



零在科技金融集團有限公司

ZERO FINTECH GROUP LIMITED

(Incorporated in Bermuda with limited liability)

Stock Code: 00093



2024

Annual Report

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CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Mr. Lee Lap, Chairman
Mr. Tommy Lee, Vice Chairman &
Chief Executive Officer
Mr. Chau Hau Shing

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Shu Wa Tung, Laurence
Mr. Wu Wai Pan
Ms. Chak Wai Ting

COMPANY SECRETARY

Mr. Lo Tai On

AUDIT COMMITTEE

Mr. Shu Wa Tung, Laurence
Mr. Wu Wai Pan
Ms. Chak Wai Ting

REMUNERATION COMMITTEE

Mr. Shu Wa Tung, Laurence
Mr. Lee Lap
Mr. Wu Wai Pan

NOMINATION COMMITTEE

Mr. Lee Lap
Mr. Shu Wa Tung, Laurence
Mr. Wu Wai Pan

REGISTERED OFFICE

Clarendon House
Church Street
Hamilton HM11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Room 2107-08, 21/F, Cosco Tower
183 Queen's Road Central, Sheung Wan
Hong Kong
Telephone: (852) 2531 0338
Facsimile: (852) 2480 4214
E-mail: group@zerofintech.com.hk
Website: www.zerofintech.com.hk

HONG KONG REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong
Telephone: (852) 2980 1333
Facsimile: (852) 2810 8185

LISTING INFORMATION

The listing code of the Company's shares on
The Stock Exchange of Hong Kong Limited
(the "Stock Exchange")
00093

PRINCIPAL BANKERS

The Hongkong & Shanghai Banking
Corporation Limited
Hang Seng Bank Limited
Bank of China (Hong Kong) Limited
Dah Sing Bank, Limited
DBS Bank (Hong Kong) Limited

LEGAL ADVISORS IN HONG KONG

King & Wood Mallesons
13/F, Gloucester Tower
The Landmark
15 Queen's Road Central
Hong Kong

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants
Registered Public Interest Entity Auditor
22/F, Prince's Building
Central
Hong Kong

CHAIRMAN'S STATEMENT



LEE LAP / Chairman

RESULTS

I hereby report to the shareholders the results of Zero Fintech Group Limited (formerly known as Termbray Industries International (Holdings) Limited) (the "Company") and its subsidiaries (together "the Group") for the financial year ended 31 December 2024. During the year, the Group recorded a profit for the year of HK\$27,075,000 compared with a profit for the year ended 31 December 2023 of HK\$12,136,000.

DIVIDEND

No interim dividend was paid by the Company for the six months ended 30 June 2024 (30 June 2023: Nil).

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

CLOSURE OF REGISTER OF MEMBERS

The forthcoming annual general meeting of the Company ("AGM") is scheduled to be held on Thursday, 19 June 2025. To determine the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Friday, 13 June 2025 to Thursday, 19 June 2025 (both days inclusive), during which no transfer of shares will be effected. In order to qualify for attendance of the AGM, all completed transfer forms accompanied with the relevant share certificates must be lodged with the Company's share registrar, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Thursday, 12 June 2025.

CHAIRMAN'S STATEMENT

REVIEW OF OPERATIONS

Property Development and Investment

The Group's completed properties for sale – Ever Success Plaza, comprising over 440 residential units standing on 3 levels of commercial arcades and car parks, is located at a convenient and prime location with a river view in Zhongshan, Guangdong Province. The competition in the property market in Zhongshan is keen as there are abundant supplies of properties with modern design. Although the commercial arcades are still vacant, the management has put a lot of efforts into marketing the properties and is endeavouring to improve the operation of the commercial arcades.

There was not much improvement in the operating environment in the year of 2024. The sales activities of the Group's property project in Zhongshan for the remaining residential units were not satisfactory during the year.

During the year of 2024, no sale transactions were approved and registered in the government's property sale system. The Group had no sale of residential unit during the year of 2024 (2023: Nil). The rental income earned by the Group from Ever Success Plaza during the year ended 31 December 2024 decreased by approximately 6% compared with the year ended 31 December 2023. As at 31 December 2024, 56 residential units remained to be sold, out of which 3 residential units were let out.

Money Lending

In order to provide 24/7 borrowing experience, customers can apply for revolving loans via the Group's lending mobile application "X Wallet" App (the "X Wallet"), which is for unsecured loans only. The whole lending process for revolving loans involves no human intervention. Basically, it requires the provision of the customer's Hong Kong Identity Card and facial recognition, and offers loans using information technology such as big-data and a credit scoring model. The loan facilities granted under revolving loan facilities could be repaid and re-borrowed within the approved credit limit at any time during the loan period. The Group also offers unsecured loans such as debt consolidation loans and personal loans to customers granted by the credit committee through X Wallet. The credit clerk will obtain basic information such as the applicant's name, contact details, background information, TransUnion report, desired loan amount and purpose of the loan, etc from the applicant. The loan facilities granted by credit committee are all term loan facilities with specific credit limit, loan period and repayment schedule. The Group primarily focuses its sales and marketing effort on sourcing new customers for unsecured loans, including advertising through public transportation, outdoor banner, television, online media platforms, pamphlets and other marketing campaigns. The majority of loan period for unsecured loans are ranged from 2 years to 7 years. The maximum amount of unsecured loan could be as high as HK\$800,000.

The number of active customers of unsecured loans increased from 13,491 as at 31 December 2023 to 15,523 as at 31 December 2024. The increase in number of active customers improved the results of unsecured loans and generated revenue of approximately HK\$211,117,000 during the year ended 31 December 2024 (2023: HK\$157,548,000).

The majority of interest rates for unsecured loans ranged from 25% to 48% per annum and the weighted average interest rate charged was approximately 40% per annum. Loan amounts for unsecured loans ranged from HK\$5,000 to HK\$800,000.

The Group also focuses on providing mortgage loans to customers by pledging the residential properties in Hong Kong. The management cautiously carries out the money lending business in Hong Kong. With the economic uncertainty and potential challenges, the management carefully assesses the creditworthiness of the borrowers as well as the quality and leverage of the mortgaged properties.

For mortgage loans, lower interest rates are charged compared to unsecured personal credit loans. The Group engaged mortgage referral agents, which are all independent third parties, to source new customers. The tenure of the majority of the mortgage loans ranged from 1 year to 20 years and the actual tenure may differ subject to customer's early repayment.

The majority of interest rates for secured loans granted ranged from 12% to 24% per annum and the weighted average interest rate charged was approximately 15% per annum. The majority of the collateral are residential properties and commercial properties, and all of the collaterals are located in Hong Kong. Loan amounts for secured loans granted ranged from HK\$80,000 to HK\$100,000,000.

As at 31 December 2024, the number of mortgage loans customers was 70, of which the top 10 customers represented 72% of total mortgage loan receivables, and the number of unsecured loans customers was 15,523, of which top 10 customers represented 1% of total unsecured loan receivables. The largest and five largest customers accounted for 10% and 22% respectively of the total loan receivables as at 31 December 2024.

Credit risk assessment policy

All of the information provided by customers are required to undergo assessment procedures and will be reviewed according to the credit risk assessment policy approved by the Board before standard payment terms and conditions are offered.

For secured loans pledged by properties, the credit clerk will obtain all mandatory information and supporting documents from the applicant. To assess the credit risk of each applicant, the credit committee takes into account the applicant's credit history, the property type, valuation, loan-to-value ratios and overall market conditions at the time of application.

CHAIRMAN'S STATEMENT

For unsecured loans applied via X Wallet, the Group assesses the credit quality of applicants by collecting relevant customer information such as Optical Character Recognition, facial recognition, live testing and credit report through the mobile devices. The Group has established a robust control framework regarding the authorization structure for the approval and renewal of credit facilities, which also limits concentrations of exposure by types of asset, counterparties, credit rating, geographic location, etc.

For unsecured loans such as debt consolidation loans and personal loans granted by the credit committee, the credit clerk will obtain all mandatory information and supporting documents from the applicant. To assess the credit risk of each applicant, the credit committee takes into account the applicant's background information, credit report and overall market conditions at the time of application.

The Group has also developed policies and procedures to appropriately assess and measure the expected credit loss ("ECL") in accordance with impairment requirements of HKFRS 9. Details of the movement in ECL allowance on loan and interest receivables are disclosed in Note 3.1(b) to the consolidated financial statements.

As at 31 December 2024, the net loan and interest receivables of the Group amounted to HK\$909,959,000. The provision for impairment of loan and interest receivables as at 31 December 2024 under the ECL model amounted to HK\$91,251,000.

The Group considers that default has occurred when the loan is more than 90 days past due unless the Group has reasonable and supporting information to demonstrate that a more lagging default criterion is more appropriate. In particular, the following qualitative factors are taken into account in determining the risk of default occurring:

- (1) probable bankruptcy entered by the borrowers; and
- (2) death of the debtor.

During the year ended 31 December 2024, the Group had written off loan and interest receivables totalling approximately HK\$73,376,000, based on the (1) bankruptcy of the borrowers, and (2) death of the debtors.

Internal Control Procedures

The following internal control measures have been implemented for the carrying out the Group's money lending business:

Credit approval process

For secured loans, the credit clerk will obtain basic information such as the applicant's name, contact details, background information, desired loan amount and purpose of the loan, and the particulars of the property proposed to be mortgaged. The credit clerk will also obtain three preliminary estimates of valuations of the property from independent professional property valuers or banks either verbally or through internet or email. The credit officer will perform a preliminary review and verification of the application materials. The credit committee will then review the application and determine the amount of loan and the interest rate based on the applicant's information and the valuation of the property in accordance with the internal credit policies and guidelines.

For unsecured revolving loan applications through X Wallet, the credit approval is automatically processed by the established credit assessment model in the system. Credit reports of the applicant will be automatically retrieved from TransUnion through the Application Programming Interface. Applications will be screened by the credit scoring model which will generate a risk score in respect of each applicant based on the TransUnion report and information supplied by the applicant. Once the loan is approved, the terms of the loan including loan amount, interest rate and tenure will be determined specifically for each applicant. Otherwise, no loan would be offered if the applicant could not pass the credit assessment.

For unsecured term loans such as debt consolidation loans and personal loans granted by the credit committee, the credit clerk will obtain basic information such as the applicant's name, contact details, background information, TransUnion report, desired loan amount and purpose of the loan, etc from the applicant. The credit officer will perform a preliminary review and verification of the application materials. The credit committee will then review the application and determine the amount of loan, interest rate and loan period based on the applicant's information and the internal credit policies and guidelines.

Ongoing monitoring of loan recoverability and loan collection

A system is in place to identify and monitor overdue loan accounts. The directors and senior management of the Group closely monitor the overall performance of the loans outstanding by checking systematically generated daily reports, and regularly review the whole collection performance of overdue assets. The collection department is responsible for loan collection and it seeks management's opinion for further actions when necessary. The collection department will contact the customer by phone if the account is overdue, and at the same time, notice of overdue payment will be issued to the customer. If the respective receivables have not been repaid in time, the collection department will engage external debt collection agents to collect the debt. For secured loans, the collection department will discuss legal actions to be taken with the management.

CHAIRMAN'S STATEMENT

For loans overdue for more than 90 days, the Group will consider the loan assets to be in default, the status of the respective outstanding loan will be fully provided for, but such cases will still continue to be handled by external debt collection agents (unless the debtor has become bankrupt, subject to any debt restructuring, or if the debtor is deceased).

Others

On 30 April 2024, the Group announced the acquisition of the entire issued share capital in Alpha Times Technology Limited (“Alpha Times”) at a consideration of approximately HK\$25,000 from an independent third party. Alpha Times is an investment holding company and is principally engaged in information technology business in the PRC through its subsidiaries.

Save as disclosed above, there were no acquisitions of other major subsidiaries or associates during the year ended 31 December 2024.

OUTLOOK

Looking ahead to 2025, economic conditions are expected to remain challenging for Hong Kong along with the global economic slowdown, inflation, political uncertainty, etc. Nevertheless, with the lending mobile application X Wallet and a “Buy Now, Pay Later” payment function X Pay, the management believes that the Group will become a comprehensive financial service platform and provide users with more diversified services in payment solutions, shopping experiences, money management and more.

Through our self-developed services and innovative “Buy Now, Pay Later” solutions, we address the financial needs of individuals at every life stage, empowering them to enjoy their desired lifestyles and grow their businesses. This year, the slogan “X Possibilities, X Wallet” highlights how the X Wallet App enables users to turn dreams into reality. Whether lending or payments, the App offers comprehensive support, unlocking a world of possibilities. X Wallet encourages everyone to pursue their dreams and unleash their potential, allowing you to create limitless possibilities in just 5 seconds.

The Group will actively review its loan portfolio and risk control status, conduct more comprehensive assessments of collaterals and exercise stringent loan application requirements to minimise default risk. Furthermore, the Group will adhere to its core risk management, endeavour to improve and perfect its risk pricing model, and will adopt a variety of marketing strategies to popularise the brands of X Wallet and X Pay to achieve greater market recognition.

CHAIRMAN'S STATEMENT

With the official launch of our new brand campaign for the X Wallet App, we mark a significant milestone in our journey to establish ourselves as Hong Kong's premier FinTech innovator. Through extensive promotions across Hong Kong Island, Kowloon, and the New Territories, utilising both offline advertising (including buses, trams, tram shelters, MTR, Airport Express, taxis, and billboards) and online channels, we aim to introduce our flagship product: the upgraded X Wallet App, featuring X Lend and X Pay. This App is not only "the first A.I. Express Loan App in Hong Kong," but also the region's unique "Super App" that seamlessly integrates lending and payment functionalities.

During the year, the Group has acquired an information technology business in order to bring in substantial strategic value to the Group and enable the Group to place less reliance on external suppliers in the development of information technology systems. Furthermore, the Board considers that to align with the overall strategic planning of the Group, the change of the Company's name from Termbray Industries International (Holdings) Limited to Zero Fintech Group Limited will better reflect the current status of the Group's business development and its direction of future development of FinTech on the money lending business.

On the other hand, due to the property market downturn in the People's Republic of China (the "PRC") and no sales of residential units at Ever Success Plaza in recent years, the management will not explore investment opportunities in the property markets in the short term.

Lee Lap

Chairman

27 March 2025

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS

The Group recorded a revenue of HK\$261,781,000 and a profit of HK\$27,075,000 for the year ended 31 December 2024, compared with a revenue of HK\$196,609,000 and a profit of HK\$12,136,000 for the year ended 31 December 2023.

The profit for the current year is primarily due to the aggregate effect upon recognition of the following items:

- (i) interest income from the money lending business recorded of approximately HK\$257.5 million for the current year (2023: HK\$194.5 million), representing an increase of approximately HK\$63.0 million as compared with the year ended 31 December 2023;
- (ii) net impairment losses on loan and interest receivables of approximately HK\$96.4 million; and
- (iii) fair value losses of approximately HK\$6.0 million on the investment property.

REVENUE

Disaggregation of revenue from contracts with customers

	2024 HK\$'000	2023 HK\$'000
Interest income from money lending business	257,469	194,529
Rental income from investment property and completed properties for sale	1,511	2,080
Information Technology ("IT") service income – recognised over time	2,801	–
	261,781	196,609

MANAGEMENT DISCUSSION AND ANALYSIS

SEGMENT INFORMATION

Management has determined the operating segments based on the information reviewed by the chief operating decision maker (“CODM”) that are used to make strategic decisions. The CODM is identified as the executive directors of the Company.

During the year ended 31 December 2024, the CODM assessed the performance of the Group by reviewing the results of two reportable segments:

- Property development and investment – Property development for sale of properties in the PRC and property investment for letting of properties in Hong Kong and the PRC.
- Money lending – Provision of mortgage and personal loan financing to customers.

The CODM reviews the performance of the Group on a regular basis and reviews the Group’s internal reporting in order to assess performance and allocate resources.

Information provided to the CODM is measured in a manner consistent with that in the consolidated financial statements.

The segment results and other segment items are as follows:

	Property development and investment HK\$'000	Money lending HK\$'000	Segment total HK\$'000	Unallocated revenue HK\$'000	Total HK\$'000
For the year ended 31 December 2024					
Revenue	1,511	257,469	258,980	2,801	261,781
Segment results	(8,414)	48,688	40,274		40,274
Unallocated revenue				2,801	2,801
Unallocated other income				48	48
Unallocated other gains, net				2,953	2,953
Unallocated expenses				(9,086)	(9,086)
Profit before income tax					36,990

MANAGEMENT DISCUSSION AND ANALYSIS

	Property development and investment HK\$'000	Money lending HK\$'000	Total HK\$'000
For the year ended 31 December 2023			
Revenue	2,080	194,529	196,609
Segment results	(8,457)	34,821	26,364
Unallocated other income			171
Unallocated other gains, net			1,776
Unallocated expenses			(8,235)
Profit before income tax			20,076

For the years ended 31 December 2024 and 2023, unallocated expenses and unallocated other gains and losses represent corporate expenses and unrealised net exchange gains/(losses), respectively. Segment results represent the profit/(loss) before income tax earned by each segment without allocation of certain revenue, other income, other gains and losses and expenses. This is the measurement reported to the CODM for the purpose of resource allocation and performance assessment.

MANAGEMENT DISCUSSION AND ANALYSIS

Geographical information

The Group's operations are located in Hong Kong and the PRC.

The Group's revenue from external customers is presented based on the locations where the ownership of the goods are transferred and services are rendered:

	Revenue from external customers	
	2024 HK\$'000	2023 HK\$'000
Hong Kong	257,469	194,994
The PRC	4,312	1,615
	261,781	196,609

A more detailed analysis of the Group's segment information is set out in Note 5 to the consolidated financial statements.

MANAGEMENT DISCUSSION AND ANALYSIS

RETURN ON CAPITAL EMPLOYED

The Group's aim is to increase shareholders' value. The extent to which this goal has been achieved is assessed by computing Return on Capital Employed ("ROCE") over the year and comparing this measure from one year to the next, as it is a measure of how well the money invested in the business is providing a return to the investors.

ROCE measures the operating result as a percentage of the average total capital employed (invested) in the business over the year. The Group uses "earnings before interest, tax, depreciation and amortisation" as a measure of operating result for this purpose. The Group considers its "capital" to comprise equity plus non-current debt financing. Figures from the consolidated financial statements of the Group are used to calculate the ROCE.

	2024 HK\$'000	2023 HK\$'000
Operating result for calculation of ROCE		
Profit before income tax	36,990	20,076
Add: interest expense, depreciation and amortisation charges	11,298	12,283
	48,288	32,359
Capital employed		
Equities	1,092,954	1,080,775
Add: non-current debt financing	272,439	–
	1,365,393	1,080,775
Average capital employed (Opening capital employed + closing capital employed)/2	1,223,084	1,086,441
Consolidated ROCE (%)	3.95%	2.98%

MANAGEMENT DISCUSSION AND ANALYSIS

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2024, the Group remained cash-sufficient and there were no material capital expenditure commitments. The Group's operations are financed by loan from a shareholder, bank borrowing, capital and reserves and cash generated from operations.

Bank balances and cash amounted to approximately HK\$121 million and accounted for approximately 23% of total current assets.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total equity. Net debt is calculated as total liabilities (including current and non-current liabilities as shown in the consolidated statement of financial position) less cash and cash equivalents. Total equity is calculated as 'equity' as shown in the consolidated statement of financial position. The Group's strategy remains unchanged and the gearing ratio and net cash position of the Group as at 31 December 2024 are as follows:

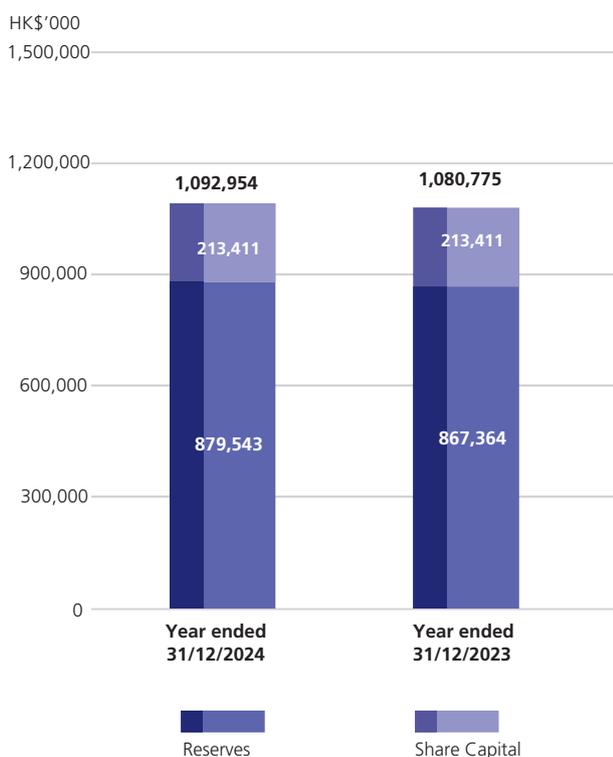
	2024	2023
	HK\$'000	HK\$'000
Total liabilities	307,662	184,202
Less: cash and cash equivalents (Note 26)	(121,459)	(101,057)
Net debt	186,203	83,145
Total equity	1,092,954	1,080,775
Gearing ratio	17%	8%

The Group mainly operates in the PRC and Hong Kong, and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to Renminbi. No financial instrument is arranged for hedging purposes in respect of interest rate and currency.

MANAGEMENT DISCUSSION AND ANALYSIS

CAPITAL STRUCTURE

As at 31 December 2024, the Group's operations were financed by capital and reserves.



ORDER BOOK

Due to its business nature, the Group has no order book as at 31 December 2024. The Group has no new products and services to be introduced to the market as at 31 December 2024.

ENVIRONMENTAL POLICIES AND PERFORMANCE

With regard to the environmental policies, the Group aims to minimize the Group's environmental impact. The Group has adopted various environmental protection measures to increase energy efficiency, reduce carbon emission and to improve efficiency of water usage. These measures are regularly reviewed and results are closely monitored.

A separate report containing the prescribed information of environmental, social and governance ("ESG") matters will be published on the same day of publication of this annual report.

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

During the year, as far as the directors are aware, there was no material non-compliance with applicable laws and regulations by the Group that has a significant impact on the Group's business and operations.

RELATIONSHIP WITH MAJOR CUSTOMERS

The Group understands the importance of maintaining good relationship with its customers to meet its immediate and long term goals.

The aggregate sales attributable to the Group's largest customer and five largest customers accounted for approximately 7% and 10% respectively of the Group's revenue for the year. One of the five largest customers accounted for approximately 0.5% of the Group's revenue was contributed by a related company, which are ultimately held by certain directors of the Group (2023: Nil).

Save as disclosed above and the connected transaction disclosed in pages 31 to 32 of this report, none of the Company's directors, their associates or any shareholders of the Company (who to the best of knowledge of the Company's directors owned more than 5% of the Company's issued shares) had a beneficial interest in any of the Group's five largest customers.

The Group maintains good relationships with its customers. During the year ended 31 December 2024, there was no significant dispute between the Group and its customers, except for the recovery actions against customers in their ordinary course of money lending business.

RELATIONSHIP WITH STAFF AND EMOLUMENT POLICY

One of most important resources of the Group is employees. It is the Group's policy to comply with all applicable laws and regulations, including those concerning employment, compensation, minimum wages, occupational safety and privacy. The Group strictly prohibits discrimination or harassment against any employee because of the individual's race, religion, gender, age, or any status protected by law. The Group also values good conduct of employees and has set out clear guidelines to prevent bribery and to regulate the acceptance of benefits by the employees.

As at 31 December 2024, the Group employed 112 staff at market remunerations with staff benefits such as insurance, provident fund scheme and discretionary bonus.

The emolument policy regarding the employees of the Group is based on their merit, qualifications and competence. The emoluments of the directors are reviewed by the remuneration committee, having regard to the Company's operating results, individual performance and comparable market statistics. No director, or any of his/her associates, and executive is involved in determining his/her own remuneration.

DIRECTORS' REPORT

The Board of the Company presents its annual report together with the audited consolidated financial statements of the Group for the year ended 31 December 2024.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the Company is investment holding.

The principal activities of the Company's subsidiaries during the year ended 31 December 2024 were property development and investment in Hong Kong and the PRC and money lending business in Hong Kong.

Further discussion and analysis of these activities as required by Schedule 5 to the Companies Ordinance, including a discussion of the principal risks and uncertainties facing the Group and an indication of likely future developments in the Group's business, can be found in the Chairman's Statement on pages 4 to 11 and the Management Discussion and Analysis set out on pages 12 to 19 of this annual report. This discussion forms part of this Directors' Report.

Besides, details of financial risk management objectives and policies of the Group are set out in Note 3 to the consolidated financial statements on pages 68 to 84. There may be other risks and uncertainties in addition to those mentioned above which are not known to the Group or which may not be material now but could turn out to be material in the future.

RESULTS

The results of the Group for the year ended 31 December 2024 and the state of affairs of the Group as at that date are set out in the consolidated financial statements on pages 60 to 150.

DIVIDEND

No interim dividend was paid by the Company for the six months ended 30 June 2024 (30 June 2023: Nil).

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

CLOSURE OF REGISTER OF MEMBERS

The AGM is scheduled to be held on Thursday, 19 June 2025. To determine the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Friday, 13 June 2025 to Thursday, 19 June 2025 (both days inclusive), during which no transfer of shares will be effected. In order to qualify for attendance of the AGM, all completed transfer forms accompanied with the relevant share certificates must be lodged with the Company's share registrar, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Thursday, 12 June 2025.

SHARE CAPITAL

Details of the share capital of the Company are set out in Note 29 to the consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

Details of the movements in the property, plant and equipment and investment property of the Group during the year are set out in Note 16 and Note 17 to the consolidated financial statements respectively.

MAJOR PROPERTIES

Particulars of the Group's major properties are set out on page 151.

RESERVES

Details of movements in the reserves of the Group during the year are set out in the consolidated statement of changes in equity on page 63.

DONATIONS

During the year ended 31 December 2024, the Group had not made any charitable and other donations (31 December 2023: Nil).

FIVE YEAR FINANCIAL SUMMARY

A five year financial summary of the Group is set out on pages 152 to 154.

DIRECTORS' REPORT

DISTRIBUTABLE RESERVES OF THE COMPANY

The Company's reserves available for distribution to shareholders as at 31 December 2024 were as follows:

	HK\$'000
Contributed surplus	191,810
Retained earnings	141,338
	333,148

Under the Companies Act 1981 of Bermuda (as amended), the contributed surplus account of the Company is available for distribution. However, the Company cannot declare or pay a dividend, or make a distribution out of contributed surplus if:

- (i) it is, or would after the payment be, unable to pay its liabilities as they become due; or
- (ii) the realisable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium account.

DIRECTORS

The directors of the Company during the year and up to the date of this report were:

Executive Directors

Mr. Lee Lap
Mr. Tommy Lee
Mr. Chau Hau Shing

Independent Non-Executive Directors

Mr. Shu Wa Tung, Laurence

Mr. Wu Wai Pan

Ms. Chak Wai Ting

Mr. Chau Hau Shing and Mr. Shu Wa Tung, Laurence, being the directors longest in office since their last re-election, shall retire by rotation in accordance with the Company's Bye-law 99(A). All retiring directors, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

The Company has received annual confirmation from each of the independent non-executive directors as regards their independence to the Company pursuant to paragraph 3.13 of the Rules Governing the Listing Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and considers that each of the independent non-executive directors is independent to the Company.

DIRECTORS' SERVICE CONTRACTS

Mr. Lee Lap has a service contract with the Company for service as an executive director which is terminable by either party giving to the other party not less than six months' prior notice in writing.

Mr. Tommy Lee and Mr. Chau Hau Shing each has a service contract with the Company for service as an executive director which is terminable by either party giving to the other party not less than three months' prior notice in writing.

Mr. Shu Wa Tung, Laurence, Mr. Wu Wai Pan and Ms. Chak Wai Ting, the independent non-executive Directors, have each entered into an appointment letter with the Company for service as an independent non-executive director for a term (i) from 15 April 2024 to 31 December 2026, (ii) from 10 June 2024 to 31 December 2026 and (iii) from 9 November 2024 to 31 December 2026 respectively.

Other than the aforesaid, none of the directors had any existing or proposed service contract with any member of the Group which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

BIOGRAPHICAL DETAILS OF DIRECTORS

Executive Directors

Mr. Lee Lap, aged 82, is the Chairman of the Company and also a member of the remuneration committee and the Chairman of the nomination committee of the Board of the Company. He is the founder of the Group and has been actively involved in the printed circuit board and electronics industry in Hong Kong since 1968. Mr. Lee is responsible for overall policy and decision making and business development of the Group. Mr. Lee is an honorary citizen of Zhongshan, Shenzhen and Guangzhou in PRC.

Mr. Tommy Lee, aged 48, is the Vice Chairman and Chief Executive Officer of the Company since 2008 and 2010 respectively. He is the son of Mr. Lee Lap. He studied Economics in the Seneca College in Canada. Mr. Lee is actively engaged in the field of high-tech, property, financial services and oilfield engineering projects investment.

Mr. Chau Hau Shing, aged 48, was appointed as an executive director on 8 April 2021. He is the executive director and president of Zero Finance Hong Kong Limited ("Zero Finance"), a wholly-owned subsidiary of the Company. Mr. Chau has worked in the money lending industry for more than 20 years since 1996 and has gained extensive experience in the industry. He worked in well-known enterprises of the industry based in Hong Kong and the PRC, such as Prime Credit Limited and United Asia Finance Limited in which he had led the overall construction and strategic planning of the money lending business system. He has profound market insight and research in fields such as risk management, finance and credit. He has been employed by an entity controlled by Mr. Tommy Lee, the Vice Chairman, Chief Executive Officer and substantial shareholder of the Company, since April 2014 and acts in the capacity of the president of Zero Finance.

Independent Non-executive Directors

Mr. Shu Wa Tung, Laurence, aged 52, was appointed as an independent non-executive director of the Company and a member of the audit committee of the Board of the Company on 15 April 2022. Mr. Shu was also appointed as members of the remuneration committee and the nomination committee and as chairman of the audit committee and the remuneration committee of the Board of the Company on 10 June 2022. Mr. Shu has over 30 years of experience in audit, corporate finance and financial management.

He is an independent non-executive director of Chengdu Expressway Co., Ltd. (a company listed on the Stock Exchange, stock code: 1785) from November 2016 to September 2022, Riverine China Holdings Limited (a company listed on the Stock Exchange, stock code: 1417) since November 2017, Twintek Investment Holdings Limited (a company listed on the Stock Exchange, stock code: 6182) since December 2017, Goldstream Investment Limited (a company listed on the Stock Exchange, stock code: 1328) since December 2019 and Texhong International Group Limited (a company listed on the Stock Exchange, stock code: 2678) since May 2023.

Mr. Shu was an accountant, a semi-senior accountant of assurance & advisory department, a senior accountant of corporate advisory services department, and a senior accountant, associate manager and manager of reorganization services group of Deloitte Touche Tohmatsu from March 1994 to October 2000. From July 2001 to November 2002, he was a manager of Deloitte & Touche Corporate Finance Ltd (a corporate finance service company of Deloitte Touche Tohmatsu). From November 2002 to April 2005, he was an associate director of Goldbond Capital (Asia) Limited. He was the chief financial officer and the company secretary of Texhong Textile Group Limited (a company listed on the Stock Exchange, stock code: 2678) from May 2005 to July 2008, overseeing the group's financial management functions. Mr. Shu served as the chief financial officer of Jiangsu Rongsheng Heavy Industries Holding Co., Ltd (江蘇熔盛重工控股有限公司) from July 2008 to June 2010. He served as the chief financial officer of Petro-king Oilfield Services Limited (a company listed on the Stock Exchange, stock code: 2178) from July 2010 to July 2018. From August 2018 to November 2019, Mr. Shu was the chief financial officer of Brainhole Technology Limited (formerly known as Top Dynamic International Holdings Limited) (a company listed on the Stock Exchange, stock code: 2203). Mr. Shu has been the chief financial officer of ContiOcean Environment Tech Group Co., Ltd. ("ContiOcean") (a company listed on the Stock Exchange, stock code: 2613) since September 2020, he was appointed as a director of ContiOcean in December 2022 and re-designated as an executive director of ContiOcean in July 2024.

Mr. Shu graduated from Deakin University, Australia in September 1994 and obtained his bachelor's degree in business majoring in accounting, and completed his CFO Programme at China Europe International Business School (中歐國際工商學院) in November 2009. Mr. Shu was accredited as a certified public accountant associate by Hong Kong Institute of Certified Public Accountants in September 1997. Mr. Shu was admitted as a member to the Hong Kong Independent Non-executive Director Association in May 2019. He also received an executive Master of Business Administration degree from Washington University in St. Louis in the United States in May 2022.

Mr. Wu Wai Pan, aged 52, was appointed as an independent non-executive director of the Company and a member of the audit committee of the Board of the Company with effect from 10 June 2022. Mr. Wu was also appointed as members of the remuneration committee and the nomination committee of the Board of the Company on 12 August 2022. Mr. Wu is leading and managing several IT professional associations and chambers of commerce in the field of data and telecommunications in Hong Kong and the PRC. He has rich industrial and management experience in the Internet, Cloud applications, Internet of Things, AI, Blockchain, ICT and Big Data applications. He has 22 years of solid experience in ISP, telecommunications, Cloud and Tech Innovation management, planning and business development in Hong Kong, the PRC and the Asia-Pacific region. He had worked for several international companies for Internet, Telecommunications, Information Technology field, including Cisco Systems Inc., Hutchison Global Communications Ltd, New World Telecom and Global Link Internet Ltd. He is a leader in Innovation Technology, IoT application, data center, eCommerce and information technology system integration solutions. He is a Chairman of Asia Pacific Cloud Application Alliance, Chairman of IOT Hong Kong Association and Chairman of Innovation & Technology Committee of Hong Kong Independent Non-Executive Director Association (HKINEDA). He holds Information Management Master Science Degree and Bachelor of Science Degree with Honours from University College Dublin in 2002 and Hong Kong Polytechnic University in 1999 respectively.

DIRECTORS' REPORT

Ms. Chak Wai Ting, aged 40, was appointed as an independent non-executive director of the Company and a member of the audit committee of the Board of the Company on 9 November 2022. Ms. Chak has been appointed as the company secretary of the Starjoy Wellness and Travel Company Limited (formerly known as Aoyuan Healthy Life Group Company Limited) (a company listed on the Stock Exchange, stock code: 3662) since 28 June 2019. She obtained a Bachelor's Degree in Business Administration in Corporate Administration from Hong Kong Metropolitan University (formerly known as The Open University of Hong Kong) in 2011 and a Master of Laws Degree from the University of Greenwich in 2021. Ms. Chak is a fellow member of each of The Hong Kong Chartered Governance Institute and the Chartered Governance Institute (collectively, the "Institutes"). She is also awarded with the Chartered Secretary and the Chartered Governance Professional by the Institutes. Ms. Chak has extensive experience in compliance, corporate governance and company secretarial matters. From July 2016 to October 2018, she was the company secretary of Colour Life Services Group Co., Limited (a company listed on the Stock Exchange, stock code: 1778).

SENIOR MANAGEMENT

The executive directors are closely involved in and are directly responsible for all activities of the Group. The Board considers that only the above-mentioned three executive directors are regarded as members of the Group's senior management.

EMOLUMENTS OF DIRECTORS AND SENIOR EMPLOYEES

Details of the emoluments of directors and senior employees are set out in Note 40 to the consolidated financial statements.

DIRECTORS' INTERESTS IN SHARES AND OPTIONS

The interests of the Company's directors, chief executives and their associates in the shares, underlying shares and debentures of the Company and its associated corporations as at 31 December 2024 as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance ("SFO") or otherwise notified pursuant to Divisions 7 to 9 of Part XV of the SFO, were as follows:

(A) Long Positions in Shares of the Company

Name of director	Number of Shares				Total	Percentage of total issued shares
	Personal interest	Family interest	Corporate interest	Other interest		
Mr. Lee Lap	-	-	-	1,252,752,780 (Note 1)	1,252,752,780	46.96%
Mr. Tommy Lee	-	-	710,000,000 (Note 2)	1,252,752,780 (Note 1)	1,962,752,780	73.58%
Mr. Chau Hau Shing	7,150,000	-	-	-	7,150,000	0.27%

Notes:

- The 1,252,752,780 shares included under the other interest of Mr. Lee Lap and Mr. Tommy Lee are held by Lee & Leung (B.V.I.) Limited. Lee & Leung (B.V.I.) Limited is wholly-owned by Lee & Leung Family Investment Limited, which is wholly-owned by HSBC International Trustee Limited as trustee for Lee & Leung Family Trust. Mr. Lee Lap is the settlor of the Lee & Leung Family Trust. The discretionary beneficiaries of the Lee & Leung Family Trust are the spouse and certain children of Mr. Lee Lap (including Mr. Tommy Lee) and the offspring of such children.
- The 710,000,000 shares were issued to Earth Axis Investment Limited ("Earth Axis") which is indirectly controlled by Mr. Tommy Lee as partial settlement of the consideration upon completion of the sale and purchase agreement dated 23 September 2020.

(B) Long Positions in Shares of Other Associated Corporations

Name of director	Name of subsidiary	Number of non-voting deferred shares held (Note)		Total	% of total issued non-voting deferred shares
		Personal Interest	Spouse interest		
Mr. Lee Lap	Applied Industrial Company Limited	1,000	1,500	2,500	100%
	Lee Plastics Manufacturing Company Limited	250,000	250,000	500,000	100%
	Magnetic Electronics Limited	5,000	–	5,000	100%
	Termbray Electronics Company Limited	7,000	3,000	10,000	100%

Note: All the above non-voting deferred shares are held by the director or his spouse personally as beneficial owner.

Except as disclosed above, as at 31 December 2024, none of the directors or chief executive of the Company had any interest or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of the SFO) as recorded in the register required to be kept by the Company under Section 352 of the SFO.

At no time during the year, the Company or any of its subsidiaries was a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

During the year, the Group had entered into transactions with Panda Investment Company Limited ("Panda Investment"), which are described in Note 34 to the consolidated financial statements. Mr. Lee Lap has beneficial interests in Panda Investment.

During the year, the Group had entered into a sale and purchase agreement with Mr. Tommy Lee for all the issued shares in and shareholder's loans owing by an indirect wholly-owned subsidiary, details of which are disclosed in the section headed "Continuing Connected Transactions and Connected Transactions".

During the year, the Group has entered into a loan agreement with Mr. Tommy Lee that Mr. Tommy Lee agreed to provide a loan to support the Group's business development, details of which are set out in Note 33 to the consolidated financial statements.

Save as aforementioned, no other transactions, arrangements or contracts of significance in relation to the Group's business to which the Company, its holding company or any of its subsidiaries was a party of subsisted at the end of the year or any time during the year.

DIRECTORS' INTEREST IN COMPETING BUSINESS

Pursuant to paragraph 8.10 of the Listing Rules, the Company discloses that Mr. Lee Lap is interested in numerous companies engaged in property development and investment in the PRC and Hong Kong ("Competing Businesses").

The Board of the Company has continuously monitored in view of the interests of Mr. Lee Lap to identify conflict of interest (if any). If conflict of interest arises, Mr. Lee Lap (as the case may be) will abstain from participating in making any decision. The Company is therefore capable of carrying on its business independently of, and at arm's length from the Competing Businesses.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company or its subsidiaries were entered into or existed during the year.

DIRECTORS' REPORT

SUBSTANTIAL SHAREHOLDERS

The persons (other than the directors as disclosed in the “Directors’ Interest in Shares and Options”) interested in the issued share capital of the Company as at 31 December 2024 as recorded in the register kept by the Company pursuant to Section 336 of the SFO were as follows:

Ordinary Share of the Company

Name of shareholders	Capacity	Number of issued ordinary shares of HK\$0.08 each held	Percentage of the issued share capital of the Company
Lee & Leung (B.V.I.) Limited (Note 1)	Beneficial owner	1,252,752,780	46.96%
Lee & Leung Family Investment Limited (Note 1)	Held by controlled corporation	1,252,752,780	46.96%
HSBC International Trustee Limited (Note 1)	Held by controlled corporation as trustee for Lee & Leung Family Trust	1,252,752,780	46.96%
Mdm. Leung Lai Ping (Note 1)	Beneficiary of a trust (other than a discretionary trust)	1,252,752,780	46.96%
Earth Axis (Note 2)	Beneficial owner	710,000,000	26.62%
aEasy Finance Holdings Limited (Note 2)	Held by controlled corporation	710,000,000	26.62%
Cosmo Telecommunication Inc. (Note 3)	Beneficial owner	151,202,960	5.67%
Ms. Jing Xiao Ju (Note 3)	Held by controlled corporation	151,202,960	5.67%
East Glory Trading Limited (Note 4)	Beneficial owner	103,397,540	3.88%
Master Winner Limited (Note 4)	Held by controlled corporation	103,397,540	3.88%
Mr. Yuan Qinghua (Note 4)	Held by controlled corporation	103,397,540	3.88%

Notes:

- (1) The 1,252,752,780 shares are held by Lee & Leung (B.V.I.) Limited. Lee & Leung (B.V.I.) Limited is wholly-owned by Lee & Leung Family Investment Limited, which is wholly-owned by HSBC International Trustee Limited as trustee for Lee & Leung Family Trust. Mr. Lee Lap is the settlor of the Lee & Leung Family Trust. The discretionary beneficiaries of the Lee & Leung Family Trust are the spouse (Mdm. Leung Lai Ping) and certain children of Mr. Lee Lap (including Mr. Tommy Lee) and the offspring of such children.
- (2) The 710,000,000 shares were issued to Earth Axis as partial settlement of the consideration upon completion of the sale and purchase agreement dated 23 September 2020. Earth Axis is wholly-owned by aEasy Finance Holdings Limited which is indirectly controlled by Mr. Tommy Lee.
- (3) According to record, as at 31 December 2024, Cosmo Telecommunication Inc. is wholly-owned by Ms. Jing Xiao Ju.
- (4) According to record, as at 31 December 2024, East Glory Trading Limited is wholly-owned by Master Winner Limited, which in turn is wholly-owned by Mr. Yuan Qinghua. After the allotment and issue of shares of the Company as partial settlement of the consideration on completion of the sale and purchase agreement dated 23 September 2020, the Company has not received notifications of disclosure of interests from these shareholders reporting change in number of shares. Based on the issued shares as at 31 December 2024, the percentage level of these shareholders was reduced to 3.88%.

Except as disclosed above, the Company has not been notified of any other interests or short positions in the shares or the underlying shares of the issued share capital of the Company as at 31 December 2024.

CONTINUING CONNECTED TRANSACTIONS AND CONNECTED TRANSACTIONS

During the year, there were no continuing connected transactions that were not fully exempted from shareholders' approval, annual review and all disclosure requirements under the Chapter 14A of the Listing Rules.

DIRECTORS' REPORT

Pursuant to Chapter 14A of the Listing Rules, the Company discloses the following connected transaction entered into during the year:

Disposal of a Subsidiary

On 8 November 2023, Termbray (China) Land Development Company Limited ("Termbray China"), an indirect wholly-owned subsidiary of the Company, as vendor and Mr. Tommy Lee as purchaser entered into a sale and purchase agreement (the "Sale and Purchase Agreement") in respect of the sale and purchase of all the issued shares in and shareholder's loans owing by Termbray (Fujian) Land Development Company Limited at the consideration of HK\$160,000,000. The consideration under the Sale and Purchase Agreement shall be settled by way of setting off against the equivalent amount of the outstanding payment payable by Termbray Wealth Investment Limited ("Termbray Wealth") to Earth Axis for acquiring aEasy Credit Investment Limited and its subsidiaries on 23 September 2020, as supplemented and amended by a third supplemental agreement entered into between Termbray Wealth and Earth Axis on 8 November 2023 (the "New Settlement Manner under the Third Supplemental Agreement"). The disposal transaction was completed on 12 January 2024.

PROVIDENT FUND SCHEMES

The Group has mandatory provident fund schemes ("MPF Schemes") managed by a banking group and an insurance group respectively. All staff employed in Hong Kong have joined the MPF Schemes. The MPF Schemes are defined contribution schemes, the assets of which are held separately from those of the Group in independently administered funds. Both of the employer and the employee are required to make mandatory contributions to the MPF Schemes calculated at 5% of the employee's monthly relevant income with a cap of HK\$1,500, subject to the rules and regulations of the Mandatory Provident Fund Schemes Ordinance. As at 31 December 2024, the Group had no forfeited contributions (31 December 2023: Nil) available to offset future employers' contributions to the MPF Schemes.

The employees of the Company's subsidiaries in the PRC are members of a state-managed retirement benefit scheme operated by the PRC government. The subsidiaries are required to contribute certain percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to this retirement benefit scheme is to make the specified contributions.

DIRECTORS' REPORT

The contribution made by the Group charged to the consolidated statement of profit or loss in respect of the year ended 31 December 2024 are as follows:

	2024 HK\$'000	2023 HK\$'000
Gross employer's contributions	1,143	689
Less: Forfeited contributions	–	–
Net contributions	1,143	689

PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of its directors, as of the date of this report, there is sufficient public float of the shares of the Company with not less than 25% of the total issued shares of the Company as required under the Listing Rules.

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

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

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Bye-laws although there are no statutory restrictions against such rights under the laws in Bermuda.

PERMITTED INDEMNITY

The Company's Bye-laws provided that the directors for the time being of the Company shall be indemnified and secured harmless out of the assets of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them, shall or may incur or sustain by reason of any act done, concurred in or omitted in or about the execution of their duty or supposed duty in their respective offices or trusts, except such (if any) as they shall incur or sustain through their own willful neglect or default, fraud or dishonesty respectively.

DIRECTORS' REPORT

The Company has taken out insurance against the liability and costs associated with defending any proceedings which may be brought against directors of the Company.

EQUITY-LINKED AGREEMENTS

No equity-linked agreements were entered into by the Company during the year ended 31 December 2024.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in this annual report, at no time during the year was the Company, its parent company, or any of its subsidiaries or fellow subsidiaries a party to any arrangements to enable the directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

SUBSEQUENT EVENTS

There were no material events undertaken by the Group after 31 December 2024.

AUDITOR

The consolidated financial statements for the year ended 31 December 2024 were audited by PricewaterhouseCoopers.

A resolution to re-appoint PricewaterhouseCoopers as auditors of the Company will be proposed at the forthcoming annual general meeting.

By order of the Board

Zero Fintech Group Limited

Lee Lap

Chairman

27 March 2025

CORPORATE GOVERNANCE REPORT

The Company is committed to maintaining a high standard of corporate governance and firmly believes that maintaining a good, solid and sensible framework of corporate governance will help ensure that the Company's business is run in the best interests of its shareholders as a whole.

The Company has adopted all the code provisions in the Corporate Governance Code ("the CG Code") contained in Appendix C1 of the Listing Rules as its own code on corporate governance practices.

The Company has complied with the CG Code during the year ended 31 December 2024 save as disclosed below.

Pursuant to code provision B.2.2 of the CG Code, every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. The Company is subject to a private act called "The Termbray Industries International (Holdings) Limited Act 1991". Section 4(g) of the said Act provides that: "Notwithstanding anything contained in the Companies Act or rule of law to the contrary, the directors of the Company shall not be required to be elected at each annual general meeting, but shall (save for any chairman or managing director) be subject to retirement by rotation in such manner and at such frequency as the Bye-laws may provide." Accordingly, the chairman and managing director of the Company may not be made subject to retirement by rotation. The Company has amended its Bye-laws to provide that every director of the Company, other than directors holding the office of chairman or managing director shall be subject to retirement by rotation at least once every 3 years, while directors holding the office of chairman or managing director shall be subject to re-election once every 3 years.

THE COMPANY'S CULTURE

The Board has established the Group's purpose, values and strategies and is satisfied that they are aligned with the Group's culture. All directors act with integrity, lead by example, and promote the desired culture. The Board should instil and continually reinforce the Company's values of "acting lawfully, ethically and responsibly".

Business integrity is a basic value of our business and the Group is devoted to conducting the business operations in line with high ethical standards. In order to ensure that employees are conscious of professional ethics and can maintain the reputation of the Company, the Group has implemented an Employee Handbook and an Employee Code of Conduct ("Code") and policies, which comply with the relevant laws and regulations and applies to all employees. It sets out the norms for the daily behaviour of our employees and our operation principles underpinning our management approaches to various topics, including business ethics, conflicts of interest, bribery, and procurement.

The Group is devoted to nurturing harmonious, healthy, warm and positive corporate culture through various activities such as team building in order to improve the employee's sense of commitment and emotional engagement with the Group's mission. This sets the tone for building a strong and productive workforce that attracts, develops, and retains the best talent and produces the highest quality work.

CORPORATE GOVERNANCE REPORT

All directors recognise that they have to discharge their duties and responsibilities at all times as fiduciaries, acting objectively in the best interests of the Company and hold the management accountable for performance, and the Board is accountable to the shareholders through effective governance of the business.

BOARD OF DIRECTORS

The Board is charged with leading the Group in a responsible and effective manner. Each director has to carry out his/her duties in utmost good faith above and beyond any prevailing applicable laws and regulations and act in the best interests of the shareholders. The duties of the Board include establishing the strategic direction of the Group, setting objectives and monitoring the performance of the Group.

The Board has established schedule of matters specifically reserved to the Board for its decision and those reserved for the management. The Board reviews this schedule on a periodic basis to ensure that it remains appropriate to the needs of the Company.

The Board of the Company consists of 3 executive directors and 3 independent non-executive directors. The brief biographical details of the existing directors are described on pages 24 to 26 of the annual report. Saved as disclosed therein, there are no other business, financial, family and other relevant interests among the directors. There was no change of directors during the year.

Mr. Shu Wa Tung, Laurence, Mr. Wu Wai Pan and Ms. Chak Wai Ting, the independent non-executive Directors, have each entered into an appointment letter with the Company for service as an independent non-executive director for a term (i) from 15 April 2024 to 31 December 2026, (ii) from 10 June 2024 to 31 December 2026 and (iii) from 9 November 2024 to 31 December 2026 respectively.

The Chairman and the Chief Executive Officer have different roles. The Chairman is responsible for the operation of the Board and the Chief Executive Officer is responsible for managing the operations of the Group. Their functions have been clearly divided to ensure a balanced distribution of power and authority not concentrating on a single individual.

The independent non-executive directors, all of whom are independent of the management of the Company, are highly experienced professionals coming from diversified commercial backgrounds. They ensure that the Board maintains high standards of financial and other mandatory reporting as well as providing adequate checks and balances to safeguard the interests of shareholders and the Company as a whole. Through serving on the Board committees, taking active participation and sharing of valuable impartial view on matters discussed at the Board and/or Board committees meetings and taking lead in managing issues involving potential conflict of interests, all independent non-executive directors have provided the independent view to the Board.

The Board has set up an independent professional consulting procedures and upon reasonable request, are able to seek independent professional advice in appropriate circumstances at the Company's expenses. The full Board meets regularly to review the financial and operating performance of the Group. Additional Board meetings were held when necessary. Due notice and Board papers were given to all directors prior to the meeting in accordance with the Listing Rules and the CG Code.

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for performing the corporate governance duties, including the following matters attended by the Board during the year ended 31 December 2024:

- to develop and review the Company's policies and practices on corporate governance;
- to review and monitor the training and continuous professional development of directors and senior management;
- to review and monitor the Company's policies, including board diversity policy, shareholders communication policy and mechanisms to ensure independent views of the Board, 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; and
- to review the Company's compliance with the corporate governance code and disclosure in the Corporate Governance Report.

The Board has also established mechanism to ensure independent views are available to the Board, including providing the directors with sufficient resources to perform its duties and shall seek, at the Company's expense, independent professional advice to perform its responsibilities if necessary. The Board shall review annually the mechanism on independent views to ensure its implementation and effectiveness.

DIRECTORS' TRAINING

Directors of the Company are continually updated with legal and regulatory developments and the business environment to facilitate discharge of their responsibilities. All directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills.

Directors are provided with monthly updates on the Company's performance, position and prospects to enable the Board as whole and each director to discharge their duties.

CORPORATE GOVERNANCE REPORT

Continuing education and information are provided to the directors regularly to help ensuring that the directors are appraised of the latest changes in the commercial, legal and regulatory environment in which the Group conducts its business.

Based on the training records provided to the Company, the directors have participated in the following training during the year ended 31 December 2024:

Name of directors	Reading regulatory updates/attending in house briefing	Attending expert briefing/seminars/conference relevant to the business/directors' duties
Mr. Lee Lap (Chairman)	✓	
Mr. Tommy Lee (Vice Chairman & Chief Executive Officer)	✓	
Mr. Chau Hau Shing	✓	
Mr. Shu Wa Tung, Laurence	✓	✓
Mr. Wu Wai Pan	✓	
Ms. Chak Wai Ting	✓	✓

There were 4 regular Board meetings held in the year ended 31 December 2024. The attendance record of each director is shown below. All business transacted at the above meetings are well-documented and maintained in accordance with applicable laws and regulations.

Name of directors	No. of board meeting attended	Attendance rate
Mr. Lee Lap (Chairman)	4/4	100%
Mr. Tommy Lee (Vice Chairman & Chief Executive Officer)	4/4	100%
Mr. Chau Hau Shing	4/4	100%
Mr. Shu Wa Tung, Laurence	4/4	100%
Mr. Wu Wai Pan	4/4	100%
Ms. Chak Wai Ting	4/4	100%

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 of the Listing Rules (the "Model Code"), as the code of conduct regarding directors' securities transactions.

In response to specific enquiry made, all directors confirmed that they have complied with the Model Code throughout the year ended 31 December 2024.

In addition, the Board also established written guidelines on no less exacting terms than the Model Code for senior management of the Company in respect of their dealings in the securities of the Company.

BOARD COMMITTEES

To strengthen the functions of the Board and to enhance its expertise, there are three Board committees namely, the audit committee, remuneration committee and nomination committee formed under the Board, with each performing different functions.

AUDIT COMMITTEE

The audit committee, which is chaired by Mr. Shu Wa Tung, Laurence, an independent non-executive director with appropriate professional qualification, has been established with defined terms of reference in alignment with the recommendations set out in "A Guide for Effective Audit Committees" issued by the Hong Kong Institute of Certified Public Accountants and the code provisions set out in the CG Code of the Listing Rules. Other members of the audit committee during the year are Mr. Wu Wai Pan and Ms. Chak Wai Ting, the independent non-executive directors. The audit committee meets no less than twice a year with the senior management and the external auditors to review the accounting principles and practices adopted by the Group and other financial reporting matters, assure the completeness, accuracy and fairness of the financial statements of the Group, discuss the effectiveness of the systems of internal control throughout the Group and most importantly, review all significant business affairs managed by the executive directors in particular on connected transactions. The audit committee also provides advice and recommendations to the Board and oversees all matters relating to the external auditors, and it plays an important role in monitoring and safeguarding the independence of external auditors.

CORPORATE GOVERNANCE REPORT

The audit committee met 2 times during the financial year ended 31 December 2024. Set out below is the summary of work done during the year under review:

- to review the financial statements of the Group for the year ended 31 December 2023 and for the six months ended 30 June 2024;
- to discuss on the effectiveness of the internal control system;
- to review the internal audit report prepared by outsourced professional firm;
- to review the auditors' statutory audit plan and the letters of representation;
- to consider and approve the 2024 audit fees; and
- to review the internal control report and risk assessment report.

The attendance record of each member is shown below. All business transacted at the above meetings are well-documented and maintained in accordance with applicable laws and regulations.

Name of audit committee members	No. of meeting attended	Attendance rate
Mr. Shu Wa Tung, Laurence (Chairman)	2/2	100%
Mr. Wu Wai Pan	2/2	100%
Ms. Chak Wai Ting	2/2	100%

REMUNERATION COMMITTEE

The remuneration committee, which is now chaired by Mr. Shu Wa Tung, Laurence, has been established with defined terms of reference. Other members during the year are Mr. Lee Lap and Mr. Wu Wai Pan.

The Company aims to design remuneration policies that attract and retain executives that are needed to run the Group successfully and to motivate executives to pursue appropriate growth strategies whilst taking into account performance of the individual. The remuneration should reflect performance, complexity and responsibility of the individual; and the remuneration package will be structured to include salary and bonus to provide incentives to directors and senior management to improve their individual performances.

The role and function of the remuneration committee include formulation of the remuneration policy, review and recommendation to the Board the annual remuneration policy, and determination of the remuneration of the executive directors.

Set out below is the summary of work done of the remuneration committee during the year under review:

- to review the remuneration policy and the remuneration of the directors and senior management; and
- to review the remuneration of the executive directors and senior management and review the directors' fee of the independent non-executive directors for the year ended 31 December 2024.

The remuneration committee met 1 time during the financial year ended 31 December 2024 with the presence of all the members of the remuneration committee. The attendance record of each member is shown below:

Name of remuneration committee members	No. of meeting attended	Attendance rate
Mr. Shu Wa Tung, Laurence (Chairman)	1/1	100%
Mr. Lee Lap	1/1	100%
Mr. Wu Wai Pan	1/1	100%

The Board considers that only the executive directors are regarded as members of the senior management. Particulars regarding directors' remuneration and the five highest paid employees as required to be disclosed pursuant to Appendix D2 to the Listing Rules are set out in Note 9 and Note 40 to the consolidated financial statements.

Directors' remuneration policy

The Company has put in place a directors' remuneration policy to determine the remuneration packages of directors to ensure that there is an appropriate level of remuneration to attract and retain experienced people of high calibre to oversee the Group's business and development. The remuneration of directors is reviewed at least annually and determined with reference to the skills and knowledge of the directors, their job responsibilities and level of involvement in the Group's affairs, corporate performance, individual performance as well as prevailing market conditions. Remuneration comprises directors' fees, salaries, allowances and performance-related bonuses, equity-settled share based payments and retirement benefit contributions.

NOMINATION COMMITTEE

The nomination committee, which is chaired by Mr. Lee Lap, has been established with defined terms of reference. Other members during the year are Mr. Shu Wa Tung, Laurence and Mr. Wu Wai Pan.

The nomination committee is responsible for:

- review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;
- identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships;
- assess the independence of independent non-executive directors;
- make recommendations to the Board on the appointment or re-appointment of directors and succession planning for directors, in particular the Chairman and the chief executive; and
- consider other topics as defined by the Board.

CORPORATE GOVERNANCE REPORT

The nomination committee met 1 time during the financial year ended 31 December 2024 with the presence of all the members of the nomination committee to review the structure, size and composition of the Board, to assess the independence of independent non-executive directors and to make recommendations on re-election of retiring directors. The attendance record of each member is shown below:

Name of nomination committee members	No. of meeting attended	Attendance rate
Mr. Lee Lap (Chairman)	1/1	100%
Mr. Shu Wa Tung, Laurence	1/1	100%
Mr. Wu Wai Pan	1/1	100%

The Board has also adopted a nomination policy (the "Nomination Policy") which sets out the selection criteria and procedure of appointing and re-appointing a director. The selection criteria used in assessing the suitability of a candidate include, inter alia, such candidate's academic background and professional qualifications, relevant experience in the industry, character and integrity, etc.

Pursuant to the Nomination Policy, the nomination committee reviews the structure, size and composition of the Board periodically and makes recommendation on any proposed changes to the Board to complement the Company's corporate strategy. When it is necessary to fill a casual vacancy or appoint an additional director, the nomination committee identifies or selects candidates as recommended to the committee pursuant to the criteria set out in the Nomination Policy. Based upon the recommendation of the nomination committee, the Board deliberates and decides on the appointment. In addition, every director shall be subject to retirement by rotation or re-election at least once every three years and shall be eligible for re-election at each annual general meeting. The nomination committee shall review the overall contribution and service to the Company, expertise and professional qualifications of the retiring directors, who offered himself/herself for re-election at the annual general meeting, to determine whether such director continues to meet the criteria as set out in the Nomination Policy.

CORPORATE GOVERNANCE REPORT

BOARD DIVERSITY POLICY

The Board has formulated and adopted a board diversity policy in June 2013 setting out the approach on diversity of the board. The Board had reviewed the implementation and effectiveness of the said policy during the year.

The Board recognises the importance of having a diverse board in enhancing the Board effectiveness and corporate governance. A diverse Board will include and make good use of difference in the skills, industry knowledge and experience, education, background and other qualities of directors of the Company and does not discriminate on the ground of race, age, gender or religious belief. These differences will be taken into account in determining the optimum composition of the Board and when possible should be balanced appropriately.

The nomination committee of the Company has responsibility for identifying and nominating for approval by the Board, candidates for appointment to the Board. It takes responsibility in assessing the appropriate mix of experience, expertise, skills and diversity required on the Board and assessing the extent to which the required skills are represented on the Board and overseeing the Board succession. Board appointments will be based on merit and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

The Board will consider and review from time to time the Board diversity policy and setting of any measurable objects, if appropriate.

Gender diversity

As at 31 December 2024, the gender ratio in the Group's workforce (including directors) is around 38% female, among which, around 27% of the Group's manager roles are held by women. The chart below summarises the share of women at different position levels across the Group as at 31 December 2024.

Gender	Level		
	Director	Manager	Employee
Male	5	11	53
Female	1	4	38

The Board achieved gender diversity of the Board on 9 November 2022. Accordingly, the Board considers that the current composition of the Board has met the Board's objectives with respect to gender diversity.

DIVIDEND POLICY

The Board has adopted a dividend policy (the “Dividend Policy”) which does not have any pre-determined dividend payout ratio. In considering dividend payment, the Board will take into account factors such as depending on results of operations, working capital, financial position, future prospects, and capital requirements, as well as any other factors which the directors of the Company may consider relevant from time to time. The Board will review the Dividend Policy from time to time and the Dividend Policy does not constitute any commitment or obligation of the Company to declare dividends.

AUDITOR’S REMUNERATION

The remuneration in respect of services provided by PricewaterhouseCoopers for the Group for the year ended 31 December 2024 are analysed as follows:

	2024	2023
	HK\$’000	HK\$’000
Audit services	2,285	2,250
Non-audit services	955	350
	3,240	2,600

Note: The remuneration for non-audit services for the year ended 31 December 2024 includes fees regarding the review of the interim financial report of the Group for the six months ended 30 June 2024, reasonable assurance on working capital sufficiency statements of the Group for major loan transactions and agreed-upon procedures on the loan portfolio of a subsidiary (2023: review of the interim financial report for the six months ended 30 June 2023).

DIRECTORS’ RESPONSIBILITY FOR PREPARING THE CONSOLIDATED FINANCIAL STATEMENTS

The directors acknowledge that it is their responsibilities to prepare the consolidated financial statements. The statement of the auditor about their reporting responsibilities on the consolidated financial statements is set out in the Independent Auditor’s Report on pages 53 to 59.

RISK MANAGEMENT AND INTERNAL CONTROL

The Company places great importance on risk management and internal control. The Board has overall responsibility for the systems of risk management and internal control and for reviewing their effectiveness. However, the risk management and internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

During the year, the Group has complied with code provision D.2 of the CG Code of the Listing Rules by establishing appropriate and effective risk management and internal control systems. The Board is responsible for the design, implementation and monitoring of such systems, and oversees management in performing its duties on an ongoing basis. Main features of the risk management and internal control systems are described in the sections below.

Risk management policy

A sound framework of risk oversight, risk management and internal control is fundamental to the Group's commitment to good corporate governance. The Group adopts a risk management policy which manages risks including, amongst others, material risks relating to ESG associated with its business and operations.

The management of risk within the Group is recognised as a critical part of its business operations. It underpins reliable financial reporting, compliance with relevant legal and regulatory obligations, efficient and effective business operations.

To manage the risk exposures faced by the Group, the Board recognises the need to identify areas of significant business risk and to develop and implement strategies to investigate these risks as a basis of implementing a formal system of risk management and internal control and compliance.

Risk identification sets out to identify the Company's exposure to uncertainties. Risk types will be categorised as strategic risks, operational risks, reporting risks, compliance risks and ESG risks.

The Group will undertake a formal risk assessment review and to routinely monitor and reassess material risk exposures within the Group.

Internal control system

The Company has in place an internal control system which enables the Group to achieve objectives regarding effectiveness and efficiency of operations, reliability of financial reporting and compliance with applicable laws and regulations. The components of the system are shown as follows:

- *Control Environment:* A set of standards and procedures that provides the basis for carrying out internal control across the Group.
- *Risk assessment:* A process for identifying and analysing risks as well as those relating to the Group's ESG performance and reporting to achieve the Group's objectives and for determining how risks should be managed.
- *Control Activities:* Action established by policies and procedures to help ensure that risk mitigation is carried out by the management.
- *Information and Communication:* Internal and external communication to provide the Group with the information needed to carry out day-to-day controls.
- *Monitoring:* Ongoing evaluations to ensure each component of internal control system is functioning.

Procedures and internal controls for the handling and dissemination of inside information

The Company has adopted a policy on disclosure of inside information which sets out the obligations, guidelines and procedures for handling and dissemination of inside information. The Group discloses inside information to the public as soon as reasonably practicable unless the information falls within any of the safe harbours as provided in the SFO. The Group ensures that information is kept strictly confidential before fully disclosed to the public, and if the Group believes that the necessary degree of confidentiality cannot be maintained or that confidentiality may have been breached, the Group will immediately disclose the information to the public. The Group is committed to ensuring that information contained in announcements are not false or misleading, or not false or misleading through omission of a material fact, and to present information in a clear and balanced way, which requires equal disclosure of both positive and negative facts.

Internal audit function

The Group has engaged an external professional firm to perform internal audit ("IA") functions, which consists of professional staff with relevant expertise (such as Certified Public Accountants). The IA is independent of the Group's daily operation and carries out an assessment of the risk management and internal control systems by conducting interviews, walkthroughs and tests of operating effectiveness.

CORPORATE GOVERNANCE REPORT

Based on the analysis of the identified key risks over financial reporting, compliance and operation aspects of the Group, the IA has designed a 3-year IA plan. The IA plan has been approved by the Board. According to the established IA plan, reviews of the risk management and internal control systems are conducted annually and the results are reported to the Board after approval by the audit committee.

Based on the internal control reviews conducted in 2024, no significant control deficiency was identified.

During the year, the Board had also considered the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function, and their training programme and budget. Based on the results of the review, the Group will continue to take steps to further enhance the effectiveness of the internal control system.

Anti-corruption and Anti-money Laundering Policy and Whistle-blowing Policy

The Group is committed to fostering an ethical corporate culture and abide by anti-money laundering regulations. A set of strict policies covering Anti-Bribery, Extortion, Fraud, and Money Laundering Policy ("Policy") has been implemented in order to make sure that the management and employees keep the highest ethical standards during all business-related actions. Employees of the Company are not permitted to provide any kind of payment to authorities, provide or take any benefit for the aim of influencing business operations, or grant or accept loans from any entities or individuals with whom we do business. The Policy applies to our customers as well as to our suppliers, service providers, and contractors.

Moreover, the Board also call for the management and all staff to be prohibited from physically disposing of money made via illegal activities. The proper guidelines have been established, covering appropriate controls such as record keeping, employee training, and ongoing client observation. Whenever employees notice any shady transactions, they are supposed to report them to management through our whistle-blowing channels. The guidelines are periodically reviewed to ensure that our anti-corruption procedures are in compliance with the most recent laws and regulations.

By recognising the patterns of wrong behaviour, educational needs, and supervision efficacy for a strong preventative strategy, we proactively find any prospective corruption situations to avoid improper conduction. Moreover, we provide anti-bribery training as a required component of the induction training to all new hires to make sure they completely understand and agree to be bound by the Code and Policy.

For the purpose of implementing the whistle-blowing channels and looking into the reported incidents, an internal whistle-blowing management team has been established. The internal management team will recognise problematic behaviours and provide suggestions to the Group to correct them. Employees are encouraged to report any suspicious incidents internally to the Internal Reporting Management Team. If further investigation is thought to be required after the review process, a responsible department will be assigned and the findings will be shared at an internal meeting with a set timetable. The Internal Whistle-blowing Policy outlines the unacceptable behaviours and our channels in explicit detail. If any such incidents are discovered, the employees may be subject to legal repercussions. During the year, there were no reported cases regarding corrupt issues brought against the Group or employees.

COMPANY SECRETARY

The Company has engaged and appointed Mr. Lo Tai On, a representative from an external secretarial services provider, as the company secretary of the Company. The primary contact person with the company secretary of the Company is Mr. Wu Xiao Dong, the Chief Financial Officer of the Company. Mr. Lo has confirmed that he has taken no less than 15 hours of relevant training.

CONSTITUTION DOCUMENTS

During the year, there was no change in the Company's constitution documents.

The name of the Company has been changed from "Termbray Industries International (Holdings) Limited" to "Zero Fintech Group Limited", and the secondary name in Chinese "零在科技金融集團有限公司" has been adopted in place of the unregistered Chinese name of "添利工業國際(集團)有限公司" with effect from 19 June 2024.

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

Summary of Shareholders Communication Policy

The Company considers that effective communication with its shareholders is essential for enhancing investor relations and investors understanding of the Group's business performance and strategies. Shareholders are provided with detailed information about the Company set out in the interim/annual report and/or the circular so that they can exercise their rights in an informed manner.

The Company uses a range of communication tools, such as the annual general meeting, the annual report, interim report, various notices, announcements and circulars, to ensure the shareholders are kept well informed of key business imperatives. Procedures for conducting a poll are explained by the Chairman of the meeting at the general meetings of the Company.

CORPORATE GOVERNANCE REPORT

General meetings of the Company provide a direct forum of communication between shareholders and the Board. Shareholders are welcome to put forward enquiries to the Board or the management thereat and the Chairman of the Board, or in his absence, an executive director of the Company, as well as chairman of the nomination committee, remuneration committee and audit committee, or in their absence, other members of the respective committees, and where applicable, the independent board committee, will be commonly be present and available to answer questions and shareholders may also contact the company secretary to direct their written enquiries.

During the year, an annual general meeting and a special general meeting were held on 13 June 2024.

At the annual general meeting, separate resolution was proposed in respect of each separate issue itemised on the agenda, including the re-election of retiring directors. At the special general meeting, a separate resolution was proposed in respect of the change of the name of the Company. The Chairman of the Board and members of all committees attended and answered questions from shareholders.

The Chairman of the meetings explained detailed procedures for conducting a poll. All the resolutions proposed at the meetings were passed separately by way of poll. The results of the poll were published on the websites of the Stock Exchange and the Company on 13 June 2024. No other general meeting of the Company was held during the year.

The attendance record of each director at the general meetings are shown below:

Name of directors	No. of general meeting attended	Attendance rate
Mr. Lee Lap (Chairman)	2/2	100%
Mr. Tommy Lee (Vice Chairman & Chief Executive Officer)	2/2	100%
Mr. Chau Hau Shing	2/2	100%
Mr. Shu Wa Tung, Laurence	2/2	100%
Mr. Wu Wai Pan	2/2	100%
Ms. Chak Wai Ting	2/2	100%

The forthcoming annual general meeting of the Company will be held on Thursday, 19 June 2025. A notice convening the annual general meeting will be published on the websites of the Stock Exchange and the Company and will be dispatched together with the 2024 annual report to the shareholders of the Company.

The Company is committed to enhancing communications and relationships with its investors. Designated management maintains an open dialogue with the press and analysts to keep them abreast of the Company's developments.

The Company also maintains a website at www.zerofintech.com.hk, where updates on the Company's business developments and operations, financial information and news can always be found.

Shareholders and investors may at any time send their enquiries and concerns to the Board in writing as follows:

Address: Room 2107-08, 21/F, Cosco Tower, 183 Queen's Road Central, Sheung Wan, Hong Kong

Fax: (852) 2531 0338

Email: group@zerofintech.com.hk

All corporate communications and regulatory announcements were published by the Company on its website and the website of the Stock Exchange in a timely manner. Taking into account the variety of existing channels for communication and participation, the Board considers that the shareholders communication policy is effective during the year.

SHAREHOLDERS' RIGHTS

Shareholders are entitled to requisition a special general meeting and put forward proposals at general meeting. The procedures are as follows:

(a) Procedures for requisitioning a special general meeting

Shareholder(s) holding at the date of deposit of the requisition not less than one-tenth of the paid up-capital of the Company carrying the right to vote at general meetings of the Company may, by written requisition to the Board or the Company Secretary signed and deposited in accordance with the Bye-laws of the Company, Bermuda Companies Act 1981, require the directors to call a special general meeting for the transaction of business specified in the requisition.

(b) Procedures for putting forward proposals to general meeting

Shareholder(s) holding not less than one-twentieth of the paid-up capital of the Company carrying the right to vote at general meetings of the Company or not less than 100 shareholders may, at their expense, provide a written request to the attention of the Company Secretary signed and deposited in accordance with the Bermuda Companies Act 1981.

CORPORATE GOVERNANCE REPORT

The procedures for the shareholders to propose a person for election of a director at an annual general meeting is available for viewing at the Company's website at www.zerofintech.com.hk. The above procedures are subject to the Bye-laws of the Company and applicable legislation and regulation from time to time.

Besides, the updated memorandum of association and Bye-laws of the Company has been posted on the website of the Company at www.zerofintech.com.hk and the designed website of the Stock Exchange at www.hkexnews.hk.

CONCLUSION

The Company strongly believes that the quality and standard of corporate governance reflects the quality of the management and the operations of the Group's business. Good corporate governance can safeguard the proper use of funds and effective allocation of resources and to protect shareholders' interests. The management wholeheartedly advocates of the good practice in corporate governance and will try our best to maintain, strengthen and improve the standard and quality of the Group's corporate governance.

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Zero Fintech Group Limited

(formerly known as Termbray Industries International (Holdings) Limited)
(incorporated in Bermuda with limited liability)

OPINION

What we have audited

The consolidated financial statements of Zero Fintech Group Limited (formerly known as Termbray Industries International (Holdings) Limited) (the "Company") and its subsidiaries (the "Group"), which are set out on pages 60 to 150, comprise:

- the consolidated statement of financial position as at 31 December 2024;
- the consolidated statement of profit or loss and other comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Our opinion

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

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HSAs") 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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.

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS

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

Key audit matters identified in our audit are summarised as follows:

- Impairment assessment of loan and interest receivables
- Valuation of leasehold land and buildings and investment property

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>Impairment assessment of loan and interest receivables</p> <p><i>Refer to Note 3.1(b) (credit risk), Note 4 (critical accounting estimates and judgements), Note 10 (impairment losses on loan and interest receivables, net) and Note 20 (loan and interest receivables) to the consolidated financial statements.</i></p> <p>As at 31 December 2024, the Group had gross loan and interest receivables amounting to HK\$1,001,210,000. As at 31 December 2024, the provision for impairment of loan and interest receivables under the expected credit loss ("ECL") model amounted to HK\$91,251,000.</p>	<p>Our procedures in relation to management's assessment of provision for impairment of loan and interest receivables include:</p> <ul style="list-style-type: none">• understood, evaluated and validated the key controls over the impairment assessment of loan and interest receivables, and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors associated;• assessed and challenged the valuation methodology and approach adopted by management in the ECL assessment;

KEY AUDIT MATTERS (CONTINUED)

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>Impairment assessment of loan and interest receivables (Continued)</p> <p>Management assessed the provision for impairment of loan and interest receivables based on the estimation of ECL under a “three-stage” model. In measuring the loss allowance against loan and interest receivables, management applied judgements and assumptions, including determination of criteria for significant increase in credit risk, liquidation discount from collateral value of property mortgages, appropriate models and assumptions for the measurement of ECL and establishment for the number and relation weightings of forward-looking scenarios.</p> <p>We focused on this area because the carrying value of loan and interest receivables is significant to the consolidated financial statements and management’s impairment assessment of loan and interest receivables requires the use of significant judgement and estimates.</p>	<ul style="list-style-type: none"> evaluated the appropriateness of the staging determination and key assumptions about the probability of default, loss given default and exposure at default in assessing the ECL, such as grouping of receivables with similar credit risk characteristics, delinquency ratio and collateral values used for the respective receivable groupings, and forward-looking macroeconomic factors based on a number of reference materials including historical data as well as independent market economic information; tested, on a sample basis, the existence and accuracy of the aging of the loan and interest receivables as at the reporting date by tracing to loan agreements; and checked calculation of management’s computations of loss allowance.

Based on the procedures performed, we found that management’s judgements and estimates applied in the impairment assessment of loan and interest receivables were supported by management provided evidence and our market research.

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS (CONTINUED)

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>Valuation of leasehold land and buildings and investment property</p> <p><i>Refer to Note 4 (critical accounting estimates and judgements), Note 16 (property, plant and equipment) and Note 17 (investment property) to the consolidated financial statements.</i></p> <p>The Group's leasehold land and buildings and investment property amounted to HK\$197,000,000 and HK\$47,000,000, respectively, as at 31 December 2024. For the year ended 31 December 2024, a fair value loss on investment property of HK\$6,000,000 was debited to profit or loss, and a decrease in the carrying amounts arising on the revaluation of land and buildings of HK\$11,556,000 was recognised in other comprehensive loss.</p> <p>Management engaged an independent valuer to determine the valuation of the Group's leasehold land and buildings and investment property. There were significant judgements and estimates involved whereby the valuations have been arrived at using the direct comparison method, taking into account adjustments for differences in transaction time, location, frontage and size between the comparables and the properties.</p> <p>The significant judgements and estimates involved in the property valuations warrant specific audit focus and attention.</p>	<p>Our procedures performed in relation to the valuation of leasehold land and buildings and investment property included:</p> <ul style="list-style-type: none">understood management's controls and processes over the valuation, and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other relevant inherent risk factors;assessed the competence, capability and objectivity of the external valuer engaged by management for the valuation;obtained an understanding of the valuation processes and challenged the significant assumptions to assess if these approaches are consistent with the requirements of HKFRSs and industry norms;assessed the methodologies and data inputs used by the external valuer, and the appropriateness of the key assumptions, based on our knowledge of the property industry, research of unit sale prices, taking into account adjustments for differences in transaction time, location, frontage and size between the comparables and the properties; andinvolved our internal valuation specialists in our discussions with management and the external valuer to understand and assess the appropriateness of methodology used and the assumptions and estimates applied.

Based on the procedures performed, we found the methodologies adopted and the key assumptions used were supported by management provided evidence and our market research.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than 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 this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THE AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

The Audit Committee is responsible for overseeing the Group's financial reporting process.

INDEPENDENT AUDITOR'S REPORT

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. We report our opinion solely to you, as a body, in accordance with Section 90 of the Companies Act 1981 of Bermuda, 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 HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSA's, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee 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 the Audit Committee 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 the Audit Committee, 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.

The engagement partner on the audit resulting in this independent auditor's report is Lee, Kin Wah, Albert.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 27 March 2025

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

	Note	2024 HK\$'000	2023 HK\$'000
Revenue	6	261,781	196,609
Other income	7	1,538	1,801
Other losses, net	8	(2,833)	(467)
Fair value losses on investment property	17	(6,000)	(9,000)
Advertising and promotion expenses		(31,394)	(27,639)
Employee benefits expenses	9	(37,091)	(24,768)
Impairment losses on loan and interest receivables, net	10	(96,409)	(83,785)
Other operating expenses	11	(46,921)	(25,591)
Operating profit		42,671	27,160
Finance costs	12	(5,681)	(7,084)
Profit before income tax		36,990	20,076
Income tax expense	14	(9,915)	(7,940)
Profit for the year attributable to equity holders of the Company		27,075	12,136
Other comprehensive loss:			
<i>Item that may not be reclassified to profit or loss:</i>			
Losses on revaluation of leasehold land and buildings	16	(11,556)	(20,395)
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		(3,340)	(3,073)
Other comprehensive loss for the year, net of tax		(14,896)	(23,468)
Total comprehensive income/(loss) for the year		12,179	(11,332)
Earnings per share for profit attributable to equity holders of the Company for the year (HK cents):			
Basic	15	1.01	0.45
Diluted	15	1.01	0.45

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	<i>Note</i>	2024 HK\$'000	2023 HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment	16	205,516	213,255
Investment property	17	47,000	53,000
Intangible assets	18	7,859	9,211
Deferred income tax assets	27	9,618	7,876
Loan and interest receivables	20	600,166	485,959
Deposits	24	321	164
		870,480	769,465
Current assets			
Completed properties for sale	19	53,105	54,265
Loan and interest receivables	20	309,793	152,677
Repossessed assets	21	37,288	21,413
Deposits, prepayments and other receivables	24	8,402	5,821
Financial assets at fair value through profit or loss	25	89	109
Cash and cash equivalents	26	121,459	101,057
		530,136	335,342
Assets classified as held for sale	28	–	160,170
Total assets		1,400,616	1,264,977
EQUITY AND LIABILITIES			
Equity			
Share capital	29	213,411	213,411
Reserves	30	879,543	867,364
Total equity		1,092,954	1,080,775

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	Note	2024 HK\$'000	2023 HK\$'000
LIABILITIES			
Non-current liabilities			
Loan from a shareholder	33	160,439	–
Bank borrowing	31	112,000	–
Lease liabilities	22	4,890	579
		277,329	579
Current liabilities			
Other payables and accruals	32	16,094	169,299
Amount due to a related company	34	1,245	1,337
Bank borrowing	31	422	–
Lease liabilities	22	2,924	924
Income tax payable		9,648	12,032
		30,333	183,592
Liabilities directly associated with assets classified as held for sale	28	–	31
Total liabilities		307,662	184,202
Total equity and liabilities		1,400,616	1,264,977

The consolidated financial statements on pages 60 to 150 were approved by the Board of Directors on 27 March 2025 and were signed on its behalf.

Lee Lap
Director

Tommy Lee
Director

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

	Share capital HK\$'000	Share premium HK\$'000	Translation reserve HK\$'000	Property revaluation reserve HK\$'000	Retained earnings HK\$'000	Total equity HK\$'000
Balance as at 1 January 2023	213,411	545,966	(1,717)	289,150	45,297	1,092,107
Profit for the year	-	-	-	-	12,136	12,136
Exchange differences arising on translation of foreign operations	-	-	(3,073)	-	-	(3,073)
Loss on revaluation of leasehold land and buildings (Note 16)	-	-	-	(20,395)	-	(20,395)
Total comprehensive (loss)/income for the year	-	-	(3,073)	(20,395)	12,136	(11,332)
Balance as at 31 December 2023	213,411	545,966	(4,790)	268,755	57,433	1,080,775
Profit for the year	-	-	-	-	27,075	27,075
Exchange differences arising on translation of foreign operations	-	-	(3,340)	-	-	(3,340)
Loss on revaluation of leasehold land and buildings (Note 16)	-	-	-	(11,556)	-	(11,556)
Total comprehensive (loss)/income for the year	-	-	(3,340)	(11,556)	27,075	12,179
Balance as at 31 December 2024	213,411	545,966	(8,130)	257,199	84,508	1,092,954

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

	Note	2024 HK\$'000	2023 HK\$'000
Cash flows from operating activities			
Cash used in operations	35(a)	(232,382)	(50,127)
Hong Kong profits tax paid		(13,719)	(14,617)
Overseas taxes paid		(116)	(331)
Net cash outflow from operating activities		(246,217)	(65,075)
Cash flows from investing activities			
Interest received		580	1,707
Purchase of property, plant and equipment		(252)	(420)
Proceeds from disposal of property, plant and equipment	35(b)	230	–
Net cash acquired from acquisition of subsidiaries	37(b)	1,773	–
Net cash inflow from investing activities		2,331	1,287
Cash flows from financing activities			
Proceeds from bank borrowing	35(c)	115,000	–
Payment of loan arrangement fee	35(c)	(4,000)	–
Advance from a shareholder	35(c)	162,267	–
Repayment to a shareholder	35(c)	(5,000)	–
Interest paid on bank borrowing	35(c)	(981)	–
Principal elements of lease payments	35(c)	(1,260)	(950)
Interest paid on lease liabilities	35(c)	(106)	(50)
Net cash inflow/(outflow) from financing activities		265,920	(1,000)
Net increase/(decrease) in cash and cash equivalents			
Cash and cash equivalents at beginning of year		101,057	166,777
Effect of exchange rate changes on cash and cash equivalents		(1,632)	(932)
Cash and cash equivalents at end of year	26	121,459	101,057

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

Zero Fintech Group Limited (formerly known as Termbray Industries International (Holdings) Limited) (the “Company”) is a limited liability company incorporated in Bermuda. The registered office of the Company is located at Clarendon House, Church Street, Hamilton HM11, Bermuda. Its shares are listed on The Stock Exchange of Hong Kong Limited.

The Company and its subsidiaries (together, the “Group”) are principally engaged in property investment and development in the People’s Republic of China (the “PRC”) and Hong Kong and money lending business of providing loans in Hong Kong.

The parent of the Company is Lee & Leung (B.V.I.) Limited which is incorporated in the British Virgin Islands and the directors of the Company consider that its ultimate parent to be Lee & Leung Family Investment Limited, a company incorporated in the British Virgin Islands which is held by HSBC International Trustee Limited as trustee for the Lee & Leung Family Trust, the settlor of which is Mr. Lee Lap.

These consolidated financial statements are presented in thousands of Hong Kong dollars (“HK\$’000”), unless otherwise stated.

2 BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) and disclosure requirements of the Hong Kong Companies Ordinance Cap.622. They have been prepared under the historical cost convention, except for leasehold land and buildings, investment property and financial assets at fair value through profit or loss, which are carried at fair value at the end of each reporting period.

The preparation of the consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 BASIS OF PREPARATION (CONTINUED)

(a) Amended standards and interpretations effective for the financial period beginning on 1 January 2024:

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Hong Kong Interpretations 5 (Revised)	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

The adoption of these amended standards and interpretations did not result in any substantial change to the Group's accounting policies. The amended standards and interpretations listed above had no material impact on the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 BASIS OF PREPARATION (CONTINUED)

(b) The following new and amended standards and interpretations have been issued, but are not effective for the financial year beginning on 1 January 2024 and have not been early adopted:

		Effective for annual periods beginning on or after
Amendments to HKAS 21 and HKFRS 1	Lack of Exchangeability	1 January 2025
Amendments to HKFRS 9 and HKFRS 7	Classification and Measurement of Financial Instruments	1 January 2026
Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7	Annual Improvements to HKFRS Accounting Standards – Volume 11	1 January 2026
HKFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
HKFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027
Hong Kong Interpretations 5 (Revised)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2027
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

The Group will adopt the above new and amended standards and interpretations as and when they become effective. The directors of the Group have performed preliminary assessment and do not anticipate any significant impact on the Group's financial position and results of operations upon adopting these new and amended standards and interpretations to existing HKFRS.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety types of financial risks: market risk (including foreign exchange risk and cash flow and fair value interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Market risk

(i) Foreign exchange risk

The Group mainly operates in the PRC and Hong Kong, and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to Renminbi ("RMB"). Foreign exchange risk arises from future commercial transactions or recognised financial assets and liabilities are denominated in a currency that is not the entity's functional currency.

As at 31 December 2024, if HK\$ had strengthened/weakened by 5% against RMB with all other variables held constant, the profit before income tax would have been approximately HK\$3,749,000 (2023: HK\$3,648,000) higher/lower, respectively, mainly as a result of foreign exchange gains/losses on translation of HK\$ denominated cash and cash equivalents in entities whose functional currency is RMB.

(ii) Cash flow and fair value interest rate risk

The Group's interest rate risk arises from its loan and interest receivables, bank borrowing and loan from a shareholder. Loan and interest receivables and loan from a shareholder are issued at fixed rates which expose the Group to fair value interest rate risk. Bank borrowing is charged at variable rates, which expose the Group to cash flow interest rate risk. The Group does not enter into derivatives to address these risks.

As at 31 December 2024, if market interest rates had been 1% higher/lower with all other variables held constant, the impact on profit before income tax would have been approximately HK\$1,124,000 (2023: Nil) lower/higher, mainly as a result of higher/lower interest expense on bank borrowing carried at variable rates.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(b) Credit risk

Credit risk is the risk that a customer or counterparty will default on its contractual obligations resulting in financial loss to the Group. For the receivables arising from sales of properties and property leasing, the Group managed the credit risk by fully receiving cash. The Group closely monitors the collection of progress payments from customers in accordance with payment schedule agreed with customers. The Group's main income generating activities also include lending to customers. Therefore, credit risk is a principal risk.

The Group's credit risk arises from deposits and other receivables, cash and cash equivalents, and loan and interest receivables. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis. The carrying amounts of these balances represent the Group's maximum exposure to credit risk in relation to financial assets which are stated as follows:

	2024	2023
	HK\$'000	HK\$'000
Loan and interest receivables (Note 20)	909,959	638,636
Deposits and other receivables (Note 24)	4,959	4,368
Cash and cash equivalents (Note 26)	121,459	101,057
	1,036,377	744,061

As at 31 December 2024, all of the Group's cash and cash equivalents are deposited in major financial institutions located in the PRC and Hong Kong, which the Group's management believes are of high credit quality (2023: Same).

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(i) Credit risk management

The Group manages and analyses the credit risk for each of their new and existing money lending customers before standard payment terms and conditions are offered. In particular, the Group manages its credit risk by:

- Ensuring that the Group has appropriate credit risk practices, including an effective system of internal control, to consistently determine adequate allowances in accordance with the Group's stated policies and procedures, HKFRSs and relevant supervisory guidance.
- Creating credit policies to protect the Group against the identified risks including the requirements to obtain collateral from borrowers, to perform robust ongoing credit assessment of borrowers and to continually monitor exposures against internal risk limits.
- Limiting concentrations of exposure by type of asset, counterparties, credit rating, etc.
- Assessing the credit quality of the customer, taking into account its financial position, past experience, internal and external credit rating of the customer and other factors.
- Establishing a robust control framework regarding the authorization structure for the approval and renewal of credit facilities.
- Developing and maintaining the Group's processes for measuring expected credit loss ("ECL") including monitoring of credit risk, incorporation of forward-looking information and the method used to measure ECL.
- Ensuring that the Group has policies and procedures in place to appropriately maintain and validate models used to assess and measure ECL.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(ii) *Measurement of ECL*

The Group has two types of financial assets that are subject to the ECL model:

- loan and interest receivables; and
- deposits and other receivables.

While cash and cash equivalents are also subject to the impairment requirements of HKFRS 9, the identified impairment loss was immaterial.

Loan and interest receivables

The Group's loan and interest receivables arise from the money lending business of providing property mortgage loans and personal loans in Hong Kong.

For property mortgage loans, the Group holds collateral against loan and interest receivables in the form of mortgages over property. The majority of the collaterals are residential properties and commercial properties and all of the collaterals are located in Hong Kong. Individual risk limits are set based on the value of collateral and internal or external ratings.

For personal loans, the Group assesses the credit quality of the customer based on the customer's financial position, past experience, internal and external credit rating of the customers and other factors.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(ii) Measurement of ECL (Continued)

Loan and interest receivables (Continued)

The Group measures loss allowance under HKFRS 9 ECL model. The measure 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.

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

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset. The key inputs used for measuring ECL are:

- Probability of default ("PD");
- Loss given default ("LGD"); and
- Exposure at default ("EAD")

Elements of the ECL models that are considered accounting judgements and estimates include:

- The Group's estimation of probabilities of default to individuals;
- The Group's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a lifetime ECL basis and the qualitative assessment;

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(ii) Measurement of ECL (Continued)

Loan and interest receivables (Continued)

- Development of ECL models, including the various formulas and the choice of inputs over determination of the period over which the entity is exposed to credit risk based on the behavioural life of the credit exposures, loss given default and collateral recovery of the credit exposures;
- Determination of associations between macroeconomic scenarios and economic inputs, such as delinquency ratios and collateral values, and the effect on probabilities of default, exposures at default and losses given default; and
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models.

The 12-month and lifetime LGDs are determined based on the factors which impact the recoveries made post default.

- For property mortgage loans, these are primarily based on collateral type and projected collateral values, historical discounts to market values due to forced sales, time to repossession and recovery costs observed.
- For personal loans, LGDs' are typically set at product level due to the limited differentiation in recoveries achieved across different borrowers.

It has been the Group's policy to regularly review its models in the context of actual loss experience and adjust when necessary.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(ii) Measurement of ECL (Continued)

Loan and interest receivables (Continued)

The Group categorises the credit quality of its loan and interest receivables according to 3 different stages under the ECL model:

- Stage 1: financial assets without significant increase in credit risk since initial recognition where loss allowance is calculated based on 12-month ECL.
- Stage 2: financial assets with significant increase in credit risk since initial recognition where loss allowance is calculated based on lifetime ECL.
- Stage 3: credit impaired assets where loss allowance is calculated based on lifetime ECL.

Significant increase in credit risk

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

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

- Significant deterioration in external market indicators of credit risk, e.g. a significant decrease in credit rating of 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;

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(ii) Measurement of ECL (Continued)

Loan and interest receivables (Continued)

Significant increase in credit risk (Continued)

- 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.

The Group monitors all financial assets that are subject to impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk, the Group will measure the loss allowance based on lifetime rather than 12-month ECL.

The Group collects performance and default information about its credit risk exposures and analyses all data collected using statistical model and estimates the remaining lifetime PD of exposures and how these are expected to change over time. The factors taken into account in this process include macro-economic data such as delinquency rate on residential mortgage and residential property price index for mortgage loans and delinquency rate on credit card lending for personal loans. The Group generates a 'base case' scenario of the future direction of relevant economic variables as well as a representative range of other possible forecast scenarios. The Group then uses these forecasts, which are probability-weighted, to adjust its estimates of PDs.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(ii) Measurement of ECL (Continued)

Loan and interest receivables (Continued)

Significant increase in credit risk (Continued)

The Group uses different criteria to determine whether credit risk has increased significantly and the Group presumes that the credit risk on a financial asset 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.

The Group has monitoring procedures in place to make sure that the criteria used to identify significant increases in credit are effective, meaning that significant increase in credit risk is identified before the exposure is defaulted or when the asset becomes 30 days past due. The Group performs periodic back-testing of its ratings to consider whether the drivers of credit risk that led to default were accurately reflected in the rating in a timely manner.

The Group has controls and procedures in place to identify when the credit risk of an asset improves and the definition of significant increase in credit risk is no longer met. When this is the case the asset may move back to stage 1 from stage 2, subject to payments being up to date and the ability of the borrower to make future payments on time.

Default and credit-impaired

The Group considers that default has occurred when the loan 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. In particular, the following qualitative indicators are taken into account in determining the risk of default occurring:

- probable bankruptcy entered by the borrowers; and
- death of the debtor.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(ii) *Measurement of ECL (Continued)*

Loan and interest receivables (Continued)

Incorporation of forward-looking information

The assessment of ECL incorporates forward-looking information based on economic forecasts, applying these assumptions to the ECL model to estimate future credit losses, and probability weight the results to determine an unbiased ECL estimate, and is performed periodically at a portfolio level. The criteria used in the assessment are monitored and reviewed periodically for appropriateness by management. The Group considers forward-looking information with reference to local gross domestic product and the consumer price index. The Group also uses internal and external information to generate a 'base case' scenario of future forecast of relevant economic variables along with a representative range of other possible forecast scenarios. The external information used includes economic data and forecasts published by governmental bodies and monetary authorities.

The Group uses multiple scenarios to model the nonlinear impact of assumptions about macroeconomic factors on ECL. The Group applies probabilities to the forecast scenarios identified.

Deposits and other receivables

Management considers that its credit risk has not increased significantly since initial recognition with reference to the counterparty historical default rate and current financial position. The impairment provision is determined based on the 12-month ECL which is immaterial.

(iii) *Credit risk exposure*

The following table provides an analysis of the credit risk exposure of financial instruments applicable to the ECL measurement. The book value of the following financial assets is the Group's maximum exposure to credit risk for these assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(iii) Credit risk exposure (Continued)

The movements in book value of gross loan and interest receivables

	Stage 1 12-month ECL HK\$'000	Stage 2 Lifetime ECL HK\$'000	Stage 3 Lifetime ECL HK\$'000	Total HK\$'000
Balance as at 1 January 2023	551,451	6,634	35,309	593,394
New loans originated	403,012	–	–	403,012
Loans recovered or repayments received	(219,143)	(493)	(1,843)	(221,479)
– Transfers from Stage 1 to Stage 2	(22,024)	22,024	–	–
– Transfers from Stage 1 to Stage 3	(76,084)	–	76,084	–
– Transfers from Stage 2 to Stage 3	–	(6,232)	6,232	–
Total transfers between stages	(98,108)	15,792	82,316	–
Write-offs	–	–	(63,634)	(63,634)
Balance as at 31 December 2023	637,212	21,933	52,148	711,293
New loans originated	694,029	–	–	694,029
Loans recovered or repayments received	(294,271)	(4,386)	(3,313)	(301,970)
Transferred to repossessed assets	–	–	(28,766)	(28,766)
– Transfers from Stage 1 to Stage 2	(44,172)	44,172	–	–
– Transfers from Stage 1 to Stage 3	(89,198)	–	89,198	–
– Transfers from Stage 2 to Stage 3	–	(17,539)	17,539	–
Total transfers between stages	(133,370)	26,633	106,737	–
Write-offs	–	–	(73,376)	(73,376)
Balance as at 31 December 2024	903,600	44,180	53,430	1,001,210

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(iii) Credit risk exposure (Continued)

Movements in ECL allowance on loan and interest receivables

	Stage 1 12-month ECL HK\$'000	Stage 2 Lifetime ECL HK\$'000	Stage 3 Lifetime ECL HK\$'000	Total HK\$'000
Balance as at 1 January 2023	30,753	4,811	14,361	49,925
New loans originated	43,631	–	–	43,631
Loans recovered or repayments received	(8,882)	(208)	(55)	(9,145)
– Transfers from Stage 1 to Stage 2	(2,954)	2,954	–	–
– Transfers from Stage 1 to Stage 3	(18,253)	–	18,253	–
– Transfers from Stage 2 to Stage 3	–	(4,602)	4,602	–
Total transfers between stages	(21,207)	(1,648)	22,855	–
Impact of ECL for the year	6,645	3,147	42,088	51,880
Write-offs	–	–	(63,634)	(63,634)
Balance as at 31 December 2023	50,940	6,102	15,615	72,657
New loans originated	63,596	–	–	63,596
Loans recovered or repayments received	(16,531)	(179)	(186)	(16,896)
Transferred to repossessed assets	–	–	(9,148)	(9,148)
– Transfers from Stage 1 to Stage 2	(4,779)	4,779	–	–
– Transfers from Stage 1 to Stage 3	(26,329)	–	26,329	–
– Transfers from Stage 2 to Stage 3	–	(5,620)	5,620	–
Total transfers between stages	(31,108)	(841)	31,949	–
Impact of ECL for the year	(8,701)	2,881	60,238	54,418
Write-offs	–	–	(73,376)	(73,376)
Balance as at 31 December 2024	58,196	7,963	25,092	91,251

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(iv) Sensitivity analysis

The allowance for credit losses is sensitive to the inputs used in internally developed models, macroeconomic variables in the forward-looking forecasts, economic scenario weighting and other factors considered when applying expert judgment. Changes in these inputs, assumptions and judgments impact the assessment of credit risk and the measurement of ECLs.

The following table shows the impact on ECL allowance on loan and interest receivables as at 31 December 2024 by changing individual inputs.

Change in inputs on ECL model	2024	2023
Assuming a further 10% weighting added to the probability of the optimistic scenario and a corresponding 10% weighting reduction in the base scenario	Decrease by HK\$4,626,000	Decrease by HK\$3,381,000
Assuming a further 10% weighting added to the probability of the pessimistic scenario and a corresponding 10% weighting reduction in the base scenario	Increase by HK\$7,408,000	Increase by HK\$6,104,000
Assuming the forecast collateral value increased by 10%	Decrease by HK\$3,624,000	Decrease by HK\$3,211,000
Assuming the forecast collateral value decreased by 10%	Increase by HK\$3,472,000	Increase by HK\$2,950,000

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(v) *Collateral held as security*

The Group holds collateral against certain loan and interest receivables in the form of mortgages over property. As at 31 December 2024, 34% of the Group's gross loan and interest receivables were secured by mortgages over property (2023: 38%). The majority of the collaterals are residential properties and commercial properties and all of the collaterals are located in Hong Kong.

In the majority of mortgage loan cases, the Group grants loans with a loan-to-value ratio of no more than 75% of the value in the valuation report of the property used as collateral for property mortgages. Approval from senior management of the subsidiaries is needed for loans granted with a loan-to-value ratio that exceed 75%. Senior management of the subsidiaries meet regularly to review the loan-to-value ratio and when (1) there is a significant change in the property price index in Hong Kong; or (2) loans are renewed. The directors and senior management of the Group consider that the credit risk arising from the loan and interest receivables is significantly mitigated by the property held as collateral, with reference to the market value of the property which was valued by an independent third party valuer as at the end of the reporting period.

(c) Liquidity risk

The Group's primary cash requirements, apart from granting loans to customers, are for repayment of amount due to a related company and for operating expenses. The Group finances its working capital requirements through a combination of funds generated from operations, internal resources, a loan from shareholder and bank borrowing, as necessary.

The Group's policy is to maintain sufficient cash and cash equivalents or have available funding through borrowings from a shareholder and a bank to meet its working capital requirements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(c) Liquidity risk (Continued)

As at 31 December 2024, the Group had the following banking facility with a bank:

	2024 HK\$'000	2023 HK\$'000
Banking facility available	800,000	–
Banking facility utilised	(115,000)	–
Undrawn banking facility	685,000	–

The below table analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period from the consolidated statement of financial position date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than one year HK\$'000	Between one and two years HK\$'000	Between two and five years HK\$'000	Total HK\$'000
As at 31 December 2024				
Other payables and accruals	12,432	–	–	12,432
Amount due to a related company	1,245	–	–	1,245
Lease liabilities and interest payments	3,397	2,682	2,593	8,672
Loan from a shareholder and interest payments	7,890	157,370	–	165,260
Bank borrowing and interest payments	9,994	122,579	–	132,573
	34,958	282,631	2,593	320,182
As at 31 December 2023				
Other payables and accruals	167,233	–	–	167,233
Amount due to a related company	1,337	–	–	1,337
Lease liabilities and interest payments	986	592	–	1,578
	169,556	592	–	170,148

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.2 Capital risk management

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

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, obtain new loan borrowings or sell assets.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total equity. Net debt is calculated as total liabilities (including current and non-current liabilities as shown in the consolidated statement of financial position) less cash and cash equivalents. Total equity is calculated as 'equity' as shown in the consolidated statement of financial position. The Group's strategy remains unchanged and the gearing ratio and net cash position of the Group as at 31 December 2024 are as follows:

	2024	2023
	HK\$'000	HK\$'000
Total liabilities	307,662	184,202
Less: cash and cash equivalents (Note 26)	(121,459)	(101,057)
Net debt	186,203	83,145
Total equity	1,092,954	1,080,775
Gearing ratio	17%	8%

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3 Fair value estimation

The level of inputs to valuation techniques used to measure the fair value of the Group's financial instruments are categorised into three levels within a fair value hierarchy as follows:

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

The carrying values of financial assets and financial liabilities are a reasonable approximation of their fair values. The financial assets at fair value through profit or loss are recorded at quoted bid prices in an active market and are classified as level 1 fair value measurement. The fair value estimation of leasehold land and buildings and investment property that are measured at fair value are set out in Note 16 and Note 17, respectively.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of consolidated financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies. Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

4.1 Critical accounting estimates and assumptions

(a) Measurement of the ECL allowance

The measurement of the ECL allowance for loan and interest receivables is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour. Explanation of the inputs, assumptions and estimation techniques used in measuring ECL is further detailed in Note 3.1(b), which also sets out key sensitives of the ECL to changes in these elements.

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Determining criteria for significant increase in credit risk;
- Determining liquidation discount from collateral value of property mortgages;
- Choosing appropriate models and assumptions for the measurement of ECL; and
- Establishing the number and relation weightings of forward-looking scenarios.

(b) Estimated valuation of investment property and leasehold land and buildings

The Group carries its investment property and leasehold land and buildings at fair value with changes in the fair value recognised in profit or loss and other comprehensive income, respectively. It obtains independent valuations at least annually. At the end of each reporting period, management updates its assessment of the fair value of the properties, taking into account the most recent independent valuations. Refer to Note 16 and Note 17 for the assumptions, valuation techniques and fair value measurement of leasehold land and buildings and investment property.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

4.1 Critical accounting estimates and assumptions (Continued)

(c) Net realisable values of completed properties for sale

The Group assesses the carrying amounts of completed properties for sale according to their net realisable value based on the realisability of these properties. Provision is made when events or changes in circumstances indicate that the carrying amounts may not be realised. The assessment requires the use of judgement and estimates.

(d) Estimated useful lives of property, plant and equipment and intangible assets

The Group's management determines the estimated useful lives and related depreciation/amortisation for its property, plant and equipment and intangible assets. This estimate is based on the historical experience of the actual useful lives of the property, plant and equipment and intangible assets of similar nature and functions. The useful lives could be changed as a result of asset utilisation, internal technical evaluation, environmental and anticipated use of the assets tempered by related industry benchmark information. Management will change the depreciation/amortisation charge where useful lives are different from the previously estimated lives.

(e) Taxation

The Group is subject to income taxes, land appreciation tax and withholding tax in the PRC and Hong Kong as applicable. Significant judgement is required in determining the provision for income taxes. 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 of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax provisions in the period in which such determination is made.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5 SEGMENT INFORMATION

Management has determined the operating segments based on the information reviewed by the chief operating decision maker (“CODM”) that are used to make strategic decisions. The CODM is identified as the executive directors of the Company.

During the year ended 31 December 2024, the CODM assessed the performance of the Group by reviewing the results of two reportable segments:

- Property development and investment – Property development for sale of properties in the PRC and property investment for letting of properties in Hong Kong and the PRC.
- Money lending – Provision of mortgage and personal loan financing to customers.

The CODM reviews the performance of the Group on a regular basis and reviews the Group’s internal reporting in order to assess performance and allocate resources.

Information provided to the CODM is measured in a manner consistent with that in the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5 SEGMENT INFORMATION (CONTINUED)

The segment results and other segment items are as follows:

	Property development and investment HK\$'000	Money lending HK\$'000	Segment total HK\$'000	Unallocated revenue HK\$'000	Total HK\$'000
For the year ended 31 December 2024					
Revenue	1,511	257,469	258,980	2,801	261,781
Segment results	(8,414)	48,688	40,274		40,274
Unallocated revenue					2,801
Unallocated other income					48
Unallocated other gains, net					2,953
Unallocated expenses					(9,086)
Profit before income tax					36,990
For the year ended 31 December 2023					
Revenue	2,080	194,529	196,609	–	196,609
Segment results	(8,457)	34,821	26,364		26,364
Unallocated other income					171
Unallocated other gains, net					1,776
Unallocated expenses					(8,235)
Profit before income tax					20,076

For the year ended 31 December 2024 and 31 December 2023, unallocated expenses and unallocated other gains and losses represent corporate expenses and unrealised net exchange gains/(losses), respectively. Segment results represent the profit/(loss) before income tax earned by each segment without allocation of certain revenue, other income, other gains and losses and expenses. This is the measure reported to the CODM for the purpose of resource allocation and performance assessment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5 SEGMENT INFORMATION (CONTINUED)

The segment assets and liabilities are as follows:

	Property development and investment HK\$'000	Money lending HK\$'000	Total HK\$'000
As at 31 December 2024			
Assets			
Segment assets	171,977	1,018,064	1,190,041
Unallocated assets			210,575
Total assets			1,400,616
Liabilities			
Segment liabilities	10,074	291,762	301,836
Unallocated liabilities			5,826
Total liabilities			307,662
As at 31 December 2023			
Assets			
Segment assets	340,500	704,489	1,044,989
Unallocated assets			219,988
Total assets			1,264,977
Liabilities			
Segment liabilities	10,247	170,771	181,018
Unallocated liabilities			3,184
Total liabilities			184,202

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5 SEGMENT INFORMATION (CONTINUED)

All assets are allocated to operating and reportable segments other than certain property, plant and equipment, financial assets at FVPL, certain cash and cash equivalents and certain deposits, prepayments and other receivables.

All liabilities are allocated to operating and reportable segments other than amount due to a related company, certain lease liabilities and certain other payables and accruals.

Amounts included in the measure of segment results are as follows:

	Property development and investment HK\$'000	Money lending HK\$'000	Unallocated HK\$'000	Total HK\$'000
For the year ended 31 December 2024				
Depreciation	–	(1,331)	(2,934)	(4,265)
Amortisation	–	(1,352)	–	(1,352)
Interest income	386	191	3	580
Interest expense	–	(5,642)	(39)	(5,681)
Income tax expense	(79)	(9,836)	–	(9,915)
For the year ended 31 December 2023				
Depreciation	–	(1,246)	(2,605)	(3,851)
Amortisation	–	(1,348)	–	(1,348)
Interest income	1,029	514	164	1,707
Interest expense	–	(7,084)	–	(7,084)
Income tax expense	(224)	(7,716)	–	(7,940)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5 SEGMENT INFORMATION (CONTINUED)

Revenue from external customers, based on the location where the ownership of the goods are transferred and services are rendered, and non-current assets, other than deferred income tax assets, by geographical location are as follows:

	Revenue from external customers		Non-current assets	
	2024 HK\$'000	2023 HK\$'000	2024 HK\$'000	2023 HK\$'000
Hong Kong	257,469	194,994	859,442	761,573
The PRC	4,312	1,615	1,420	16
	261,781	196,609	860,862	761,589

For the year ended 31 December 2024 and 31 December 2023, no single customer contributed to 10% or more of the Group's total revenue.

A reconciliation of reportable segment assets to total assets and reportable segment liabilities to total liabilities is provided as follows:

	2024 HK\$'000	2023 HK\$'000
Reportable segment assets	1,190,041	1,044,989
Property, plant and equipment	198,380	211,000
Deposits, prepayments and other receivables	2,131	2,083
Financial assets at fair value through profit or loss	89	109
Cash and cash equivalents	9,975	6,796
Total assets	1,400,616	1,264,977
Reportable segment liabilities	301,836	181,018
Amount due to a related company	1,245	1,337
Other payables and accruals	3,449	1,847
Lease liabilities	1,132	–
Total liabilities	307,662	184,202

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6 REVENUE

	2024 HK\$'000	2023 HK\$'000
Interest income from money lending business	257,469	194,529
Rental income from investment property and completed properties for sale	1,511	2,080
Information Technology ("IT") service income – recognised over time	2,801	–
	261,781	196,609

Accounting policies of revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services rendered in the ordinary course of the Group's activities. Revenue is shown net of value-added tax and other revenue reducing factors after eliminating sales within the Group.

(a) Rental income

Rental income is recognised in the consolidated statement of profit or loss on a straight-line basis over the period of the lease.

(b) Interest income

Interest income is calculated by applying the effective interest rate to the gross carrying amount of financial assets except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets, the effective interest rate is applied to the net carrying amount of the financial assets (after deduction of the loss allowance).

(c) IT service income

The IT service income is the service fee, net of value-added tax, earned on providing IT related services and is recognised when the services are rendered over the service period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7 OTHER INCOME

	2024 HK\$'000	2023 HK\$'000
Interest income on bank deposits	580	1,707
Handling fee income	821	62
Sundry income	137	32
	1,538	1,801

8 OTHER LOSSES, NET

	2024 HK\$'000	2023 HK\$'000
Provision for impairment of repossessed assets (Note 21)	(3,743)	(1,179)
Gain on disposal of property, plant and equipment	230	–
Exchange gains, net	703	610
Impairment loss of goodwill on acquisition of subsidiaries	(3)	–
Fair value (loss)/gain on financial assets at fair value through profit or loss	(20)	2
Others	–	100
	(2,833)	(467)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

9 EMPLOYEE BENEFITS EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS)

	2024 HK\$'000	2023 HK\$'000
Wages, salaries and other allowances	34,046	23,213
Discretionary bonuses	1,902	866
Retirement benefit – defined contribution plans	1,143	689
	37,091	24,768

(a) Retirement benefit – defined contribution plans

As stipulated by rules and regulations in the PRC, the Group contributes to a state-sponsored retirement plan for its employees in the PRC, which is a defined contribution plan. The Group and its employees contribute, respectively, part of the employees' basic wages/salary as specified by the local government, and the Group has no further obligations for the actual payment of pensions or post-retirement benefits beyond the annual contributions. The state-sponsored retirement plan is responsible for the entire pension obligations payable to retired employees.

The Group has arranged for its Hong Kong employees to join the Mandatory Provident Fund Scheme (the "MPF Scheme"), a defined contribution scheme managed by an independent trustee. Under the MPF Scheme, the Group and its employees make monthly contributions to the scheme at 5% (2023: 5%) of the employees' earnings as defined under the Mandatory Provident Fund legislation. Both the Group's and the employees' contributions were subject to a cap of HK\$1,500 (2023: HK\$1,500) and thereafter contributions are voluntary. No forfeited contributions are available to reduce contributions payable in the future.

During the year ended 31 December 2024, the aggregate amount of the Group's contributions to the aforementioned pension schemes was approximately HK\$1,143,000 (2023: HK\$689,000). As at 31 December 2024, the Group was not entitled to any forfeited contributions to reduce its future contributions (2023: Nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

9 EMPLOYEE BENEFITS EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS) (CONTINUED)

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include two (2023: two) directors whose emolument is reflected in the analysis shown in Note 40. The emoluments payable to the remaining three (2023: three) individuals during the period are as follows:

	2024 HK\$'000	2023 HK\$'000
Basic salaries, allowances and benefits in kind	4,741	4,089
Discretionary bonuses	416	160
Retirement benefit – defined contribution plan	54	54
	5,211	4,303

No inducement fee nor compensation for loss of office has been paid to or is receivable by any of these individuals (2023: Nil).

The emoluments fell within the following bands:

	2024	2023
Emolument bands		
Nil to HK\$1,000,000	–	1
HK\$1,000,001 to HK\$2,000,000	2	1
HK\$2,000,001 to HK\$3,000,000	1	1
	3	3

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

9 EMPLOYEE BENEFITS EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS) (CONTINUED)

(b) Five highest paid individuals (Continued)

Accounting policies of employee benefits

(a) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of reporting period.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(b) Bonus plans

The Group recognises a liability and an expense for bonuses, based on a formula that takes into consideration the profit attributable to the Group's shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

(c) Pension obligations

The Group has a defined contribution plan. Payments to defined contribution retirement benefit plans, including the Mandatory Provident Fund Scheme and state-managed retirement pension schemes, are recognised as an expense when employees have rendered service entitling them to the contributions. The Group has no further payment obligations once the contributions have been paid. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

10 IMPAIRMENT LOSSES ON LOAN AND INTEREST RECEIVABLES, NET

	2024 HK\$'000	2023 HK\$'000
Loan and interest receivables		
– Net charge for provision for impairment	101,119	86,366
– Recoveries of amounts previously written off	(4,710)	(2,581)
	96,409	83,785

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

11 OTHER OPERATING EXPENSES

	2024 HK\$'000	2023 HK\$'000
Auditor's remuneration		
– Audit services	2,285	2,250
– Non-audit services	955	350
Amortisation of intangible assets (Note 18)	1,352	1,348
Bank charges	2,672	2,105
Commission expenses	8,761	1,115
Computer accessories	6,769	6,185
Depreciation of property, plant and equipment (Note 16)	4,265	3,851
Expenses relating to short-term leases (Note 22)	274	336
Legal and professional fees	4,195	1,438
Valuation and search fees	3,953	2,526
Research and development expenditure	4,674	–
Handling fee expenses	986	154
Others	5,780	3,933
	46,921	25,591

12 FINANCE COSTS

	2024 HK\$'000	2023 HK\$'000
Unwinding of interest on deferred consideration payable	–	7,034
Interest expense on lease liabilities (Note 22)	106	50
Interest expense on loan from a shareholder	3,172	–
Interest expense on bank borrowing	1,403	–
Amortisation of loan arrangement fee	1,000	–
	5,681	7,084

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

13 SUBSIDIARIES

The following is a list of the principal subsidiaries at 31 December 2024 and 31 December 2023:

Name	Place of incorporation/ establishment and kind of legal entity	Principal activities and place of operation	Particulars of paid up/ issued share capital/ registered capital	Direct and indirect ownership	
				2024	2023
Directly held:					
Termbray Electronics (B.V.I.) Limited	British Virgin Islands, limited liability company	Investment holding in Hong Kong	100 ordinary shares of US\$1 each	100%	100%
Indirectly held:					
Ever Success Properties Limited	Hong Kong, limited liability company	Investment holding in the Hong Kong	100 ordinary shares of HK\$1 each	100%	100%
Termbray (China) Land Development Company Limited	Hong Kong, limited liability company	Investment holding in Hong Kong	10,000 ordinary shares of HK\$1 each	100%	100%
Termbray (Fujian) Land Development Company Limited	Hong Kong, limited liability company	Property investment in Hong Kong	10,000 ordinary shares of HK\$1 each	–	100%
Termbray (Guangzhou) Land Development Company Limited	Hong Kong, limited liability company	Property holding in Hong Kong	10,000 ordinary shares of HK\$1 each	100%	100%
Termbray Electronics Company Limited	Hong Kong, limited liability company	Investment holding and treasury activities in Hong Kong	2 ordinary shares of HK\$100 each and 10,000 non-voting deferred shares of HK\$100 each	100%	100%
X8 Finance Limited	Hong Kong, limited liability company	Money lending business in Hong Kong	1 ordinary share of HK\$1 each	100%	100%
Zhongshan Ever Success Properties Limited*	The PRC, limited liability company	Property development in the PRC	Registered capital of RMB1,500,000	100%	100%
aEasy Credit Investment Limited	Hong Kong, limited liability company	Investment holding in Hong Kong	292,603,752 ordinary shares of HK\$1 each	100%	100%
Zero Finance Hong Kong Limited	Hong Kong, limited liability company	Money lending business in Hong Kong	270,500,000 ordinary shares of HK\$1 each	100%	100%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

13 SUBSIDIARIES (CONTINUED)

Name	Place of incorporation/ establishment and kind of legal entity	Principal activities and place of operation	Particulars of paid up/ issued share capital/ registered capital	Direct and indirect ownership	
				2024	2023
Zero Credit Limited	Hong Kong, limited liability company	Payment solutions in Hong Kong	100,000 ordinary shares of HK\$1 each	100%	100%
Alpha Times Technology Limited ²	Hong Kong, limited liability company	Investment holding in Hong Kong	1 ordinary shares of HK\$1 each	100%	–
Alpha Times Technology (Shenzhen) Company Limited ^{1, 2*}	The PRC, limited liability company	IT service in the PRC	Registered capital of RMB10,000,000	100%	–

¹ The subsidiary is established as wholly foreign-owned enterprises in the PRC.

² The subsidiaries were acquired during the year ended 31 December 2024. Details of the acquisition are set out in Note 37. Alpha Times Technology (Shenzhen) Company Limited is a limited liability company incorporated in the PRC with registered capital of RMB10,000,000. As at 31 December 2024, the Group is yet to pay up registered capital of RMB5,432,370 to this subsidiary.

* English translation is for identification purpose only.

14 INCOME TAX EXPENSE

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both periods. The Group has estimated the tax provision for PRC Land Appreciation Tax according to the requirements set forth in the relevant PRC tax laws and regulations.

Hong Kong profits tax for the year ended 31 December 2024 have been provided for the rate of 8.25% for the first HK\$2,000,000 estimated assessable profits and 16.5% for estimated assessable profits above HK\$2,000,000 for an entity of the Group qualified for the two-tiered profits tax rates regime. For group entities not qualifying for the two-tiered profits tax rates regime, Hong Kong profits tax has been provided for at a flat rate of 16.5% (2023: Same).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

14 INCOME TAX EXPENSE (CONTINUED)

The amount of income tax expense charged to the consolidated statement of profit or loss represents:

	2024	2023
	HK\$'000	HK\$'000
Current income tax		
– PRC enterprise income tax	79	230
– Hong Kong profits tax	11,578	11,376
– Over-provision in prior years	–	(6)
	11,657	11,600
Deferred income tax (Note 27)	(1,742)	(3,660)
Income tax expense	9,915	7,940

The tax on the Group's profit before income tax differs from the theoretical amount that would arise as follows:

	2024	2023
	HK\$'000	HK\$'000
Profit before income tax	36,990	20,076
Tax calculated at domestic tax rates applicable profits in the respective places of business	7,200	5,458
Income not subject to tax	(780)	(1,058)
Super deductions from research and development expenditure (Note)	(1,168)	–
Expenses not deductible for tax purposes	2,135	3,546
Tax loss not recognised	2,528	–
Over-provision in prior years	–	(6)
Income tax expense	9,915	7,940

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

14 INCOME TAX EXPENSE (CONTINUED)

Note: According to the relevant laws and regulations promulgated by the State Administration of Taxation of the PRC that was effective from 2023 onwards, enterprises engaging in research and development activities are entitled to claim 200% of their research and development expenditure incurred as tax deductible expenses when determining their assessable profits for that year.

The weighted average applicable tax rate for the year ended 31 December 2024 was 19.5% (2023: 27.2%).

Pursuant to the EIT Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in the PRC. The requirement is effective from 1 April 2008 and applies to earnings after 31 March 2008. A lower withholding tax rate may be applied if there is a tax treaty between the PRC and the jurisdiction of the foreign investors. For the Group, deferred income tax has not been provided for in the consolidated financial statements (Note 27) in respect of temporary differences attributable to accumulated profits of the PRC subsidiaries as the Group is able to control the timing of the reversal of the temporary differences, does not plan to repatriate, and it is probable that the temporary differences will not reverse in the foreseeable future.

Accounting policies of current and deferred income tax

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

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the consolidated statement of financial position date in the countries where the Group operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

14 INCOME TAX EXPENSE (CONTINUED)

Accounting policies of current and deferred income tax (Continued)

(b) Deferred income tax

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

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

Deferred income tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

(c) Offsetting

Deferred income tax assets and liabilities are offset where there is a legally enforceable right to offset current income tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current income tax assets and liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

15 EARNINGS PER SHARE

15.1 Basic earnings per share

Basic earnings per share are calculated by dividing the profit of the Group attributable to owners of the Company by the weighted average number of ordinary shares in issue.

	2024	2023
Profit attributable to owners of the Company (HK\$'000)	27,075	12,136
Weighted average number of ordinary shares in issue ('000)	2,667,643	2,667,643
Basic earnings per share (HK cents)	1.01	0.45

15.2 Diluted earnings per share

There were no potential dilutive ordinary shares outstanding during the years ended 31 December 2024 and 2023 and hence the diluted earnings per share is the same as the basic earnings per share.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

16 PROPERTY, PLANT AND EQUIPMENT

	Leasehold land HK\$'000	Buildings HK\$'000	Furniture, fixtures, equipment and leasehold improvements HK\$'000	Motor vehicles HK\$'000	Right-of- use assets HK\$'000	Total HK\$'000
Cost or revaluation:						
At 1 January 2023	223,770	10,230	14,301	5,900	1,853	256,054
Additions	-	-	420	-	-	420
Write-off	-	-	(216)	-	-	(216)
Lease modification	-	-	-	-	92	92
Loss on revaluation	(22,950)	(50)	-	-	-	(23,000)
At 31 December 2023	200,820	10,180	14,505	5,900	1,945	233,350
Accumulated depreciation:						
At 1 January 2023	-	-	13,641	5,900	1,104	20,645
Depreciation charge during the year (Note 11)	2,034	571	310	-	936	3,851
Write-off	-	-	(216)	-	-	(216)
Lease modification	-	-	-	-	(1,580)	(1,580)
Loss on revaluation	(2,034)	(571)	-	-	-	(2,605)
At 31 December 2023	-	-	13,735	5,900	460	20,095
Net book value						
At 31 December 2023	200,820	10,180	770	-	1,485	213,255
An analysis of cost or revaluation:						
At cost	-	-	770	-	1,485	2,255
At revaluation	200,820	10,180	-	-	-	211,000
	200,820	10,180	770	-	1,485	213,255

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

16 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Leasehold land HK\$'000	Buildings HK\$'000	Furniture, fixtures, equipment and leasehold improvements HK\$'000	Motor vehicles HK\$'000	Right-of- use assets HK\$'000	Total HK\$'000
Cost or revaluation:						
At 1 January 2024	200,820	10,180	14,505	5,900	1,945	233,350
Additions	-	-	252	-	271	523
Write-off	-	-	(4)	(3,100)	-	(3,104)
Disposal	-	-	-	(2,550)	-	(2,550)
Acquisition of subsidiaries	-	-	352	-	1,366	1,718
Lease modification	-	-	-	-	5,872	5,872
Loss on revaluation	(13,820)	(180)	-	-	-	(14,000)
Exchange realignment	-	-	(15)	-	(27)	(42)
At 31 December 2024	187,000	10,000	15,090	250	9,427	221,767
Accumulated depreciation:						
At 1 January 2024	-	-	13,735	5,900	460	20,095
Depreciation charge during the year (Note 11)	1,842	602	551	-	1,270	4,265
Write-off	-	-	(4)	(3,100)	-	(3,104)
Disposal	-	-	-	(2,550)	-	(2,550)
Loss on revaluation	(1,842)	(602)	-	-	-	(2,444)
Exchange realignment	-	-	(7)	-	(4)	(11)
At 31 December 2024	-	-	14,275	250	1,726	16,251
Net book value						
At 31 December 2024	187,000	10,000	815	-	7,701	205,516
An analysis of cost or revaluation:						
At cost	-	-	815	-	7,701	8,516
At revaluation	187,000	10,000	-	-	-	197,000
	187,000	10,000	815	-	7,701	205,516

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

16 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Depreciation expenses of HK\$4,265,000 (2023: HK\$3,851,000) has been charged within “Other operating expenses” in the consolidated statement of profit or loss.

At 31 December 2024, certain leasehold land and buildings in Hong Kong is used as accommodation to certain directors of the Company (2023: same).

The Group has accounted for leasehold land and buildings using the revaluation model.

(a) Valuation process of the Group

The Group’s leasehold land and buildings were valued as at 31 December 2024 by an independent professionally qualified valuer, Vincorn Consulting and Appraisal Limited (“Vincorn”) (2023: Vigers Appraisal & Consulting Limited (“Vigers”)), who holds a recognised relevant professional qualification and has recent experience in the locations and segments of the leasehold land and buildings valued. For all leasehold land and buildings, their current use equates to the highest and best use. The resulting loss arising on revaluation of HK\$11,556,000 (2023: HK\$20,395,000) has been debited to the property revaluation reserve.

The recurring fair value measurements for leasehold land and buildings are included in level 3 of the fair value hierarchy. The Group’s policy is to recognise transfers into and transfers out of the fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer. There was no transfers between levels 1, 2 and 3 during the year (2023: Nil).

(b) Valuation techniques

The valuation of the property was determined using the direct comparison method (Level 3 approach) (2023: direct comparison method) by making reference to comparable market transactions of similar properties. The most significant input into this valuation approach is the unit sale price, taking into account the differences in transaction time, location, frontage and size etc. between the comparables and the property, which amounted to HK\$65,500 (2023: HK\$69,900) per square foot on a saleable area basis. An increase in the unit sale price adopted would result in an increase in the fair value measurement of the leasehold land and buildings, and vice versa.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

16 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Accounting policies of property, plant and equipment

Depreciation is calculated using the straight-line method to allocate their costs or revalued amounts, net of their residual values, over their estimated useful lives, as follows:

Leasehold land	Over the term of the lease
Buildings	40 years or over the remaining lease term of the land on which the building is situated, if shorter
Furniture, fixtures, equipment and leasehold improvements	2 to 10 years
Motor vehicles	5 to 7 years
Leased office premise	Over the term of the lease

See Note 42.4 for the other accounting policies relevant to property, plant and equipment.

17 INVESTMENT PROPERTY

	HK\$'000
At 1 January 2023	222,000
Reclassified as held for sale (Note 28)	(160,000)
Fair value loss on revaluation	(9,000)
At 31 December 2023	53,000
Fair value loss on revaluation	(6,000)
At 31 December 2024	47,000

At 31 December 2024, there was one (2023: one) investment property. The Group is still searching for potential tenant for the investment property.

The Group leased out its investment property under non-cancellable operating lease arrangements, the lease agreement was terminated on 15 March 2023 after maturity. The lease term was 3 years. The Group had classified these leases as operating leases. Rental income from this investment property for the year ended 31 December 2023 amounted to HK\$465,000. The property was reclassified as asset held for sale as at 31 December 2023 (Note 28).

17 INVESTMENT PROPERTY (CONTINUED)

(a) Valuation process of the Group

The Group's investment property was valued as at 31 December 2024 by an independent professionally qualified valuer, Vincorn (2023: Vigers), who holds a recognised relevant professional qualification and has recent experience in the locations and segments of the investment property valued. For the investment property, its current use equates to the highest and best use. The fair value loss is included in the consolidated statement of profit or loss.

The recurring fair value measurement for investment property is included in level 3 of the fair value hierarchy. The Group's policy is to recognise transfers into and transfers out of the fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer. There were no transfers between levels 1, 2 and 3 during the year (2023: Nil).

(b) Valuation techniques

The valuation of investment property was determined using the direct comparison method (Level 3 approach) (2023: direct comparison method) by making reference to comparable market transactions of similar properties. At the time of the fair value estimates, the highest and best use of the property was its current use. For the property valued based on the direct comparison method, the most significant input into this valuation approach is the unit sale price, taking into account the differences in transaction time, location and size etc. between the comparables and the property, which amounted to HK\$20,100 (2023: HK\$22,600) per square foot on a saleable area basis. An increase in the unit sale price adopted would result in an increase in the fair value measurement of the investment property by the same magnitude, and vice versa.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

18 INTANGIBLE ASSETS

	Mobile application HK\$'000	Brand name HK\$'000	Total HK\$'000
Cost:			
At 1 January 2023, 31 December 2023 and 31 December 2024	1,242	13,480	14,722
Accumulated amortisation:			
At 1 January 2023	(1,242)	(2,921)	(4,163)
Amortisation expenses during the year (Note 11)	–	(1,348)	(1,348)
At 31 December 2023	(1,242)	(4,269)	(5,511)
Amortisation expenses during the year (Note 11)	–	(1,352)	(1,352)
At 31 December 2024	(1,242)	(5,621)	(6,863)
Net book value			
At 31 December 2024	–	7,859	7,859
At 31 December 2023	–	9,211	9,211

Accounting policies of intangible assets

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

Brand name	10 years
Mobile application	1 year

See Note 42.6 for the other accounting policies relevant to intangible assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

19 COMPLETED PROPERTIES FOR SALE

The completed properties for sale are stated at the lower of cost and net realisable value. No impairment loss was recognised for the year ended 31 December 2024 (2023: Nil).

20 LOAN AND INTEREST RECEIVABLES

	2024 HK\$'000	2023 HK\$'000
Loan and interest receivables		
– Property mortgage loans	342,227	271,727
– Personal loans	658,983	439,566
	1,001,210	711,293
Less: Provision for impairment	(91,251)	(72,657)
Loan and interest receivables, net of provision	909,959	638,636
Less: Non-current portion	(600,166)	(485,959)
Current portion	309,793	152,677

The Group's loan and interest receivables, which arise from the money lending business of providing property mortgage loans and personal loans in Hong Kong, are denominated in Hong Kong dollars and the carrying amounts approximate their fair values.

As at 31 December 2024, bank borrowing of HK\$112,422,000 were secured by gross balances of loan and interest receivables of HK\$158,481,000 in aggregate. Refer to Note 31 for details. There were no pledged loan and interest receivables as at 31 December 2023.

Except for personal loan and interest receivables of HK\$658,983,000 as at 31 December 2024 (2023: HK\$439,566,000) which were unsecured, the remaining loan and interest receivables were secured by collaterals, interest-bearing and repayable with fixed terms agreed with the borrowers.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

20 LOAN AND INTEREST RECEIVABLES (CONTINUED)

Borrowers are required to repay the outstanding loans balances by monthly instalments over the term of the corresponding loan and interest receivables.

The Group's maximum credit risk exposure of loan and interest receivables as at 31 December 2024 is set out in Note 3.1(b).

The aging of the gross balance of loan and interest receivables analysed by loan contracts based on their due dates are as follow:

	2024 HK\$'000	2023 HK\$'000
Not overdue	865,309	595,294
1 – 30 days past due	39,152	41,981
31 – 60 days past due	5,069	5,334
61 – 90 days past due	38,249	16,683
Over 90 days past due	53,431	52,001
	1,001,210	711,293

A maturity profile of the loan and interest receivables as at the end of the reporting period, based on the maturity date, net of provision, is as follows:

	2024 HK\$'000	2023 HK\$'000
Within one year	309,793	152,677
One to two years	91,960	64,334
Two to five years	249,794	260,791
Over five years	258,412	160,834
	909,959	638,636

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21 REPOSSESSED ASSETS

The Group obtained control of repossessed assets by taking possession of collaterals.

The carrying amounts of these assets as at 31 December 2024 and 2023 are set out below:

	2024	2023
	HK\$'000	HK\$'000
Repossessed assets	42,210	22,592
Less: Provision for impairment	(4,922)	(1,179)
	37,288	21,413

The estimated market value of the repossessed assets held by the Group as at 31 December 2024 were approximately HK\$56,300,000 (2023: HK\$27,500,000). They represent properties in respect of which the Group has acquired access or control (e.g. through court proceedings or voluntary actions by the properties concerned) for release in full or in part of the obligations of borrowers.

Movements of the Group's provision for impairment of repossessed assets are as follows:

	2024	2023
	HK\$'000	HK\$'000
At the beginning of the year	1,179	–
Provision for impairment (Note 8)	3,743	1,179
At the end of the year	4,922	1,179

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

22 LEASE LIABILITIES

(a) Amounts recognised in the consolidated statement of financial position

	2024 HK\$'000	2023 HK\$'000
Lease liabilities		
Current portion	2,924	924
Non-current portion	4,890	579
	7,814	1,503

Additions to the right-of-use assets amounted to approximately HK\$271,000 for the year ended 31 December 2024 (2023: Nil). The balance was included in the Note 16.

(b) Amounts recognised in the consolidated statement of profit or loss

	2024 HK\$'000	2023 HK\$'000
Interest expense on lease liabilities (Note 12)	106	50
Expenses relating to short-term leases (Note 11)	274	336

The total cash outflow for leases liabilities for the year ended 31 December 2024 was HK\$1,640,000 (2023: HK\$1,000,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

23 FINANCIAL INSTRUMENTS BY CATEGORY

	2024 HK\$'000	2023 HK\$'000
Financial assets at amortised cost		
Loan and interest receivables (Note 20)	909,959	638,636
Deposits and other receivables (Note 24)	4,959	4,368
Cash and cash equivalents (Note 26)	121,459	101,057
	1,036,377	744,061
Financial assets at fair value through profit or loss (Note 25)	89	109
	1,036,466	744,170
Financial liabilities at amortised cost		
Other payables and accruals (Note 32)	12,432	167,233
Amount due to a related company	1,245	1,337
Lease liabilities (Note 22)	7,814	1,503
Bank borrowing (Note 31)	112,422	–
Loan from a shareholder (Note 33)	160,439	–
	294,352	170,073

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

24 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	2024	2023
	HK\$'000	HK\$'000
Prepayments	3,764	1,617
Deposits	1,194	872
Other receivables	3,765	3,496
	8,723	5,985
Less: non-current deposits	(321)	(164)
	8,402	5,821

The carrying amounts of the Group's deposits, prepayments and other receivables, which are neither past due nor impaired, approximate their fair values and are mainly denominated in the following currencies:

	2024	2023
	HK\$'000	HK\$'000
HK\$	8,236	5,833
RMB	487	152
	8,723	5,985

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

25 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2024 HK\$'000	2023 HK\$'000
Equity securities held for trading	89	109

The financial assets are listed instruments denominated in Hong Kong dollars.

26 CASH AND CASH EQUIVALENTS

	2024 HK\$'000	2023 HK\$'000
Cash at bank and on hand	121,459	101,057
Maximum exposure to credit risk	121,459	101,057

The carrying amounts of cash and cash equivalents approximate their fair values and are denominated in the following currencies:

	2024 HK\$'000	2023 HK\$'000
HK\$	43,838	27,236
RMB	77,531	73,409
Others	90	412
	121,459	101,057

Cash and bank balances of the Group denominated in RMB which are deposited with the banks in the PRC are not freely convertible into other currencies. The Group can apply to exchange RMB for other currencies through banks authorised to conduct foreign exchange business under PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

27 DEFERRED INCOME TAX

All deferred income tax assets/(liabilities) of the Group are expected to be recovered after more than 12 months. The gross movement in deferred income tax account is as follows:

	HK\$'000
Deferred income tax assets	
At 1 January 2023	4,216
Credited to profit or loss (Note 14)	3,660
At 31 December 2023	7,876
Credited to profit or loss (Note 14)	1,742
At 31 December 2024	9,618

The nature of items giving rise to deferred income tax assets, without taking into consideration the offsetting of balances within the same jurisdiction, are as follows:

Deferred income tax assets

	Provision for collective impairment of loan and interest receivables HK\$'000	Others HK\$'000	Total HK\$'000
At 1 January 2023	5,862	97	5,959
(Charged)/credited to profit or loss	3,503	(65)	3,438
At 31 December 2023	9,365	32	9,397
(Charged)/credited to profit or loss	1,528	(9)	1,519
At 31 December 2024	10,893	23	10,916

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

27 DEFERRED INCOME TAX (CONTINUED)

The nature of items giving rise to deferred income tax liabilities, without taking into consideration the offsetting of balances within the same jurisdiction, are as follows:

Deferred income tax liabilities

	Intangible assets HK\$'000
At 1 January 2023	(1,743)
Credited to profit or loss	222
At 31 December 2023	(1,521)
Credited to profit or loss	223
At 31 December 2024	(1,298)

Deferred income tax assets are recognised for tax losses carried forward to the extent that the realisation of the related tax benefit through future taxable profits is probable. The Group did not recognise deferred income tax assets of HK\$20,661,000 (2023: HK\$14,317,000) in respect of losses amounting to HK\$98,710,000 (2023: HK\$86,770,000) that can be carried forward against future taxable income with no expiry date, and tax losses of HK\$17,497,000 (2023: Nil) that will expire up to and including 2034.

Pursuant to the relevant PRC corporate income tax rules and regulations, deferred tax on withholding tax is imposed on declared dividends in respect of profits earned by the Group's PRC subsidiaries from 1 January 2008.

Deferred income tax liabilities of approximately HK\$4,950,000 (2023: HK\$4,851,000) as at 31 December 2024 have not been provided for in the consolidated statement of financial position in respect of temporary differences attributable to accumulated profits of the Group's certain PRC subsidiaries as the Group controls the dividend policy of these PRC subsidiaries and the Company has no intention to dividend out and will continue to reinvest in China.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

28 ASSETS CLASSIFIED AS HELD FOR SALE

On 8 November 2023, Termbray (China) Land Development Company Limited (“Termbray China”), an indirect wholly-owned subsidiary of the Company, and Mr. Tommy Lee entered into the sale and purchase agreement, pursuant to which, Termbray China agreed to sell and Mr. Tommy Lee agreed to purchase the entire issued share capital of Termbray (Fujian) Land Development Company Limited (the “Disposal Company”), a direct wholly-owned subsidiary of Termbray China, and the total amount of loans due from Disposal Company to Termbray China, at the consideration of HK\$160,000,000.

The consideration will be settled by way of setting off against the equivalent amount of the outstanding payment payable by Termbray Wealth Investment Limited (“Termbray Wealth”), an indirect wholly-owned subsidiary of the Company, to Earth Axis Investment Limited (“Earth Axis”) pursuant to the sale and purchase agreement dated 23 September 2020 entered into between Termbray Wealth as purchaser, and Earth Axis as vendor and Mr. Tommy Lee as vendor’s guarantor in relation to the sale and purchase of the entire issued share capital in aEasy Credit Investment Limited.

The disposal transaction was completed on 12 January 2024 and the Disposal Company is reported in 2023 as assets held for sale. The following assets and liabilities of the Disposal Company were reclassified as held for as at 31 December 2023:

	2023 HK\$'000
Assets classified as held for sale	
Investment property	160,000
Deposits, prepayments and other receivables	37
Income tax recoverable	133
Total assets of Disposal Company held for sale	160,170
Liabilities directly associated with assets classified as held for sale	
Other payables and accruals	31

The above assets and liabilities are presented within total assets and total liabilities of the property development and investment segment in Note 5.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

29 SHARE CAPITAL

	Number of ordinary shares '000	Nominal value of ordinary shares HK\$'000
Authorised:		
Ordinary share of HK\$0.08 each at 1 January 2023, 31 December 2023 and 31 December 2024	2,800,000	224,000
Issued and fully paid:		
At 31 December 2023 and 31 December 2024	2,667,643	213,411

30 RESERVES

The amount of the Group's reserve and the movements therein for the current year and prior year are presented in the consolidated statement of changes in equity.

No dividend was paid in respect of the year ended 31 December 2024 (2023: Nil).

For the year ended 31 December 2024, the Board does not recommend to pay a final dividend (2023: Nil).

31 BANK BORROWING

	2024 HK\$'000	2023 HK\$'000
Non-current		
Bank borrowing, secured	112,000	–
Current		
Bank borrowing, secured	422	–
	112,422	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 BANK BORROWING (CONTINUED)

As at 31 December 2024, bank borrowing of HK\$112,422,000 (2023: Nil) was secured by the Group's loan and interest receivables with gross balances of HK\$158,481,000.

The bank borrowing is denominated in Hong Kong dollars and bears interest at floating rate. The weighted effective rate is 8.3% per annum as at 31 December 2024 (2023: Nil). The carrying amount of the bank borrowing approximates its fair value.

The Group has complied with the financial covenants of its bank borrowing facility during the year ended 31 December 2024.

The Group's bank borrowing is repayable as follows:

	2024	2023
	HK\$'000	HK\$'000
Within 1 year	422	–
Between 1 and 2 years	112,000	–
	112,422	–

32 OTHER PAYABLES AND ACCRUALS

	2024	2023
	HK\$'000	HK\$'000
Deferred consideration payable (Note)	–	160,502
Rental deposits	77	100
Accrued audit fee	2,285	2,250
Accrued employee benefits expenses	3,662	2,066
Other payables and accrued expenses	10,070	4,381
	16,094	169,299

Note: Deferred consideration payable represents the purchase consideration for acquiring aEasy Credit Investment Limited and its subsidiaries from Earth Axis, a company controlled by Mr. Tommy Lee, a director of the Company, on 23 September 2020. The consideration will be settled by way of setting off against the equivalent amount of the disposal transaction of Disposal Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

32 OTHER PAYABLES AND ACCRUALS (CONTINUED)

The carrying amounts of the Group's other payables and accruals approximate their fair values and are denominated in following currencies:

	2024 HK\$'000	2023 HK\$'000
HK\$	14,181	168,678
RMB	1,913	621
	16,094	169,299

33 LOAN FROM A SHAREHOLDER

During the year ended 31 December 2024, the Company has entered into a loan agreement with Mr. Tommy Lee, one of the shareholders of the Company, pursuant to which Mr. Tommy Lee agreed to provide the Company a loan for the purpose of supporting the Company's business development. As at 31 December 2024, the carrying amount of HK\$160,439,000 of the loan from a shareholder approximates its fair value and is denominated in Hong Kong dollars. The loan is unsecured, bears interest at 3% per annum and is repayable in 2 years.

34 AMOUNT DUE TO A RELATED COMPANY

The balance is unsecured, interest-free and repayable on demand. The carrying amount of the balance approximates its fair value and is denominated in Hong Kong dollars.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

35 CASH FLOW INFORMATION

(a) Reconciliation of profit before income tax to cash used in operations:

	<i>Note</i>	2024 HK\$'000	2023 HK\$'000
Profit before income tax		36,990	20,076
Adjustments for:			
Interest income on bank deposits	<i>7</i>	(580)	(1,707)
Depreciation of property, plant and equipment	<i>11</i>	4,265	3,851
Amortisation of intangible assets	<i>11</i>	1,352	1,348
Finance costs	<i>12</i>	5,681	50
Unwinding of interest on deferred consideration payable	<i>12</i>	–	7,034
Impairment losses on loan and interest receivables, net	<i>10</i>	96,409	83,785
Provision for impairment of repossessed assets	<i>8</i>	3,743	1,179
Gain on disposal of property, plant and equipment	<i>8</i>	(230)	–
Gain on disposal of repossessed assets		–	(100)
Impairment loss of goodwill on acquisition of subsidiaries	<i>8</i>	3	–
Fair value losses on investment property		6,000	9,000
Fair value loss/(gain) on financial assets at fair value through profit or loss	<i>8</i>	20	(2)
Unrealised net exchange gains	<i>8</i>	(703)	(610)
		152,950	123,904
Changes in working capital:			
Loan and interest receivables		(367,732)	(178,952)
Repossessed assets		(19,618)	5,436
Deposits, prepayments and other receivables		217	(833)
Other payables and accruals		1,893	713
Amount due to a related company		(92)	(395)
Cash used in operations		(232,382)	(50,127)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

35 CASH FLOW INFORMATION (CONTINUED)

(b) Proceeds from disposal of properties, plant and equipment

In the consolidated statement of cash flows, proceeds from disposal of property, plant and equipment are analysed as follows:

	2024	2023
	HK\$'000	HK\$'000
Net book amount (Note 16)	–	–
Gain on disposal of property, plant and equipment (Note 8)	230	–
Proceeds from disposal of property, plant and equipment	230	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

35 CASH FLOW INFORMATION (CONTINUED)

(c) Reconciliation of liabilities arising from financing activities

	Loan from a shareholder HK\$'000	Bank borrowing HK\$'000	Lease liabilities HK\$'000	Total HK\$'000
At 1 January 2023	–	–	(781)	(781)
Lease modification	–	–	(1,672)	(1,672)
Interest on lease liabilities	–	–	(50)	(50)
Cash flows	–	–	1,000	1,000
At 31 December 2023 and 1 January 2024	–	–	(1,503)	(1,503)
Proceeds from bank borrowing	–	(115,000)	–	(115,000)
Payment of loan arrangement fee	–	4,000	–	4,000
Advance from a shareholder	(162,267)	–	–	(162,267)
Repayment to a shareholder	5,000	–	–	5,000
Principal elements of lease payments	–	–	1,260	1,260
Interest paid on lease liabilities	–	–	106	106
Interest paid on bank borrowing	–	981	–	981
Non-cash movements:				
Recognition of lease liabilities	–	–	(271)	(271)
Acquisition of subsidiaries	–	–	(1,408)	(1,408)
Lease modification	–	–	(5,872)	(5,872)
Amortisation of loan arrangement fee	–	(1,000)	–	(1,000)
Interest expenses	(3,172)	(1,403)	(106)	(4,681)
Exchange realignment	–	–	(20)	(20)
At 31 December 2024	(160,439)	(112,422)	(7,814)	(280,675)

(d) Major non-cash transaction

Other than those disclosed elsewhere in the consolidated financial statements, the major non-cash transactions for the year ended 31 December 2024 were the settlement of deferred consideration payable with assets held for sale amounted to approximately HK\$160,139,000.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

36 OPERATING LEASE COMMITMENTS – AS LESSOR

Certain completed properties for sale were also let out under operating leases. The directors of the Company considered that those properties leased out remained being classified as completed properties for sale, by taking into accounts of the fact the Group has put selling effort to sell the said properties. The Group has engaged certain property agents to search potential buyers, set up a sales office to support the sales activities and there are advertisements to boost the sales. Moreover, the properties held for sale let out are under short term leases in order to allow the flexibility to control the number of residential units available for sale. The management has been actively marketing these properties held for sale at a price that is reasonable to its current fair value.

As at 31 December 2024, all of the properties leased out have contractual lease term of one year (2023: one month to one year).

The future aggregate minimum lease payments receivables under non-cancellable operating leases are as follows:

	2024 HK\$'000	2023 HK\$'000
Less than one year	22	24

37 BUSINESS COMBINATION

(a) Acquisition of Alpha Times Technology Limited

On 30 April 2024, Termbray Electronics (B.V.I.) Limited (“Purchaser”), a direct wholly-owned subsidiary of the Company, entered into a sale and purchase agreement (“SPA”) with Ms. Tang Mei Lan (“Vendor”), an independent third party, to acquire the entire issued share capital of Alpha Times Technology Limited (“Alpha Times”) at a consideration of HK\$25,000.

The acquisition was completed on 30 April 2024. Upon completion, the Group exercises control over Alpha Times and its subsidiaries (together the “Acquired Subsidiaries”). The Acquired Subsidiaries became the Company’s indirect wholly-owned subsidiaries. The Acquired Subsidiaries will bring in substantial strategic value to the Group and enable the Group to place less reliance on external suppliers in the development of information technology systems after the acquisition.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

37 BUSINESS COMBINATION (CONTINUED)

(a) Acquisition of Alpha Times Technology Limited (Continued)

Details of the net assets acquired and goodwill recognised as a result of the acquisition:

	Fair value HK\$'000
Property, plant and equipment	1,718
Deposits, prepayments and other receivables	2,955
Cash and cash equivalents	1,798
Other payables and accruals	(5,041)
Lease liabilities	(1,408)
Net identifiable assets acquired	22
Less: Total purchase consideration	(25)
Goodwill on acquisition of subsidiaries	(3)

The goodwill on acquisition of subsidiaries will not be deductible for tax purposes.

The acquired business contributed revenue of HK\$2,801,000 and net profit of HK\$2,205,000 to the Group for the period from 30 April 2024 to 31 December 2024. Had the Acquired Subsidiaries been consolidated from 1 January 2024, the consolidated statement of profit or loss would show revenue of HK\$6,267,000 and net profit of HK\$2,210,000 attributable to these subsidiaries.

(b) Purchase consideration – net cash acquired

	HK\$'000
Net cash outflow from the acquisition of subsidiaries during the year ended 31 December 2024	(25)
Add: Balance of cash and cash equivalents from Acquired Subsidiaries	1,798
Net cash acquired from acquisition of subsidiaries	1,773

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

38 RELATED PARTY DISCLOSURES

Related parties are those parties that have the ability to control, jointly control or exert significant influence over the other party in holding power over the investee; exposure, or rights, to variable returns from its involvement with the investee; and the ability to use its power over the investee to affect the amount of the investor's returns. Parties are also considered to be related if they are subject to common control or joint control. Related parties may be individuals or other entities.

- (a) Other than the loan from a shareholder (Note 33), interest expense on loan from a shareholder (Note 12), amount due to a related company (Note 34) and deferred consideration payable (Note 32), the Company's related party transactions are as follows:

	2024 HK\$'000	2023 HK\$'000
Balance with related party:		
Lease liabilities (Note ii)	6,102	96
Transactions with related parties:		
IT service income (Note i)	2,801	–
Lease payments (Note ii)	144	144
Rental income (Note iii)	–	465

Note:

- (i) The amount represents income for IT services provided to three related companies, which are ultimately held by certain directors of the Group.
- (ii) The amount represents accruals/payments for leasing office premises to three related companies, which are ultimately held by certain directors of the Group.
- (iii) Pursuant to tenancy agreements entered into between Mr. Lee Wing Keung, a son of Mr. Lee Lap and brother of Mr. Tommy Lee, directors of the Company, and the Group, the Group leased its land and building to Mr. Lee Wing Keung for a term of three years from 16 March 2020 to 15 March 2023 at a monthly rent of HK\$155,000 (exclusive of rates, management fee and utility charges). The rental income recognised by the Group during the year ended 31 December 2023 was HK\$465,000. The tenancy agreement was terminated on 15 March 2023 after maturity.
- (b) In the opinion of the directors, the directors of the Company represented the key management personnel of the Company. During the year, HK\$5,498,000 (2023: HK\$6,578,000) was compensated to the key management personnel, details of which are set out in Note 40.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

39 STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

(a) Statement of financial position of the Company

	2024 HK\$'000	2023 HK\$'000
Assets		
Non-current assets		
Investment in subsidiaries	938,853	938,853
Loans to subsidiaries	160,439	–
Amounts due from subsidiaries	199,084	200,628
	1,298,376	1,139,481
Current assets		
Cash and cash equivalents	1,129	1,021
Other current assets	89	284
	1,218	1,305
Total assets	1,299,594	1,140,786
Equity and liabilities		
Equity attributable to owners of the Company		
Share capital	213,411	213,411
Reserves	879,114	884,026
Total equity	1,092,525	1,097,437
Liabilities		
Non-current liability		
Loan from a shareholder	160,439	–
Current liabilities		
Amounts due to subsidiaries	44,758	41,872
Other current liabilities	1,872	1,477
	46,630	43,349
Total liabilities	207,069	43,349
Total equity and liabilities	1,299,594	1,140,786

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

(b) Reserve movement of the Company

	Share premium HK\$'000	Contributed surplus (Note) HK\$'000	Retained earnings HK\$'000	Total HK\$'000
At 1 January 2023	545,966	191,810	150,459	888,235
Loss and total comprehensive loss for the year	–	–	(4,209)	(4,209)
At 31 December 2023	545,966	191,810	146,250	884,026
At 1 January 2024				
Loss and total comprehensive loss for the year	–	–	(4,912)	(4,912)
At 31 December 2024	545,966	191,810	141,338	879,114

Note: The contributed surplus represents the difference between the shareholders' funds of the subsidiaries acquired and the nominal amount of the Company's share issued as consideration for the acquisition at the time of the group reorganisation implemented prior to the listing of the Company's shares in 1991.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

40 BENEFITS AND INTERESTS OF DIRECTORS (DISCLOSURES REQUIRED BY SECTION 383 OF THE HONG KONG COMPANIES ORDINANCE (CAP. 622) AND COMPANIES (DISCLOSURE OF INFORMATION ABOUT BENEFITS OF DIRECTORS) REGULATION (CAP. 622G) AND HK LISTING RULES)

(a) Directors' and senior management's emoluments

The remuneration of the directors of the Company is set out below:

Name	Year ended 31 December 2024				
	Fees HK\$'000	Basic salaries, allowances and benefits- in-kind HK\$'000	Discretionary bonus HK\$'000	Employer's contribution to a retirement benefit scheme HK\$'000	Total HK\$'000
Executive directors					
Mr. Lee Lap	-	2,040	-	-	2,040
Mr. Tommy Lee (Note (i))	-	240	-	12	252
Mr. Chau Hau Shing	-	2,654	-	18	2,672
Independent non-executive directors					
Mr. Shu Wa Tung, Laurence	240	-	-	-	240
Mr. Wu Wai Pan	150	-	-	-	150
Ms. Chak Wai Ting	144	-	-	-	144
	534	4,934	-	30	5,498

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

40 BENEFITS AND INTERESTS OF DIRECTORS (DISCLOSURES REQUIRED BY SECTION 383 OF THE HONG KONG COMPANIES ORDINANCE (CAP. 622) AND COMPANIES (DISCLOSURE OF INFORMATION ABOUT BENEFITS OF DIRECTORS) REGULATION (CAP. 622G) AND HK LISTING RULES) (CONTINUED)

(a) Directors' and senior management's emoluments (Continued)

Name	Year ended 31 December 2023				
	Fees HK\$'000	Basic salaries, allowances and benefits-in-kind HK\$'000	Discretionary bonus HK\$'000	Employer's contribution to a retirement benefit scheme HK\$'000	Total HK\$'000
Executive directors					
Mr. Lee Lap	–	3,120	–	–	3,120
Mr. Tommy Lee (Note (i))	–	240	–	12	252
Mr. Chau Hau Shing	–	2,654	–	18	2,672
Independent non-executive directors					
Mr. Shu Wa Tung, Laurence	240	–	–	–	240
Mr. Wu Wai Pan	150	–	–	–	150
Ms. Chak Wai Ting	144	–	–	–	144
	534	6,014	–	30	6,578

Notes:

- (i) The director is also the chief executive of the Company and his emoluments disclosed above include those for services rendered by him as chief executive.

40 BENEFITS AND INTERESTS OF DIRECTORS (DISCLOSURES REQUIRED BY SECTION 383 OF THE HONG KONG COMPANIES ORDINANCE (CAP. 622) AND COMPANIES (DISCLOSURE OF INFORMATION ABOUT BENEFITS OF DIRECTORS) REGULATION (CAP. 622G) AND HK LISTING RULES) (CONTINUED)

(b) Directors' retirement benefits

No retirement benefits were paid to or receivable by any directors in respect of their other services in connection with the management of the affairs of the Company or its subsidiaries undertaking during the year ended 31 December 2024 (2023: Nil).

(c) Directors' termination benefits

No payment was made to directors as compensation for the early termination of the appointment during the year ended 31 December 2024 (2023: Nil).

(d) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors

No loans, quasi-loans and other dealings were made available in favour of directors, body corporates controlled by and connected entities with such directors subsisted at the end of the period or at any time during the year ended 31 December 2024 (2023: Nil).

(e) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the period or at any time during the year ended 31 December 2024 (2023: Nil).

During the year, the leasehold land and buildings of the Group with a rateable value of HK\$2,040,000 (2023: HK\$3,120,000) were provided as accommodation to certain directors of the Company and has been included in basic salaries, allowances and benefits-in-kind disclosed above.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

40 BENEFITS AND INTERESTS OF DIRECTORS (DISCLOSURES REQUIRED BY SECTION 383 OF THE HONG KONG COMPANIES ORDINANCE (CAP. 622) AND COMPANIES (DISCLOSURE OF INFORMATION ABOUT BENEFITS OF DIRECTORS) REGULATION (CAP. 622G) AND HK LISTING RULES) (CONTINUED)

(e) Directors' material interests in transactions, arrangements or contracts (Continued)

During the year ended 31 December 2023, the Group had entered into a sale and purchase agreement with Mr. Tommy Lee for all the issued shares in and shareholder's loans owing by Disposal Company. The disposal transaction was completed on 12 January 2024, details of which are set out in Note 28.

During the year ended 31 December 2024, the Group has entered into a loan agreement with Mr. Tommy Lee that Mr. Tommy Lee agreed to provide a loan to support the Group's business development, details of which are set out in Note 33.

41 SUBSEQUENT EVENTS

There were no material events undertaken by the Group after 31 December 2024.

42 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES

42.1 Principles of consolidation and equity accounting

42.1.1 Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- (i) fair values of the assets transferred,
- (ii) liabilities incurred to the former owners of the acquired business,
- (iii) equity interests issued by the Group,

42 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (CONTINUED)

42.1 Principles of consolidation and equity accounting (Continued)

42.1.1 Business combinations (Continued)

- (iv) fair value of any asset or liability resulting from a contingent consideration arrangement, and
- (v) fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the:

- (i) consideration transferred,
- (ii) amount of any non-controlling interest in the acquired entity, and
- (iii) acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in consolidated statement of profit or loss as a bargain purchase.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in consolidated statement of profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in consolidated statement of profit or loss.

42 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (CONTINUED)

42.1 Principles of consolidation and equity accounting (Continued)

42.1.2 Subsidiaries

A subsidiary is an entity (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to effect those return through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

42.1.3 Separate financial statements

Investment in a subsidiary is accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiary are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investment in a subsidiary is required upon receiving a dividend from the investment if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying account of the investment in the separate financial statements exceeds the carry amount in the consolidated financial statements of the investee's net assets including goodwill.

42.2 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the CODM. The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors of the Company that are used to make strategic decisions.

42 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (CONTINUED)

42.3 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of the Group are measured using the currency of the primary economic environment in which the Group operates (the “functional currency”). The financial statements are presented in Hong Kong dollars (“HK\$”), which is the Company’s functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated at foreign currencies at year-end exchange rates are generally recognised in the consolidated statement of profit or loss.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in the consolidated statement of profit or loss as part of the fair value gain or loss.

(c) Group companies

The results and financial positions of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that consolidated statement of financial position;
- (ii) income and expenses for each statement of profit or loss are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- (iii) all resulting exchange differences are recognised in other comprehensive income.

42 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (CONTINUED)

42.3 Foreign currency translation (Continued)

(c) Group companies (Continued)

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

(d) Disposal of foreign operation and partial disposal

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a joint venture that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the equity holders of the Company are reclassified to profit or loss.

In the case of a partial disposal that does not result in the Group losing control over a subsidiary that include a foreign operation, the proportionate share of accumulated exchange differences are reattributed to non-controlling interest and are not recognised in profit or loss. For all other partial disposals (that is, reduction in the Group's ownership interest in associates or jointly controlled entities that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange difference is reclassified to profit or loss.

42 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (CONTINUED)

42.4 Property, plant and equipment

Leasehold land and buildings are recognised at fair value based on periodic valuations by an external independent valuer, less subsequent depreciation for buildings. A revaluation surplus is credited to property revaluation reserve in shareholders' equity. Leasehold land and leased office premise are considered as types of right-of-use assets.

All other property, plant and equipment stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or 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 charged to profit or loss during the financial period in which they are incurred.

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

An asset's carrying amount is written down immediately to its recoverable amount if its carrying amount is greater than its estimated recoverable amount (Note 42.8).

Gains and losses on disposals are determined by comparing the net proceeds with the carrying amounts and are recognised within "other losses, net" in the consolidated statement of profit or loss.

42.5 Investment property

Investment property, represented by residential property, is held for long-term rental yields and is not occupied by the Group. Investment property is initially measured at cost, including related transaction costs and where applicable borrowing costs. Subsequently, it is carried at fair value. Change in fair value is recognised in the consolidated statement of profit or loss.

42 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (CONTINUED)

42.6 Intangible assets

The brand name and mobile application acquired in a business combination were recognised at fair value at the acquisition date. They have a finite useful life and were subsequently carried at cost less accumulated amortisation and impairment losses. Costs associated with maintaining the mobile application are recognised as an expense as incurred.

42.7 Completed properties held for sale

Completed properties for sale are stated at the lower of cost and net realisable value. Cost comprises the cost of land, development expenditure, other attributable costs and borrowing costs capitalised in accordance with the Group's accounting policies. Net realisable value is determined by reference to estimated selling price less selling expenses.

42.8 Impairment of non-financial assets

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

42.9 Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less cost to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset to fair value less cost to sell. A gain is recognised for any subsequent increases in fair value less cost to sell of an asset, but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

42 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (CONTINUED)

42.9 Non-current assets held for sale (Continued)

Non-current assets are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the statement of financial position. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the statement of financial position.

42.10 Financial assets

(a) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income (“OCI”), or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity’s business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (“FVOCI”).

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

42 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (CONTINUED)

42.10 Financial assets (Continued)

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on the trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

(c) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in revenue or other income using the effective interest rate method. Any gain or loss arising on derecognition and impairment losses are presented as separate line item in the consolidated statement of profit or loss.
- **FVOCI:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit or loss. When these financial assets are derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in "other losses, net". Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in "other losses, net" and impairment expenses are presented as separate line item in the consolidated statement of profit or loss.

42 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (CONTINUED)

42.10 Financial assets (Continued)

(c) Measurement (Continued)

- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within “other losses, net” in the period in which it arises.

(d) Impairment

The Group assesses on a forward-looking basis the ECL associated with its debt instrument assets carried at amortised cost. The Group recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Note 3.1(b) provides more detail of how the expected credit loss allowance is measured.

Loan and interest receivables of the Group are classified as debt investments carried at amortised cost and are subject to the ECL model. While deposits and other receivables and cash and cash equivalents are also subject to the impairment requirements of HKFRS 9, the identified impairment loss was immaterial.

42 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (CONTINUED)

42.11 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

42.12 Loan and interest receivables

Loan and interest receivables are property mortgage loans and personal loans granted to customers in the ordinary course of business. If collection of loan and interest receivables are expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Loan and interest receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. The gross carrying amount is written off (either partially or in full) to the extent that there is no reasonable expectation of recovery. Subsequent recoveries of amounts previously written-off are credited against "impairment losses on loan and interest receivables, net" in the consolidated statement of profit or loss.

42.13 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand and deposits held at call with banks with original maturities of three months or less.

42.14 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

42 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (CONTINUED)

42.15 Other payables and accruals

Other payables and accruals are obligations to pay for services that have been acquired in the ordinary course of business from suppliers. They are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Other payables and accruals are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

42.16 Borrowings

Borrowings are carried initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated statement of profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the consolidated statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in consolidated statement of profit or loss.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

42 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (CONTINUED)

42.17 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

42.18 Repossessed assets

Upon derecognition of related loan and interest receivables, foreclosed assets are recognised as “repossessed assets” on the consolidated statement of financial position. Repossessed assets are measured at the lower of the carrying amount and the fair value less cost to sell at the end of each reporting period. When the fair value less cost to sell is lower than the carrying amount, impairment loss is recognised in profit or loss.

42 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (CONTINUED)

42.19 Leases

Leases are recognised as a right-of-use asset (included in property, plant and equipment which are presented in the consolidated statement of financial position) and a corresponding liability at the date at which the leased asset is available for use by the Group.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

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

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

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

42 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (CONTINUED)

42.19 Leases (Continued)

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

To determine the incremental borrowing rate, the Group:

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

If a readily observable amortising loan rate is available to the Group (through recent financing or market data) which has a similar payment profile to the lease, then the Group use that rate as a starting point to determine the incremental borrowing rate.

Variable lease payments based on an index or rate are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

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

42 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (CONTINUED)

42.19 Leases (Continued)

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

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

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

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option.

42.20 Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are expensed in the period in which they are incurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

42 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (CONTINUED)

42.21 Earnings per share

(a) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the period/year and excluding treasury shares.

(b) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account, the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

LIST OF MAJOR PROPERTIES

PROPERTIES FOR SALE

Properties location	Use	Approximate gross floor area Sq.m.	Group's attributable interest %
The PRC 90-124 An Lan Road, Zhongshan, Guangdong Province	Commercial and car park Residential	15,152 6,536	100 100

PROPERTY HELD BY THE GROUP FOR OWN USE

Property location	Use	Approximate gross floor area Sq.m.	Group's attributable interest %
Hong Kong Town House No. 7, No. 33 Black's Link, Mid-Levels East, Hong Kong	Residential	399	100

INVESTMENT PROPERTY

Property location	Use	Approximate gross floor area Sq.m.	Group's attributable interest %
Hong Kong House 23B, Beaulieu Peninsula, No. 2 Yu Chui Street, Tuen Mun, New Territories, Hong Kong	Residential	253	100

FIVE YEAR FINANCIAL SUMMARY

The following tables summarise certain consolidated financial information in respect of the Group's results, assets and liabilities for the last five financial years, as extracted from the audited consolidated financial statements.

CONSOLIDATED RESULTS

	Year ended 31 December 2024 HK\$'000	Year ended 31 December 2023 HK\$'000	Year ended 31 December 2022 HK\$'000	Year ended 31 December 2021 HK\$'000	Nine months ended 31 December 2020 HK\$'000
Revenue	261,781	196,609	162,870	112,435	24,963
Profit before income tax	36,990	20,076	24,793	31,737	46,543
Income tax expense	(9,915)	(7,940)	(9,604)	(10,470)	(584)
Profit for the year/period attributable to equity holders of the Company	27,075	12,136	15,189	21,267	45,959

FIVE YEAR FINANCIAL SUMMARY

CONSOLIDATED 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					
Property, plant and equipment	205,516	213,255	235,409	270,950	399,241
Investment properties	47,000	53,000	222,000	241,520	183,300
Intangible assets	7,859	9,211	10,559	11,907	14,208
Deferred income tax assets	9,618	7,876	4,216	1,393	1,446
Loan and interest receivables	600,166	485,959	475,232	479,483	348,836
Deposits	321	164	–	164	–
Pledged bank deposit	–	–	–	–	2,000
Current assets	530,136	495,512	323,290	329,188	419,898
TOTAL ASSETS	1,400,616	1,264,977	1,270,706	1,334,605	1,368,929
CURRENT LIABILITIES	(30,333)	(183,592)	(178,503)	(64,136)	(41,939)
NON-CURRENT LIABILITIES	(277,329)	(579)	(96)	(147,567)	(166,569)
NET ASSETS	1,092,954	1,080,775	1,092,107	1,122,902	1,160,421
Equity attributable to equity holders of the Company	1,092,954	1,080,775	1,092,107	1,122,902	1,160,421
Non-controlling interests	–	–	–	–	–
TOTAL EQUITY	1,092,954	1,080,775	1,092,107	1,122,902	1,160,421

FIVE YEAR FINANCIAL SUMMARY

PER SHARE DATA

	Year ended 31 December 2024 HK cents	Year ended 31 December 2023 HK cents	Year ended 31 December 2022 HK cents	Year ended 31 December 2021 HK cents	Nine months ended 31 December 2020 HK cents
Basic earnings per share	1.01	0.45	0.57	0.80	2.17
Dividends per share					
Interim dividend	–	–	–	–	–
Final dividend	–	–	–	–	–
Net asset value per share	40.97	40.51	40.95	42.10	43.50