considers all relevant information available when making the business model assessment. However this assessment is not performed on the basis of scenarios that the Group does not reasonably expect to occur, such as so-called “worse case” or “stress case” scenarios. The Group takes into account all relevant evidence available such as:

- how the performance of the business model and the financial assets held within the business model are evaluated and reported to the entity’s key management personnel; and
- the risks that affect the performance of the business model and, in particular, the way in which these risks are managed.

At initial recognition of a financial asset, the Group determines whether newly recognised financial assets are part of an existing business model or whether they reflect the commencement of a new business model. The Group reassesses its business models each reporting period to determine whether the business models have changed since the preceding period.

#### *Debt instruments at amortised cost*

All recognised financial assets are measured at amortised cost on the basis of the Group’s business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Debt instrument that meet the following conditions are subsequently measured at amortised 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 SPPI.

Financial assets at amortised cost subsequently measured using the effective interest method are subject to the impairment.

#### *Financial assets measured at FVTPL*

All other financial assets are subsequently measured at FVTPL, except at the date of initial application of HKFRS 9 that 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 recognised by an acquirer in a business combination to which HKFRS 3 “Business Combinations” applies.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

*Financial instruments (Continued)*

### (a) Financial assets *(Continued)*

*Financial assets measured at FVTPL (Continued)*

A financial asset is classified as 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 amortised cost as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

#### *Effective interest method*

The effective interest method is a method of calculating the amortised 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 is recognised using the effective interest method for debt instruments measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting period, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

Interest income which are derived from the Group's ordinary course of business are recognised in profit or loss and included in the "Revenue" line item. Foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain on derecognition is recognised in profit or loss.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

*Financial instruments (Continued)*

### (a) Financial assets *(Continued)*

*Loss allowance under expected credit loss ("ECL") model*

The Group recognises a loss allowance for ECL on financial assets which are subject to impairment under HKFRS 9 (including loans to customers, deposits and other receivables and cash and cash equivalents). 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 ("**12-m 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. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, value of collaterals (if any), 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 recognises lifetime ECL for the loans to customers (as all have contractual maturity of not more than one year) and contract assets (if any) that result from transactions within the scope of HKFRS 15 and the ECL on these assets are assessed individually for debtors with significant balances or on a collective basis for debtors fulfilling certain criteria as set out below.

For other financial assets including deposits and other receivables and cash and cash equivalents, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on financial assets has not increased significantly since initial recognition, the Group measures the loss allowance for that financial asset at an amount equal to 12-m ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in this likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial assets being credit-impaired at the reporting date or an actual default occurring.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

*Financial instruments (Continued)*

### (a) Financial assets *(Continued)*

*Loss allowance under expected credit loss ("ECL") model (Continued)*

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. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, government bodies, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

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; and
- 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 financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial 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 financial 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

*Financial instruments (Continued)*

### (a) Financial assets *(Continued)*

*Loss allowance under expected credit loss ("ECL") model (Continued)*

Definition of default

For internal credit risk management, the Group considers an event of default occurs when 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: (1) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (2) the 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.

Credit-impaired financial assets

Financial asset is credit-impaired when one or more events of default 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:

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event;
- (c) 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;
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- (e) the disappearance of an active market for that financial asset because of financial difficulties.

When assessing the likelihood of the borrower to pay its credit obligation, the Group takes into account both quantitative and qualitative indicators. Qualitative indicator, such as the breach of covenants, and quantitative indicators, such as overdue status and non-payment on another obligation of the same counterparty are key inputs in this analysis. The Group uses a variety of sources of information to assess credit-impairment which are either developed internally or obtained from external sources.

It may not be possible to identify a single discrete event – instead, the combined effect of several events may have caused financial assets to become credit-impaired. The Group assesses whether debt instruments that are financial assets measured at amortised cost are credit-impaired at each reporting date.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

*Financial instruments (Continued)*

### (a) Financial assets *(Continued)*

*Loss allowance under expected credit loss ("ECL") model (Continued)*

**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, or in the case of loans to customers, when the amounts are over two years past due, whichever occurs sooner. 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 recognised in profit or loss.

*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 adjusted by forward-looking information. As for the exposure of default, for financial assets, these are represented by the assets gross carrying amount at the reporting date.

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

Lifetime ECL is the ECL that resulted from all possible default events over the expected life of financial assets.

Where lifetime ECL is measured on a collective basis or cater for cases where evidence of significant increase in credit risk at the individual instrument level may not yet be available, the financial instruments are grouped on the credit risk characteristics basis:

- Nature of financial instruments (i.e. the Group's loans to customers, deposits and other receivables are each assessed as a separate group);
- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The maximum period considered when estimating ECL is the maximum contractual period over which the Group is exposed to credit risk.

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

*Financial instruments (Continued)*

### (a) Financial assets *(Continued)*

*Measurement and recognition of ECL (Continued)*

ECL on the financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the current reporting date.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-m ECL at the current reporting date.

*Derecognition of financial assets*

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

### (b) Financial liabilities and equity

Debt and equity instruments issued by a group entity are classified either as 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 a group entity are recognised at the proceeds received, net of direct issue costs.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

*Financial instruments (Continued)*

### (b) Financial liabilities and equity *(Continued)*

#### *Financial liabilities*

A financial liability is a contractual obligation to deliver cash or another financial asset or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Group or a contract that will or may be settled in the Group's own equity instruments and is a non-derivative contract for which the Group is or may be obliged to deliver a variable number of its own equity instruments, or a derivative contract over own equity that will or may be settled other than by the exchange of a fixed amount of cash (or another financial asset) for a fixed number of the Group's own equity instruments.

The Group classifies its financial liabilities at initial recognition, as financial liabilities at FVTPL, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

#### *Financial liabilities subsequently measured at amortised cost*

After initial recognition, the financial liabilities including accrued expenses and other payables, amount due to directors and promissory notes are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash 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 liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

#### *Derecognition of financial liabilities*

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Where the Group issues its own equity instruments to a creditor to settle a financial liability in whole or in part as a result of renegotiating the terms of that liability, the equity instruments issued are the consideration paid and are recognised initially and measured at their fair value on the date the financial liability or part thereof is extinguished. If the fair value of the equity instruments issued cannot be reliably measured, the equity instruments are measured to reflect the fair value of the financial liability extinguished. The difference between the carrying amount of the financial liability or part thereof extinguished and the consideration paid is recognised in profit or loss for the period.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

*Financial instruments (Continued)*

### (b) Financial liabilities and equity *(Continued)*

*Derecognition of financial liabilities (Continued)*

When the Group exchanges with the existing lender one debt instrument into another one with substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Group accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability.

### (c) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

*Convertible bonds*

The component parts of the convertible bonds issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. Conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component is determined using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortised cost basis using the effective interest method until extinguished on conversion or redemption.

The conversion option classified as equity is determined by deducting the amount of liability component from the fair value of the compound instrument as a whole on initial recognition. That is recognised and included in the equity, net of income tax effects (if any), and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognised in equity will be transferred to issued capital, share premium account or other appropriate reserve. When the conversion option remains unexercised at the expiry date, the balance recognised in equity will be transferred to accumulated losses. No gain or loss is recognised in profit or loss upon conversion or expiration of the option.

Transaction costs that related to the issue of the convertible bonds are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognised directly in equity. Transaction costs relating the liability component are included in the carrying amount of the liability component and are amortised over the lives of the convertible bonds using the effective interest method.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

### *Fair value measurement*

The Group measures its financial instruments at fair value at the end of reporting period. Fair value is the price that will be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that will use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: Based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: Based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
- Level 3: Based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

### *Reposessed assets*

Collateral assets for loans to customers are reposessed by the Group when the borrowers are unable to service their repayments, and would be realised in satisfaction of outstanding debts.

Reposessed assets are initially recognised at the lower of the fair value less costs to sell and the amortised cost of the related outstanding loans on the date of repossession (the Group has obtained the legal title and control of the reposessed collateral assets), and the related loans together with the related impairment allowances are derecognised from the consolidated statement of financial position. Subsequently, reposessed assets are measured at cost less impairment. The difference between the net proceeds and the carrying amount of the reposessed assets is subsequently recognised as gain or loss upon disposal of the asset.

### *Cash and cash equivalents*

For the purpose of consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and deposits at banks with original maturity less than three months, and other short-term highly liquid investments with original maturities of three months or less that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

### *Revenue recognition*

#### **Revenue from contracts with customers within HKFRS 15**

Revenue is recognised to depict the transfer of promised services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those services. Specially, the Group uses a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligation in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligation in the contract
- Step 5: Recognised revenue when (or as) the entity satisfies a performance obligation

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when “control” of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- (a) the customer simultaneously receives and consumes the benefits provided by the Group’s performance as the Group performs;
- (b) the Group’s performance creates and enhances an asset that the customer controls as the Group performs; or
- (c) the Group’s performance 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

### *Revenue recognition (Continued)*

#### *Revenue from contracts with customers within HKFRS 15 (Continued)*

Otherwise, revenue is recognised 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 Group's efforts or inputs to the satisfaction of the performance obligation.

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 subject to ECL assessment 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 (or an amount of consideration is due) from the customer.

A contract asset and a contract liability relating to a contract are accounted for and presented on a net basis.

### *Financial consultancy income*

Financial consultancy services income is recognised over time when services are rendered.

For revenue recognised over time under HKFRS 15, provided the outcome of the performance obligation can be reasonably measured, the Group applies the input method (i.e. based on the proportion of the actual inputs deployed to date as compared to the estimated total inputs) to measure the progress towards complete satisfaction of the performance obligation because there is a direct relationship between the Group's inputs and the transfer of control of goods or services to the customers and reliable information is available to the Group to apply the method. Otherwise, revenue is recognised only to the extent of the costs incurred until such time that it can reasonably measure the outcome of the performance obligation.

### *Revenue from other sources*

#### *Interest income*

Interest income from financial asset is recognised as revenue in profit or loss over the terms of the contracts using the effective interest rate, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's gross carrying amount on initial recognition.

Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the credit loss.

#### *Settlement gain from distressed debt assets*

It represents settlement gain arising on distressed debt assets classified in loans to customers. The gain is recognised when the settlement received from customers.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

### *Foreign currencies*

In preparing the financial statements of each individual group entity, transactions entered into by each of the group entities in currencies other than the currency of the primary economic environment in which it operates (the “**functional currency**”) are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the end of reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income, in which case, the exchange differences are also recognised in other comprehensive income.

For the purpose of presenting the consolidated financial statements, income and expense items of foreign operations are translated into the presentation currency of the Group (i.e. HK\$) at the average exchange rates for the period, unless exchange rates fluctuate significantly during the period, in which case, the rates approximating to those ruling when the transactions took place are used. All assets and liabilities of foreign operations are translated at the rate ruling at the end of reporting period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity as exchange reserve (attributed to non-controlling interests as appropriate). Exchange differences recognised in profit or loss of group entities’ separate financial statements on the translation of long term monetary items forming part of the Group’s net investment in the foreign operation concerned are reclassified to other comprehensive income and accumulated in equity as exchange reserve.

On the disposal of a foreign operation, which includes a disposal of the Group’s entire interest in a foreign operation, a disposal involving the loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest is no longer equity-accounted for, the cumulative amount of the exchange differences relating to the foreign operation that is recognised in other comprehensive income and accumulated in the separate component of equity is reclassified from equity to profit or loss when the gain or loss on disposal is recognised.

On the partial disposal of the Group’s interest in a subsidiary that includes a foreign operation which does not result in the Group losing control over the subsidiary, the proportionate share of the cumulative amount of the exchange differences recognised in the separate component of equity is re-attributed to the non-controlling interests in that foreign operation and are not reclassified to profit or loss.

On all other partial disposals, which includes partial disposal of associates or joint ventures that do not result in the Group losing significant influence or joint control, the proportionate share of the cumulative amount of exchange differences recognised in the separate component of equity is reclassified to profit or loss.

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation are treated as assets and liabilities of that foreign operation and translated at the rate of exchange prevailing at the end of reporting period. Exchange differences arising are recognised in the exchange reserve.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

### *Impairment of non-current assets excluding goodwill*

At the end of reporting period, the Group reviews the carrying amounts of its tangible and intangible assets with definite useful lives and investment in a joint venture to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment losses (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the CGUs to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGUs, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or CGUs) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGUs) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGUs) is increased to the revised estimate of its recoverable amount, but the increased carrying amount shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior period. A reversal of an impairment loss is recognised immediately in profit or loss.

### *Borrowing costs*

Borrowing costs incurred, net of any investment income on the temporary investment of the specific borrowings, that are directly attributable to the acquisition, construction or production of qualifying assets, i.e. assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. Capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised as an expense in the profit or loss in the period in which they are incurred.

### *Provisions*

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in profit or loss.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

### *Leases*

The Group assesses whether a contract is, or contains, a lease at inception of the contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

### *As lessee*

The Group applies the recognition exemption to short-term leases and low-value asset leases. Lease payments associated with these leases are recognised as an expense on a straight-line basis over the lease term.

The Group has elected not to separate non-lease components from lease components, and accounts for each lease component and any associated non-lease components as a single lease component.

The Group accounts for each lease component within a lease contract as a lease separately. The Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component.

Amounts payable by the Group that do not give rise to a separate component are considered to be part of the total consideration that is allocated to the separately identified components of the contract.

The Group recognises a right-of-use asset and a lease liability at the commencement date of the lease.

The right-of-use asset is initially measured at cost, which comprises:

- (a) the amount of the initial measurement of the lease liability;
- (b) any lease payments made at or before the commencement date, less any lease incentives received;
- (c) any initial direct costs incurred by the Group; and
- (d) an estimate of costs to be incurred by the Group in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Subsequently, the right-of-use asset is measured at cost less any accumulated depreciation and any accumulated impairment losses and adjusted for any remeasurement of the lease liability. Depreciation is provided over the shorter of the lease term and the estimated useful lives of the buildings.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date of the contract.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

*Leases (Continued)*

*As lessee (Continued)*

The lease payments comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

- (a) fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- (b) variable lease payments that depend on an index or a rate;
- (c) amounts expected to be payable under residual value guarantees;
- (d) exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- (e) payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate the lease.

The lease payments are discounted using the interest rate implicit in the lease, or where it is not readily determinable, the incremental borrowing rate of the lessee.

Subsequently, the lease liability is measured by increasing the carrying amount to reflect interest on the lease liability and by reducing the carrying amount to reflect the lease payments made.

The lease liability is remeasured using a revised discount rate when there are changes to the lease payments arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option.

The lease liability is remeasured by using the original discount rate when there is a change in the residual value guarantee, the in-substance fixed lease payments or the future lease payments resulting from a change in an index or a rate (other than floating interest rate). In case of a change in future lease payments resulting from a change in floating interest rates, the Group remeasures the lease liability using a revised discount rate.

The Group recognises the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. If the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Group recognises any remaining amount of the remeasurement in profit or loss.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

*Leases (Continued)*

*As lessee (Continued)*

A lease modification is accounted for as a separate lease if:

- (a) the modification increase the scope of the lease by adding the right to use or more underlying assets; and
- (b) the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

When a lease modification is not accounted for as a separate lease, at the effective date of the lease modification,

- (a) the Group allocates the consideration in the modified contract on the basis of relative stand-alone price as described above.
- (b) the Group determines the lease term of the modified contract.
- (c) the Group remeasures the lease liability by discounting the revised lease payments using a revised discount rate over the revised lease term.
- (d) for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease and recognising any gain or loss relating to the partial or full termination of the lease in profit or loss.
- (e) for all other lease modifications, the Group accounts for the remeasurement of the lease liability by making a corresponding adjustment to the right-of-use asset.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

*Leases (Continued)*

### **As lessor**

The Group classifies each of its leases as either a finance lease or an operating lease at the inception date of the lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for the head lease and sublease as two separate contracts. The sublease is classified as an operating lease if the head lease is a short-term lease to which the Group has applied the recognition exemption. Otherwise, the sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

The Group accounts for each lease component within a lease contract as a lease separately from non-lease components of the contract. The Group allocates the consideration in the contract to each lease component on a relative stand-alone price basis.

### **As lessor – finance lease**

Amounts due from lessees under finance leases are recorded as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases. The Group applies the derecognition and impairment requirements in HKFRS 9 to the net investment in the lease.

The Group accounts for a modification to a finance lease as a separate lease if both:

- (a) the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- (b) the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a modification to a finance lease that is not accounted for as a separate lease, the Group accounts for the modification as follows:

- (a) if the lease would have been classified as an operating lease had the modification been in effect at the inception date, the Group:
  - (i) accounts for the lease modification as a new lease from the effective date of the modification; and
  - (ii) measures the carrying amount of the underlying asset as the net investment in the lease immediately before the effective date of the lease modification.
- (b) otherwise, the Group applies the requirements of HKFRS 9.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

### *Leases (Continued)*

#### **As lessor – operating lease**

The Group applies the derecognition and impairment requirements in HKFRS 9 to the operating lease receivables.

A modification to an operating lease is accounted for as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

### *Employee benefits*

#### **Short term employee benefits**

Short term employee benefits are employee benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of reporting period in which the employees render the related service. Short term employee benefits are recognised in the period when the employees render the related service.

#### **Pension scheme contributions**

A pension scheme is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions after payment of the fixed contribution.

The contributions recognised in respect of pension scheme are expensed as they fall due. Liabilities and assets may be recognised if underpayment or prepayment has occurred and are included in current liabilities or current assets as they are normally of a short-term nature. The Group participates in the pension scheme under the Hong Kong Mandatory Provident Fund Schemes Ordinance (the “**MPF Scheme**”) which is available to its employees in Hong Kong. Contributions to the MPF Scheme by the Group and employees are made based on a percentage of employees’ basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group’s employer contributions vest fully with the employees when contributed into the MPF Scheme.

The employees of the Group’s subsidiaries which operate in the PRC are required to participate in central pension schemes (the “**PRC Retirement Scheme**”) operated by the relevant local municipal government. These subsidiaries are required to contribute certain percentage of its payroll costs to the central pension schemes. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension schemes. The Group has no further payment obligations once the contribution has been made.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

### *Income tax*

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax is based on the profit or loss from ordinary activities adjusted for items that are non-assessable or disallowable for income tax purposes and is calculated using tax rates that have been enacted or substantively enacted at the end of reporting period.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for tax purposes. Except for goodwill and recognised assets and liabilities that affect neither accounting nor taxable profits, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax liabilities are recognised for taxable temporary differences arising on interests in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is measured at the tax rates appropriate to the expected manner in which the carrying amount of the asset or liability is realised or settled and that have been enacted or substantively enacted at the end of reporting period.

Income taxes are recognised in profit or loss except when they relate to items recognised in other comprehensive income in which case the taxes are also recognised in other comprehensive income or when they relate to items recognised directly in equity in which case the taxes are also recognised directly in equity.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

### *Related parties*

- (a) A person or a close member of that person's family is related to the Group if that person:
- (i) has control or joint control over the Group;
  - (ii) has significant influence over the Group; or
  - (iii) is a member of key management personnel of the Group or the Company's holding company.
- (b) An entity is related to the Group if any of the following conditions apply:
- (i) the entity and the Group are members of the same group (which means that each holding company, subsidiary and fellow subsidiary is related to the others).
  - (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
  - (iii) both entities are joint ventures of the same third party.
  - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  - (v) the entity is a post-employment benefit plan for the benefit of the employees of the Group or an entity related to the Group.
  - (vi) the entity is controlled or jointly controlled by a person identified in (a).
  - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of key management personnel of the entity (or of a holding company of the entity).
  - (viii) the entity, or any member of a group of which it is a part, provides key management personnel service to the Group or to the Company's holding company.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

- (i) that person's children and spouse or domestic partner;
- (ii) children of that person's spouse or domestic partner; and
- (iii) dependents of that person or that person's spouse or domestic partner.

In the definition of a related party, an associate includes subsidiaries of the associate and a joint venture includes subsidiaries of the joint venture.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

### *Segment reporting*

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purpose of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations. Individual material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

## 4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the consolidated financial statements requires the directors of the Company to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

### *Key sources of estimation uncertainty*

#### (a) Loss allowance for ECL of loans to customers

The Group's management estimates the loss allowance based on an ECL model. The loss allowance for ECL on the loans to customers are probability weighted average of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the loans to customers. Specifically, a credit loss is the present value of the difference between (i) the contractual cash flows that are due to an entity under the contract and (ii) the cash flows that the entity expects to receive. Such assessment involves high degree of estimation and uncertainty. When the actual future cash flows are less or more than expected, a material ECL or material reversal of ECL may arise, accordingly. Details of the key assumption and inputs used in estimating ECL are set out in Notes 21 and 32(b) to the consolidated financial statements. If the ECL rate had been 1% higher/lower with other assumptions held constant, the loss allowance would increase/decrease by approximately HK\$1,539,000 as at 31 December 2024 (2023: approximately HK\$1,994,000).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

*Key sources of estimation uncertainty (Continued)*

### (b) Estimation of current tax and deferred tax

The Group is subject to income tax in jurisdictions in which the Group operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. In addition, the recognition of deferred tax assets also subjected to significant judgement and estimation on future available taxable profits. The future available taxable profits may be higher or lower than estimated at the end of the reporting period, which would affect the recognition of deferred tax assets in future years as an adjustment to the amounts recorded to date.

### (c) Estimation of fair value of investment properties

In the absence of current prices in an active market for similar properties, the Group considers information from a variety of sources, including the sales transactions for similar properties on less active market in the same location and condition adjusted to reflect those differences in key valuation attributes that reflect current market assessments of the uncertainty in the amount. The directors of the Company work closely with the independent professional valuer to establish the appropriate valuation techniques and inputs to the model.

### (d) Impairment of non-current assets excluding goodwill

The Group assesses whether there are any impairment for non-current assets excluding goodwill at the end of each reporting period in accordance with the accounting policies as disclosed in Note 3 to the consolidated financial statements. In determining whether an asset is impaired or the event previously causing the impairment no longer exists, the management has to assess whether an event has occurred that may affect the asset value or such event affecting the asset value has not been in existence. If any such indication exists, the recoverable amounts of the asset would be determined as the greater of the fair value less costs of disposal and value in use, the calculations of which involve the use of estimates. Owing to inherent risk associated with estimations in the timing and amounts of the future cash flows and fair value less costs of disposal, the estimated recoverable amount of the asset may be different from the amount actually received and profit or loss could be affected by accuracy of the estimations.

*Critical accounting judgements*

### (a) Subsidiaries governed under structured agreements and equity transfer agreement

When preparing the consolidated financial statements, the management applied HKFRS 10 to determine whether the Group has "control" over the entities considered to be subsidiaries. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity, has the power to direct the relevant activities of the entity, and has the ability to affect those returns through its power over the entity. Key factors used in determining control and whether the entities are subsidiaries include whether the Group has power over the entities either through voting rights or structured agreements and equity transfer agreement and whether it has the rights to obtain the majority of benefits or is exposed to the majority of ownership risks.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

*Critical accounting judgements (Continued)*

### (a) Subsidiaries governed under structured agreements and equity transfer agreement *(Continued)*

When the above factors are met, the management determines that the Group has control over the entities and include them as subsidiaries in the Group's consolidated financial statements. For the entities where the Group holds no equity interest but are subject to structured agreements and equity transfer agreement, significant judgements are necessary as to whether the contracts give the Group the ability to exercise control over those entities, including consideration of the PRC legal and regulatory requirements, foreign exchange control, or other influences, such as, force majeure, etc..

#### (i) Subsidiaries governed under structured agreements

Under the current practice, foreign investors are not allowed to invest by means of equity investment in any pawn loan companies in the PRC or micro-financing companies in Beijing, as such the Company's indirect wholly-owned subsidiary, 北京萬馳科技有限公司 (Beijing Wanchi Technology Company Limited\*, "**Beijing Wanchi**"), has entered into a series of structured agreements (the "**Structured Agreements**") with 北京市金福典當有限責任公司 (Beijing City Jinfu Pawning Company Limited\*, "**Beijing Jinfu**"), 北京金祿唯緯管理諮詢服務有限責任公司 (Beijing Jinlu Weiwei Management Consulting Services Company Limited\*, "**Beijing Jinlu**") (formerly known as 北京金祿典當有限責任公司 (Beijing Jinlu Pawning Company Limited\*)<sup>#</sup>, 北京市金壽典當有限責任公司 (Beijing City Jinshou Pawning Company Limited\*, "**Beijing Jinshou**")<sup>#</sup>, 北京中金福小額貸款有限責任公司 (Beijing Zhongjinfu Micro-financing Company Limited\*, "**Beijing Micro-financing**") and their respective owners, which enables the Group to:

- have power to direct the relevant activities of Beijing Jinfu, Beijing Jinlu<sup>#</sup>, Beijing Jinshou<sup>#</sup> and Beijing Micro-financing;
- exercise the entire owners' voting rights of Beijing Jinfu, Beijing Jinlu<sup>#</sup>, Beijing Jinshou<sup>#</sup> and 79% owners' voting rights of Beijing Micro-financing during the general meetings of Beijing Jinfu, Beijing Jinlu<sup>#</sup>, Beijing Jinshou<sup>#</sup> and Beijing Micro-financing, respectively;
- receive and be exposed to substantially all of the economic interest returns generated by Beijing Jinfu, Beijing Jinlu<sup>#</sup>, Beijing Jinshou<sup>#</sup> and 79% of the economic interest returns generated by Beijing Micro-financing through service fees in consideration for the management and consulting services provided by Beijing Wanchi at Beijing Wanchi's discretion;
- have an irrevocable option to purchase the entire equity interest in Beijing Jinfu, Beijing Jinlu<sup>#</sup>, Beijing Jinshou<sup>#</sup> and 79% equity interest in Beijing Micro-financing with consideration each at a normal price of Renminbi ("**RMB**") 1 when and to the extent permitted under the PRC laws; and
- obtain pledges over the entire equity interest of Beijing Jinfu, Beijing Jinlu<sup>#</sup>, Beijing Jinshou<sup>#</sup> and 79% equity interest of Beijing Micro-financing from their respective owners.

\* English name is for identification purpose only



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

*Critical accounting judgements (Continued)*

### (a) Subsidiaries governed under structured agreements and equity transfer agreement *(Continued)*

#### (i) Subsidiaries governed under structured agreements *(Continued)*

The Group does not have any equity interest in Beijing Jinfu, Beijing Jinlu<sup>#</sup>, Beijing Jinshou<sup>#</sup> and Beijing Micro-financing. However, as a result of the Structured Agreements, the Group has rights to variable returns from its involvement with Beijing Jinfu, Beijing Jinlu<sup>#</sup>, Beijing Jinshou<sup>#</sup> and Beijing Micro-financing and has the ability to affect these returns (e.g. in form of service fees charged) through its power over Beijing Jinfu, Beijing Jinlu<sup>#</sup>, Beijing Jinshou<sup>#</sup> and Beijing Micro-financing and is considered to control Beijing Jinfu, Beijing Jinlu<sup>#</sup>, Beijing Jinshou<sup>#</sup> and Beijing Micro-financing. Consequently, the Group regards Beijing Jinfu, Beijing Jinlu<sup>#</sup>, Beijing Jinshou<sup>#</sup> and Beijing Micro-financing as indirectly-owned subsidiaries under HKFRS Accounting Standards.

Nevertheless, the Structured Agreements may not be as effective as legal ownership in providing the Group with control over the consolidated entities and business, and uncertainties presented by the PRC legal system could impede the Group's beneficiary rights of the results, assets and liabilities of the consolidated entities and business. Having considered the changes in the relevant PRC laws and regulations since the execution of the Structured Arrangements, the management believes that the Structured Arrangements are in compliance with the relevant PRC laws and regulations and are legally binding and enforceable.

<sup>#</sup> *Beijing Jinlu and Beijing Jinshou have transferred their shares to Beijing Wanchi on 23 January 2024 and 26 March 2025 respectively, and became wholly-owned subsidiaries of Beijing Wanchi, which implies subsidiaries of the Group directly without the needs on existence of the abovementioned arrangements under structured agreements. Beijing Jinlu and Beijing Jinshou continue to consolidate into the Group before and after the transfer of respective shares to Beijing Wanchi.*

#### (ii) Subsidiary governed under equity transfer agreement

The Group entered into an equity transfer agreement ("**Equity Transfer Agreement**") with the legal owners of 北京華園四方資產管理有限公司 (Beijing Huayuan Sifang Asset Management Company Limited\*) ("**Beijing Huayuan Sifang**") to appoint the board of the directors of Beijing Huayuan Sifang and other key management personnel of Beijing Huayuan Sifang and to control Beijing Huayuan Sifang's operation by making all significant strategic financial and operating decisions of Beijing Huayuan Sifang of which the operation is highly dependent on the Group (including control the bank accounts, direct the strategic financial and operating activities, etc.).

The Group has 50% equity interest in Beijing Huayuan Sifang. However, as a result of the Equity Transfer Agreement, the Group has obtained control over Beijing Huayuan Sifang because the Group is exposed, or has rights, to variable returns from its involvement with Beijing Huayuan Sifang and has the ability to affect those returns through its power over Beijing Huayuan Sifang. Consequently, the Group regards Beijing Huayuan Sifang as non wholly-owned subsidiary of the Group.

### (b) Classification of a joint venture

As disclosed in Note 18 to the consolidated financial statements, the Group invested in 宣威瑞草生物科技有限公司 (Xuan Wei Rui Cao Biological Technology Company Limited\*) ("**Xuan Wei**") during the year ended 31 December 2021. The Group has 25% equity interest in Xuan Wei and certain strategic financial and operating decisions in relation to Xuan Wei's operation require the unanimous consent of all board members appointed by all the investors of Xuan Wei. As a result, the Group has obtained the joint control over Xuan Wei and right to the net assets of Xuan Wei. Accordingly, the investment in Xuan Wei is classified as a joint venture of the Group and accounted for using equity method.

\* *English name is for identification purpose only*



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 5. SEGMENT INFORMATION

HKFRS 8 “Operating Segments” requires identification and disclosure of operating segment information based on internal financial reports that are regularly reviewed by the executive directors of the Company, being the chief operating decision maker, for the purpose of resources allocation and performance assessment. On this basis, the Group has determined that it only has one operating segment which is the provision of short-term financing services to the customers. As this is the only operating segment of the Group, no further analysis for segment information is presented.

In determining the Group’s geographical segments and revenues are based on the location in which the customers are located; assets and capital expenditure are attributed to the segments based on the locations of the assets.

The following table provides an analysis of the Group’s revenue from external customers and non-current assets other than investment in a joint venture and deferred tax assets (“**Specified non-current assets**”):

	Revenue from external customers Year ended 31 December		Specified non-current assets As at 31 December	
	2024	2023	2024	2023
	HK\$’000	HK\$’000	HK\$’000	HK\$’000
Hong Kong	9,842	–	842	743
The PRC	9,021	36,233	5,971	6,651
	18,863	36,233	6,813	7,394

Revenue from customers individually contributed over 10% of the Group’s revenue are as follows:

	2024	2023
	HK’000	HK’000
Customer A	–	5,853
Customer B	–	4,734
Customer C	–	4,312
Customer D	8,900	–
	8,900	14,899

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 6. REVENUE, OTHER INCOME AND OTHER GAINS AND LOSSES, NET

The Group's revenue represents the short-term financing services income. An analysis of the Group's revenue, other income and other gains and losses, net is as follows:

	Notes	2024 HK\$'000	2023 HK\$'000
<b>Revenue</b>			
<b>Revenue from other sources</b>			
Interest income from loans to customers		9,163	36,233
Settlement gain from distressed debt assets classified in loans to customers		8,900	–
		18,063	36,233
<b>Revenue from contracts with customers within HKFRS 15</b>			
Financial consultancy income		800	–
Short-term financing services income		18,863	36,233
<b>Other income and other gains and losses, net</b>			
Bank interest income		1,143	778
Gain on early redemption of convertible bonds	25	3,099	9,184
Gain on early redemption of promissory notes	24(ii)	91	–
Gain on settlement of matured promissory notes by issuance of new promissory notes	24(i)	60	–
Gain on early termination of a lease	13	30	190
Gain on disposal of loans to customers		88	–
Gain on settlement of the New 2023 CB and New 2022 CB by issuance of promissory notes	25	992	11
(Loss)/Gain on disposal of property, plant and equipment		(5)	27
Loss on disposal of an investment property		–	(339)
Exchange differences, net		(343)	(204)
Sundry income		22	370
		5,177	10,017

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 7. LOSS BEFORE INCOME TAX

The Group's loss before income tax is arrived at after charging the following:

	Notes	2024 HK\$'000	2023 HK\$'000
<b>Finance costs</b>			
Effective interest expenses on			
– convertible bonds	25	5,130	15,320
– promissory notes	24	2,919	21
– lease liabilities		99	150
		<b>8,148</b>	<b>15,491</b>
<b>Other items</b>			
Staff costs (excluding directors' emoluments) (Note)			
Salaries, bonuses, allowances and other benefits		12,766	13,066
Pension scheme contributions		877	1,110
		<b>13,643</b>	<b>14,176</b>
Auditors' remuneration			
– Audit services		850	715
– Non-audit services		130	415
Depreciation of property, plant and equipment	12	246	293
Depreciation of right-of-use assets	13	1,036	1,384
Exchange differences, net		343	204
Short-term or low value lease payments		181	869

Note:

For the years ended 31 December 2024 and 2023, there were no forfeited contributions which were available to reduce the Group's existing level of contributions to the MPF Scheme and the PRC Retirement Scheme.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 8. EMOLUMENTS OF DIRECTORS AND CHIEF EXECUTIVE AND FIVE HIGHEST PAID INDIVIDUALS AND SENIOR MANAGEMENT

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

The aggregate amounts of emoluments received and receivable by the directors and chief executive of the Company in connection with the management of the affairs of the Company and its subsidiaries are as follows:

#### Year ended 31 December 2024

Name of directors	Fees HK\$'000	Salaries, allowances and other benefits HK\$'000	Discretionary bonuses HK\$'000	Pension scheme contributions HK\$'000	Total HK\$'000
<i>Executive directors</i>					
Mr. Zhang Wei (Note)	-	475	-	174	649
Ms. Li Wei	62	1,329	-	138	1,529
Mr. Mang Sheung Lok (Resigned on 12 February 2025)	180	-	-	9	189
<i>Independent non-executive directors</i>					
Mr. Chen Yihua	120	-	-	-	120
Mr. Chan Ngai Fan	144	-	-	-	144
Mr. Lee Zak Yuen (Resigned on 1 February 2024)	10	-	-	-	10
Ms. Cheung Yin Man (Appointed on 1 February 2024)	132	-	-	-	132
	648	1,804	-	321	2,773

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 8. EMOLUMENTS OF DIRECTORS AND CHIEF EXECUTIVE AND FIVE HIGHEST PAID INDIVIDUALS AND SENIOR MANAGEMENT *(Continued)*

*(a) Directors' and chief executive's emoluments (Continued)*

**Year ended 31 December 2023**

Name of directors	Fees HK\$'000	Salaries, allowances and other benefits HK\$'000	Discretionary bonuses HK\$'000	Pension scheme contributions HK\$'000	Total HK\$'000
<i>Executive directors</i>					
Mr. Zhang Wei (Note)	918	516	564	169	2,167
Ms. Li Wei	379	1,336	–	140	1,855
Mr. Mang Sheung Lok (Appointed on 25 April 2023)	123	–	–	6	129
<i>Independent non-executive directors</i>					
Mr. Chen Yihua	120	–	–	–	120
Mr. Chan Ngai Fan	144	–	–	–	144
Mr. Lee Zak Yuen (Resigned on 1 February 2024)	120	–	–	–	120
	1,804	1,852	564	315	4,535

Note: Mr. Zhang Wei is also the Chief Executive Officer of the Company and his emoluments disclosed above include those for services rendered by him as the Chief Executive Officer.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 8. EMOLUMENTS OF DIRECTORS AND CHIEF EXECUTIVE AND FIVE HIGHEST PAID INDIVIDUALS AND SENIOR MANAGEMENT *(Continued)*

### *(b) Five highest paid individuals*

Of the five highest paid individuals in the Group, one (2023: two) individual was director of the Company and whose emolument is set out in Note 8(a) to the consolidated financial statements above. The emoluments of the remaining four (2023: three) non-director individuals, are as follows:

	2024 HK\$'000	2023 HK\$'000
Salaries, allowances and other benefits	5,389	2,385
Discretionary bonuses	88	256
Pension scheme contributions	50	124
	<b>5,527</b>	<b>2,765</b>

The number of the highest paid individuals (excluding the directors of the Company) whose remuneration fell within the following band is as follows:

	Number of individuals 2024	2023
Nil to HK\$1,000,000	2	2
HK\$1,000,001 to HK\$1,500,000	1	1
HK\$1,500,001 to HK\$2,000,000	–	–
HK\$2,000,001 to HK\$2,500,000	1	–

There was no arrangement under which the four (2023: three) highest paid individuals waived or agreed to waive any remuneration during the year ended 31 December 2024 (2023: Nil). Mr. Zhang Wei, the Director, received director fees from the Company of HK\$869,000 (2023: HK\$918,000) for the services provided to the Company. During the year, the director fees of the Mr. Zhang Wei of the Company amounted to HK\$869,000 (2023: Nil) was waived. In addition, no emolument was paid by the Group to any of the directors or the four (2023: three) highest paid individuals as an inducement to join, or upon joining the Group, or as a compensation for loss of office (2023: Nil).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 9. INCOME TAX EXPENSES

	2024 HK\$'000	2023 HK\$'000
<b>Current income tax</b>		
The PRC		
Current tax charge for the year	1,240	6,396
(Over)/Under-provision in respect of prior years	(119)	617
	1,121	7,013
<b>Withholding tax on dividends</b>	1,629	1,650
<b>Deferred tax charged/(credited)</b> (Note 26)	283	(1,084)
Income tax expenses	3,033	7,579

The Company is subject to income tax on an entity basis on profits arising in or derived from the jurisdiction in which entities in the Group domiciled and operated.

Pursuant to the rules and regulations of Bermuda, the Cayman Islands and the British Virgin Islands ("BVI"), the Group is not subject to any income tax under these jurisdictions.

No provision for Hong Kong Profits Tax was made for the year ended 31 December 2024 as the Group had estimated tax losses brought forward to offset against the estimated assessable profits. No provision for Hong Kong Profits Tax has been made as the Group did not have any assessable profits for the year ended 31 December 2023.

For the years ended 31 December 2024 and 2023, the Company's estimated assessable profits arising from Hong Kong is subject to the two-tiered profits tax regime that the first HK\$2 million of assessable profits of qualifying corporations will be taxed at 8.25% and assessable profits above HK\$2 million will be taxed at 16.5% under Hong Kong Profits Tax. The assessable profits of corporations in the Group not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

The subsidiaries of the Group established in the PRC, save for below, are subject to enterprise income tax ("EIT") of the PRC at 25% for the years ended 31 December 2024 and 2023.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 9. INCOME TAX EXPENSES *(Continued)*

According to the current effective preferential income tax policies for micro and small enterprises issued by Ministry of Finance and the State Administration of Taxation, the taxable income in the years ended 31 December 2024 and 2023 of certain subsidiaries of the Group established in the PRC were less than RMB3 million, which satisfies the provisions of the above income tax policies. During the years ended 31 December 2024 and 2023, the part of taxable income that is not in excess of RMB1 million is reduced to 25% of original total taxable income, and the applicable EIT rate is 20%. Additionally, the part of taxable income that is between RMB1 million and RMB3 million is reduced to 25% of original total taxable income, and the applicable EIT rate is 20%.

Dividend distribution out of profit of foreign-invested enterprises earned in the PRC subsequent to 1 January 2008 is subject to withholding income tax at a tax rate of 10% (2023: 10%).

The income tax expenses for the year can be reconciled to the loss before income tax per the consolidated income statement as follows:

	2024 HK\$'000	2023 HK\$'000
Loss before income tax	(16,753)	(1,617)
Tax calculated at the rates applicable to the tax jurisdiction concerned	(3,469)	1,233
Tax effect on income not taxable for tax purpose	(884)	(1,235)
Tax effect on expenses not deductible for tax purpose	4,451	2,748
Tax concession	–	(14)
Unrecognised tax losses	1,919	2,580
Utilisation of previously unrecognised tax losses	(494)	–
(Over)/Under-provision in respect of prior years	(119)	617
Withholding tax on dividends	1,629	1,650
Income tax expenses for the year	3,033	7,579

## 10. DIVIDEND

No dividend has been paid or declared by the Company for the year ended 31 December 2024 (2023: Nil). The directors of the Company do not recommend for payment of a final dividend for the year ended 31 December 2024 (2023: Nil).



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 11. LOSS PER SHARE

The calculation of basic loss per share for the current year and prior year is based on the loss for the year attributable to the owners of the Company, and the weighted average number of ordinary shares in issue during the year are set forth below.

The calculation of diluted loss per share for the year is based on the loss for the year attributable to the owners of the Company. The weighted average number of ordinary shares used in the calculation of diluted loss per share is the number of ordinary shares in issue during the year and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

During the year ended 31 December 2024, the diluted loss per share would be increased if certain Company's outstanding convertible bonds were taken into account, as those convertible bonds had a dilutive effect to the basic loss per share, and hence the potential dilutive shares is assumed in the computation of diluted loss per share. During the year ended 31 December 2023, as the Company's convertible bonds had an anti-dilutive effect to the basic loss per share calculation, the conversion of the above potential dilutive shares is not assumed in the computation of diluted loss per share. Therefore, the basic and diluted loss per share for the year ended 31 December 2023 are equal.

The calculations of basic and diluted loss per share attributable to owners of the Company are based on the following data:

	2024 HK\$'000	2023 HK\$'000
<b>Loss</b>		
Loss attributable to owners of the Company, used in the basic loss per share calculations	(16,905)	(8,819)
Adjustment of loss attributable to the owners of the Company:		
Interest expenses on convertible bonds	640	—*
Gain on early redemption of convertible bonds	(2,124)	—*
Loss attributable to the owners of the Company, used in the diluted loss per share calculation	(18,389)	(8,819)

\* No adjustment/effect considered due to anti-dilutive effects

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 11. LOSS PER SHARE *(Continued)*

	Number of shares	
	2024 '000	2023 '000
<b>Shares</b>		
Weighted average number of ordinary shares for basic loss per share calculations (Notes a and b)	90,722	72,432
Effect of dilutive potential ordinary shares:		
Conversion of convertible bonds	944	—*
Weighted average number of ordinary shares for diluted loss per share calculation	91,666	72,432

\* No adjustment/effect considered due to anti-dilutive effects

Notes:

- (a) The weighted average number of ordinary shares of 90,722,007 for the year ended 31 December 2024 is derived from 78,201,461 in issue as at 1 January 2024, after taking into account the effect of the placing of shares under general mandate (Note 27(e)) completed on 14 March 2024.
- (b) The weighted average number of ordinary shares of 72,432,338 for the year ended 31 December 2023 is derived from 1,161,829,233 in issue as at 1 January 2023, after taking into account the effects of the (i) conversion of New 2022 CB into 100,000,000 new ordinary shares of the Company (Note 27(b)) on 31 January 2023; (ii) the Share Consolidation under Capital Reorganisation (as defined in Note 27(a)) completed on 23 February 2023; (iii) conversion of New 2022 CB into 5,000,000 new ordinary shares of the Company (Note 27(c)) on 13 April 2023; and (iv) placing of shares under general mandate (Note 27(d)) completed on 24 May 2023.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 12.PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK\$'000	Furniture, fixtures and office equipment HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
<b>Cost</b>				
As at 1 January 2023	506	2,797	1,164	4,467
Additions	–	152	–	152
Disposal/Written off	–	(1,839)	(372)	(2,211)
Exchange realignments	–	(49)	(30)	(79)
As at 31 December 2023 and 1 January 2024	<b>506</b>	<b>1,061</b>	<b>762</b>	<b>2,329</b>
Additions	<b>259</b>	<b>15</b>	<b>–</b>	<b>274</b>
Disposal/Written off	<b>(506)</b>	<b>(232)</b>	<b>–</b>	<b>(738)</b>
Exchange realignments	<b>–</b>	<b>(12)</b>	<b>(26)</b>	<b>(38)</b>
<b>As at 31 December 2024</b>	<b>259</b>	<b>832</b>	<b>736</b>	<b>1,827</b>
<b>Accumulated depreciation</b>				
As at 1 January 2023	506	1,944	673	3,123
Charge for the year	–	140	153	293
Disposal/Written off	–	(1,634)	(331)	(1,965)
Exchange realignments	–	(28)	(17)	(45)
As at 31 December 2023 and 1 January 2024	<b>506</b>	<b>422</b>	<b>478</b>	<b>1,406</b>
Charge for the year	<b>8</b>	<b>105</b>	<b>133</b>	<b>246</b>
Disposal/Written off	<b>(506)</b>	<b>(226)</b>	<b>–</b>	<b>(732)</b>
Exchange realignments	<b>–</b>	<b>6</b>	<b>(18)</b>	<b>(12)</b>
<b>As at 31 December 2024</b>	<b>8</b>	<b>307</b>	<b>593</b>	<b>908</b>
<b>Net carrying amount</b>				
<b>As at 31 December 2024</b>	<b>251</b>	<b>525</b>	<b>143</b>	<b>919</b>
As at 31 December 2023	–	639	284	923

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 13.LEASES

Right-of-use assets	Buildings HK\$'000
<b>Reconciliation of carrying amount</b>	
As at 1 January 2023	5,218
Early termination of a lease	(480)
Depreciation	(1,384)
Exchange realignments	(94)
As at 31 December 2023 and 1 January 2024	<b>3,260</b>
Additions	<b>640</b>
Early termination of a lease	<b>(517)</b>
Depreciation	<b>(1,036)</b>
Exchange realignments	<b>(71)</b>
<b>As at 31 December 2024</b>	<b>2,276</b>
Right-of-use assets	Buildings HK\$'000
<b>As at 31 December 2024</b>	
Cost	<b>3,441</b>
Accumulated depreciation	<b>(1,165)</b>
Net carrying amount	<b>2,276</b>
As at 31 December 2023	
Cost	8,441
Accumulated depreciation	(5,181)
Net carrying amount	3,260

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 13.LEASES *(Continued)*

Lease liabilities	2024 HK\$'000	2023 HK\$'000
Current portion	556	1,205
Non-current portion	1,940	2,171
	2,496	3,376

The Group leases various office premises and staff quarters for its daily operations and the lease terms ranging from 2 to 16 years (2023: from 2 to 16 years). The total cash outflow for leases was approximately HK\$1,175,000, including payment for short-term leases of approximately HK\$181,000, for the year ended 31 December 2024 (2023: total cash outflow for leases was approximately HK\$2,158,000 including payment for short-term leases of approximately HK\$869,000).

The Group had total future minimum lease payments under non-cancellable operating short-term lease which are payable within one year amounted to approximately HK\$10,000 (2023: approximately HK\$32,000).

During the year ended 31 December 2024, the Group had early terminated a lease for office premise located in the PRC which resulted in a gain on early termination of a lease of approximately HK\$30,000 (2023: approximately HK\$190,000) recognised in the profit or loss.

As at 31 December 2024, the weighted average effective interest rate for the lease liabilities of the Group was 3.72% per annum (2023: 3.25%).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 13. LEASES (Continued)

Commitments and present value of lease liabilities as at 31 December 2024:

Lease liabilities	Lease payments HK\$'000	Present value of lease payments HK\$'000
Amounts payable:		
Within one year	567	556
Within a period of more than one year but not more than two years	484	466
Within a period of more than two years but not more than five years	749	639
Over five years	1,150	835
	2,950	2,496
Less: future finance charges	(454)	–
Total lease liabilities	2,496	2,496

Commitments and present value of lease liabilities as at 31 December 2023:

Lease liabilities	Lease payments HK\$'000	Present value of lease payments HK\$'000
Amounts payable:		
Within one year	1,217	1,205
Within a period of more than one year but not more than two years	526	495
Within a period of more than two years but not more than five years	751	640
Over five years	1,457	1,036
	3,951	3,376
Less: future finance charges	(575)	–
Total lease liabilities	3,376	3,376

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 14. INVESTMENT PROPERTIES

	2024 HK\$'000	2023 HK\$'000
<b>At fair value</b>		
At the beginning of the reporting period	2,269	5,240
Disposal	–	(2,652)
Changes in fair value	(152)	(277)
Exchange realignments	(74)	(42)
<b>At the end of the reporting period</b>	<b>2,043</b>	<b>2,269</b>

The Group's entire property interests were held under leases to earn rentals income or for capital appreciation which were measured using fair value model and were classified and accounted for as investment properties. The Group's investment properties were located in the PRC.

The investment properties of the Group were revalued on 31 December 2024 and 2023 by Valtech Valuation Advisory Limited, an independent professional valuer. The valuations of investment properties have been arrived by adopting direct comparison approach with reference to comparable sale transactions for similar properties in the same location and condition adjusted for differences in key valuation attributes, such as size and floor, were used to value the properties. The most significant input into this valuation approach is the price per square meter. A significant increase/decrease in the estimated price per square meter will result in a significant increase/decrease in the fair value of the investment properties.

None of the Group's investment properties measured at fair value are categorised as level 1 and level 2. The Group's investment properties are categorised as level 3.

The following table shows the significant unobservable inputs used in the valuation model.

Assets	Fair value hierarchy	Valuation technique	Significant unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value	Sensitivity of unobservable inputs
Investment properties located in the PRC	Level 3	Direct comparison approach	Adjusted market price per square meter at RMB14,836/sq.m. (equivalent to HK\$15,784/sq.m.) (2023: RMB15,969/sq.m (equivalent to HK\$17,576/sq.m.))	10% (2023: 10%)	The higher adjusted market price, the higher fair value of the investment properties, and vice versa	Increase/Decrease by 10% (2023:10%) result in increase/decrease in fair value by approximately HK\$200,000/HK\$200,000 (2023: approximately HK\$230,000/HK\$230,000)

The fair value measurement is based on the above asset's highest and best use, which does not differ from their actual use.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 15. INTANGIBLE ASSETS

	Pawn Licences HK\$'000
<b>Cost</b>	
As at 1 January 2023	151,041
Exchange realignments	(4,057)
As at 31 December 2023 and 1 January 2024	<b>146,984</b>
Exchange realignments	<b>(4,991)</b>
<b>As at 31 December 2024</b>	<b>141,993</b>
<b>Accumulated impairment losses</b>	
As at 1 January 2023	151,041
Exchange realignments	(4,057)
As at 31 December 2023 and 1 January 2024	<b>146,984</b>
Exchange realignments	<b>(4,991)</b>
<b>As at 31 December 2024</b>	<b>141,993</b>
<b>Net carrying amount</b>	
<b>As at 31 December 2024</b>	–
As at 31 December 2023	–

### Pawn Licences

Pawn Licences represented the operating licences of the Pawn Broker Business (as defined in the Company's circular dated 30 May 2014), which is considered as indefinite useful life, arising from the short-term financing business acquired by the Group in prior years.

The impairment assessment of the Pawn Licences was included in the impairment assessment of the Short-term Financing CGU (as defined in Note 16) that includes goodwill. As at 31 December 2016, the recoverable amount of the Short-term Financing CGU fell below its carrying amount, the directors of the Company concluded that, assessed together with goodwill (Note 16), should be fully impaired.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 16. GOODWILL

	Short-term Financing CGU HK\$'000
<b>Cost</b>	
As at 1 January 2023	636,951
Exchange realignments	(17,110)
As at 31 December 2023 and 1 January 2024	<b>619,841</b>
Exchange realignments	<b>(21,050)</b>
<b>As at 31 December 2024</b>	<b>598,791</b>
<b>Accumulated impairment losses</b>	
As at 1 January 2023	636,951
Exchange realignments	(17,110)
As at 31 December 2023 and 1 January 2024	<b>619,841</b>
Exchange realignments	<b>(21,050)</b>
<b>As at 31 December 2024</b>	<b>598,791</b>
<b>Net carrying amount</b>	
<b>As at 31 December 2024</b>	–
As at 31 December 2023	–

Goodwill arising in prior years related to the acquisitions of equity interests in Prima Finance Holdings Limited ("Prima Finance") and Sunny Bridge Investments Limited ("Sunny Bridge") and its subsidiaries and was allocated to the short-term financing CGU ("Short-term Financing CGU"), and subject to impairment test.

Goodwill acquired through business combinations in prior years had been allocated to the Short-term Financing CGU for impairment test.

As at 31 December 2016, in light of unfavourable operating environment and keen competition of the short-term financing industry, including the relatively lower interest rate environment in the PRC and increasing number of competitors, that were expected to have a negative impact on the Short-term Financing CGU, and based on the fair value less costs of disposal estimated using the cash flow projections and the income approach, the directors of the Company concluded that goodwill and Pawn Licenses allocated to the Short-term Financing CGU had been fully impaired.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 17. REPOSSESSED ASSETS

The Group obtained an asset by taking possession of collaterals held as security in relation to loans to customers during the year ended 31 December 2024 and 2023. The nature and carrying value of the asset held as at the end of the reporting periods are summarised as follow.

	2024 HK\$'000	2023 HK\$'000
Reposessed assets - real estate properties	1,575	942

The movement of the Group's reposessed assets was as follow:

	2024 HK\$'000	2023 HK\$'000
At the beginning of the reporting period	942	–
Additions	679	946
Exchange realignments	(46)	(4)
At the end of the reporting period	1,575	942

The estimated market value of the reposessed assets held by the Group as at 31 December 2024 was approximately HK\$1,592,000 (2023: approximately HK\$954,000). It comprises properties in respect of which the Group has acquired access or control through court proceeding (Note 21). The Group will proceed to dispose of the property within a reasonable time after possession, which is not expected to be within 12 months from the end of the reporting period.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 18. INVESTMENT IN A JOINT VENTURE

	2024 HK\$'000	2023 HK\$'000
Unlisted shares, at cost	6,017	6,017
Share of post acquisition reserves	(5,438)	(5,629)
Amount due from a joint venture (Note)	118	122
Exchange realignments	(697)	(510)
	—	—

Note: The amount due from a joint venture is denominated in RMB, unsecured, interest-free and the settlement of which is neither planned nor likely to occur in the foreseeable future.

Details of the joint venture as at 31 December 2024 and 2023 are as follows:

Name of the joint venture	Place of establishment	Particulars of paid-up capital	Proportion of value of paid-up capital indirectly held by the Company	Principal activities
Xuan Wei	The PRC	Paid-up capital of RMB12,500,000	25%	Dormant

The above joint venture is accounted for using the equity method in the Group's consolidated financial statements. There are no capital commitment and contingent liabilities in relation to the joint venture itself.

On 14 May 2021, an indirectly wholly-owned subsidiary of the Company, 北京通和盛嘉科技有限公司 Beijing Tonghe Shengjia Technology Company Limited\* ("Beijing Tonghe") had entered into an equity transfer agreement (the "JV Equity Transfer Agreement") with an independent third party for the acquisition of 25% equity interest in Xuan Wei. The aggregate cash consideration was RMB5,000,001 (equivalent to approximately HK\$6,017,000). The acquisition was completed on 14 May 2021.

### Arrangements with joint venture partners

Pursuant to JV Equity Transfer Agreement, each of Beijing Tonghe, the first joint venture partner and the second joint venture partner is entitled to appoint 2, 1 and 1, respectively, out of 4 board members of Xuan Wei. Because certain strategic financial and operating decisions in relation to Xuan Wei's operation require the unanimous consent of all board members, Beijing Tonghe, the first joint venture partner and the second joint venture partner are considered to have joint control of Xuan Wei under the arrangements and Xuan Wei is being regarded as a joint venture of Beijing Tonghe.

\* English name is for identification purpose only.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 18. INVESTMENT IN A JOINT VENTURE *(Continued)*

### *Relationship with the joint venture*

Xuan Wei was engaged in the plant extract production, bio-organic fertilizer and biopesticide research and development in the PRC which allowed the Group to enter green production, technological innovation and agricultural industry in the PRC and diversify the income stream and business risks. Due to the implementation of the New Measures as stated below, Xuan Wei ceased its operations since the year ended 31 December 2022.

### *Goodwill and impairment assessment*

Goodwill arising related to the acquisition of Xuan Wei which is measured as the excess of cost of investments over the Group's share of the net fair value of the identifiable assets and liabilities of Xuan Wei as at the acquisition date (i.e. 14 May 2021).

In May 2022, the China's State Tobacco Monopoly Administration (the "STMA") implemented the Measures for the Administration of Electronic Cigarettes (the "New Measures"), which posed adverse effect on the business operation of Xuan Wei. The New Measures imposed included requirement cigarettes are required to obtain tobacco monopoly production enterprise licenses issued by the STMA in order to continue the production and operation of nicotine for electronic cigarettes. In response to the New Measures, Xuan Wei had to cease its operations.

At 31 December 2022, due to uncertainties to obtain the above mentioned license under the New Measures, which the business environment and the financial position of Xuan Wei had been adversely impact, impairment loss on goodwill associated with Xuan Wei was made in full. Up to the date of this report, Xuan Wei has yet to obtain the related license.

### *Financial information of an individual material joint venture*

Summarised financial information of the joint venture of the Group, which is considered to be material, is set out below, which represents amounts shown in the joint venture's financial statements prepared in accordance with HKFRS Accounting Standards and adjusted by the Group for equity accounting purposes including any differences in accounting policies and fair value adjustments.

	Xuan Wei	
	As at 31 December	
	2024	2023
	HK\$'000	HK\$'000
<b>Gross amount</b>		
Current assets	11,094	11,484
Non-current assets	270	336
Current liabilities	(17,028)	(16,042)
Net liabilities	(5,664)	(4,222)
Included in above:		
Cash and cash equivalents	—*	—*

\* amount less than HK\$1,000.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 18. INVESTMENT IN A JOINT VENTURE *(Continued)*

*Financial information of an individual material joint venture (Continued)*

	Xuan Wei As at 31 December	
	2024 HK\$'000	2023 HK\$'000
<b>Reconciliation</b>		
Gross amount of equity	(5,664)	(4,222)
Group's ownership interests	25%	25%
Group's share of equity (Note)	(276)	(285)
Goodwill	158	163
Share of net liabilities by amount due from a joint venture	118	122
Carrying amount of interests	–	–
<b>Year ended 31 December</b>	<b>2024</b>	<b>2023</b>
<b>Gross amount</b>	<b>HK\$'000</b>	<b>HK\$'000</b>
Revenue	–	–
Loss for the year	(1,459)	(1,682)
Other comprehensive income	16	16
<b>Loss and total comprehensive expense for the year</b>	<b>(1,443)</b>	<b>(1,666)</b>
Group's share of (Note):		
Loss for the year	–	–
Other comprehensive income	4	4
<b>Profit and total comprehensive income for the year</b>	<b>4</b>	<b>4</b>
Included in above:		
Depreciation	(56)	(59)
Interest income	–	–

Note:

The Group has stopped recognising its share of loss of a joint venture for the years ended 31 December 2024 and 2023 as the share of loss of a joint venture was excess of the amount of interest in a joint venture.

### *Unrecognised share of loss of a joint venture*

The unrecognised share of loss of a joint venture for the current year and cumulatively up to the end of the reporting period amounted to approximately HK\$365,000 (2023: approximately HK\$421,000) and approximately HK\$1,118,000 (2023: approximately HK\$753,000), respectively.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 19.INTERESTS IN SUBSIDIARIES AND AMOUNTS DUE FROM SUBSIDIARIES

Particulars of the Company's subsidiaries which are all private companies with limited liability as at 31 December 2024 and 2023 are as follows:

Name of subsidiary	Country/ place of incorporation/ establishment	Date of incorporation/ establishment	Principal activities and place of operation	Particulars of issued and paid up share capital/ paid-up capital	Percentage of equity attributable to the Company	
					2024	2023
<b>Directly held:</b>						
Fortune Front Holdings Limited	BVI	20 March 2015	Investment holding, Hong Kong	United States dollars ("US\$") \$1	100%	100%
Capital Finance Innovative Technology Limited	BVI	11 December 2014	Investment holding, Hong Kong	US\$1	100%	100%
Star Capital Global Limited	BVI	20 June 2013	Investment holding, Hong Kong	US\$1	100%	100%
UTD Fortune Holdings Limited	BVI	26 November 2014	Investment holding, Hong Kong	US\$1	100%	100%
Sunny Bridge	BVI	23 May 2012	Investment holding, Hong Kong	US\$100	100%	100%
<b>Indirectly held:</b>						
Capital Finance Innovative Technology (Hong Kong) Limited	Hong Kong	21 April 2021	Not yet commenced business, Hong Kong	HK\$100	100%	100%
United Tone Investments Limited	BVI	23 May 2012	Investment holding, Hong Kong	US\$100	100%	100%
Fortune Front Investments Limited	Hong Kong	28 December 2011	Provision of administrative services, provision of financing consultancy services and investment holding, Hong Kong	HK\$100	100%	100%

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 19. INTERESTS IN SUBSIDIARIES AND AMOUNTS DUE FROM SUBSIDIARIES

(Continued)

Name of subsidiary	Country/ place of incorporation/ establishment	Date of incorporation/ establishment	Principal activities and place of operation	Particulars of issued and paid up share capital/ paid-up capital	Percentage of equity attributable to the Company 2024	2023
Indirectly held: (Continued)						
UTD Fortune (Hong Kong) Limited	Hong Kong	10 December 2014	Provision of money lending services, provision of financing consultancy services, provision of distressed debt assets management and investment holding, Hong Kong	HK\$1	100%	100%
Century Epoch Holdings Limited	Hong Kong	16 May 2012	Investment holding, Hong Kong	HK\$100	100%	100%
United Tone Investments (Hong Kong) Limited	Hong Kong	16 June 2020	Investment holding, Hong Kong	HK\$100	100%	100%
LPA Exhibition Limited	Hong Kong	6 May 2022	Provision of car exhibition (to be commenced), Hong Kong	HK\$100	99%	–
Beijing Tonghe	The PRC	17 July 2020	Not yet commenced business, the PRC	Note (a)	100%	100%
Beijing Wanchi	The PRC	28 September 2012	Provision of entrusted loan and financial consultancy services, the PRC	Registered and paid-up capital of HK\$3,000,000	100%	100%
Beijing Jinfu <sup>#</sup>	The PRC	6 September 2002	Provision of pawn loan services in Beijing, the PRC	Registered and paid-up capital of RMB40,000,000	100%	100%
Beijing Jinlu <sup>Note (b)<sup>#</sup></sup>	The PRC	30 November 2005	Provision of pawn loan services in Beijing (deregistered on 27 November 2024), the PRC	2024: N/A Note (b); 2023: Registered and paid-up capital of RMB15,000,000	N/A	100%

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 19.INTERESTS IN SUBSIDIARIES AND AMOUNTS DUE FROM SUBSIDIARIES

(Continued)

Name of subsidiary	Country/ place of incorporation/ establishment	Date of incorporation/ establishment	Principal activities and place of operation	Particulars of issued and paid up share capital/ paid-up capital	Percentage of equity attributable to the Company	
					2024	2023
<b>Indirectly held:</b> (Continued)						
Beijing Jinshou <sup>Note (c)#</sup>	The PRC	21 October 2005	Provision of pawn loan services in Beijing, the PRC	Registered and paid-up capital of RMB40,000,000	100%	100%
Beijing Micro-financing <sup>#</sup>	The PRC	16 December 2009	Provision of micro-financing services, the PRC	Registered and paid-up capital of RMB50,000,000	79%	79%
北京佳昭創智科技有限公司 Beijing Fortune Front Innovative Technology Company Limited* ("Beijing Fortune Front")	The PRC	3 December 2019	Investment holding, the PRC	Note (d)	100%	100%
Beijing Huayuan Sifang	The PRC	10 August 2015	Provision of distressed debt assets management and provision of consultancy services, the PRC	Registered and paid-up capital of RMB60,000,000	50% Note (e)	50% Note (e)



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 19. INTERESTS IN SUBSIDIARIES AND AMOUNTS DUE FROM SUBSIDIARIES

(Continued)

Notes:

- (a) Beijing Tonghe was established on 17 July 2020 and its registered capital amounted to HK\$30,000,000. As at 31 December 2024 and 2023, no registered capital of Beijing Tonghe has been paid-up. As at 31 December 2024 and 2023, the Group had contracted but not provided capital commitment of HK\$30,000,000 in respect of investment in Beijing Tonghe which shall be paid-up on or before 1 September 2040.
- (b) Beijing Jinlu withdrew itself from the pawn loan business and deregistered the pawn business license on 29 December 2023. After the cessation of the pawn loan business, Beijing Jinlu is no longer subject to the compliance of the relevant PRC laws and regulations on the pawn loan business, which enabled the Group to hold its shares by means of equity investment.

In January 2024, Yun Shui Yue Investment Management (Beijing) Company Limited ("Yun Shui Yue") and Zhong Jinfu (Beijing) Investment Management Company Limited ("Zhong Jinfu") transferred all their shares to Beijing Wanchi, which resulted in cessation of the Structured Agreement between Beijing Jinlu, Beijing Wanchi, Yun Shui Yue and Zhong Jinfu. On 23 January 2024, Beijing Jinlu become a wholly-owned subsidiary of Beijing Wanchi and is under the control of the Group as before. Beijing Jinlu changed its principal activities to provision of consultancy services and renamed itself as Beijing Jinlu Weiwei Management Consulting Services Company Limited\* ("北京金祿唯緯管理諮詢服務有限責任公司").

During the year ended 31 December 2024, Beijing Jinlu had filed an application for deregistration to the local authority. All assets and liabilities of Beijing Jinlu were either transferred to the fellow subsidiaries or written-off during the year ended 31 December 2024. On 27 November 2024, the deregistration was completed and the derecognition of exchange reserve and statutory reserve upon deregistration of approximately HK\$4,064,000 and approximately HK\$6,501,000 was reclassified to profit or loss and accumulated losses, respectively.

- (c) Beijing Jinshou withdrew itself from the pawn loan business and deregistered the pawn business license on 26 February 2025. After the cessation of the pawn loan business, Beijing Jinshou is no longer subject to the compliance of the relevant PRC laws and regulations on the pawn loan business, which enabled the Group to hold its shares by means of equity investment.

In March 2025, Yun Shui Yue and Zhong Jinfu transferred all their shares to Beijing Wanchi, which resulted in cessation of the Structured Agreement between Beijing Jinshou, Beijing Wanchi, Yun Shui Yue and Zhong Jinfu. On 26 March 2025, Beijing Jinshou become a wholly-owned subsidiary of Beijing Wanchi and is under the control of the Group as before. Beijing Jinshou changed its principal activities to provision of consultancy services and renamed itself as Beijing Zhicheng Zhuoshi Management Consulting Services Company Limited\* ("北京智城卓識管理諮詢服務有限公司").

- (d) Beijing Fortune Front was established on 3 December 2019 and its registered capital amount to HK\$10,000,000. As at 31 December 2024 and 2023, no registered capital of Beijing Fortune Front has been paid-up. As at 31 December 2024 and 2023, the Group had contracted but not provided capital commitment of HK\$10,000,000 in respect of investment in Beijing Fortune Front which shall be paid-up on or before 5 November 2039.
- (e) Notwithstanding the Group held only 50% equity interest in Beijing Huayuan Sifang, due to the fact that there is an equity transfer agreement entered into for the Group to appoint the board of the directors of Beijing Huayuan Sifang and other key management personnel of Beijing Huayuan Sifang and to control Beijing Huayuan Sifang's operation by making all significant strategic financial and operating decisions of Beijing Huayuan Sifang of which the operation is highly dependent on the Group (including control the bank accounts, direct the strategic financial and operating activities, etc.), Beijing Huayuan Sifang is being treated as a non-wholly owned subsidiary of the Group and 50% equity interest owned by another shareholders of Beijing Huayuan Sifang is being treated as "non-controlling interests".

\* English name is for identification purpose only.

# These subsidiaries were held through certain Structured Agreements (Note 4).

The companies accounted for as subsidiaries through certain Structured Agreements including Beijing Jinfu, Beijing Jinlu which was deregistered on 27 November 2024, Beijing Jinshou and Beijing Micro-financing are identified as the Group's short-term financing services segment comprising pawn loan business and micro-financing business. They, in aggregate, contributed revenue of approximately HK\$9,021,000 (2023: approximately HK\$36,233,000) to the Group, representing approximately 48% (2023: 100%) of the Group's total revenue for the year ended 31 December 2024, and the total assets and total liabilities for this segment are approximately HK\$112,116,000 (2023: approximately HK\$168,144,000) and approximately HK\$6,499,000 (2023: approximately HK\$10,371,000), representing approximately 72% (2023: approximately 77%) and approximately 8% (2023: approximately 8%) of the Group's total assets and total liabilities as at 31 December 2024, respectively.

None of the subsidiaries had any debt security outstanding at the year ended or at any time during the year.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 19. INTERESTS IN SUBSIDIARIES AND AMOUNTS DUE FROM SUBSIDIARIES

(Continued)

Financial information of subsidiaries with individually material non-controlling interests ("NCI")

The following table shows the information relating the non-wholly owned subsidiaries, Beijing Micro-financing and Beijing Huayuan Sifang, that have material NCI. The summarised financial information represents amounts before inter-company eliminations since acquisition.

	Beijing Huayuan Sifang		Beijing Micro-financing	
	2024	2023	2024	2023
Proportion of NCI's ownership interests	50%	50%	21%	21%

	Beijing Huayuan Sifang		Beijing Micro-financing	
	As at 31 December		As at 31 December	
	2024	2023	2024	2023
	HK\$'000	HK\$'000	HK\$'000	HK\$'000

### Summarised statement of financial position

Current assets	39,855	46,080	55,955	78,596
Non-current assets	1,807	1,858	7,908	6,015
Current liabilities	(790)	(1,186)	(1,566)	(1,799)
Non-current liabilities	—	—	(1,691)	(1,901)
Net assets	40,872	46,752	60,606	80,911
Carrying amount of NCI	21,181	24,147	11,450	14,229

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 19.INTERESTS IN SUBSIDIARIES AND AMOUNTS DUE FROM SUBSIDIARIES

(Continued)

Financial information of subsidiaries with individually material non-controlling interests ("NCI")

(Continued)

	Beijing Huayuan Sifang Year ended 31 December		Beijing Micro-financing Year ended 31 December	
	2024	2023	2024	2023
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Summarised income statement</b>				
Revenue/Other income	–	–	7,445	14,350
(Loss)/Profit	(4,378)	(4,318)	(3,296)	8,486
Total comprehensive (expense)/income	(5,933)	(5,748)	(5,379)	6,676
(Loss)/Profit attributable to NCI	(2,190)	(2,159)	(691)	1,782
Dividends declared to NCI	–	–	1,649	1,217
<b>Summarised statement of cash flows</b>				
Net cash flows (used in)/generated from operating activities	(35,659)	1,637	21,921	2,033
Net cash flows generated from/(used in) investing activities	–	(112)	1	(1)
Net cash flows used in financing activities	–	–	(14,850)	(23,583)
Net cash (outflow)/inflow	(35,659)	1,525	7,072	(21,551)

Amounts due from subsidiaries were unsecured, non-interest bearing and had no fixed repayment terms.

The Company recognised a charge of loss allowance for ECL on the amounts due from subsidiaries amounting to approximately HK\$9,571,000 during the year ended 31 December 2024 (2023: recorded a net gain arising from the waiver of the amounts due from/to subsidiaries amount to approximately HK\$11,780,000 and recognised a charge of loss allowance for ECL on the amounts due from subsidiaries amounting to approximately HK\$6,297,000).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 20. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2024 HK\$'000	2023 HK\$'000
Listed equity investment	–	–

The movements of the Group's financial assets at FVTPL were as follows:

	Listed equity investment HK\$'000
As at 1 January 2023	575
Fair value losses recognised in profit or loss	(190)
Disposal	(385)
As at 31 December 2023, 1 January 2024 and 31 December 2024	–
For the year ended 31 December 2023	
Fair value changes recognised in profit or loss	
– Realised losses	(190)
<b>For the year ended 31 December 2024</b>	
Fair value changes recognised in profit or loss	
– Realised losses	–

The listed equity investment represented the investment in the listed equity securities in the Main Board of the Stock Exchange. Upon the initial recognition, in the opinion of the directors of the Company, the investment was held for trading, and hence, it was classified as financial asset at FVTPL. The fair value of the listed equity investment was determined on the basis of quoted market price available on the Stock Exchange at the end of reporting period and therefore classified as level 1 under fair value hierarchy.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 21. LOANS TO CUSTOMERS

	Notes	2024 HK\$'000	2023 HK\$'000
Principal and interest receivables:			
Pawn loans	a	77,093	108,306
Micro-credit loans	b	64,012	85,292
Distressed debt assets	c	5,643	5,841
Personal loans	d	7,142	–
Loans to customers, gross		153,890	199,439
Less:			
Loss allowance		(105,106)	(109,606)
Loans to customers, net		48,784	89,833
Analysed as:			
Non-current assets		4,423	–
Current assets		44,361	89,833
		48,784	89,833

Notes:

a. Pawn loans

For the pawn loans to customers, the customers are obliged to settle the amounts according to the terms set out in the relevant contracts, and the Group has a sole discretion to approve the renewal of loan for a period of up to 180 days. As at 31 December 2024, pawn loans advanced to customers bore interest at fixed rates ranging from 0.1% per month to 0.3% per month (2023: 0.1% per month to 0.3% per month). They are also subject to administrative fee rates payables by customers. The pawn loans advanced to customers after taking into account the above mentioned administrative fee rates, bore effective interest rates ranging from 14.6% to 21.0% (2023: 8.6% to 25.2%) per annum as at 31 December 2024.

The loans to customers are all collaterals-backed pawn loans, the gross amount of pawn loans based on the type of collaterals are set out below:

	2024 HK\$'000	2023 HK\$'000
Real estates	3,726	20,020
Equity interests	12,250	15,988
Movable assets		
– Inventories	61,117	72,298
	77,093	108,306

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 21. LOANS TO CUSTOMERS *(Continued)*

Notes: *(Continued)*

### b. Micro-credit loans

For micro-credit loans to customers, the loan periods are ranging from 75 to 365 days (2023: 77 to 365 days), and the Group has a sole discretion to approve the renewal of loan for another certain period, usually within one year. As at 31 December 2024, micro-credit loans advanced to customers bore interest at fixed rates ranging from 0.7% per month to 2.0% per month (2023: 1.1% per month to 2.0% per month) and the effective interest rates of micro-credit loans ranging from 12.5% to 19.7% (2023: 13.6% to 27.5%) per annum as at 31 December 2024.

The loans to customers are the guaranteed loans or collaterals-backed micro-credit loans, the gross amount of micro-credit loans based on the type of collaterals and guarantees are set out below:

	2024 HK\$'000	2023 HK\$'000
Collaterals-backed:		
– Real estates	50,825	70,111
Guaranteed*	13,187	15,181
	<b>64,012</b>	<b>85,292</b>

\* This represented the personal/corporate guarantee from the independent third parties or controlling shareholders of the customers.

### c. Distressed debt assets

For distressed debt assets classified in loans to customers, they represented the receivable from the obligors of non-performing loans. The borrowers are obliged to settle the amount according to the terms set out in relevant loans.

The loans to customers are all collateral-backed distressed debt assets, the gross amount of distressed debt assets based on the type of collaterals are set out below:

	2024 HK\$'000	2023 HK\$'000
Real estates	5,643	5,841

### d. Personal loans

For personal loans to customers, the loan periods are ranging from 13 to 37 months, and the customers are obligated to settle the amounts according to the terms set out in the relevant contracts. As at 31 December 2024, personal loans advanced to customers bore interest at fixed rate of 24% per annum and the effective interest rate of personal loans ranging from 26.8% to 27.0% per annum as at 31 December 2024.

The loans to customers are all unsecured personal loans, the gross amount of personal loans are set out below:

	2024 HK\$'000	2023 HK\$'000
Unsecured personal loans	7,142	–

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 21. LOANS TO CUSTOMERS *(Continued)*

For pawn loans and micro-credit loans that have been past due and the interest charged under the original loan contracts reached the maximum cap as restricted under certain laws and regulations in the PRC, the Group charges the same interest rates as stipulated in the respective original loan contracts. The Group may charge penalty or additional interest when the interest rates charged in the original loan contracts had not reached the maximum cap under the laws and regulations in the PRC.

For personal loans which arise from the money lending business in Hong Kong. The Group has money lending policies in place and the exposure to the credit risk is monitored on an ongoing basis. The Group grants loans only to recognised and creditworthy third parties. It is the Group's policy that all these borrowers are subject to credit verification procedures which conducting a credit assessment to evaluate the applicant's creditworthiness by checking the applicant's credit history and score to determine their ability to repay the loan. In default of repayment, subject to contractual terms, the overdue interest will be charged at 0.833% per month (annualised as 10% per annum) on overdue installment of daily basis calculated at contractual interest rate until payment in full.

Except for personal loans receivable of approximately HK\$7,142,000 which are unsecured, the Group holds collateral over the pawn loans, micro-credit loans and distressed debt assets. During the loan period, additional collateral may be obtained from customers to secure their repayment obligations under loan contracts. All collaterals are registered in accordance with the relevant laws and regulations in the PRC.

If the customers repaid all the principal and interest in accordance with the loan agreement, the collateral is released and the transaction is deemed to be completed. In the event of default as defined in the relevant contract by customers, the Group might collect and sell the collaterals (through legal proceedings) after taking into legal advice. The risk of unrecoverable principal and interest is compensated by the realisable value of these collaterals.

Moreover, at the end of reporting period, the management performs credit evaluation and due diligence procedures to determine whether the guarantors have the ability to repay the Group in the event of default by customers.

The management considers that the fair values of loans to customers (after loss allowance for ECL) are not materially different from their carrying amounts because these balances have relatively short maturity periods on their inception.

Loans to customers are all denominated in RMB and HKD which is the functional currency of the relevant group entities.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 21. LOANS TO CUSTOMERS *(Continued)*

The following is a credit quality analysis of loans to customers before loss allowance for ECL as at 31 December 2024 and 2023 under the requirements of HKFRS 9:

	2024 HK\$'000	2023 HK\$'000
Neither overdue nor credit-impaired	36,220	82,603
Overdue but not credit-impaired		
– overdue within 30 days	–	2,713
– overdue 30 to 90 days	4,753	7,688
Overdue and credit-impaired		
– overdue more than 90 days	112,917	106,435
	153,890	199,439

The Group has adopted the ECL model as required by HKFRS 9 since 1 January 2018 in assessing and measuring the loss allowance for the Group's loans to customers. As described in the above table, the management categorised the loans into mainly 3 categories; (a) neither overdue nor credit-impaired; (b) overdue but not credit-impaired and (c) overdue and credit-impaired. The management considered a number of factors as described in Note 3 to the consolidated financial statements in determining whether the loans are credit-impaired and concluded that, based on the Group's past experience in loan financing business and relevant forward looking information available to the Group, loans with more than 90 days past due are considered as credit-impaired.

The Group considers the past default experience of the debtor, general economic conditions of the industry in which the debtors operate, the value of collateral and an assessment of both the current as well as the forecast directions of conditions as at the reporting date.

The management reviews the individual outstanding loans at least semi-annually or more regularly when individual circumstances required. Collectively assessment on loss allowance for loans to customers are provided for portfolios of loans to customers with homogenous collateral type while individually assessment on loss allowance for loans to customers are determined by an evaluation of the incurred loss on a case-by-case basis.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 21. LOANS TO CUSTOMERS *(Continued)*

Movements of loss allowance for ECL on loans to customers under HKFRS 9 are as follows:

	Lifetime ECL – not credit- impaired HK\$'000	Lifetime ECL – credit- impaired HK\$'000	Total HK\$'000
As at 1 January 2023	10,881	99,083	109,964
Changes in the loss allowance:			
Transferred to Lifetime ECL – credit-impaired	(730)	730	–
Charged to profit or loss	2,275	332	2,607
Exchange realignments	(300)	(2,665)	(2,965)
As at 31 December 2023 and 1 January 2024	<b>12,126</b>	<b>97,480</b>	<b>109,606</b>
Changes in the loss allowance:			
Transferred to Lifetime ECL – credit-impaired	<b>(4,996)</b>	<b>4,996</b>	–
(Credited)/Charged to profit or loss	<b>(3,262)</b>	<b>8,519</b>	<b>5,257</b>
Disposal	–	<b>(6,132)</b>	<b>(6,132)</b>
Exchange realignments	<b>(237)</b>	<b>(3,388)</b>	<b>(3,625)</b>
<b>As at 31 December 2024</b>	<b>3,631</b>	<b>101,475</b>	<b>105,106</b>

Specifically, in estimating the amount of ECL, the management uses various approaches taking into account (i) ageing of the Group's loans to customers based on the categories as described above and (ii) the difference between the effective interest rate charged by the Group to the borrowers, which in the opinion of the management, reflects the market borrowing rate of the respective borrowers and the rate that the Group would charge to borrowers with low credit risk, which the management believes that the difference best reflects the Group's exposure credit risk. The Group also takes into account forward-looking information, e.g. the industry and business environment, etc.. The Group has recognised loss allowance for ECL, representing approximately 68.3% (2023: approximately 55.0%) of the gross carrying amount, against all loans to customers as at 31 December 2024.

The Group's loss allowance for ECL on loans to customers may also take into account the subsequent settlement, certain collateral valuation and the management's judgement on the marketability of the collateral properties and customers' capability of payment.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 21. LOANS TO CUSTOMERS *(Continued)*

The information about the exposure to credit risk and ECL for loans to customers using a provision matrix is summarised below:

As at 31 December 2024	Expected loss rate %	Gross carrying amount HK\$'000	Loss allowance HK\$'000	Net carrying amount HK\$'000
Not credit-impaired				
Collaterals-backed:				
– Real estates	8.50	33,831	(2,876)	30,955
Unsecured personal loans	10.57	7,142	(755)	6,387
	8.86	40,973	(3,631)	37,342
Credit-impaired				
Collaterals-backed:				
– Real estates	62.49	26,363	(16,474)	9,889
– Equity interests	99.41	12,250	(12,178)	72
– Movable assets				
– Inventories	99.40	61,117	(60,749)	368
Guaranteed	91.56	13,187	(12,074)	1,113
	89.87	112,917	(101,475)	11,442
	68.30	153,890	(105,106)	48,784

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 21. LOANS TO CUSTOMERS *(Continued)*

As at 31 December 2023	Expected loss rate %	Gross carrying amount HK\$'000	Loss allowance HK\$'000	Net carrying amount HK\$'000
Not credit-impaired				
Collaterals-backed:				
– Real estates	9.03	76,560	(6,913)	69,647
– Movable assets				
– Inventories	16.93	5,180	(877)	4,303
Guaranteed	38.49	11,264	(4,336)	6,928
	13.04	93,004	(12,126)	80,878
Credit-impaired				
Collaterals-backed:				
– Real estates	64.36	19,412	(12,494)	6,918
– Equity interests	94.26	15,988	(15,070)	918
– Movable assets				
– Inventories	98.92	67,118	(66,391)	727
Guaranteed	89.99	3,917	(3,525)	392
	91.59	106,435	(97,480)	8,955
	54.96	199,439	(109,606)	89,833

The increase in the weighted average rate of ECL from approximately 54.96% to 68.30% was mainly driven by (i) the deterioration of the customers' ageing which resulted in changes of risk category classification of certain balances; and (ii) the decline of the expected recoverable value of collaterals and guarantees which was resulted from the increase in costs and efforts of their realisation as a result of the unfavourable economic environment, including the weakened global economy and uncertainties arising from the rising tensions between the PRC and the United States of America.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 21. LOANS TO CUSTOMERS *(Continued)*

The analysis of credit-impaired loans of the Group was as follows:

As at 31 December 2024	Gross carrying amount HK\$'000	Loss allowance for ECL HK\$'000	Net carrying amount HK\$'000	Type of collaterals
Pawn loans	77,093	(75,000)	2,093	Real estates, equity interests and movable assets
Micro-credit loans	30,181	(21,479)	8,702	Real estates and guaranteed
Distressed debt assets (Note)	5,643	(4,996)	647	Real estates
	112,917	(101,475)	11,442	
As at 31 December 2023	Gross carrying amount HK\$'000	Loss allowance for ECL HK\$'000	Net carrying amount HK\$'000	Type of collaterals
Pawn loans	92,974	(86,905)	6,069	Real estates, equity interests and movable assets
Micro-credit loans	7,620	(5,550)	2,070	Real estates and guaranteed
Distressed debt assets (Note)	5,841	(5,025)	816	Real estates
	106,435	(97,480)	8,955	

Note: The aggregate face value of the distressed debt assets is approximately HK\$6,104,000 as at 31 December 2024 (2023: approximately HK\$6,319,000).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 21. LOANS TO CUSTOMERS *(Continued)*

The fair value of real estates held against the credit-impaired loans as at 31 December 2024 and 2023 were estimated by the management based on the latest external valuation where available adjusted in light of the discount and time required to convert the real estates into cash.

The management estimated the fair value of the remaining collaterals and guaranteed other than the real estates held against the credit-impaired loans abovementioned as at 31 December 2024 and 2023 were insignificant.

Further information about the loans to customers and the Group's exposures to credit risk and interest rate risk is set out in Note 32 to the consolidated financial statements.

The Group has commenced legal action against 27 customers (2023: 20 customers) in respect of the overdue repayment of principal and interest receivables of an aggregate amount of approximately HK\$98,724,000 (2023: approximately HK\$88,032,000) as at 31 December 2024. The management after taking the legal advice into consideration was of the view that the balances could be partially recovered by way of enforcement means within specified period (maximum period of not more than 7 years for any circumstances) according to the Civil Proceeding Law of the PRC. The pledged property of the customer will be proceeded for auctioned for the repayment of overdue principal and interest receivables through legal proceeding, in the event that the Group has successfully acquired the pledged asset, it will be recognised as repossessed assets (Note 17).

## 22. CASH AND CASH EQUIVALENTS

	2024 HK\$'000	2023 HK\$'000
Cash and cash equivalents, represented by bank balances and cash, were denominated in:		
HK\$	11,304	407
RMB	60,939	92,776
	<b>72,243</b>	93,183

Cash at banks earn interest at floating rates based on daily bank deposit rates.

As at 31 December 2024, the Group has cash and cash equivalents denominated in RMB amounting to approximately RMB57,279,000 (equivalent to HK\$60,939,000) (2023: approximately RMB84,242,000 (equivalent to HK\$92,776,000)) and were kept in the PRC. RMB is not freely convertible into other currencies and the remittance of funds out of the PRC is subject to exchange restrictions imposed by the PRC government.

## 23. AMOUNT DUE TO DIRECTORS

The amount due to directors were unsecured, interest free and repayable on demand.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 24. PROMISSORY NOTES

	Notes	2024 HK\$'000	2023 HK\$'000
At the beginning of the reporting period		13,660	–
Issued during the year	(i), (ii)	71,332	13,639
Effective interest expenses		2,919	21
Interest payments	(iii)	(366)	–
Early redemption	(ii)	(8,507)	–
Repayment	(iii)	(3,234)	–
Settlement of matured promissory notes by issuance of new promissory notes	(i)	(2,000)	–
Carrying value at the end of the reporting period		73,804	13,660
Face value at the end of the reporting period		72,385	13,650
Analysed as:			
Non-current liabilities		6,891	–
Current liabilities		66,913	13,660
		73,804	13,660

Notes:

- (i) The Company has redeemed the remaining promissory notes with the principal amount of HK\$2,000,000, pursuant to which the Company issued a new promissory note with principal amount of HK\$2,000,000 which will mature on 23 December 2025. The promissory note is repayable in one year with an interest of 7% per annum payable semi-annually. The carrying values of the promissory notes were approximately HK\$1,940,000 and a gain on settlement of matured promissory note by issuance of new promissory notes of approximately HK\$60,000 was recognised to profit or loss for the year ended 31 December 2024. The effective interest rate of the promissory note was determined to be approximately 10.48% per annum on 23 December 2024. The promissory note was classified under current liabilities and measured at amortised cost.

On 5 August 2024, the Company entered into an agreement with a holder of the New 2023 CB, pursuant to which the Company issued a new promissory note (which will mature on 4 August 2026) with principal amount of HK\$6,720,000 to settle the outstanding principal amount of HK\$6,400,000 with redemption premium of HK\$320,000 of the New 2023 CB, which was matured on 5 August 2024. The promissory note is repayable in two years with an interest of 8% per annum payable semi-annually. The effective interest rate of the promissory note was determined to be approximately 8.66% per annum on 5 August 2024. The promissory note was classified under non-current liabilities and measured at amortised cost.

On 5 August 2024, the Company entered into an agreement with a holder of the New 2023 CB, pursuant to which the Company issued a new promissory note (which will mature on 31 December 2025) with principal amount of HK\$63,664,650 to settle the outstanding principal amount of HK\$60,633,000 with redemption premium of HK\$3,031,650 of the New 2023 CB, which was matured on 5 August 2024. The promissory note is repayable in approximately one year five months with an interest of 8% per annum payable at maturity. The effective interest rate of the promissory note was determined to be approximately 9.03% per annum on 5 August 2024. The promissory note was classified under current liabilities and measured at amortised cost.

- (ii) On 24 December 2023, the Company entered into an agreement with a holder of the New 2022 CB, pursuant to which the Company issued a promissory note (which was matured on 23 December 2024) with principal amount of HK\$13,650,000 to settle the outstanding principal amount of HK\$13,000,000 with redemption premium of HK\$650,000 of the New 2022 CB, which was matured on 24 December 2023. The promissory note is repayable in one year with an interest of 7% per annum payable semi-annually. The effective interest rate of the promissory note was determined to be approximately 7.21% per annum on 24 December 2023. The promissory note was classified under current liabilities and measured at amortised cost.

On 6 February 2024 and 17 April 2024, the Company has entered redemption agreements with a holder of promissory notes to early redeem promissory notes with aggregate principal amount of HK\$8,416,000 by cash settlement at consideration of HK\$8,416,000. Upon completion of the redemption, the remaining outstanding principal of promissory notes is HK\$5,234,000. The carrying values of the promissory notes redeemed were approximately HK\$8,507,000 and a gain on early redemption of approximately HK\$91,000 was recognised to profit or loss for the year ended 31 December 2024.

- (iii) On 23 December 2024, the Company redeemed promissory notes with a partial principal amount of HK\$3,234,000 and settled accrued interests of approximately HK\$366,000 through a cash settlement during the year.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 25. CONVERTIBLE BONDS

As part of the acquisition consideration upon the completion of the Group's acquisition of Prima Finance and Sunny Bridge and its subsidiaries in 2014, the Company had issued zero-coupon convertible bonds with the principal amount of HK\$420,200,000 ("**2019 CB**") as part of the Initial Consideration (as defined in Annual Report 2015) to Exuberant Global Limited, Bustling Capital Limited and Time Prestige Holding Limited (collectively, the "**Vendors**") of Prima Finance and Sunny Bridge and its subsidiaries. In 2015, the Company issued zero-coupon convertible bonds in the principal amount of HK\$236,000,000 ("**2020 CB**") to the Vendors.

Principal terms of convertible bonds as below:

Principal amount:	HK\$656,200,000
Interest:	Non-interest bearing
Maturity:	5 years from the date of issue (i.e. 24 June 2019 and 5 February 2020)
Security:	Unsecured
Conversion right:	The holder(s) of the convertible bonds shall have the rights to convert the whole or the part (in multiples of HK\$1,000,000) of the outstanding principal amount of the convertible bonds into the ordinary share(s) of the Company at any time up to the seventh day prior to the maturity date of the convertible bonds.
Conversion restriction:	The holder(s) of the convertible bonds shall not have the right to convert the convertible bonds to the extent that immediately after such conversion (i) there will not be sufficient public float of the shares of the Company as required under the GEM Listing Rules; or (ii) the holder of the convertible bonds together with parties acting in concert with it will, in aggregate, control or be interested in 30% or such percentage of the voting rights of the Company which the holder of the convertible bonds would be obliged to make a general offer under the Takeovers Code.
Conversion price:	HK\$0.35 per ordinary share of the Company, subject to anti-dilutive adjustments
Redemption:	Unless previously converted, the Company shall pay 105% of the outstanding principal amount under the convertible bonds to the holder(s) of the convertible bonds on the maturity date of the convertible bonds.
Voting rights	The convertible bonds shall not carry any voting rights.

On 13 April 2015, the holders of 2019 CB exercised his rights to convert the zero-coupon convertible bonds with the principal amount of HK\$33,000,000 into new ordinary shares of the Company.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 25. CONVERTIBLE BONDS *(Continued)*

On 9 January 2017, the holder of 2020 CB exercised his rights to convert the zero-coupon convertible bonds with the principal amount of HK\$42,000,000 into new ordinary shares of the Company.

On 20 February 2019, the Company executed the amendment deeds, to extend the maturity date of the 2019 CB by 3 years from 24 June 2019 to 24 June 2022 ("**2022 CB**"), and the 2020 CB by 3 years from 5 February 2020 to 5 February 2023 ("**2023 CB**") (together referred to the "**Alteration**"). Save for the aforesaid Alteration, all other terms and condition of the 2019 CB and the 2020 CB shall remain unchanged.

Pursuant to Rule 34.05 of the GEM Listing Rules, any alteration in the terms of convertible debt securities after issue must be approved by the Stock Exchange, except where the alteration takes effect automatically under the existing terms of such convertible debt securities. The Company has obtained the approval of the Alteration from the Stock Exchange on 2 May 2019, which is subject to (i) shareholders' approval on the amendment deeds; and (ii) fulfillment of all other conditions of the amendment deeds.

The amendment deeds and transactions contemplated thereunder are considered to be connected transactions of the Company which are subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules. As disclosed in the announcement of the Company dated 7 May 2019, the Company has obtained the approval from independent shareholders on the amendment deeds and transactions contemplated thereunder at the special general meeting held on 7 May 2019.

Details of the Alteration are set out in the Company's announcements dated 20 February 2019 and 7 May 2019, and the circular of the Company dated 30 March 2019.

The conversion price of the convertible bonds as at 31 December 2020 is adjusted from HK\$0.35 per ordinary share to HK\$1.75 per ordinary share after taking into account the effect of the share consolidation with effective on 8 April 2020.

During the year ended 31 December 2020, the Company and the holder of 2022 CB entered into redemption agreements, to early redeem the zero-coupon convertible bonds with aggregate principal amount of HK\$98,851,000 by cash settlement of approximately HK\$85,324,000. The redemption prices were allocated to the liability component and the equity component on the same basis as used in the allocation of the fair value of 2022 CB at initial recognition. At the date of redemption, a deemed capital contribution, representing the differences between the redemption prices allocated to the liability component and the carrying amount of the liability component, of approximately HK\$2,136,000 and the redemption prices allocated to the equity component of approximately HK\$1,889,000 were recognised in equity. Upon the redemption of 2022 CB, the remaining amount of the convertible bonds reserve attributable to the redeemed 2022 CB of approximately HK\$193,000 was transferred to accumulated losses.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 25. CONVERTIBLE BONDS *(Continued)*

During the year ended 31 December 2021, the Company has entered redemption agreements with several holders of 2022 CB to early redeem the zero-coupon convertible bonds with aggregate principal amount of HK\$188,509,000 by cash settlement of approximately HK\$180,823,000. The redemption prices were allocated to the liability component and the equity component on the same basis as used in the allocation of the fair value of 2022 CB at initial recognition. At the date of redemption, a deemed capital contribution and gain on early redemption recognised in profit or loss, representing the differences between the redemption prices allocated to the liability component and the carrying amount of the liability component, of approximately HK\$4,002,000 and approximately HK\$126,000, respectively, and the redemption prices allocated to the equity component of approximately HK\$4,004,000 were recognised in equity. Upon the redemption of 2022 CB, the remaining amount of the convertible bonds reserve attributable to the redeemed 2022 CB of approximately HK\$769,000 was transferred to accumulated losses.

On 6 January 2022, the Company has entered a redemption agreement with a holder of 2023 CB to early redeem the zero-coupon convertible bonds with principal amount of HK\$8,600,000 by cash settlement of HK\$8,000,000. The redemption prices were allocated to the liability component and the equity component on the same basis as used in the allocation of the fair value of 2023 CB at initial recognition. At the date of redemption, a settlement gain on early redemption, representing the differences between the redemption prices allocated to the liability component and the carrying amount of the liability component, of approximately HK\$303,000 and the redemption prices allocated to the equity component of approximately HK\$245,000 were recognised in profit or loss and equity, respectively. Upon the redemption of 2023 CB, the remaining amount of the convertible bonds reserve attributable to the redeemed 2023 CB of approximately HK\$52,000 was transferred to accumulated losses.

On 24 June 2022, the remaining 2022 CB became mature and was no longer convertible into shares of the Company. Therefore, 2022 CB in an aggregate principal amount of HK\$99,840,000 and accrued interest of approximately HK\$4,992,000 were reclassified as bond payables which included in "Accrued expenses, other payables and deposits received", and the remaining amount of convertible bonds reserve attributable to 2022 CB of approximately HK\$1,713,000 was transferred to accumulated losses.

On 21 July 2022, the Company issued 2 series of zero-coupon convertible bonds as all conditions precedent set out in each of the convertible bonds subscription agreements had been fulfilled, with respective principal amounts of HK\$99,840,000 due on 24 December 2023 ("**New 2022 CB**") and HK\$185,400,000 due on 5 August 2024 ("**New 2023 CB**"). The conversion price of each of New 2022 CB and New 2023 CB is HK\$0.05 per ordinary share. The New 2022 CB and New 2023 CB were issued to settle the outstanding principal amounts of 2022 CB and 2023 CB, respectively (together referred to the "**Setting Off**"). After the issuance of New 2022 CB and New 2023 CB, the contractual obligations associated with 2022 CB and 2023 CB were discharged. The Setting Off is based on the terms of 2022 CB and 2023 CB, which allows early repurchase by the Company and is essentially an early redemption of 2022 CB and 2023 CB and there is no alternation of the terms to 2022 CB and 2023 CB except for the new conversion price and maturity dates of New 2022 CB and New 2023 CB.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 25. CONVERTIBLE BONDS *(Continued)*

Principal terms of convertible bonds as below:

Principal amount:	New 2022 CB: HK\$99,840,000 New 2023 CB: HK\$185,400,000
Interest:	Non-interest bearing
Maturity:	New 2022 CB: 24 December 2023 New 2023 CB: 5 August 2024
Security:	Unsecured
Conversion right:	The holder(s) of the convertible bonds shall have the rights to convert the whole or the part (in multiples of HK\$1,000,000) of the outstanding principal amount of the convertible bonds into the ordinary share(s) of the Company at any time up to the seventh day prior to the maturity date of the convertible bonds.
Conversion restriction:	The holder(s) of the convertible bonds shall not have the right to convert the convertible bonds to the extent that immediately after such conversion (i) there will not be sufficient public float of the shares of the Company as required under the GEM Listing Rules; or (ii) the holder of the convertible bonds together with parties acting in concert with it will, in aggregate, control or be interested in 30% or such percentage of the voting rights of the Company which the holder of the convertible bonds would be obliged to make a general offer under the Takeovers Code.
Conversion price:	HK\$0.05 per ordinary share of the Company, subject to anti-dilutive adjustments
Redemption:	Unless previously converted, the Company shall pay 105% of the outstanding principal amount under the convertible bonds to the holder(s) of the convertible bonds on the maturity date of the convertible bonds.
Voting rights:	The convertible bonds shall not carry any voting rights.

As the discounted present value of the cash flows under the new terms, including any fees paid and discounted using the original effective interest rate, was more than 10% different from the discounted present value of the remaining cash flows of the financial liability, the directors of the Company consider the Setting Off constituted a significant modification and was accounted for as an extinguishment of the bond payables and the liability component of 2023 CB and the recognition of new financial liabilities of New 2022 CB and New 2023 CB.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 25. CONVERTIBLE BONDS *(Continued)*

The Group recognised a gain on extinguishment of bond payables and liability component of convertible bonds of approximately HK\$26,944,000 in profit or loss on 21 July 2022. As certain bond payables are entered with a shareholder of the Company, a deemed capital contribution of approximately HK\$13,006,000 was recognised in equity at the date of issuance of New 2022 CB.

The balance of the convertible bonds reserve for 2023 CB of approximately HK\$4,141,000 was transferred from the convertible bonds reserve to accumulated losses.

The recognition of New 2022 CB and New 2023 CB had accounted for approximately HK\$33,357,000 and approximately HK\$248,648,000 in the convertible bonds reserve and liability component of convertible bonds, respectively. The extinguishment of the bond payables (upon mature of 2022 CB) and 2023 CB resulted in the setting off of bond payables and liability component of 2023 CB of approximately HK\$104,832,000 and approximately HK\$183,766,000, respectively.

During the year ended 31 December 2022, the Company has entered redemption agreements with several holders of New 2022 CB and New 2023 CB to early redeem the zero-coupon convertible bonds with principal amount of HK\$39,006,000 and HK\$46,165,000, respectively, by cash settlement of approximately HK\$76,122,000. The redemption prices were allocated to the liability component and the equity component on the same basis as used in the allocation of the fair value of New 2022 CB and New 2023 CB at initial recognition. At the date of redemption, a deemed capital contribution and gain on early redemption recognised in profit or loss, representing the differences between the redemption prices allocated to the liability component and the carrying amount of the liability component, of approximately HK\$4,742,000 and approximately HK\$4,887,000, respectively, and the redemption prices allocated to the equity component of approximately HK\$9,155,000 were recognised in equity. Upon the redemption of New 2022 CB and New 2023 CB, the remaining amount of the convertible bonds reserve attributable to the redeemed New 2022 CB and New 2023 CB of approximately HK\$1,084,000 was transferred from accumulated losses.

On 22 December 2022, the holder of New 2022 CB exercised his right to convert the zero-coupon convertible bonds with the principal amount of HK\$7,500,000 into new ordinary shares of the Company.

On 31 January 2023, the New 2022 CB at a conversion price of HK\$0.05 per share with principal amount of HK\$5,000,000 had been converted into 100,000,000 new ordinary shares of the Company.

On 23 February 2023, the conversion price of New 2022 CB and New 2023 CB is adjusted from HK\$0.05 per ordinary share to HK\$1.00 per ordinary share after taking into account the effect of the Share Consolidation under Capital Reorganisation.

On 13 April 2023, the New 2022 CB at a conversion price of HK\$1 per share with principal amount of HK\$5,000,000 had been converted into 5,000,000 new ordinary shares of the Company.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 25. CONVERTIBLE BONDS *(Continued)*

During the year ended 31 December 2023, the Company has entered redemption agreements with several holders of New 2022 CB and New 2023 CB to early redeem the zero-coupon convertible bonds with principal amount of HK\$30,334,000 and HK\$37,962,000, respectively, by cash settlement of approximately HK\$65,540,000. The redemption prices were allocated to the liability component and the equity component on the same basis as used in the allocation of the fair value of New 2022 CB and New 2023 CB at initial recognition. At the date of redemption, gain on early redemption, representing the differences between the redemption prices allocated to the liability component and the carrying amount of the liability component, of approximately HK\$9,184,000, and the redemption prices allocated to the equity component of approximately HK\$7,869,000 were recognised in profit or loss and equity, respectively. Upon the redemption of New 2022 CB and New 2023 CB, the remaining amount of the convertible bonds reserve attributable to the redeemed New 2022 CB and New 2023 CB of approximately HK\$313,000 was transferred from accumulated losses.

On 24 December 2023, the New 2022 CB (which was matured on 24 December 2023) with outstanding principal amount of HK\$13,000,000 and redemption premium of HK\$650,000 were settled by issuing a promissory note with a principal amount of HK\$13,650,000. A gain on settlement, representing the difference between the fair value and the carrying amount of the promissory note, of approximately HK\$11,000 was recognised in profit or loss. The remaining amount of convertible bonds reserve attributable to New 2022 CB of approximately HK\$1,776,000 was transferred from accumulated losses.

During the year ended 31 December 2024, the Company has entered redemption agreements with several holders of New 2023 CB to early redeem the zero-coupon convertible bonds with principal amount of HK\$34,240,000, respectively, by cash settlement of approximately HK\$34,041,000. The redemption prices were allocated to the liability component and the equity component on the same basis as used in the allocation of the fair value of New 2023 CB at initial recognition. At the date of redemption, gain on early redemption, representing the differences between the redemption prices allocated to the liability component and the carrying amount of the liability component, of approximately HK\$3,099,000, and the redemption prices allocated to the equity component of approximately HK\$2,259,000 were recognised in profit or loss and equity, respectively.

On 5 August 2024, the New 2023 CB (which was matured on 5 August 2024) with outstanding principal amount in total of HK\$60,633,000 and redemption premium of HK\$3,031,650 and were settled by issuing a promissory note with a principal amount of HK\$63,664,650. A gain on settlement, representing the difference between the fair value and the carrying amount of the promissory note, of approximately HK\$935,000 was recognised in profit or loss. The remaining amount of convertible bonds reserve attributable to New 2023 CB of approximately HK\$7,128,000 was transferred from accumulated losses.

On 5 August 2024, the New 2023 CB (which was matured on 5 August 2024) with outstanding principal amount in total of HK\$6,400,000 and redemption premium of HK\$320,000 and were settled by issuing a promissory note with a principal amount of HK\$6,720,000. A gain on settlement, representing the difference between the fair value and the carrying amount of the promissory note, of approximately HK\$57,000 was recognised in profit or loss. The remaining amount of convertible bonds reserve attributable to New 2023 CB of approximately HK\$1,382,000 was transferred from accumulated losses.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 25. CONVERTIBLE BONDS *(Continued)*

The conversion option of the convertible bonds is accounted for as equity instrument and is determined after deducting the fair value of the liability component from the total fair value amount of the convertible bonds at the date of issuance. The residual amount represents the value of the conversion option, which is credited directly to equity as convertible bonds reserve of the Company and the Group.

The liability component of the convertible bonds is carried as a current or non-current liability, as appropriate, on the amortised cost basis until extinguished on conversion or redemption.

The effective interest rate of the liability component on initial recognition and the subsequent measure of interest expense on New 2022 CB and New 2023 CB is calculated using effective interest rate ranging from 10.67% to 10.95% per annum.

The movements of above-mentioned convertible bonds were as follows:

	2024 HK\$'000	2023 HK\$'000
<b>Equity component</b>		
At the beginning of the reporting period	10,769	22,093
Redemption of New 2022 CB and New 2023 CB	(8,510)	(1,776)
Early redemption of New 2022 CB and New 2023 CB	(2,259)	(8,182)
Conversion of New 2022 CB	–	(1,366)
At the end of the reporting period	–	10,769
<b>Liability component</b>		
At the beginning of the reporting period	100,136	174,987
Redemption of New 2022 CB and New 2023 CB	(84,035)	(13,650)
Effective interest expenses of New 2022 CB and New 2023 CB	5,130	15,320
Early redemption of New 2022 CB and New 2023 CB	(21,231)	(66,855)
Conversion of New 2022 CB	–	(9,666)
At the end of the reporting period	–	100,136
<b>Analysed for reporting as:</b>		
Current liabilities	–	100,136
Face value at the end of the reporting period	–	101,273

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 26.DEFERRED TAX ASSETS

The movements in the Group's deferred tax assets were as follows:

	Notes	Loss allowance for ECL HK\$'000
As at 1 January 2023		27,571
Credited to profit or loss	9	1,084
Exchange realignments		(746)
As at 31 December 2023 and 1 January 2024		27,909
<b>Charged to profit or loss</b>	9	<b>(283)</b>
<b>Exchange realignments</b>		<b>(970)</b>
<b>As at 31 December 2024</b>		<b>26,656</b>

As at 31 December 2024 and 2023, the Group has recognised the deferred tax assets in respect of the loss allowance for ECL as it is probable that the future profits will be available for offsetting against which the deductible temporary differences can be utilised.

As at 31 December 2024, certain subsidiaries of the Company incorporated in Hong Kong and the PRC have estimated unused tax losses of approximately HK\$33,143,000 and HK\$10,222,000, respectively, (2023: approximately HK\$29,565,000 and HK\$5,731,000, respectively) available for offsetting against future profits, which are subject to the agreement from the tax authority. No deferred tax asset has been recognised in respect of the above tax losses due to the uncertainty over the availability of future profit streams of these subsidiaries. Such losses may be carried forward indefinitely.

At the end of the reporting period, the Group has the following tax losses arising in the PRC that can be offset against future taxable profits of the respective subsidiaries for a maximum of 5 years from the year in which the tax loss was incurred:

	2024 HK\$'000	2023 HK\$'000
Year of expiry		
2024	–	110
2025	364	377
2026	959	992
2027	103	107
2028	4,276	4,145
2029	4,520	–
	<b>10,222</b>	<b>5,731</b>

As at 31 December 2024 and 2023, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings of the Group's subsidiaries established in the PRC. In the opinion of the directors of the Company, having considered the future funding requirements of the Group's subsidiaries established in the PRC, it is probable that the earnings will not be distributed in the foreseeable future. Unremitted earnings amounted to approximately HK\$49,464,000 (2023: approximately HK\$93,153,000) as at 31 December 2024.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 27.SHARE CAPITAL

	Notes	Number of shares '000	Amount HK\$'000
<b>Authorised:</b>			
As at 1 January 2023, ordinary shares of HK\$0.05 each		20,000,000	1,000,000
Decrease in number of authorised shares upon			
Share Consolidation	(a)(i)	(19,000,000)	–
Increase in number of authorised shares upon			
Share Sub-division	(a)(iii)	99,000,000	–
As at 31 December 2023, 1 January 2024 and 31 December 2024, ordinary shares of HK\$0.01 each		<b>100,000,000</b>	<b>1,000,000</b>
<b>Issued and fully paid:</b>			
As at 1 January 2023, ordinary shares of HK\$0.05 each		1,161,829	58,091
Shares issued upon conversion of convertible bonds before Capital Reorganisation (Note 25)	(b)	100,000	5,000
Decrease in number of shares upon Share Consolidation	(a)(i)	(1,198,738)	–
Decrease in share capital upon Capital Reduction	(a)(ii)	–	(62,460)
Shares issued upon conversion of convertible bonds after Capital Reorganisation (Note 25)	(c)	5,000	50
Issue of new shares upon placing	(d)	10,110	101
As at 31 December 2023 and 1 January 2024, ordinary shares of HK\$0.01 each		<b>78,201</b>	<b>782</b>
Issue of new shares upon placing	(e)	<b>15,640</b>	<b>156</b>
As at 31 December 2024, ordinary shares of HK\$0.01 each		<b>93,841</b>	<b>938</b>



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 27.SHARE CAPITAL *(Continued)*

Notes:

- (a) On 19 December 2022, the Board proposes to implement the capital reorganisation (the “**Capital Reorganisation**”) involving:
  - (i) every twenty (20) Existing Shares be consolidated into one (1) consolidated share (the “**Share Consolidation**”);
  - (ii) the issued share capital of the Company be reduced by cancelling paid up capital of the Company to the extent of HK\$0.99 on each of the then consolidated shares such that the par value of each issued consolidated share will be reduced from HK\$1.0 to HK\$0.01 (the “**Capital Reduction**”); and
  - (iii) each authorised but unissued consolidated share of HK\$1.00 (including the unissued shares arising from the Capital Reduction) be sub-divided into 100 new shares of HK\$0.01 each (the “**Share Sub-division**”).

On 21 February 2023, the proposed Capital Reorganisation was passed and approved as an special resolution by the shareholders of the Company at the special general meeting, the authorised share capital of the Company changed from HK\$1,000,000,000 divided into 20,000,000,000 ordinary shares of HK\$0.05 each to HK\$1,000,000,000 divided into 100,000,000,000 ordinary shares of HK\$0.01 each while the shares in issue changed accordingly after the Capital Reorganisation which has become effective on 23 February 2023. All the credits of approximately HK\$62,460,000 arising from the capital reduction were transferred to the contributed surplus account of the Company.

- (b) On 31 January 2023, convertible bonds with principal amount of HK\$5,000,000 have been converted into 100,000,000 new ordinary shares (before Capital Reorganisation) of the Company at a conversion price of HK\$0.05 per share.
- (c) On 13 April 2023, convertible bonds with principal amount of HK\$5,000,000 have been converted into 5,000,000 new ordinary shares (after Capital Reorganisation) of the Company at a conversion price of HK\$1 per share.
- (d) On 5 May 2023, the Company and a placing agent entered into a placing agreement to subscribe for up to 10,110,000 ordinary shares at the placing price of HK\$0.42 per share. The new shares were issued under the general mandate granted to the Directors pursuant to an ordinary resolution of the Company passed at the annual general meeting held on 6 May 2022. The 10,110,000 new ordinary shares, with par value of HK\$0.01 each, were placed to not less than six independent placees on 24 May 2023 with gross proceeds of approximately HK\$4,246,000. The amount of approximately HK\$4,018,000, which represented the premium on the issue of shares of approximately HK\$4,145,000, net of share issue expenses of approximately HK\$127,000, was credited to the Company's share premium accounts.
- (e) On 28 February 2024, the Company and a placing agent entered into a placing agreement to subscribe for up to 15,640,000 ordinary shares at the placing price of HK\$0.5 per share. The new shares were issued under the general mandate granted to the Directors pursuant to an ordinary resolution of the Company passed at the annual general meeting held on 28 June 2023. The 15,640,000 new ordinary shares, with par value of HK\$0.01 each, were placed to not less than six independent placees on 14 March 2024 with gross proceeds of approximately HK\$7,820,000. The amount of approximately HK\$7,355,000, which represented the premium on the issue of shares of approximately HK\$7,664,000, net of share issue expenses of approximately HK\$309,000, was credited to the Company's share premium accounts.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 28. RESERVES

Details of the movements on the Group's reserves are as set out in the consolidated statement of changes in equity.

(i) *Share premium*

The balance represents the premium arising from the issue of the Company's shares at a price in excess of their par value per share.

(ii) *Contributed surplus and capital reserve*

The contributed surplus represents the remaining credit balance pursuant to the Group's capital reorganisation that took place in current/prior years. The capital reserve of the Group represents the contributions from owners of the Company for modification of terms, partial waiver and early redemption of the convertible bonds held thereby that took place in prior years.

(iii) *Exchange reserve*

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations.

(iv) *Convertible bonds reserve*

The convertible bonds reserve represents the equity component (conversion right) of the convertible bonds issued (Note 25).

(v) *Statutory reserve*

In accordance with the relevant laws and regulations in the PRC and the relevant articles of association of the group entities incorporated in the PRC (the "**PRC Subsidiaries**"), it is required to appropriate 10% of the annual statutory net profits of the PRC Subsidiaries, after offsetting any prior years' losses as determined under the PRC accounting standards, to the statutory surplus reserve fund before distributing the net profit. When the balance of the statutory surplus reserve fund reaches 50% of the paid-up capital of the PRC subsidiaries, any further appropriation is at the discretion of shareholders. The statutory surplus reserve fund can be used to offset prior years' losses, if any, and may be converted into paid-up capital provided that the remaining balance of the statutory surplus reserve fund after such conversion is no less than 25% of the paid-up capital.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 29.SHARE OPTION SCHEME

The following is a summary of principal terms of the share option scheme of the Company (the “**Share Option Scheme**”) adopted by the Shareholders at the annual general meeting of the Company held on 18 June 2024 (the “**Adoption Date**”). The terms of the Share Option Scheme are in accordance with the provisions of Chapter 23 of the GEM Listing Rules.

### *(a) Purpose of the Share Option Scheme*

The purpose of the Share Option Scheme is to enable the Group to grant options to the eligible participants as to recognise and motivate the contribution and potential future contribution of grantees by providing them the opportunity to acquire equity interests in the Company, motivate and give them additional incentive to optimise their valuable contributions towards the Group’s continued growth and success, attract and retain high-calibre personnel to strive for long term development of the Group.

### *(b) Eligible Participants of the Share Option Scheme*

The Board may, at its absolute discretion, grant (i) all directors (whether executive or non-executive and whether independent or not), any employee (whether full-time or part-time) of the Group, (ii) director(s) and employee(s) (whether full-time or part-time) of the holding companies, fellow subsidiaries or associated companies of the Company, and (iii) service provider(s) who provide services to any member of the Group on a continuing or recurring basis in its ordinary and usual course of business which are in the interests of the long-term growth of the Group, which refer to any consultants who provide advisory services, consultancy services and/or other professional services to the Group.

### *(c) Total number of shares available for issue under the Share Option Scheme*

The total number of shares which may be allotted and issued upon exercise of all options to be granted under the Share Option Scheme and any other share option scheme of the Company must not in aggregate exceed 10% (the “**Scheme Mandate Limit**”) of the total number of shares in issue on the Adoption Date unless the Company obtains a fresh approval from its shareholders.

Within the Scheme Mandate Limit, the total number of shares which may be issued in respect of all options and awards to be granted under the Share Option Scheme and any other share scheme(s) of the Company to service providers shall not exceed such number of shares as equals 1% of the shares in issue as at the Adoption Date (the “**Service Provider Sublimit**”).

As at the date of this annual report, the number of options available for issue under the Share Option Scheme and any other share scheme(s) of the Company is 9,384,146 Shares, representing 10% of the total number of Shares in issue. The outstanding number of options available for issue under the Share Option Scheme and any other share scheme(s) of the Company is 938,414 Shares, representing 1% of the total number of Shares in issue.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 29.SHARE OPTION SCHEME *(Continued)*

### *(d) The Maximum Entitlement of Each Participant under the Share Option Scheme*

The total number of shares issued and to be issued upon exercise of options granted to each participant (including both exercised and outstanding options) under the Share Option Scheme, in any 12-month period up to the date of grant shall not in aggregate over 1% of the total number of Shares in issue.

Where the Board of Directors (the “**Board**”) proposes to grant any option to a participant who is a substantial shareholder or an independent non-executive director of the Company (or its subsidiaries), or any of their respective associates, and such option which if exercised in full, would result in the Shares issued and to be issued upon exercise of all options and awards granted and to be granted pursuant to the Share Option Scheme and other share schemes of the Company (excluding any options and awards lapsed) to such participant in the 12-month period up to and including the date of such grant being proposed by the Board (the “**Relevant Date**”) representing in aggregate over 0.1% of the total issued Shares at the Relevant Date, such further grant of options must be approved by the Shareholders in a general meeting of the Company where the grantee, his associates and all core connected persons of the Company must abstain from voting in favour of the proposed grant at such general meeting as required under the GEM Listing Rules.

### *(e) Timing for Exercising Option*

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period as the Board may determine which shall not exceed ten years from the date of grant in its absolute discretion.

### *(f) Vesting Period*

The vesting period of the Options granted under the Share Option Scheme shall be determined by the Board subject to a minimum period of no less than 12 months. However, the Board (or the RC where it relates to grants of Options to an employee participant who is a Director and/or senior management of the Company) will have a discretion in allowing a shorter vesting period to an employee participant in certain circumstances as listed in the Share Option Scheme.

### *(g) Payment of Acceptance of Option*

The amount payable by the grantee of an option to the Company (which shall not be later than 21 days from the date of grant) on acceptance of the offer for the grant of an option is HK\$1.00.

### *(h) The Basis of determining the Exercise Price of Option*

The exercise price in respect of any particular option will be such price as determined by the Board in its discretion at the time of the grant of the relevant Option but in any event the exercise price shall be at least the highest of:

- a. the closing price of the Shares as stated in the daily quotations sheet issued by the Exchange on the date of grant, which must be a business day;
- b. the average of the closing price of the Shares as stated in the daily quotations sheets issued by the Exchange for the 5 consecutive Business Days immediately preceding the date of grant; and
- c. the nominal value of the Share on the date of grant.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 29.SHARE OPTION SCHEME *(Continued)*

### *(i) Duration of the Share Option Scheme*

The Share Option Scheme will remain in force for a period of ten years commencing from the Adoption Date. Accordingly, the Share Option Scheme will expire on 18 June 2034.

As at 1 January 2024 and 31 December 2024, the total number of options available for grant under the Scheme Mandate Limit and available for issue under the Share Option Scheme were 0 and 9,384,146 respectively. As at 1 January 2024 and 31 December 2024, the total number of options available for grant under the Service Provider Sublimit and available for issue under the Share Option Scheme were 0 and 938,414, respectively.

No share option was granted, outstanding, vested, lapsed, cancelled or exercised since the adoption of the Share Option Scheme and at any time during the year ended 31 December 2024 and there was no share option outstanding as at 31 December 2024.

Apart from the Share Option Scheme, the Group have no other share schemes under Chapter 23 of the GEM Listing Rules during the year ended 31 December 2024 and as at the date of this annual report.

## 30.RELATED PARTY TRANSACTIONS

Save for those transactions/information disclosed elsewhere in the consolidated financial statements, details of transactions between the Group and related parties are disclosed below.

- a. Lease payments of approximately HK\$239,000 (2023: approximately HK\$229,000) were paid to a NCI of non-wholly owned subsidiary of the Group during the year ended 31 December 2024. The lease payments were charged at approximately RMB200,000 per year with 10% increment for every 5 years from 1 September 2018 to 31 December 2034, and the future minimum lease payments under non-cancellable operating lease in respect of such property was approximately HK\$2,523,000 (2023: approximately HK\$2,854,000) as at 31 December 2024.
- b. Compensation for key management personnel, including amounts paid or payable to the Company's directors and the senior executives, was as follows:

	2024 HK\$'000	2023 HK\$'000
Salaries, bonuses, allowances and other benefits	7,066	6,861
Pension scheme contributions	357	439
	<b>7,423</b>	<b>7,300</b>

- c. In the opinion of the directors of the Company, the transaction listed above was concluded in the ordinary and usual course of business. Key management personnel are those persons holding positions with authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including the members of the board of directors and senior management of the Company.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 31. CAPITAL RISK MANAGEMENT

The Group's objective of managing capital is 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 cost of capital. The Group's overall strategy remains unchanged throughout the years.

The capital structure of the Group consists equity attributable to owners of the Company, comprising issued share capital and reserves.

The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares to reduce debts.

The Group has no plan to use special measures to adjust its gearing ratio in the foreseeable future.

## 32. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

The Group's activities expose it to a variety of financial risk and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. Taking risk is core to the Group's business, and the operational risks are inevitable consequence of being in business. The Group's aim is therefore to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Group's financial performance.

The Group's risk management policies are designed to identify and analyse these risk, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits. The Group regularly reviews its risk management policies and procedures to reflect changes in markets and products.

The directors of the Company are responsible for establishing the overall risk appetite of the Group and reviewing and approving the risk management objectives and strategies. Within this framework, the Group's senior management has overall responsibility for managing all aspects of risks including implementing risk management strategies, initiatives and credit policies and approving internal policies, measures and procedures related to risk management. The Group's relevant functional units are responsible for monitoring financial risks.

The main risks arising from the Group's financial instruments in the normal course of business are market risk (including interest rate risk and foreign currency risk), credit risk and liquidity risk.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 32. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(Continued)*

### *(a) Market risk*

#### *i. Interest rate risk*

Interest rate risk relates to the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group is exposed to cash flow interest rate risk in relation to variable-rate bank deposits and fair value interest rate risk in relation to fixed-rate loans to customers. The Group currently does not have a policy to hedge against the interest rate risk as management does not expect any significant interest rate risk as at the end of the reporting period.

Most of the Group's interest-bearing assets and liabilities including loans to customers, the income and operating cash flows of the Group are substantially independent of change in market interest rates.

No interest rate sensitivity is disclosed as in the opinion of the directors of the Company as the exposure arising from financial assets or liabilities that are subject to cash-flow interest rate risk is insignificant at the end of the reporting period.

#### *ii. Foreign currency risk*

Foreign currency risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Such exposures arise from the business operations in the PRC and Hong Kong denominated in RMB and US\$, respectively. As at 31 December 2024, the Group had a minimal exposure to foreign currency risk as most of its business transactions, assets and liabilities were principally denominated in the respective functional currencies, i.e. RMB, HK\$ and US\$ (2023: RMB, HK\$ and US\$), used by the respective group entities, or in the US\$ for the respective group entities with HK\$ being the functional currency.

As HK\$ is pegged to US\$, the Group considers the risk of movements in exchange rates between HK\$ and US\$ to be insignificant for transactions denominated in US\$. The RMB is not freely convertible into other foreign currencies and conversion of the RMB into foreign currencies is subject to rules and regulations of foreign exchange control promulgated by the PRC government. The Group does not have a foreign currency hedging policy in respect of its foreign currency assets and liabilities. The Group will closely monitor its foreign currency exposure and will consider using hedging instruments in respect of significant foreign currency exposure as and when appropriate.

### *(b) Credit risk*

Credit risk refers to the risk of the counterparty to a financial instrument would fail to discharge its obligation under the terms of the financial instrument and cause a financial loss to the Group.

The Group is exposed to credit risk primarily from its loans to customers, deposits and other receivables and cash and cash equivalents.

The Group's maximum exposure to credit risk in the event of the counterparties failure to perform their obligations at the end of each reporting period in relation to each class of recognised financial assets is the carrying amount of those assets stated in the consolidated statements of financial position.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 32. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(Continued)*

### *(b) Credit risk (Continued)*

#### Credit risk measurement

Credit risk represents the potential loss that may arise from a customer or counterparty's failure to meet its obligations when due. Given the loans to customers portfolio is a major component of the Group's assets, risk of the loans to customers portfolio is considered as a principal credit risk.

The Group has taken measures to identify credit risks. The Group manages credit risk at every stage of the risk management system, including pre-approval, review, credit approval and post-transaction monitoring processes.

The Group conducts customer acceptance and due diligence by business department and risk management department during the pre-approval process. A transaction may be subject to the review and approval of credit officer and subsidiary's chairman of the board, depending on the transaction size.

The Group implements guidelines on the acceptability of specific classes of collateral. The amount of acceptable collateral at the time of loan origination is determined by the risk management department and is subject to loan-to-value ratio limits based on type of loans and is monitored on an ongoing basis by the risk management department. Collaterals are initially assessed by business department and are independently evaluated by risk management department for the authenticity and the fair value.

For personal loans, the Group has money lending policies in place and the exposure to the credit risk is monitored on an ongoing basis. The Group grants loans only to recognised and creditworthy third parties. It is the Group's policy that all these borrowers are subject to credit verification procedures. The credit verification procedures include assessment on the credit quality of the customer based on the customer's financial position, past experience and other factors such as security or collateral (if applicable). Also, the Group has other monitoring procedures to ensure that follow-up action is promptly taken to recover overdue debts.

During the post-transaction monitoring process, the Group conducts on-site inspection and ongoing post transaction reviews focusing on various aspects, including but not limited to customers' products markets, operating income, assets and liabilities, cash flows from operating activities to detect potential risks.

When a certain number of clients undertake the same business activities, stay in the same geographical locations, or bear similar economic features for their industries, their ability to fulfill contracts will be affected by the same economic changes. Concentration of credit risk reflects the sensitivity of the Group's operating its businesses in the PRC, there exists a certain level of geographical concentration risk for its loans to customers portfolio in that it might be affected by changes in the PRC economic conditions.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 32. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(Continued)*

### *(b) Credit risk (Continued)*

#### **Collaterals and guarantees**

According to the relevant PRC laws and regulations, the Group as the owner of the assets, has the right to establish usufructuary right and security interest over the assets. Therefore, the laws protect the Group's effective right. In the event of default, the Group is entitled to retrieve the asset.

In addition, the Group requests a third party guarantee or collateral from certain customers, depending on the customers' credit status and credit risk degree. The management evaluates the capability of the guarantor, the ownership and value of the mortgage or pledge and the feasibility to realise the mortgage or pledge.

As at 31 December 2024, the Group had a concentration of credit risk as 7.8% (2023: 5.2%) and 30.1% (2023: 18.1%) of the total loans to customers (net of loss allowance for ECL) were made up by the Group's largest loan customer's and the five largest loan customers' outstanding balances, respectively.

Relevant information with regard to the ECL for loans to customers as at 31 December 2024 and 2023 are set out in Note 21 to the consolidated financial statements.

The Group's exposure under outstanding loans to customers were secured by collaterals and certain guarantees as disclosed in Note 21 to the consolidated financial statements. During the years ended 31 December 2024 and 2023, there has been no significant changes in the estimate techniques and key assumptions of the Group.

#### **Deposits and other receivables**

For deposits and other receivables, the Group has applied the general approach in HKFRS 9 to measure the loss allowance at 12-m ECL, since there has not been a significant increase in credit risk since initial recognition for the deposits and other receivables.

#### **Cash and cash equivalents**

The expected credit loss for cash and cash equivalents is insignificant because such assets are placed in banks with good reputation.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 32. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(Continued)*

### *(c) Liquidity risk*

Liquidity risk relates to the risk that the Group will not be able to meet its obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Group's policy to manage liquidity risk is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term. Due to the dynamic nature of the underlying businesses, the Group maintains a reasonable level of cash and cash equivalents. The Group's primary cash requirements have been for making advances for loans to customers and payments of operating costs and outstanding debts. The Group finances its working capital requirements through funds generated from operations and fund raising exercises. The management monitors rolling forecasts of the Group's liquidity reserve on the basis of expected future cash flows.

The following table details the remaining contractual maturities as at the end of the reporting period of the Group's non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates, or if floating based on rates current as at the end of the reporting period) and the earliest date the Group is required to pay.

	2024					
	Total carrying value HK\$'000	Total contractual undiscounted cash flows HK\$'000	Within 1 year or on demand HK\$'000	Over 1 year but within 2 years HK\$'000	Over 2 years but within 5 years HK\$'000	Over 5 years HK\$'000
Accrued expenses, other payables and deposits received	6,059	6,059	6,059	–	–	–
Amount due to directors	995	995	995	–	–	–
Promissory notes	73,804	80,772	73,772	7,000	–	–
Lease liabilities	2,496	2,950	567	484	749	1,150
	83,354	90,776	81,393	7,484	749	1,150

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 32. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(Continued)*

*(c) Liquidity risk (Continued)*

	2023					
	Total carrying value HK\$'000	Total contractual undiscounted cash flows HK\$'000	Within 1 year or on demand HK\$'000	Over 1 year but within 2 years HK\$'000	Over 2 years but within 5 years HK\$'000	Over 5 years HK\$'000
Accrued expenses, other payables and deposits received	9,562	9,562	9,562	–	–	–
Amount due to directors	925	925	925	–	–	–
Promissory notes	13,660	14,128	14,128	–	–	–
Convertible bonds	100,136	106,337	106,337	–	–	–
Lease liabilities	3,376	3,951	1,217	526	751	1,457
	127,659	134,903	132,169	526	751	1,457

*(d) Fair value measurements recognised in the consolidated statement of financial position*

### (i) Financial instruments not measured at fair value

The carrying amounts of the Group's financial instruments carried at cost or amortised cost were 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

## 33.ADDITIONAL INFORMATION ON CASH FLOWS

### a. *Movement of the Group's liabilities arising from financing activities*

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statements of cash flows as cash flows from financing activities.

	Promissory notes HK\$'000	Amount due to directors HK\$'000	Convertible bonds HK\$'000	Lease liabilities HK\$'000	Dividends payable to non-controlling interests HK\$'000	Total HK\$'000
As at 1 January 2024	13,660	925	100,136	3,376	–	118,097
Financing cash flows (Note)	(12,016)	70	(34,041)	(994)	(1,649)	(48,630)
Issue of promissory notes	69,392	–	–	–	–	69,392
Early termination of a lease	–	–	–	(547)	–	(547)
Additions to right-of-use assets	–	–	–	640	–	640
Finance costs recognised	2,919	–	5,130	99	–	8,148
Gain on early redemption of promissory notes and convertible bonds	(91)	–	(3,099)	–	–	(3,190)
Gain on settlement of matured promissory notes by issuance of new promissory notes	(60)	–	–	–	–	(60)
Matured of New 2023 CB	–	–	(70,385)	–	–	(70,385)
Cash flows related to equity component of convertible bonds	–	–	2,259	–	–	2,259
Declaration of dividends	–	–	–	–	1,649	1,649
Exchange realignments	–	–	–	(78)	–	(78)
<b>As at 31 December 2024</b>	<b>73,804</b>	<b>995</b>	<b>–</b>	<b>2,496</b>	<b>–</b>	<b>77,295</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 33. ADDITIONAL INFORMATION ON CASH FLOWS *(Continued)*

### a. Movement of the Group's liabilities arising from financing activities *(Continued)*

	Promissory notes HK\$'000	Amount due to directors HK\$'000	Convertible bonds HK\$'000	Lease liabilities HK\$'000	Dividends payable to non-controlling interests HK\$'000	Total HK\$'000
As at 1 January 2023	–	2,160	174,987	5,283	–	182,430
Financing cash flows (Note)	–	(1,235)	(65,540)	(1,289)	(1,217)	(69,281)
Issue of promissory notes	13,639	–	–	–	–	13,639
Early termination of a lease	–	–	–	(669)	–	(669)
Finance costs recognised	21	–	15,320	150	–	15,491
Gain on early redemption	–	–	(9,184)	–	–	(9,184)
Conversion of convertible bonds	–	–	(9,666)	–	–	(9,666)
Matured of New 2022 CB	–	–	(13,650)	–	–	(13,650)
Cash flows related to equity component of convertible bonds	–	–	7,869	–	–	7,869
Declaration of dividends	–	–	–	–	1,217	1,217
Exchange realignments	–	–	–	(99)	–	(99)
As at 31 December 2023	13,660	925	100,136	3,376	–	118,097

Note: The financing cash flows represented in the net cash flow of repayment to/advance from a director, payment of finance costs, leases and dividends and repayment of promissory notes and convertible bonds.

### b. Major non-cash transactions

In addition to the information disclosed elsewhere in the consolidated financial statements, the Group had the following major non-cash transaction:

During the year ended 31 December 2024, the Group entered into lease agreements in respect of right-of-use assets with a total capital value at the inception of the leases of approximately HK\$640,000.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 34.STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Notes	2024 HK\$'000	2023 HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment		253	3
Right-of-use assets		560	716
Interests in subsidiaries	19	1	1
Amounts due from subsidiaries	19	108,048	172,001
Total non-current assets		108,862	172,721
<b>Current assets</b>			
Prepayments, deposits and other receivables		983	778
Cash and cash equivalents		10,869	161
Total current assets		11,852	939
<b>Current liabilities</b>			
Accrued expenses and other payables		961	2,204
Amount due to directors	23	995	925
Promissory notes	24	66,913	13,660
Convertible bonds – liability component	25	–	100,136
Lease liabilities		329	690
Total current liabilities		69,198	117,615
<b>Net current liabilities</b>		(57,346)	(116,676)
<b>Total assets less current liabilities</b>		51,516	56,045
<b>Non-current liabilities</b>			
Promissory notes	24	6,891	–
Lease liabilities		249	–
Total non-current liabilities		7,140	–
<b>Net assets</b>		44,376	56,045
<b>Capital and reserves</b>			
Issued capital	27	938	782
Reserves	(a)	43,438	55,263
Total equity		44,376	56,045

The statement of financial position was approved and authorised for issue by the Board of Directors on 27 March 2025 and signed on its behalf by

Zhang Wei  
Director

Li Wei  
Director

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 34. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

### (a) Reserves

	Share premium HK\$'000	Contributed surplus HK\$'000	Capital reserve HK\$'000	Convertible bonds reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
As at 1 January 2023	686,772	131,109	304,635	22,093	(1,142,738)	1,871
Loss and total comprehensive expense for the year	–	–	–	–	(9,833)	(9,833)
<b>Transactions with owners</b>						
Issue of new shares upon placing (Note 27)	4,018	–	–	–	–	4,018
Capital reduction upon Capital Reorganisation (Note 27)	–	62,460	–	–	–	62,460
Transferred to accumulated losses upon maturity of New 2022 CB (Note 25)	–	–	–	(1,776)	1,776	–
Redemption of New 2022 CB and New 2023 CB by cash (Note 25)	–	–	–	(8,182)	313	(7,869)
Conversion of New 2022 CB (Note 25)	5,982	–	–	(1,366)	–	4,616
Transactions with owners	10,000	62,460	–	(11,324)	2,089	63,225
As at 31 December 2023	696,772	193,569	304,635	10,769	(1,150,482)	55,263
Loss and total comprehensive expense for the year	–	–	–	–	(16,921)	(16,921)
<b>Transactions with owners</b>						
Issue of new shares upon placing (Note 27)	7,355	–	–	–	–	7,355
Transferred to accumulated losses upon maturity of New 2023 CB (Note 25)	–	–	–	(8,510)	8,510	–
Redemption of New 2023 CB by cash (Note 25)	–	–	–	(2,259)	–	(2,259)
Transactions with owners	7,355	–	–	(10,769)	8,510	5,096
As at 31 December 2024	704,127	193,569	304,635	–	(1,158,893)	43,438

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 35. EVENTS AFTER THE REPORTING DATE

In addition to information disclosed elsewhere in the consolidated financial statements, subsequent to 31 December 2024, the Group has the following subsequent events:

On 27 February 2025, Beijing Jinshou, an indirect wholly-owned subsidiary of the Company, has entered into an agreement with the independent third party, pursuant to which Beijing Jinshou has agreed to sell the property, which is a residential premise located in Beijing, for a total consideration of RMB1,920,000 (equivalent to approximately HK\$2,050,000) (the “**Disposal**”). The fair value of the property as shown in Note 14 was RMB1,920,000 (equivalent to approximately HK\$2,043,000). The Disposal was completed, with no significant gain or loss on disposal of investment property recognised in the profit or loss.

On 26 March 2025, the Company and a holder of promissory note entered into redemption agreement, to early redeem the promissory note with principal amount of HK\$4,060,000 by cash settlement at consideration of HK\$4,060,000. Upon completion of the redemption, the remaining outstanding principal of promissory note is HK\$59,604,650. The carrying value of the promissory note redeemed was approximately HK\$4,227,000 and a settlement gain of approximately HK\$167,000 was recognised in the profit or loss.

# FINANCIAL SUMMARY

## RESULTS

	Year ended 31 December				
	2024 HK\$'000	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000	2020 HK\$'000
Revenue	<b>18,863</b>	36,233	46,483	45,376	41,595
Loss before income tax	<b>(16,753)</b>	(1,617)	(1,285)	(8,413)	(77,963)
Income tax expense	<b>(3,033)</b>	(7,579)	(2,996)	(15,624)	(257)
Loss attributable to:					
Owners of the Company	<b>(16,905)</b>	(8,819)	(7,626)	(19,017)	(75,952)
Non-controlling interests	<b>(2,881)</b>	(377)	3,345	(5,020)	(2,268)
Loss for the year	<b>(19,786)</b>	(9,196)	(4,281)	(24,037)	(78,220)

## ASSETS AND LIABILITIES

	As at 31 December				
	2024 HK\$'000	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000	2020 HK\$'000
Non-current assets	<b>37,892</b>	35,303	39,373	48,572	54,843
Current assets	<b>117,753</b>	183,950	255,487	367,931	415,907
Current liabilities	<b>74,666</b>	127,570	65,371	113,187	17,667
Net current assets	<b>43,087</b>	56,380	190,116	254,744	398,240
Non-current liabilities	<b>8,831</b>	2,171	128,174	185,452	427,064
Total equity	<b>72,148</b>	89,512	101,315	117,864	26,019



# PARTICULARS OF PROPERTIES HELD FOR INVESTMENT

As at 31 December 2024

## INVESTMENT PROPERTIES

Location	Term of lease	Type of use
Unit 601, Block 3, Building No.42, Yanhu Estate, Miyun District, Beijing, the PRC	Medium-term lease	Residential