ANNUAL REPORT 2024

中金投集团
China Financial Services Holdings Ltd

China Financial Services Holdings Limited

(Incorporated in Hong Kong with limited liability)
(Stock code: 605)

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CORPORATE INFORMATION

DIRECTORS

Executive Director

Mr. Zhang Min *(Chief Executive Officer)*

Non-executive Director

Mr. Tao Chun (Resigned on 30 October 2024)

Independent Non-executive Directors

Mr. John Paul Ribeiro (Resigned on 17 March 2025)
Mr. Zhang Kun
Mr. Chan Chun Keung
Mr. Lee Ka Wai
Madam Zhan Lili

COMPANY SECRETARY

Mr. Chung Chin Keung FCCA, FCPA, FCA, CTA

AUDITORS

Baker Tilly Hong Kong Limited
Certified Public Accountants
Registered Public Interest Entity Auditors

AUDIT COMMITTEE

Mr. Lee Ka Wai *(Chairman)*
Mr. Chan Chun Keung
Madam Zhan Lili
Mr. Zhang Kun

REMUNERATION COMMITTEE

Mr. Zhang Kun *(Chairman)*
Mr. Tao Chun (Resigned on 30 October 2024)
Mr. Chan Chun Keung
Mr. Lee Ka Wai
Madam Zhan Lili

NOMINATION COMMITTEE

Mr. Lee Ka Wai *(Chairman)*
Mr. Tao Chun (Resigned on 30 October 2024)
Mr. Chan Chun Keung
Madam Zhan Lili
Mr. Zhang Kun

BUSINESS RISKS COMMITTEE

Mr. Zhang Min *(Chairman)*
Mr. Lee Ka Wai
Mr. Chan Chun Keung
Madam Zhan Lili
Mr. Zhang Kun

SHARE REGISTRAR

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

REGISTERED OFFICE

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Hong Kong

STOCK CODE: 605

WEBSITE

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INVESTORS RELATION

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FINANCIAL HIGHLIGHTS

	For the year ended 31 December		Percentage
	2024	2023	change
	HK$'000	HK$'000	%
Interest and financing consultancy services income	**101,595**	131,473	(22.7%)
Profit/(loss) for the year attributable to owners of the Company	**41,232**	(159,972)	(125.8%)
	HK$	HK$	
Basic earnings/(loss) per share	**0.20**	(0.79)	(125.3%)

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board of directors (the "Board") of China Financial Services Holdings Limited (the "Company") together with its subsidiaries (collectively referred to as the "Group"), I am pleased to present the annual report of the Company for the year ended 31 December 2024.

In 2024, China's economy maintained a stable development momentum overall amid complex and volatile internal and external environment, with a year-on-year GDP growth of 5.0% throughout the year. In terms of the real estate market, the investment in national real estate development amounted to approximately RMB10.028 trillion in 2024, representing a year-on-year decrease of 10.6%. Of which, the investment in residential properties amounted to approximately RMB7.604 trillion, representing a drop of approximately 10.5%. The saleable area of newly constructed commercial properties amounted to 973.85 million sq.m., down by 12.9% year-on-year, and the saleable area of residential properties declined by 14.1%, with the sales amount decreased by 17.1% and 17.6% respectively. The added value of the real estate industry was RMB8.4565 trillion, representing a year-on-year decrease of 1.8%, indicating that the market transaction, price and investment activities entered a period of adjustment. To cope with the market downturn, the government continued to implement a number of policies and measures, such as lowering interest rates, reducing initial down payments and supporting de-stocking, with an aim to stabilise market confidence and promote the rebound of reasonable demand.

In the financial service sector, as a financial institution specialising in property mortgage lending and micro-lending business, the Group has always maintained a prudent and stable business strategy. In 2024, with the continuous facilitation of inclusive financial policies and the constant improvement of digital risk control systems, the micro-lending industry operated steadily on the whole. Certain banks increased their supports for loans to small and medium-sized enterprises and individual operators, which posed new challenges to the micro-lending industry, particularly for institutions mainly engaged in property mortgage lending.

As an important component of the real estate finance, the property mortgage lending business was also undergoing the ordeal of market cyclical adjustments. As affected by the destocking and price adjustments of the real estate market, the demand for property mortgage lending in certain areas became prudent. However, in first tier cities such as Beijing and Shenzhen, due to the relatively stable market fundamentals, the loan origination volume remained stable. Overall, both the balance and credit quality of the Group's property mortgage lending maintained within a reasonable range in 2024.

Looking forward, the Group's management will always closely monitor macro-economic trends and policy adjustment directions, and further strengthen our asset structure and risk management. In the micro-lending and property mortgage lending sectors, we will align with national policy direction to optimise product structure, further integrate internal resources, improve service standards, enhance risk prevention and control capabilities, and operational efficiency. By continuously improving our core competitiveness, we will better leverage industry development opportunities to achieve steady development and create long-term and stable returns for shareholders and stakeholders.

Zhang Min
Acting Chairman
Hong Kong, 26 March 2025

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Review

In 2024, the overall confidence index of China's real estate market remained at a low level. There was a significant decline in investment in real estate development, with approximately 10.6% year-on-year decrease throughout the year. The sales area of commercial houses experienced a 12.9% year-on-year decline, while the sales value decreased by 17.1%. Additionally, the number of real estate properties being put up for court auction (non-performing assets) increased significantly year-on-year in Mainland China, which indicated a rise in credit risk in society and a further shrinking market demand for real estate. However, the transaction volume in first tier cities like Beijing and Shenzhen remained relatively stable, showing regional markets resilience. Facing market adjustments, the government continued to implement a number of policies such as lowering interest rates, reducing initial down payments, and de-stocking to boost market confidence and stimulate reasonable demand.

At the same time, the global financial environment was affected by the US monetary policy in 2024. The United States Federal Reserve System continued to adjust interest rates during the year. Despite a slower pace of interest rate hikes, however, the asset value in the US dollar still went up, and the US dollar remained strong globally, which led to a tightening global liquidity of the US dollar. As a region with its exchange rate system pegged to the US dollar, the Hong Kong dollar also appreciated passively in tandem with the US dollar. Consequently, this appreciation further led to a tightening of liquidity in Hong Kong, increasing the risk of economic operation and bringing uncertainty to the market, particularly posing challenges to the property mortgage lending industry. As an international financial center, Hong Kong shall address the dual challenges of external pressure and local market adjustment in its financial services industry.

Business Review

In the challenging macro-economic and industry environment of the past year, the Group's credit businesses in Mainland China and Hong Kong encountered heightened market competition. For the full year of 2024, the Group's loan amount totalled approximately HK$998,071,000, reflecting a year-on-year decrease of about 16.3% compared to the previous year. Undoubtedly, the Group faced significant challenges in expanding its business in the past year. In response to the overall economic downside risk, the Group conducted its loan business with more stringent credit control. The property market in Beijing has shown signs of recovery. The government's policies aimed at stabilizing the market are beginning to take effect, but challenges remain. In Hong Kong, the government has introduced measures to support the market, but the overall sentiment remains cautious. Since the market value of properties pledged under secured loans has been stabilizing, the impairment loss for the Group's loan receivables throughout the year totalled approximately HK$27,814,000, representing a significant decrease of 84.9% when compared with the previous year.

The Group has consistently strived to maintain the level of non-performing loans within reasonable limits, avoiding any significant or widespread defaults and asset auctions that have occurred in other similar institutions. Despite the fierce market competition and complex industry environment, the Group has always prioritized risk management, ensuring the long-term stability and development of its business operations.

MANAGEMENT DISCUSSION AND ANALYSIS

Future Prospects

Looking forward to 2025, the global economy and the domestic economy are expected to continue to encounter challenges. Hence, the Group will closely monitor market trends to assess risks associated with property valuations and borrower capabilities, and continuously adopt a prudent strategy in the course of its business development, while exercising stringent control over operating costs. We remain confident that our businesses will continue to benefit from the economic growth of Mainland China in 2025.

With the turnaround of the Group's results for the financial year ended 31 December 2024 (the "Financial Year" or "Reporting Period"), the Board is optimistic about the future development of the Group and it is the objective of the Board to resume the payment of dividend to the shareholders as soon as possible should the profitability of the Group is sustainable. Our long-term strategy is to continuously deliver a sustainable value to our clients and shareholders. Our business objectives as set out as follows:

Business Objectives

– cultivate transparent and trusted relationships with stakeholders.

– prioritize open communication, ethical decision-making and consistently delivering long-term shareholders' value.

– make a positive social and environment impact through responsible business practices and community engagement.

– foster a culture of transparency, accountability, and collaborative decision-making.

– ensure sustainable growth by improving products mix and services to enhance customer experience.

Business Model

The Group is engaged in the provision of financing services in four operating regions, namely Hong Kong, Shenzhen, Chengdu and Beijing. The clients are individual customers and corporate customers located in Hong Kong and the PRC. The Group identifies potential customers through in-house sales teams, referrals and networks with commercial banks, property developers and small-to-medium sized enterprises. The Group has credit policies, guidelines, standard operating procedures and regional credit committee and Group's loan approval committee and Business Risks Committee in place. The standard workflow of the loan origination includes (i) "know-your-client" background check, (ii) credit assessment, (iii) loan approval, (iv) execution of documents, (v) after-loan services and (vi) recovery and collection of loan.

The following is a summary of the key internal controls of the Group's loan financing operation:

Background check	Various identification documents shall be provided by the loan applicant, which shall be reviewed and assessed. Information such as personal identification documents, corporate constitutional documents, business registrations, address proof, payroll or financial records, nature of business, type and value of collateral (for secured loan applications), and credit rating reports shall be collected. Each loan applicant shall complete a loan application form with his/her intended loan amount, term, purpose of the loan, repayment plan and proposed collateral/security to be offered.
Credit assessments and loan approval	The client's background and information such as their financial capabilities, creditworthiness, repayment capacity, availability of guarantor(s), quality, validity and title deed and liquidity of collaterals, will then be assessed by the credit committee of the respective operating region. We collect and verify relevant documentation, analyze credit scores, employment history, and financial information to ensure responsible lending practices. Furthermore, we verify the ownership of the properties owned and provided by the clients as collaterals and review the incumbrances of those properties by checking public records. If the loan amount applied exceeds the approval limit of the regional credit committee but is not more than RMB30 million, then the loan application will be assessed by the Group's loan approval committee. For any loan principal exceeding RMB30 million, the approval from the Business Risks Committee is required. The management team shall consider whether the loan applications are on normal commercial terms, fair and reasonable and in the interests of the Company and the shareholders as a whole. Whenever the loan transaction constitutes a discloseable transaction or above by assessment of size tests under Chapter 14 of the Rules (the "Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") or involves connected person(s) as defined under Chapter 14A of the Listing Rules, the loan transaction will be reported to the Board for their review and approval.

Execution of documents	Compliance procedures are in place to ensure adherence to all relevant laws and regulations such as anti-money laundering (AML), know your customer (KYC) requirements and any applicable lending regulations. All loan applications must be approved by the relevant approval committees. The proper execution of the loan documentations, contracts and agreement is under the supervision of the responsible officer, who communicates the loan terms clearly to the borrower. The finance department will be responsible for arranging for outflows of funds.
After-loan services	There will be continuous monitoring on the repayments from the borrower throughout the loan repayment period, regular communication with the borrower of its updated financial position, and regular review of the market value of the collateral(s) pledged.
Collection and recovery	Formal reminder and legal demand letter will be issued to the borrower whose payment is overdue. Legal action may be taken against the borrower for recovery of the amount due and taking possession of the collateral(s) pledged.

The Group offers secured and unsecured loans to individual and corporate clients. Most of the collaterals of secured loans are in the form of mortgages over residential and/or commercial properties owned by these clients. The total carrying amount (net of expected credit loss) of property mortgage loans accounted for approximately 80.7% of the entire loan portfolio of the Group as at 31 December 2024. For mortgage loans, the Group would consider the value of the collaterals and grants loans with a loan-to-value ratio (the "LTV Ratio") of no more than 75%. The Group may require the borrower to deposit additional collateral or partially pay down/repay the loan principal if the LTV Ratio is over 75% under regular after-loan services. Unsecured loans accounted for approximately 18.3% of the entire loan portfolio of the Group. For the year ended 31 December 2024, the Group had 1,360 active customers, of which 1,319 of them were individual customers and the remaining 41 were corporate customers; and of which 526 of them were secured customers and 834 of them were unsecured customers. The interest and service fees charged at a range of monthly effective rates of 0.68% to 3.00% for PRC loans and the interest charged at a range of monthly effective rates of 0.35% to 4.20% for HK loans. A typical loan generally has a term of 90 days to 30 years. The Group conducts periodic reviews and evaluations of our lending procedures to assess their effectiveness and adapt them to the evolving risk landscape. This includes keeping up-to-date with industry best practices, regulatory changes, and employing advanced risk management tools and technologies.

The top five customers accounted for 25.1% of the total outstanding balances of the Group's loan portfolio as of 31 December 2024.

Financial Review

Interest and financing consultancy services income

During the Financial Year, the Group's revenue principally derived from the interest and services income from loan financing services.

Under the challenging operating environment, the Group conducted its loan business cautiously with strategic focus on long-term business growth. Interest and financing consultancy services income for the Financial Year was approximately HK$101,595,000, representing a decrease of about 22.7% compared to that of approximately HK$131,473,000 last year. The decrease was mainly due to (i) the decline in revenue resulted from the uncertain economic environment; (ii) the Group conducting its loan business with more stringent credit control; and (iii) more cash being used to repay borrowings and loan payables instead of making new loans in Mainland China and Hong Kong.

The percentage of revenue contribution from different operating regions of the Group for both years is shown below:

	For the year ended 31 December	
	2024	2023
Beijing	**27.9%**	36.9%
Chengdu & Chongqing	**29.1%**	26.2%
Shenzhen	**12.9%**	9.9%
Hong Kong	**30.1%**	27.0%

Interest and handling expenses

Interest and handling expenses represent finance costs incurred for the Financial Year. The amount decreased from approximately HK$67,449,000 for last year, to approximately HK$29,434,000 for the Financial Year, representing a decrease of about 56.4%. The decrease in finance costs was mainly due to a general decrease in borrowings and loan payables during the Financial Year.

Other income and other gains and losses

Other income mainly includes bank interest income of approximately HK$4,013,000, dividend income from financial assets at fair value through profit or loss of HK$173,000 and others of approximately HK$778,000. Other gains and losses mainly includes recovery of loan receivables previously written off of approximately HK$2,702,000, gain from changes in fair value of financial assets at FVTPL of approximately HK$1,081,000 and a net exchange loss of HK$1,841,000 was recognised in the Financial Year.

Reversal of loan and interest payables and reversal of liabilities arising from loan guarantee contracts

There was a one-off other income from reversal of loan and interest payables, and reversal of liabilities arising from loan guarantee contracts in the amounts of approximately HK$169,224,000 and HK$1,087,000 respectively during the Financial Year. The reversal of loan and interest payables and liabilities arises from loan guarantee contracts related to the Group, with the assistance of Zhongjin Jiasheng Investment Fund Management (Beijing) Co., Ltd* (中金佳晟投資基金管理(北京)有限公司)("Zhongjin Jiasheng"), successfully finalised and settled with certain investors/lenders in respect of the Unauthorised Loans and Unauthorised Guarantees, and hence, the respective interest payables was reversed to profit or loss during the Financial Year. Apart from those settled through Zhongjin Jiasheng, certain Unauthorised Loans and Unauthorised Guarantees were concluded through court decision and the respective loan and interest payables and liabilities arising from loan guarantee contracts were reversed to profit or loss during the Financial Year.

* The English translation of the Zhongjin Jiasheng's name is for reference only. The official name of Zhongjin Jiasheng is in Chinese.

General and administrative expenses

General and administrative expenses for the Financial Year increased by 11.9% to approximately HK$122,933,000, in which a service fee of about HK$24,906,000 was charged by Zhongjin Jiasheng in relation to the settlement with certain investors/lenders in respect of the Unauthorised Loans and Unauthorised Guarantees. Excluding the service fee, general and administrative expenses is reduced by 10.8% to about HK$98,027,000 which primarily comprise of staff costs and related expenses, legal and professional fee, consultancy fee, depreciation of property, plant and equipment and general office expenses. The management will continue to monitor and ensure the proper implementation of its stringent measures on costs control to maintain general and administrative expenses at a reasonable level.

Profit for the year

Profit for the year attributable to owners of the Company was approximately HK$41,232,000, as compared to loss of approximately HK$159,972,000 for last year. The turnaround from loss to profit for the Financial Year was mainly due to (i) a reversal of loan and interest payables, liabilities from loan guarantee contracts amounting to approximately HK$169,224,000 and HK$1,087,000 respectively resulted from finalising the settlement with certain investors/lenders in respect of the Unauthorised Loans and Unauthorised Guarantees; (ii) improvement of net interest income and service income as the interest and handling expenses reduced by 56.4% during the Financial Year even though the revenue decreased by about 22.7%; and (iii) decrease in impairment loss on loan receivables as there was sight of gradual recovery in China's property market in 2024.

Liquidity and Financial Resources

The Group adopts a prudent cash and financial management policy. Funds are maintained at a sound and healthy financial resource level. The Group's net current assets and equity attributable to owners of the Company as at the end of the Financial Year were approximately HK$308,823,000 and approximately HK$657,238,000 respectively. The Group's outstanding borrowings and loan payables and unsecured bonds as at the end of the Financial Year amounted to approximately HK$671,965,000, showing a decrease of approximately 40.6% as compared with that of last year, which are all due within one year. There is no funding requirements for capital expenditure commitments for the Financial Year.

Capital Management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost. All the borrowings and loan payables are at fixed interest rates. The Group actively and regularly reviews and manages its capital structure and makes adjustments to the capital structure in light of changes in economic conditions.

Based on the Group's current and anticipated level of operation, the Group's future operations and capital requirements will be mainly financed through borrowings and share capital. There were no significant commitments for capital expenditure as at 31 December 2024.

Ratio

As at the end of the Reporting Period, the current ratio[i] and the gearing ratio[ii] of the Group are 1.31 and 0.54 respectively.

Notes:

(i) Current ratio was calculated by dividing current assets by current liabilities as at the end of the Reporting Period.

(ii) Gearing ratio was calculated by dividing interest bearing net debts (borrowings and loan payables plus unsecured bonds less cash and cash equivalents) by total equity as at the end of the Reporting Period.

Litigation

Since 2020, the Group has negotiated with investors in respect of the Unauthorised Loans and the Unauthorised Guarantees for settlement, although many investors agreed on our settlement proposals, some of them opted to commence legal proceedings against the Company and several of its subsidiaries to claim for the disputed amount of the Unauthorised Loans and Unauthorised Guarantees in the PRC.

As at 31 December 2024, there were 77 PRC judgments concluded by Beijing Municipal High People's Court (the "Court"). The Court ruled that some of the issuing contracts of the financial products and the guarantee contracts executed by the Company were void and that the Company (by reasons of signing the guarantee contracts) along with its subsidiaries had behaved in a way that was damaging to the interests of the investors. As such, the Company and its subsidiaries were held jointly liable for the disputed amount of the Unauthorised Loans and Unauthorised Guarantees and the judgement interest, with a subject disputed amount of approximately RMB104.8 million in aggregate. The Company and several of its subsidiaries have applied for retrial to the Supreme People's Court in the PRC.

All the outstanding balances and accrued interest of the Unauthorised Loans and Unauthorised Guarantees including the disputed amounts as mentioned above concluded through the litigation were fully accounted for under borrowings and loan payables in the restated consolidated statement of financial position for the years ended 31 December 2017 to 2019 in the 2020 annual report of the Company, therefore, the Group had no material contingent liabilities as at the end of the Reporting Period.

Employee and Remuneration Policies

As of 31 December 2024, the Group had approximately 118 employees in the PRC and Hong Kong, of which 68 were female employees. Competitive remuneration packages and performance-based bonuses are structured to commensurate with individual responsibilities, qualifications, experience, and performance. The Group also set up a share option scheme for the purpose of providing incentives to eligible grantees on 20 May 2014 which was expired on 19 May 2024. Total staff costs for the Financial Year were approximately HK$49,424,000, showing a decrease of approximately 8.0% as compared to the figure of previous year. In order to recognise and reward the contribution of certain eligible participants for the growth and development of the Group, the Company adopted a share award scheme (the "Share Award Scheme") on 14 January 2019 which was terminated on 7 October 2024. As of the date of this report, no awards have been granted or agreed to be granted under the Share Award Scheme.

Charge on assets

As of 31 December 2024, certain properties mortgaged to a subsidiary of the Company by its respective customers were pledged to secure loan facilities granted to the Group with a carrying value of approximately HK$19,150,000. As of 31 December 2024, the Group had pledged its mortgage loan receivables with net book value of approximately HK$13,702,000 and a repossessed asset of the Group of approximately HK$14,800,000 to secure loan facilities granted to the Group.

Fair Value Estimation

The carrying amounts less impairment provision of the financial assets and the carrying amounts of the financial liabilities are assumed to approximate their fair values.

Capital Commitments and Contingent Liabilities

The Group had no material capital commitments or contingent liabilities as at the end of the Financial Year.

Foreign Exchange Exposure

The Group's monetary assets, liabilities and transactions are principally denominated in Renminbi ("RMB") and Hong Kong Dollars ("HKD"). The Group, with HKD as its presentation currency, is exposed to foreign currency risk arising from the exposure of HKD against RMB. The Group has a net exchange exposure to RMB as the Group's assets are principally located in the PRC. The Group manages and monitors foreign exchange exposures to ensure appropriate measures are implemented in a timely and effective manner. As at the end of the Financial Year, loan payables arising from the Incidents involving the Unauthorised Loans (as defined in Note 24(c) to the consolidated financial statements) amounted to approximately HK$505,151,000 are denominated in RMB and cash and cash equivalents amounted to approximately HK$260,325,000 are denominated in RMB. The Group did not engage in any derivative activities and did not commit to any financial instruments to hedge its statement of financial position exposure to fluctuations in exchange rates as of 31 December 2024.

Significant Investments Held, Material Acquisitions and Disposals

The Group did not hold any significant investments representing 5% or more of the Group's total assets, and did not have any material acquisitions or disposals of subsidiaries, associates and joint ventures as at the end of and during the Reporting Period respectively. The Group does not have any detailed plans for material investments in the near future.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Executive Director

Mr. Zhang Min, aged 67, has extensive experience in finance and banking industry, Mr. Zhang joined the Group in December 2021 as a non-executive director of the Company and was re-designated as an executive director of the Company on 17 October 2022 and appointed as the chief executive officer of the Company on 22 November 2022. Mr. Zhang is also the chairman of the Business Risks Committee and the acting chairman of the Board.

Mr. Zhang holds a Bachelor of Philosophy Degree from the Beijing Normal College and a master of Laws Degree from the Renmin University of China. From 23 March 2015 to 16 August 2024, he was an independent non-executive director of China Eco-Farming Limited (stock code: 8166), a company previously listed on the GEM of The Stock Exchange of Hong Kong Limited ("Stock Exchange") and which was delisted with effect from 16 August 2024. Mr. Zhang has been the vice chairman of the board of directors and an executive director of Standard Development Group Limited (stock code: 1867) since 9 January 2025. He was an executive director of Value Convergence Holdings Limited (stock code: 821), from 25 June 2018 to 2 December 2019. He was appointed as the chief executive officer and an executive director of Macrolink Capital Holdings Limited (which was delisted with effect from 19 March 2024) (stock code: 758) from 10 August 2016 to 22 August 2018. He was appointed as a non-executive director of GoFintech Quantum Innovation Limited (stock code: 290) on 8 December 2010, and was redesignated and appointed as chairman of the board of directors, executive director and a member of the remuneration committee of the company from 12 April 2011 to 30 June 2014. In addition, he was an independent non-executive director of Silver Base Group Holdings Limited (which was delisted with effect from 4 December 2023) (stock code: 886) from 28 January 2011 to 1 April 2014.

Mr. Zhang was also the chief marketing officer of China Cinda Asset Management Co., Ltd from 28 April 2011 to 31 August 2013 and was the chief executive of China Construction Bank Corporation, Hong Kong Branch, from September 2006 to March 2011 and a director of CCB International (Holdings) Limited and China Construction Bank (Asia) Corporation Limited from August 2006 to March 2011. Both CCB International (Holdings) Limited and China Construction Bank (Asia) Corporation Limited are wholly-owned subsidiaries of China Construction Bank Corporation (together with its subsidiaries referred to as the "CCBC Group"), a joint stock company incorporated in the PRC with limited liability, whose issued shares are listed on the main board of the Stock Exchange. He was the president of the Beijing Banking Association from 2003 to 2005 and the Beijing Investment Institution from 2001 to 2006. Mr. Zhang possesses over 20 years' experience in the banking industry through his work with the CCBC Group.

Mr. Zhang does not have any relationship with any other directors, senior management or substantial or controlling shareholders of the Company.

Independent Non-Executive Directors

Mr. Chan Chun Keung, aged 74, joined the Group in November 2000. Mr. Chan has extensive experience in trading and investment in the PRC and is currently a consultant of All-China Federation of Returned Overseas Chinese and a member of Election Committee in Hong Kong. Mr. Chan is a member of the Audit Committee, the Remuneration Committee, the Nomination Committee and the Business Risks Committee of the Company.

Mr. Chan does not have any relationship with any other directors, senior management or substantial or controlling shareholders of the Company.

Mr. Lee Ka Wai, aged 37, joined the Group in May 2021. Mr. Lee has extensive experience in auditing and finance. Mr. Lee had worked for an international accounting firm providing assurance services to a number of listed companies in Hong Kong. Mr. Lee holds a Bachelor Degree of Commerce in Accounting from Hong Kong Shue Yan University and is a practising member of the Hong Kong Institute of Certified Public Accountants. Mr. Lee is the chairman of the Audit Committee and the Nomination Committee, and a member of the Remuneration Committee and the Business Risks Committee of the Company.

Mr. Lee does not have any relationship with any other directors, senior management or substantial or controlling shareholders of the Company.

Mr. Zhang Kun, aged 42, joined the Group in March 2023. Mr. Zhang has extensive experience in corporate finance, investments and international capital markets. Mr. Zhang is currently the chairman of the board of directors and chief executive officer of Templewater Holdings Limited, a private equity investment and alternative asset management firm of which he co-founded in March 2019. He is also the chairman of the board of directors of New World First Bus and CityBus since October 2020. Mr. Zhang has previously worked in Chow Tai Fook Enterprises Limited as well as the Corporate Finance Division of Deutsche Bank AG and The Hongkong and Shanghai Banking Corporation Limited. Mr. Zhang has been a member of the Beijing Municipal Committee of the 14th Chinese People's Political Consultative Conference since January 2023. Mr. Zhang holds a Bachelor of Applied Science degree in Electrical Engineering from the University of Waterloo in Canada and a Master of Science degree from Harvard University in the United States of America. Mr. Zhang is the chairman of the Remuneration Committee and a member of the Audit Committee, the Nomination Committee and the Business Risks Committee of the Company.

Mr. Zhang does not have any relationship with any other directors, senior management or substantial or controlling shareholders of the Company.

Madam Zhan Lili, aged 52, joined the Group in May 2018. Madam Zhan completed her studies in business administration at the Faculty of Business Administration of Capital University of Economics and Business in 2003. Madam Zhan was an assistant to the General Manager of Tomson (Shanghai) Company Limited from 2000 to 2001. She worked in the human resource department of the Beijing branch of Industrial Bank Co., Ltd. from 2003 to 2007 and was a president assistant of Beijing Hai Dian Science & Technology Development Co., Ltd., a company engaged in electronics and information technology, environmental protection materials, property development and e-business, from 2007 to 2015. From 2008 to 2017, she worked as an independent non-executive director of Bloomage BioTechnology Cooperation Limited (a company which was withdrawn from listing in the Stock Exchange in 2017) and Hiersun Industrial Co., Ltd. Madam Zhan is a member of the Audit Committee, the Remuneration Committee, the Nomination Committee and the Business Risks Committee of the Company.

Madam Zhan does not have any relationship with any other directors, senior management or substantial or controlling shareholders of the Company.

Senior Management

Mr. Chung Chin Keung, aged 57, is the company secretary and financial controller of the Group. He joined the Group in October 2004. Mr. Chung holds a Bachelor Degree of Business Administration from the Hong Kong Baptist University and a Master Degree in Business Administration from Manchester Business School. He has more than 25 years of experience in finance, accounting and management. Before joining the Group, Mr. Chung worked for various listed companies in Hong Kong and overseas and was a company secretary for a listed company in Hong Kong. Mr. Chung is a fellow member of The Association of Chartered Certified Accountants, a fellow member of The Hong Kong Institute of Certified Public Accountants, a fellow member of The Institute of Chartered Accountants in England and Wales and a member of The Taxation Institute of Hong Kong. Mr. Chung is responsible for the daily management of the business operation in Hong Kong.

Ms. Tsui Yan Tung, aged 38, is the investment director of the Company. Ms. Tsui joined the Group in August 2016 and she is responsible for the Company's capital market activities, investor relations and the risk management of the lending business in Hong Kong. Prior to joining the Company, Ms. Tsui was a Vice President at LST Partners, a Hong Kong-based hedge fund. She was responsible for investment analysis and risk management. Previously, she worked at China Construction Bank International (CCBI) Securities for over 5 years as Institutional Sales and Research Analyst.

Ms. Tsui is a Chartered Financial Analyst (CFA). She holds a BBA in Global Business and Finance from the Hong Kong University of Science and Technology.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Ms. Tsui Kwan Ha, aged 31, joined the Group in July 2021. She is the assistant financial controller of the Group and responsible for financial and accounting reporting of the Group.

Prior to joining the Group, Ms. Tsui had worked for several international accounting firms providing assurance services to a number of listed companies in Hong Kong. Ms. Tsui holds a Bachelor Degree of Commerce in Accounting from Hong Kong Baptist University and is a member of the Hong Kong Institute of Certified Public Accountants and the Institute of Chartered Accountants in England and Wales.

Mr. Yang Wu, aged 51, joined the Group in March 2010. He is currently the general manager of Chengdu Vision Credit Limited, overseeing the business operation of the Chengdu's business.

Prior to joining the Group, Mr. Yang was a project manager of Beijing Boroto Pawn Shop and was an account manager of Bank of China, Hubei Xiaogan Branch.

Mr. Yang obtained an associate degree in accounting.

Mr. Dong Jing Lei, aged 38, joined the Group in 2012 as a credit manager. He was the deputy general manager of Chengdu Vision Credit Limited in 2017 and is currently the deputy general manager of Shenzhen Credit Gain Finance Company Limited. Mr. Dong is responsible for daily operation of the Shenzhen's business.

Prior to joining the Group, Mr. Dong worked for the legal department in Beijing office of Huatai Property & Casualty Insurance Co., Ltd. Mr. Dong holds a Bachelor Degree in law from the Beijing Technology and Business University.

REPORT OF THE DIRECTORS

The directors present herewith their report and the audited financial statements of the Company and the Group for the Reporting Period.

Principal Activities and Business Review

The principal activity of the Company is investment holding. The principal activities and other particulars of the subsidiaries are set out in note 14 to the financial statements.

Further discussion and analysis of these activities as required by Schedule 5 to the Companies Ordinance (Cap 622 of the laws of Hong Kong), including a description of the principal risks and uncertainties faced by the Group and an indication of likely future development in the Group's business, can be found in the Chairman's Statement set out on page 4 and Management Discussion and Analysis set out on pages 5 to 13 of this annual report. This discussion forms part of this director's report.

Principal Risks and Uncertainties

The Group's financial condition, results of operations, and business prospects may be affected by a number of risks and uncertainties directly or indirectly pertaining to the Group's businesses. The followings are the key risks and uncertainties identified by the Group. There may be other risks and uncertainties in addition to those shown below which are not known to the Group or which may not be material now but could turn out to be material in the future.

The Group adopts a comprehensive risk management framework. Risk management policies and procedures are regularly reviewed and updated to react to changes in market conditions and the Group's business strategy.

Market Risk

Market risk is the risk that deteriorates profitability or affects ability to meet business objectives arising from the movement in market prices. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Liquidity Risk

Liquidity risk is the potential that the Group will be unable to meet its obligations when they fall due because of an inability to obtain adequate funding or liquidate assets. In managing liquidity risk, the Group monitors cash flows and maintains an adequate level of cash and cash equivalent to ensure the ability to finance the Group's operations and reduce the effects of fluctuation in cash flows.

Credit Risk

Credit risk is the risk of losses arising from clients or counterparties failing to make payments as contracted. Further discussion on financial risk management is outlined in note 37 to the consolidated financial statements.

Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes and procedures, people and systems or from external events. Responsibility for managing operational risks basically rests with every function at divisional and departmental levels.

Operational risk is mitigated and controlled through establishing robust internal controls, setting out clear lines of responsibility, proper segregation of duties and effective internal reporting and contingency planning. It is our corporate culture that the business and operating line management are fully aware of, and responsible for, managing the operational risks of their business units on a day-to-day basis.

Compliance with the Relevant Laws and Regulations

During the Reporting Period, as far as the Board and management are aware, there was no material breach of or non-compliance with the applicable laws and regulations by the Group that has a significant impact on the businesses and operations of the Group.

Property, Plant and Equipment

Details of movements in property, plant and equipment of the Group are set out in note 13 to the financial statements.

Segment Information

An analysis of the Group's segment revenue, results, assets and liabilities for the Reporting Period is set out in note 5 to the financial statements.

Results and Dividends

The Group's profit for the Reporting Period and the state of affairs of the Company and the Group as at the end of the Reporting Period are set out in the financial statements on pages 92 to 195. The directors do not recommend payment of a final dividend for the Financial Year (2023: Nil), to shareholders of the Company.

Reserves

Details of movements in the reserves of the Company and of the Group during the Financial Year are set out in note 31 to the financial statements and "Consolidated Statement of Changes in Equity" on page 96.

Distributable Reserves

As at 31 December 2024, the Company did not have distributable reserve to shareholders in accordance with the provision of Section 297 of the Companies Ordinance (2023: Nil).

Share Capital and Share Options

Details of movements in share capital and share options of the Company during the Financial Year, together with the reasons therefore, are set out in notes 30 and 33 to the financial statements, respectively.

Share Award Scheme

On 14 January 2019 (the "Adoption Date"), the Company adopted the share award scheme (the "Share Award Scheme") in which any employees, directors, consultants or advisors of any member of the Group (the "Grantee") will be entitled to participate.

The purposes of the Share Award Scheme are to recognise the contributions by certain Grantees and to give incentives thereto in order to retain them for the continuing operation and development of the Group, and to attract suitable personnel for further development of the Group.

Under the Share Award Scheme, the awarded shares held by the trustee shall vest to the selected grantee in accordance with a vesting schedule determined at the discretion of the Board, provided that the selected grantee remains at all times after the grant of the award and on each relevant vesting date(s) a grantee. The Board may also, at its absolute discretion, determine the performance, operating and financial targets and other criteria, if any, to be satisfied by the selected grantee before the awarded shares can vest.

Subject to any early termination as may be determined by the Board pursuant to the terms of the Share Award Scheme, the Share Award Scheme shall remain in force for a period of 10 years commencing on its Adoption Date (i.e. until 13 January 2029).

The maximum number of awarded shares throughout the duration of the Share Award Scheme is 21,464,036 shares (after adjustment of share consolidation), being 10% of the issued shares of the Company as at the Adoption Date and 10.23% of the issued shares of the Company as at the date of this annual report. The maximum number of shares which may be awarded to a selected Grantee under the Share Award Scheme during any 12-month period is 2,146,403 shares (after adjustment of share consolidation), being 1% of the issued shares of the Company as at the Adoption Date. Details of the Share Award Scheme are set out in the announcement of the Company dated 14 January 2019.

No awards have been granted or agreed to be granted under Share Award Scheme during the Reporting Period.

On 7 October 2024, the Share Award Scheme was terminated. During the Financial Year, a total of 906,000 and 300,000 shares held in trust under the share award scheme have been sold on the market on 7 October 2024 and 9 October 2024 at a cash consideration of HK$6,536,000 and HK$828,000 respectively. The sale proceeds were held by the trustee and included in other receivables in the consolidated statement of financial position as at 31 December 2024.

Borrowings and Loan Payables

Details of borrowings and loan payables of the Company and its subsidiaries as at 31 December 2024 are set out in note 24 to the financial statements.

Remuneration Policy

The remuneration of employees (including Directors and senior management of the Group) is determined with reference to their qualification, expertise and experience in the industry, competence, duties and responsibilities within the Group, the performance and profitability of the Group as well as the market benchmark and the prevailing market conditions. Employees shall also be eligible to receive a discretionary year-end incentive bonus, which shall be determined by the Group at its absolute discretion taking into account, inter alia, the Group's operating performance, market conditions in which the Group operates and the individual's performance, payable at such time as the Group may consider appropriate, and discretionary share options.

Summary Financial Information

A summary of the published results and assets, liabilities and non-controlling interests of the Group for the last five years, as extracted from the audited financial statements in this report, is set out on page 196. This summary does not form part of the consolidated financial statements in this annual report.

Major Customers and Suppliers

The Group is principally engaged in provision of short term financing services. The five largest customers and suppliers of the Group accounted for less than 30% of the Group's revenue and purchases respectively during the Reporting Period.

As far as the directors are aware, none of the directors, their close associates nor any shareholder of the Company (which, to the best of knowledge of the directors, owns more than 5% of the Company's share capital) had any beneficial interest in these major customers or suppliers.

REPORT OF THE DIRECTORS

Directors

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

Executive Director

Zhang Min *(Chief Executive Officer)*

Non-executive Director

Tao Chun (Resigned on 30 October 2024)

Independent Non-executive Directors

John Paul Ribeiro (Resigned on 17 March 2025)
Zhang Kun
Chan Chun Keung
Lee Ka Wai
Zhan Lili

According to Article 109(A) of the Company's Articles of Association, Mr. Zhang Kun and Madam Zhan Lili shall retire by rotation at the annual general meeting and are eligible to offer themselves for re-election at the annual general meeting. Mr. Zhang Kun and Madam Zhan Lili shall offer themselves for re-election at the annual general meeting. The directors of the Company, including the independent non-executive directors, are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the provisions of the Company's Articles of Association and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

The persons who were directors of the subsidiaries of the Company during the Reporting Period and up to the date of this report:–

Chung Chin Keung
Cui Qingxiao
Huang Zhenyu
Peng Kai
Tang Yakun
Tsui Yan Tung
Xie Xin
Yang Lei
Yang Senjie
Yang Wu
Zhang Min
Zhao Jingrui (Resigned on 4 August 2024)
Zhong Liang

Directors' Service Contracts

Independent non-executive directors, namely Mr. Chan Chun Keung entered into service contracts with the Company for a term of one year commencing on 9 September 2004. Madam Zhan Lili has entered into a service contract with the Company for one year commencing on 21 May 2018. Mr. Lee Ka Wai has entered into a service contract with the Company for one year commencing on 31 May 2021. Mr. Zhang Kun has entered into a service contract with the Company for one year commencing on 13 March 2023. All the service contracts are automatically renewed on a yearly basis. All independent non-executive directors are subject to retirement by rotation and re-election at the Annual General Meeting of the Company in accordance with the Articles of Association of the Company.

Either party may terminate the contract by giving not less than one month notice in writing or payment of remuneration in lieu of such notice or the unexpired part of such period. Their remuneration is determined by the board of directors on the anniversary of the dates of their appointments.

No director proposed for re-election at the forthcoming annual general meeting has an unexpired service contract which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than normal statutory compensation.

Directors' Interests in Contracts

No transactions, arrangements or contracts of significance to which the Company or any of its subsidiaries was a party and in which a director or an entity connected with a director is or was materially interested, whether directly or indirectly, subsisted at the end of the Reporting Period or at any time during the Reporting Period.

Directors' Interests in Competing Business

None of the Directors or any of their respective associates had any interest in a business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group during the Reporting Period.

Management Contract

Save for service contracts and employment contracts, no contracts concerning the management and administration of the whole or substantial part of any business of the Company were entered into or subsisted during the Reporting Period.

Indemnity of Directors

A permitted indemnity provision (as defined in the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)) for the benefit of the Directors is currently in force and was in force throughout the Financial Year.

Directors' and Chief Executive's Interests and/or Short Positions in the Securities of the Company and its Associated Corporations

As at 31 December 2024, none of the directors and the chief executive of the Company had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") contained in Appendix C3 to the Listing Rules.

Directors' Rights to Acquire Shares

Save as disclosed under the paragraphs headed "Directors' and Chief Executive's Interests and Short Positions in the Securities of the Company and its Associated Corporations" above and "Share Option Scheme" and "Share Award Scheme" below, at no time during the Reporting Period were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any director or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

Interests of Substantial Shareholders

As at 31 December 2024, so far as is known to the Directors, the following persons (not being Directors or chief executive of the Company) had, or were deemed to have, interests or short positions in the shares and underlying shares of the Company which were required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO:

Long Positions in Shares and Underlying Shares of the Company

Name	Capacity	Number of Ordinary Shares held	Aggregate Long Position in Shares and Underlying Shares to Issued Share Capital (Note 4)
Cheung Siu Lam	Beneficial owner of 86,003,712 ordinary shares, interest of spouse of 29,685,300 ordinary shares (Note 1)	115,689,012	55.28%
Lo Wan	Beneficial owner of 25,365,300 ordinary shares, interest in controlled corporation of 4,320,000 ordinary shares (Note 3), interest of spouse of 86,003,712 ordinary shares (Note 2)	115,689,012	55.28%

Notes:

1. By virtue of the SFO, Cheung Siu Lam is deemed to be interested in 29,685,300 ordinary shares held by his spouse, Lo Wan.

2. By virtue of the SFO, Lo Wan, being spouse of Cheung Siu Lam, is deemed to be interested in 86,003,712 ordinary shares held by Cheung Siu Lam.

3. Arbalice Holdings Limited is beneficially owned by Lo Wan. By virtue of the SFO, Lo Wan is deemed to be interested in 4,320,000 shares held by Arbalice Holdings Limited.

4. The percentage is calculated based on the total number of issued shares as at 31 December 2024.

Save as disclosed above, the Directors were not aware of any other person (other than the Directors or the chief executive of the Company) who had, or was deemed to have, interest or short position in the shares and underlying shares of the Company which were required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO.

Share Option Scheme

The Company adopted a share option scheme on 7 June 2004 (the "2004 Scheme") which was terminated on 6 June 2014. The Company adopted a new share option scheme (the "2014 Scheme") at the Company's annual general meeting held on 20 May 2014. Unless otherwise cancelled or amended, the 2014 Scheme would remain in force for 10 years from that date. The 2014 Scheme expired on 19 May 2024.

A summary of the 2014 Scheme of the Company is as follows:

1.	Purpose	To provide incentives and rewards to eligible participants for their contributions to the Group and/or to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group and any entity in which the Group holds an equity interest (the "Invested Entity").
2.	Participants	(i) any employee (whether full-time or part-time), executive directors, non-executive directors and independent non-executive directors of the Company, any of its subsidiaries or any Invested Entity; (ii) any supplier of goods or services to any member of the Group or any Invested Entity, any customer of the Group or any Invested Entity; any person or entity that provides technical, financial and legal support to the Group or any Invested Entity; and (iii) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity.
3.	Total number of securities available for issue under the 2014 Scheme as at the beginning and the end of the Reporting Period and the percentage of the issued share capital that it represents as at the date of the annual report	17,145,431 (adjusted as a result of the share consolidation) ordinary shares as at the beginning of the Reporting Period, representing approximately 8.19% of the existing issued share capital and 0 as at the end of the Reporting Period due to the expiry of the 2014 Scheme.

4.	Maximum entitlement of each participant	Where any grant or further grant of options to a participant would result in the total number of shares issued and to be issued upon exercise of all the options granted and to be granted to such person (including exercised, cancelled and outstanding options) in the 12-month period up to and including the date of such grant or further grant representing in aggregate over 1% of the total number of shares in issue, such grant or further grant must be separately approved by the shareholders in a general meeting. Where any grant or further grant of options to a substantial shareholder or an independent non-executive director of the Company, or any of their respective associates, would result in the shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant: (a) representing in aggregate over 0.1% of the relevant class of shares in issue; and (b) having an aggregate value, based on the closing price of the shares at the date of each grant, in excess of HK$5,000,000, such grant or further grant of options must be approved by the shareholders in a general meeting.
5.	Period within which the option may be exercised by the grantee	An option may be exercised at any time during a period to be determined and notified by the directors to each grantee, but shall end in any event not later than 10 years from the date of offer of the grant of options subject to the provisions for early termination set out in the 2014 Scheme.
6.	Minimum period, if any, for which an option must be held before it can be exercised or vesting period	There is no minimum period for which an option granted must be held before it can be exercised except otherwise imposed by the directors or any specified vesting period applicable for all options but the Board has the discretion to determine any vesting schedule as it deems appropriate.

7.	Amount, if any, payable on application or acceptance of the option and the period within which such payments or calls must or may be made or loans for such purposes must be repaid	The offer of a grant of share options may be accepted within 28 days from the date of the offer with a consideration of HK$1.00 being payable by the grantee.
8.	Basis of determining the exercise price of options	Determined by the directors but shall not be less than the highest of (i) the closing price of the Company's shares as stated in the Stock Exchange's daily quotation sheet on the date of offer of grant of options, which must be a trading day; and (ii) the average closing price of the Company's shares as stated in the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the date of offer of grant of options.
9.	The remaining life of the 2014 Scheme	The 2014 Scheme has expired on 19 May 2024.

During the Reporting Period, no share options were granted under the 2014 Scheme.

Subsequent to the termination of the 2004 Scheme and the expiry of the 2014 Scheme, no further option can be granted thereunder but in all other respects, the provisions of the 2004 Scheme and the 2014 Scheme shall remain in force and all options granted prior to such termination shall continue to be valid and exercisable in accordance therewith. As at 31 December 2024, all share options granted under the 2004 Scheme have lapsed and there were no more outstanding share options under the 2004 Scheme.

The following table shows the movements of the outstanding share options during the Reporting Period:

				Number of shares							
Type of participant	Date of Grant	Vesting Period	Exercisable Period	Outstanding at 1 January 2024	Granted and Vested during the Reporting Period (Note 1)	Exercised during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Outstanding at 31 December 2024	Exercise price per share HK$	Closing price of the securities immediately before the date on which the options were granted HK$
Service providers	11.04.14 (Note 2)	11.04.15-11.04.17	11.04.14-10.04.24	1,500,000	–	–	–	(1,500,000)	–	13.20	12.60
Service providers	26.08.15 (Note 3)	26.08.16-26.08.18	26.08.15-25.08.25	2,750,000	–	–	–	–	2,750,000	10.92	9.80

Notes:

1. There is no minimum period for which such option granted must be held or performance target to be met before such share options can be exercised. As such, all share options are vested upon grant.

2. The 1,500,000 options were granted under 2004 Scheme.

3. The 2,750,000 options were granted under 2014 Scheme.

As at 1 January 2024 and 31 December 2024, no options were available for grant under the 2004 Scheme as the scheme was terminated on 6 June 2014. As at 1 January 2024, 17,145,431 options (adjusted as a result of the share consolidation) were available for grant under the 2014 Scheme pursuant to the mandate adopted at the Company's annual general meeting held on 20 May 2014, and no further options were available for grant under the 2014 Scheme as at 31 December 2024 due to its expiry on 19 May 2024.

Given no new shares may be issued under the Share Award Scheme, the number of shares that may be issued in respect of options granted under all share schemes of the Company as at the end of the Reporting Period was 2,750,000 Shares, amounted to approximately 1.31% of the number of the shares in issue as at the end of the Reporting Period.

Related Party Transactions

Details of the significant related party transactions undertaken in the normal course of business of the Group during the Reporting Period are provided under note 36 to the consolidated financial statements. Some of the related party transactions are connected transactions under Chapter 14A of the Listing Rules (outlined in note 36(b) and (c) to the consolidated financial statements) but are fully exempted from relevant reporting requirements. The Company has complied with the disclosure requirements (if any) in accordance with Chapter 14A of the Listing Rules.

Purchase, Sale or Redemption of the Company's Listed Securities

There was no purchase, sale or redemption by the Company or any of its subsidiaries of its securities during the Reporting Period.

Retirement Schemes

The Group also operates a Mandatory Provident Fund Scheme under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance, and participates in various defined contribution retirement plans organised by the relevant authorities for its employees in the PRC.

REPORT OF THE DIRECTORS

Corporate Governance

Details of the corporate governance are set out in the section headed “Corporate Governance Report” in this annual report.

Sufficiency of Public Float

Based on the information that is publicly available to the Company and to the knowledge of the directors, the directors confirm that the Company has maintained the amount of public float as required under the Listing Rules during the Reporting Period.

Change of Auditors

Baker Tilly Hong Kong Limited has been appointed as auditors of the Company following the retirement of Crowe (HK) CPA Limited at the annual general meeting of the Company held on 25 April 2022.

Save for the above, there were no changes to the auditors of the Company in the preceding three years.

Auditors

The financial statements have been audited by Baker Tilly Hong Kong Limited, Certified Public Accountants. A resolution for their re-appointment as the Company’s auditor for the ensuing year is to be proposed at the forthcoming annual general meeting of the Company.

On behalf of the board

Zhang Min
Executive Director and Chief Executive Officer

Hong Kong, 26 March 2025

The Board of Directors (the "Board" or the "Directors") is pleased to report to the shareholders on the corporate governance of the Company for the Reporting Period.

Corporate Governance Practices

The Board is committed to maintaining high corporate governance standards.

The Board believes that high corporate governance standards are essential in providing a framework for the Company and its subsidiaries (the "Group") to safeguard the interests of shareholders and to enhance corporate value and accountability.

The Company has adopted the principles and code provisions of the Corporate Governance Code (the "CG Code") contained in Part 2 of Appendix C1 of the Listing Rules as the basis of the Company's corporate governance practices.

The Board is of the view that throughout the Reporting Period, the Company has complied with the code provisions as set out in the CG Code, except for code provisions C.2.1, C.5.1 and C.1.6, and the details of which are set out below.

Code Provision C.2.1

Code provision C.2.1 of CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing.

Mr. Zhang Min, the Chief Executive Officer, has assumed the duties of Chairman of the Board during the Reporting Period. The Board is taking active steps to select a suitable Chairman to fulfill this code provision.

The Board considers that the Chairman's responsibilities are to manage the Board whereas the Chief Executive Officer's responsibilities are to manage the Company's businesses. The responsibilities of the Chairman and the Chief Executive Officer respectively are clear and distinctive and hence written terms thereof are not necessary.

Code Provision C.5.1

Code provision C.5.1 of CG Code stipulates that the board should meet regularly and board meetings should be held at least four times a year at approximately quarterly intervals.

The Board held eight board meetings during the Financial Year, with only two regular board meetings approving the final results of the Group for the year ended 31 December 2023 and interim results of the Group for the period ended 30 June 2024. The Company does not announce its quarterly results and hence does not consider the holding of quarterly meetings as necessary. However, apart from the regular board meetings of the Reporting Period, the Board also met on six other occasions when a Board-level decision on a particular matter was required. During the Reporting Period, the management provided all members of the Board with updates from time to time as necessary to give a balanced and understandable assessment of the Company's performance, position and prospects.

Code Provision C.1.6

Code provision C.1.6 of CG Code stipulates that independent non-executive directors and other non-executive directors generally should attend general meetings.

Mr. Tao Chun, the then non-executive director of the Company, was unable to attend the annual general meeting held on 12 June 2024 due to his other work commitment.

The Board will continue to review the corporate governance status of the Company from time to time and make any necessary changes to comply with the CG Code.

Board of Directors

The Company is headed by an effective Board which oversees the Group's businesses, strategic decisions and performance and takes decisions objectively in the best interests of the Company.

The Board should regularly review the contribution required from a director to perform his responsibilities to the Company, and whether the director is spending sufficient time performing them.

Board Composition

The Board currently comprises five directors, consisting of one executive director and four independent non-executive directors, as follows:

Executive Director

Mr. Zhang Min *(Chief Executive Officer and Chairman of Business Risks Committee)*

Independent Non-executive Directors

Mr. Lee Ka Wai *(Chairman of the Audit Committee and the Nomination Committee, member of Remuneration Committee and Business Risks Committee)*
Mr. Zhang Kun *(Chairman of the Remuneration Committee, member of Audit Committee, Nomination Committee and Business Risks Committee)*
Mr. Chan Chun Keung *(Member of the Audit Committee, Remuneration Committee, Nomination Committee and Business Risks Committee)*
Madam Zhan Lili *(Member of the Audit Committee, Remuneration Committee, Nomination Committee and Business Risks Committee)*

The biographical information of the directors are set out in the section headed "Biographical Details of Directors and Senior Management" on pages 14 to 17 of the annual report for the Reporting Period.

The relationships between the directors are disclosed in the respective director's biography under the section "Biographical Details of Directors and Senior Management" on pages 14 to 17.

Independent Non-executive Directors

During the Reporting Period, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive directors representing one-third of the Board with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has received written annual confirmation from each of the independent non-executive directors in respect of his/her independence in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules. The Company considers all independent non-executive directors are independent.

Appointment and Re-election of Directors

All directors of the Company are appointed for a specific term of 1 year.

Under the articles of association of the Company, at each annual general meeting, one-third of the directors for the time being, or if their number is not three or a multiple of three, the number nearest to but not less than one-third shall retire from office by rotation provided that every director shall be subject to retirement by rotation at least once every three years. The Company's articles of association also provides that all directors appointed to fill a casual vacancy shall be subject to election by shareholders at the first general meeting after appointment. The retiring directors shall be eligible for re-election.

Responsibilities of the Directors

The Board should assume responsibility for leadership and control of the Company; and is collectively responsible for directing and supervising the Company's affairs.

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

All directors, including non-executive directors and independent non-executive directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning.

The independent non-executive directors are responsible for ensuring a high standard of regulatory reporting of the Company and providing a balance in the Board for bringing effective independent judgement on corporate actions and operations.

All directors have full and timely access to all the information of the Company and may, upon request, seek independent professional advice in appropriate circumstances, at the Company's expenses for discharging their duties to the Company.

The directors shall disclose to the Company details of other offices held by them.

The Board reserves for its decision all major matters relating to policy matters, strategies and budgets, internal control and risk management, material transactions (in particular those that may involve conflict of interests), financial information, appointment of directors and other significant operational matters of the Company. Responsibilities relating to implementing decisions of the Board, directing and co-ordinating the daily operation and management of the Company are delegated to the management. In addition, any director may make request for independent professional advice to assist the relevant director to discharge his/her duties.

The Company has arranged appropriate insurance coverage on directors' and officers' liabilities in respect of any legal actions taken against directors arising out of corporate activities.

Every newly appointed director of the Company will receive a briefing by a qualified professional on the general and specific duties of a director under legal and regulatory requirements.

During the Reporting Period, a summary of training received by directors according to the records provided by the directors is as follows:

Directors	**Training on Corporate Governance, Regulatory Development and Other Relevant Topics**
Executive Director	
Mr. Zhang Min	✓
Non-executive Director	
Mr. Tao Chun (Resigned on 30 October 2024)	✓
Independent Non-executive Directors	
Mr. Chan Chun Keung	✓
Madam Zhan Lili	✓
Mr. Lee Ka Wai	✓
Mr. Zhang Kun	✓
Mr. John Paul Ribeiro (Resigned on 17 March 2025)	✓

Board Committees

The Board has established four committees, namely, the Audit Committee, Remuneration Committee, Nomination Committee, and Business Risks Committee for overseeing particular aspects of the Company's affairs. All Board committees of the Company are established with specific written terms of reference which deal clearly with their authority and duties. The terms of reference of the Board committees and posted on the Company's website and the Stock Exchange's website and are available to shareholders upon request.

Audit Committee

The Audit Committee currently comprises of Mr. Lee Ka Wai as the Chairman and Mr. Chan Chun Keung, Madam Zhan Lili and Mr. Zhang Kun as members, all of which are independent non-executive Directors.

The terms of reference of the Audit Committee are of no less exacting terms than those set out in the CG Code. The main duties of the Audit Committee are to assist the Board in reviewing the financial information and reporting process, risk management and internal control systems, effectiveness of the internal audit function, scope of audit and appointment of external auditors, and arrangements to enable employees of the Company to raise concerns about possible improprieties in financial reporting, internal control or other matters of the Company.

The Audit Committee held three meetings to discuss the interim results for the six months ended 30 June 2024, the final results for the year ended 31 December 2023 and significant issues on the financial reporting.

The Audit Committee also met with the external auditors.

Remuneration Committee

The Remuneration Committee currently comprises of Mr. Zhang Kun as the Chairman, and Mr. Chan Chun Keung, Mr. Lee Ka Wai and Madam Zhan Lili as members. The Chairman and other members of the Remuneration Committee are all independent non-executive Directors.

The terms of reference of the Remuneration Committee are of no less exacting terms than those set out in the CG Code. The primary functions of the Remuneration Committee include reviewing and making recommendations to the Board on the remuneration packages of individual directors and senior management, the remuneration policy and structure for all directors and senior management; assessing performance of executive directors; approving the terms of executive directors' service contracts, and reviewing and/or approving matters relating to share schemes under Chapter 17 of the Listing Rules; and establishing transparent procedures for developing such remuneration policy and structure to ensure that no director or any of his/her associates will participate in deciding his/her own remuneration.

The Remuneration Committee held one meeting to review the remuneration package of executive directors and senior management for the year 2024. No material matters relating to share schemes under Chapter 17 of the Listing Rules were required to be reviewed or approved by the Remuneration Committee during the Financial Year.

The remuneration of the senior management by band for the Reporting Period is set out below:

Remuneration band	**Number of individuals**
Nil to HK$1,000,000	3
HK$1,000,000 to HK$1,500,000	–
HK$2,000,001 to HK$3,000,000	2

Nomination Committee

The Nomination Committee currently comprises of Mr. Lee Ka Wai as the Chairman and Mr. Chan Chun Keung, Madam Zhan Lili and Mr. Zhang Kun as members. The Chairman and other members of the Nomination Committee are all independent non-executive Directors.

The terms of reference of the Nomination Committee are of no less exacting terms than those set out in the CG Code. The principal duties of the Nomination Committee include reviewing the Board composition, developing and formulating relevant procedures for the nomination and appointment of directors, making recommendations to the Board on the appointment and succession planning of directors, and assessing the independence of independent non-executive directors.

In assessing the Board composition, the Nomination Committee would take into account various aspects as well as factors concerning Board diversity as set out in the Company's Board diversity policy, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge and industry and regional experience etc. The Nomination Committee would discuss and agree on measurable objectives for achieving diversity on the Board, where necessary, and recommend them to the Board for adoption.

In identifying and selecting suitable candidates for directorships, the Nomination Committee would consider the candidate's character, qualifications, experience, independence, time commitment and other relevant criteria necessary to complement the corporate strategy and achieve Board diversity, where appropriate, before making recommendation to the Board.

The Nomination Committee held one meeting to review the board diversity policy.

The Nomination Committee is chaired by the chairman of the Board and comprises a majority of independent non-executive directors.

Business Risks Committee

The Business Risks Committee currently comprises of Mr. Zhang Min, an executive Director and the Chairman of the Board, as the Chairman and Mr. Lee Ka Wai, Mr. Chan Chun Keung, Madam Zhan Lili and Mr. Zhang Kun, all of which are independent non-executive Directors, as members.

The primary responsibility of the Business Risks Committee is to approve any loan, investment or guarantee transaction exceeding the sum of RMB30,000,000, other than notifiable transactions and connected transactions as defined by the Listing Rules which are approved by the Board. The Business Risks Committee reviews judgements of the loan approval committee and determines whether the proposed investment project is in the interests of the Company and shareholders of the Company as a whole. The Business Risks Committee was formed on 22 November 2022.

Board Diversity Policy

The Company has adopted a Board Diversity Policy which sets out the approach to achieve diversity of the Board. The Company recognises and embraces the benefits of having a diverse Board and sees increasing diversity at the Board level as an essential element in maintaining the Company's competitive advantage.

Pursuant to the Board Diversity Policy, the Nomination Committee will review annually the structure, size and composition of the Board and where appropriate, make recommendations on changes to the Board to complement the Company's corporate strategy and to ensure that the Board maintains a balanced diverse profile. In relation to reviewing and assessing the Board composition, the Nomination Committee is committed to diversity at all levels and will consider a number of aspects, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge and regional and industry experience.

The Company aims to maintain an appropriate balance of diversity perspectives that are relevant to the Company's business growth and is also committed to ensuring that recruitment and selection practices at all levels (from the Board downwards) are appropriately structured so that a diverse range of candidates are considered.

The Board has adopted measurable objectives to implement the Board Diversity Policy as follows:

- There is at least one female member in the Board;
- At least one independent non-executive Director in the Board shall reside in Hong Kong;
- At least one financial expert in the Board shall have the professional qualifications and experience in finance and audit recognised by the regulatory authorities;
- The number of non-executive Directors (including independent non-executive Directors) in the Board shall account for more than half of the Board members, and the number of independent non-executive Directors shall account for one-third of the Board members;
- The age composition of Directors is reasonable. Among the existing five Directors, two are at the age of 31-50, two are at the age of 51-70 and one is over 70 years of age.

The Board will review such objectives from time to time to ensure their appropriateness.

During the Reporting Period, the Board composition has met all of the above measurable objectives. As such, the Nomination Committee considered that the Board is sufficiently diverse and the Board has not set any further measurable objectives.

The Nomination Committee will review the Board Diversity Policy on an annual basis to ensure its effectiveness.

Director Nomination Policy

The Board has delegated its responsibilities and authority for selection and appointment of Directors to the Nomination Committee of the Company.

The Company has adopted a Director Nomination Policy which sets out the selection criteria and process and the Board succession planning considerations in relation to nomination and appointment of Directors of the Company and aims to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the Company and the continuity of the Board and appropriate leadership at Board level.

The Director Nomination Policy sets out the factors for assessing the suitability and the potential contribution to the Board of a proposed candidate, including but not limited to the following:

- Character and integrity;

- Qualifications including professional qualifications, skills, knowledge and experience that are relevant to the Company's business and corporate strategy;

- Diversity in all aspects, including but not limited to gender, age (18 years or above), cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service;

- Requirements of independent non-executive Directors on the Board and independence of the proposed independent non-executive Directors in accordance with the Listing Rules; and

- Commitment in respect of available time and relevant interest to discharge duties as a member of the Board and/or Board committee(s) of the Company.

The Director Nomination Policy also sets out the procedures for the selection and appointment of new Directors and re-election of Directors at general meetings. The Nomination Committee reviews the resumes and qualifications of candidates for new Directors and makes recommendations to the Board.

The Nomination Committee will review the Director Nomination Policy, as appropriate, to ensure its effectiveness.

In December 2021, the Stock Exchange published the conclusions to its consultation on Review of Corporate Governance Code, Appendix C1 of the Listing Rules and the associated Listing Rules. Most of the amendments are applicable for financial year commencing on or after 1 January 2022. The new requirements under the amended CG Code have been adopted by the Group as our corporate governance practices.

Mechanism to Ensure Independent Views from Directors

To ensure independent views and input from any Director, the following mechanism is established by the Board:

1. *Independence Assessment*

   Each of the independent non-executive Directors shall provide a written annual confirmation of independence to the Company on their compliance with the independence requirements as set out under Rule 3.13 of the Listing Rules. The Nomination Committee shall assess the independence of independent non-executive Directors upon appointment and annually to ensure they can continually exercise independent judgement.

2. *Composition of Board*

   Currently, 20% of the Board members are executive Directors while 80% of the Board members are independent non-executive Directors, which exceeds the requirement of the Listing Rules that at least one-third of the Board are independent non-executive Directors.

3. *Board Proceedings and Decision Making*

   At least 14 days' formal notice of regular Board and Board Committee Meetings will be given to all Directors, and all Directors are invited to include any matters for discussion in the agenda. By at least three business days in advance of every regular Board and Board Committee Meeting, Directors are provided with the meeting agenda and the relevant board papers containing complete, adequate and timely information to enable full deliberation on the issues to be considered at the respective meetings.

   All Directors are required to declare their direct/indirect interests, if any, in any business proposals to be considered at the meetings and, where appropriate, they are required to abstain from voting on any Board resolution concerned.

   Independent non-executive Directors should attend all regular meetings of the Board and Board Committees on which they serve. They should also attend general meetings of the Company to acquire understanding of the views of the shareholders.

4. *Remuneration of Independent non-executive Directors*

   Independent non-executive Directors receive fixed fee(s) for their role as members of the Board and Board Committees and no equity-based or incentive based compensation program is granted to independent non-executive Directors as this may lead to bias in their decision-making and compromise their objectivity and independence.

5. *Access to Professional Advice and Up-to-date Information*

The Company Secretary provided induction pack and orientation program for all new recruits to the Board. Such program would familiarise the newly appointed Director with the nature of the business, the corporation's strategy, the internal control and corporate governance practices and policies, and directors' duties and responsibilities. Subsequent information packages are regularly provided to the Directors to keep them abreast of their responsibilities and infuse them with new knowledge relevant to the Group's current business and operating environment.

To facilitate proper discharge of Directors' duties and responsibilities, all Directors (including independent non-executive Directors) are entitled to seek advice from the Company Secretary as well as from independent professional advisers at the expense of the Company.

6. *Independent Views and Inputs Treasured and Valued*

During the Board and Board Committee meetings, the independent non-executive Directors are encouraged to express freely their independent views and inputs in an open and candid manner. The Chairman also encourages questions and challenges from Directors, in particular independent non-executive Directors and their comments and concerns are closely followed up by the management.

In addition to Board meetings, the Chairman schedules a meeting annually with independent non-executive Directors without the presence of other Directors to discuss the affairs of the Group.

The Company Secretary is required to prepare minutes that record not only the decision reached but any concerns raised or dissenting views expressed by Directors. Draft versions of the minutes are circulated to all Directors for their comment and confirmation before it is finalised for records. Minutes of all Board and Board Committee Meetings are available for Directors' inspection.

The implementation and effectiveness of the above mechanisms will be reviewed by the Board on an annual basis and the Board believe these measures would allow Directors to contribute effectively and independent views and input are available to the Boards and Board Committees.

Corporate Governance Functions

The Board is responsible for performing the functions set out in the code provision A.2.1 of the CG Code.

During the Reporting Period, the Board had reviewed the Company's corporate governance policies and practices, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Model Code and Employees Written Guidelines, and the Company's compliance with the CG Code and disclosure in this Corporate Governance Report.

Board Meetings and Directors' Attendance Records

The Board held eight regular board meetings during the Reporting Period for transacting company's business and the matters related to the Incidents.

The Company Secretary assists the Chairman in preparing the agenda for meetings, and ensures that all applicable rules and regulations are complied with. Minutes of meetings are kept by the Company Secretary and are open for inspection at any reasonable time on reasonable notice by any director. Every director is entitled to have access to Board papers and related materials and has access to the advice and services of the Company Secretary.

Attendance Records of Directors

The attendance record of each director at the Board and sub-committee meetings of the Company held during the Reporting Period is set out in the table below:

	Attendance/Number of Meetings				
Name of Director	**Board**	**Audit Committee**	**Remuneration Committee**	**Nomination Committee**	**Business Risks Committee**
Zhang Min	8/8	–	–	–	–
Zhang Kun	–	1/3	–	–	–
John Paul Ribeiro (Resigned on 17 March 2025)	6/8	–	–	–	–
Chan Chun Keung	6/8	3/3	1/1	1/1	–
Zhan Lili	6/8	3/3	1/1	1/1	–
Lee Ka Wai	7/8	3/3	1/1	1/1	–
Tao Chun (Resigned on 30 October 2024)	2/8	–	1/1	1/1	–

All directors, except the then non-executive director, Mr. Tao Chun who was unable to attend due to his other work commitment, attended the annual general meeting by electronic means.

Risk Management and Internal Controls

The Board acknowledges its responsibility for the risk management and internal control systems and reviewing their effectiveness. Such 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.

The Board has the overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives, and establishing and maintaining appropriate and effective risk management and internal control systems.

The Audit Committee assists the Board in leading the management and overseeing their design, implementation and monitoring of the risk management and internal control systems.

The Company has developed and adopted various risk management procedures and guidelines with defined authority for implementation by key business processes and office functions.

Procedures have been set up for safeguarding assets against unauthorised use or disposition, controlling over capital expenditure, maintaining proper accounting records, risk management control and ensuring the reliability of financial information used for business and publication. Qualified management of the Group maintains and monitors the risk management and internal control systems on an ongoing basis. A bottom-up approach was employed for identification, assessment and mitigation of risk at all business unit levels and across all functional areas.

All divisions/departments conducted internal control assessment regularly to identify risks that potentially impact the business of the Group and various aspects including key operational and financial processes, regulatory compliance and information security. Self-evaluation has been conducted annually to confirm that control policies are properly complied with by each division/department.

The key elements of the risk management and internal control systems of the Company include the establishment of a register to keep track of and document identified risks, the assessment and evaluation of risks, the development and continuous updating of responsive procedures, and the ongoing testing of internal control procedures to ensure their effectiveness.

An ongoing risk assessment approach is adopted by the Company for identifying and assessing the key inherent risks that affect the achievement of its objectives. The judgement of the risk is mainly determined in accordance with the likelihood of occurrence and consequence of occurrence of the risk.

The management, in coordination with division/department heads, assessed the likelihood of risk occurrence, provides treatment plans, and monitors the risk management progress, and reported to the Audit Committee and the Board on all findings and the effectiveness of the systems.

The management has reported to the Board and the Audit Committee on the effectiveness of the risk management and internal control systems for the Reporting Period.

The Board, as supported by the Audit Committee as well as the management report and the internal audit findings, reviewed the risk management and internal control systems, including the financial, operational and compliance controls, for the Reporting Period, and considered that such systems are effective and adequate. The annual review also covered the financial reporting and internal audit function and staff qualifications, experiences and relevant resources.

The Company has developed its disclosure procedures which provide a general guide to the Company's directors, senior management and relevant employees in handling confidential information, monitoring information disclosure and responding to enquiries.

The Board and the management of the Company takes all reasonable measures from time to time to ensure that proper safeguards exist to prevent a breach of a disclosure requirement in relation to the Company. Control procedures have been implemented to ensure that unauthorised access and use of inside information are strictly prohibited. In the event that there is evidence of any material violation of the procedure, the Board will decide, or designate appropriate persons to decide the course of actions for rectifying the problem and avoiding the likelihood of its recurrence.

Internal control review

Under the Voluntary Reform Proposals implemented by the Company as disclosed in the announcement of the Company dated 24 February 2023, the Company has engaged BT Corporate Governance Limited (the "Internal Control Advisor") for internal control assessment for the years 2023 and 2024. The internal control review for 2024 covers the areas of "revenue and receipts", the "capital expenditure management", "human resources and payroll management", and the "I.T. general controls".

The results of the internal assessments for the Financial Year showed that the Group did not have any anomalies or material failures in the areas of "revenue and receipts", the "capital expenditure management", "human resources and payroll management", and the "I.T. general controls". The management of the Company has established effective and comprehensive internal control procedures.

On 24 February 2023, with respect to the resumption guidance issued by the Stock Exchange, the Company established a set of Voluntary Reform Proposals, which consist of 7 reform measures. According to the assessment results for the year 2024, the Group has completed the relevant reform cases, and the Internal Control Advisor did not identify any anomalies or material failures.

Disclosure Under Rule 13.51B(1) of the Listing Rules

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in information of the directors of the Company since the date of the Company's annual report for the year ended 31 December 2024 are set out below:

Mr. Zhang Min, the executive director of the Company, has ceased to be an independent non-executive director of China Eco-Farming Limited, a company incorporated in Bermuda the shares of which were formerly listed on the GEM of the Stock Exchange (stock code: 8166), with effect from 16 August 2024, following the delisting of such company. Mr. Zhang Min has been appointed as the vice chairman of the board of directors and an executive director of Standard Development Group Limited (stock code: 1867) with effect from 9 January 2025.

Model Code for Securities Transactions

The Company has adopted its own code of conduct regarding directors' dealings in the Company's securities (the "Company Code") on terms no less exacting than the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 to the Listing Rules.

Specific enquiry has been made of all the directors and the directors have confirmed that they have complied with the Company Code throughout the Reporting Period.

The Company has also established written guidelines (the "Employees Written Guidelines") on terms no less exacting than the Model Code for securities transactions by employees who are likely to be in possession of unpublished price-sensitive information of the Company for the Reporting Period.

No non-compliance of the Employees Written Guidelines by the employees was noted by the Company during the Reporting Period.

Directors' Responsibility in Respect of the Financial Statements

The directors acknowledge their responsibility for preparing the financial statements of the Company for the Reporting Period.

The directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The statement of the independent auditors of the Company about their reporting responsibilities on the financial statements is set out in the Independent Auditors' Report on pages 86 to 91.

Auditors' Remuneration

During the Reporting Period, the remuneration paid to the auditors of the Group, is set out below:

Service Category	**Fees Paid/ Payable**
Audit Services	HK$2,300,000
Non-Audit Services *(Note)*	HK$545,000
	HK$2,845,000

Note: The non-audit services mainly included advisory and interim review services.

Cultures and Values

A healthy corporate culture has been developed by the Board to ensure that the Company's vision, values and strategy are aligned to it.

The Group strives to maintain high standards of business ethics and corporate governance across all our activities and operations. The Directors, management and staff are all required to act lawfully, ethically and responsibly, and the required standards and norms are explicitly set out in the Group's employee consolidated handbook (including therein the Group's code of conduct, the anti-corruption policy and the whistleblowing policy of the Group etc.). Trainings are conducted from time to time to reinforce the required standards in respect of ethics and integrity.

The Company's strategy in the business development and management are to achieve long-term, steady and sustainable growth, while having due considerations from environment, social and governance aspects.

Anti-corruption, Laws and Regulations

The Group's code of conduct and anti-corruption policy were introduced in September 2022. The policy covers activities such as bribery, anti-corruption, offer and acceptance of advantages, conflict of interest, entertainment and gratuities, the Group's expectations and requirements of business ethics, as well as investigation and reporting mechanism of suspected corruption practices. Any convicted cases will be reported to the Whistleblowing Screening Committee, or to the board and/or chairman directly, depending on the target of the whistleblowing.

Gender Diversity

As of the date of this annual report, the Board currently comprises five Directors, consisting of one female Director and four male Directors. Gender diversity at workforce levels is disclosed in the Management Discussion and Analysis section in this annual report. The Company will adhere to the principle of gender diversity at all employee levels and will appropriately consider increasing the proportion of female members in future elections, hirings and promotions.

Whistleblowing Policy and System

The Group's whistleblowing policy was adopted in September 2021. Any convicted cases will be adopted to the Whistleblowing Screening Committee, or to the board and/or chairman directly, depending on the target of the whistleblowing.

Shareholders' Rights

To safeguard shareholder interests and rights, separate resolution should be proposed for each substantially separate issue at general meetings, including the election of individual director. All resolutions put forward at general meetings will be voted on by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and of the Stock Exchange after each general meeting.

Convening a General Meeting

General meetings may be convened by the Board on requisition of shareholder(s) of the Company representing at least 5% of the total voting rights of all the shareholders having a right to vote at general meetings or by such shareholder(s) who made the requisition (as the case may be) pursuant to Sections 566 and 568 respectively of the Companies Ordinance (Chapter 622 of the laws of Hong Kong) (the "Companies Ordinance").

Shareholders should follow the requirements and procedures as set out in the Companies Ordinance and where applicable, the Company's articles of association, for convening a general meeting.

Putting Forward Proposals at General Meetings

Pursuant to Section 615 of the Companies Ordinance, shareholders representing at least 2.5% of the total voting rights of all shareholders; or at least 50 shareholders (as the case may be) who have a right to vote at the relevant annual general meeting, may request to circulate a resolution to be moved at an annual general meeting.

Shareholders should follow the requirements and procedures as set out in the Companies Ordinance and where applicable, the Company's articles of association, for circulating a resolution for annual general meeting.

Putting Forward Enquiries to the Board

For putting forward any enquiries to the Board of the Company, shareholders may send written enquiries to the Company. The Company will not normally deal with verbal or anonymous enquiries.

Contact Details

Shareholders may send their enquiries or requests as mentioned above to the following:

Address:	Suite 5606, 56/F, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong (For the attention of the Company Secretary)
Fax:	(852) 2598 8305
Email:	0605IR@cfsh.com.hk

For the avoidance of doubt, shareholders must deposit and send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the above address and provide their full name, contact details and identification in order to give effect thereto. Shareholders' information may be disclosed as required by law.

Communication with Shareholders and Investors Relations

The Company considers that effective communication with shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company has adopted a Shareholders' Communication Policy to ensure Shareholders and investment community have simultaneous access to the information relating to the Company's financial performance, strategic goods and plans, material development of its business corporate exercises and governance issues. The Company endeavours to maintain an on-going dialogue with shareholders and in particular, through annual general meetings and other general meetings. At the annual general meeting, the chairman of the Board and the chairmen of the Audit Committee, Remuneration Committee, Nomination Committee and Business Risks Committee are available to meet shareholders and answer their enquiries. During the Reporting Period, the Company has reviewed the implementation and effectiveness of the Shareholders' Communication Policy through discussions amongst Board members during board meetings. The Company has reviewed communication activities and engagement with Shareholders conducted in 2024 and was satisfied with the implementation and effectiveness of the Shareholders' Communication Policy which allowed Shareholders to engage actively with the Company.

The Company has adopted new articles of association on 25 April 2022. An up to date version of the Company's articles of association is available on the Company's website and the Stock Exchange's website.

Dividend Policy

The Company has adopted a Dividend Policy on payment of dividends. Depending on the financial conditions of the Company and the Group and the conditions and factors as set out in the Dividend Policy, dividends may be proposed and/or declared by the Board during a financial year and any final dividend for a financial year will be subject to the shareholders' approval.

On behalf of the Board
Zhang Min
Executive Director and Chief Executive Officer

Introduction

The Group is one of the leading integrated financial services providers in Mainland China and Hong Kong which mainly engages in the provision of one-stop financing services to small and medium-sized enterprises ("SMEs"), micro-enterprises, and individuals.

The Group has been established to provide customised financial solutions to SMEs in Hong Kong and Mainland China for over ten years. As a responsible corporation, the Group understands that it plays a part in promoting sustainability in the financial services industry and has therefore incorporated sustainability elements into its business operations. Looking forward, the Group aims to build stronger relationships with its stakeholders to strengthen its sustainability strategy.

This Environmental, Social and Governance Report (the "ESG Report") summarises the environmental, social, and governance ("ESG") initiatives, plans, and performance of the Group and demonstrates its commitment to sustainable development for the year ended 31 December 2024 ("2024"). Relevant comparisons would be made between the data from the Reporting Period and the year ended 31 December 2023 ("2023").

The Group believes sustainability is the key to continued success and has integrated this concept into its business strategy. The Group constantly monitors the risks related to ESG and actively explores potential opportunities within the Group. To strike a balance among business needs, social demands, and environmental impacts, the Group is committed to continuously monitoring the risks and opportunities that exist in its daily operations and embracing a transparent corporate culture to ensure the sustainability initiatives are well implemented within the Group and communicated to its stakeholders.

The ESG Governance Structure

The Group views ESG commitments as part of its responsibilities and is committed to incorporating ESG considerations into its decision-making process. To achieve this goal, the Group has developed a framework to ensure ESG governance is aligned with its strategic growth while advocating for the integration of ESG issues into its business operations. The Group manages its ESG issues by employing a top-down management approach, with the Board of Directors (the "Board") and the ESG taskforce (the "Taskforce") taking the lead.

The members of the Board possess the appropriate skills, experiences, knowledge, and perspectives necessary to oversee the Group's ESG matters. The Board holds at least one meeting each year to discuss and formulate the overall ESG approach, oversee and assess potential ESG impacts and risks, review the Group's performance against ESG-related targets, evaluate the materiality of ESG issues, ensure the effectiveness of the Group's risk management and internal control systems, and approve disclosures in ESG reports.

The Taskforce, comprising employees from relevant departments, is set up to systematically manage the Group's ESG issues. The Taskforce is responsible for collecting relevant ESG data, monitoring the Group's ESG performance, prioritising material ESG issues, as well as reviewing ESG-related policies, risks, and management approaches. The Taskforce reports to the Board at least once a year for the evaluation and subsequent implementation or revision of the Group's ESG strategies and internal control mechanisms.

Reporting Scope

The management of the Group identifies the reporting scope based on the materiality principle after the considerations of the core business and main revenue source. Hence, the ESG Report includes the Group's business activities in the offices in Beijing, Chengdu, Shenzhen, and Hong Kong. Since 2023, the Group has ceased the operations in Chongqing due to business restructuring. Data related to the ESG key performance indicators ("KPIs") was gathered from subsidiaries that are under the Group's direct operational control.

Reporting Framework

The ESG Report has been prepared in accordance with the Environmental, Social and Governance Reporting Guide (the "ESG Reporting Guide") as set out in Appendix C2 of the Listing Rules.

Information relating to the Group's corporate governance practices will be stated under the Corporate Governance Report set out on pages 31 to 48 of this annual report.

The Group attaches great importance to the reporting principles of materiality, quantitative, balance, and consistency as illustrated in the ESG Reporting Guide. During the preparation for the ESG Report, the Group has applied these reporting principles as follows:

Materiality: A materiality assessment was conducted to identify material ESG issues in 2024. The assessment result was reviewed and confirmed by the Board and the Taskforce, which are then used as the focus of the Group. Please refer to the sections headed "Stakeholder Engagement" and "Materiality Assessment" for further details.

Quantitative: The standards and methodologies used in the calculation of relevant data in the ESG Report and the applicable assumptions were disclosed. The KPIs were supplemented by explanatory notes to establish benchmarks where feasible.

Balance: Information published in the ESG Report is compiled based on existing data, policies, practices, and official documents or reports, with the aim of providing an unbiased overview of the Group's performances and areas of improvement.

Consistency: The statistical methodologies applied to the ESG Report were substantially consistent with the previous year, and explanations were provided regarding data with changes in the scope of disclosure and calculation methodologies. If there are any changes that may affect meaningful comparison with previous reports, the Group will add comments to the corresponding content of the ESG Report.

The Group has established internal controls and adopted a formal review process to ensure that all information presented in the ESG Report is as accurate and reliable as possible. The ESG Report has been reviewed and approved by the Board and the Taskforce.

Reporting Period

The ESG Report describes the ESG initiatives, plans, and performance taken by the Group from 1 January 2024 to 31 December 2024.

Chairman's Statement

Dear Stakeholders,

On behalf of the Board of the Group, I am pleased to present the ESG Report of China Financial Services Holdings Limited for 2024, which provides an annual update on the ESG performance of the Group.

Recognising sustainability is a vital aspect of the long-term success of a business, the Group has incorporated sustainable development into its strategy and built an effective governance structure, comprising the Board and the Taskforce, to monitor and review the ESG-related issues of the Group. In order to formulate comprehensive policies and ensure effective execution, the Group has formulated the risk management and internal control frameworks, which provide a structured approach for the Board. More information about the Group's governance structure is stated in the section headed "The ESG Governance Structure".

Striving to meet the expectations of stakeholders, the Group continuously communicates with them to understand their concerns. In order to identify and assess the material concerns of the stakeholders, the Group has conducted a materiality assessment to gather the opinions of stakeholder groups. The assessment helped us determine ESG issues that have material impacts on the Group's sustainable growth, thereby we could incorporate them in the development of ESG strategies and targets.

To fulfil the Group's ESG commitment and allow the Group's stakeholders to better understand the Group's progress in improving ESG performance, the Group also sets various ESG-related targets on relevant KPIs. In response to national decarbonisation goals, the Group has put forward four environmental targets in the areas of energy, water, waste, and greenhouse gas ("GHG") to drive improvement. The environmental targets were approved by the Board and the progress is reviewed and monitored by the Taskforce annually. In specific, the Taskforce utilises available ESG data to compare the performance between different years, report to the Board periodically, and formulate corresponding ESG policies.

In closing, I would like to express my gratitude to my fellow directors, the management team, employees, and stakeholders for their contributions and support to the Group's sustainable development.

Zhang Min
Executive Director & Chief Executive Officer

Stakeholder Engagement

Stakeholder participation is an essential part of formulating the Group's business strategy and approach to sustainability. Therefore, the Group adopts an open and ready attitude when communicating with its key stakeholders, such as governments and regulatory authorities, shareholders and investors, employees, customers, suppliers, banks, the media, and the public. Through a wide range of communication channels and engagement methods, the Group seeks to further understand the relative interests and priorities of each stakeholder category while taking appropriate and necessary actions to align with their expectations and needs. A list of communication channels that the Group uses to engage with its stakeholders is shown below:

Stakeholders	**Communication Channels**	**Expectations**
Governments and regulatory authorities	• Regular reports and announcements • Written or electronic correspondences • Supervision on local laws and regulations	• Compliance with local laws and regulations • Stability in business operations
Shareholders and investors	• General meetings and shareholder meetings • Annual and interim reports • Regular reports and announcements • Company website	• Sustainable profitability • Shareholder return • Corporate governance • Compliance with local laws and regulations
Employees	• Training, seminars, and briefings • Performance reviews • Intranet • Regular meetings	• Remuneration, compensation, and benefits • Fair and competitive employment • Safe working environment • Development and training opportunities
Customers	• Customer service hotlines and emails • Face-to-face meetings • Company website	• High-quality products and services • Rapid responses and customer satisfaction • Protection of customers' interests and privacy

Stakeholders	Communication Channels	Expectations
Suppliers	• Supplier satisfaction assessments • Face-to-face meetings • On-site visits	• Fair and open procurement • Win-win cooperation • Stable business relationship
Banks	• Post-loan tracking • On-site visits • Work conferences	• On-time loan repayment • Honest and credible operations • Close monitoring of operating conditions
The media and the public	• ESG reports • Company website • Regular reports and announcements • Social media	• Transparency of financial and ESG-related disclosures • Compliance with local laws and regulations • Community services • Environmental protection

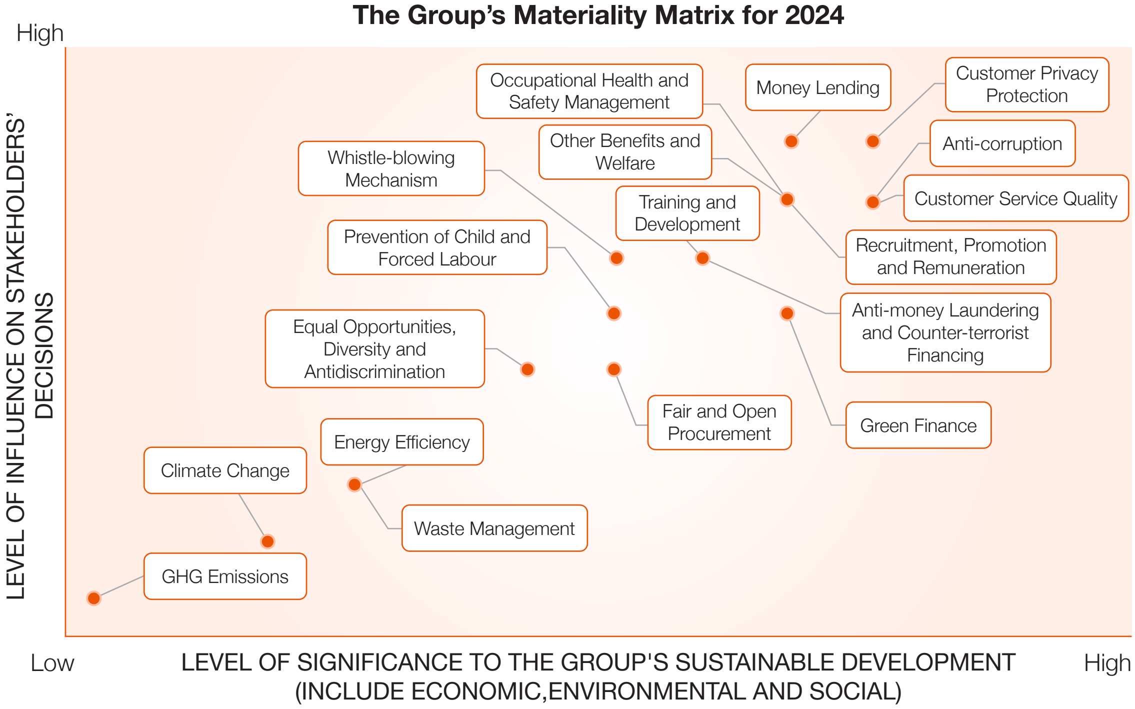
The Group firmly believes that the contributions and opinions of its stakeholders will be beneficial for identifying material ESG issues while addressing potentially overlooked ESG issues.

Materiality Assessment

Materiality assessment is the process of identifying, refining, and assessing ESG issues that could affect the Group's business and its stakeholders. The results of materiality assessment are used to formulate strategies, set targets, and determine the focus of the Group. In addition, materiality assessment enables the Group to analyse business risks and opportunities, supporting the sustainable development of its businesses.

With the assistance of the Group's management and the Taskforce, the Group identified a list of material ESG issues based on its business, the ESG Reporting Guide, and industry peer analysis. To effectively prioritise material ESG issues, the Group conducted a materiality assessment survey during the Reporting Period. Employees of different business units were invited to evaluate the significance of the identified ESG issues to the stakeholders and the Group's sustainable development. After analysing the results of the survey, the Group compiled the following materiality matrix to illustrate material ESG issues:

The Group's Materiality Matrix for 2024



The results of the materiality assessment were reviewed and validated by the Taskforce, which are then approved by the Board.

Contact Us

The Group welcomes stakeholders to provide their opinions and suggestions. You can provide valuable advice with respect to the ESG Report or the Group's performance in sustainable development by writing to Suite 5606, 56/F, Central Plaza, No. 18 Harbour Road, Wan Chai, Hong Kong.

1. Environmental

A1. Emissions

The Group is principally engaged in the provision of integrated short-term financing services, comprising short-term financing and consultancy services. As a result, the Group has a limited impact on the environment given its office-based business nature. Nevertheless, it recognises that environmental protection must be done collectively since every small contribution is of great importance. The Group has established relevant policies to enhance employees' awareness and improve its environmental performance. Besides, the Group is committed to maintaining or improving its existing policies to mitigate potential direct and indirect negative environmental impacts arising from its business operations.

During the Reporting Period, the Group was not aware of any material non-compliance with laws and regulations concerning air emissions, discharges into water and land, and generation of hazardous and non-hazardous waste that would have a significant impact on the Group, including but not limited to the Waste Disposal Ordinance of Hong Kong, the Environmental Protection Law of the People's Republic of China, the Prevention and Control of Environmental Pollution by Solid Waste of the People's Republic of China, the Water Pollution Prevention and Control Law of the People's Republic of China, and the Prevention and Control of Atmospheric Pollution of the People's Republic of China.

Air Emissions

Due to the Group's business nature, the Group does not engage in any industrial production or possess any manufacturing facilities. Therefore, the Group's air emissions are mainly generated from the petrol consumption of company vehicles. Guidelines on the efficient use of fuel are described in the section headed "GHG Emissions" under this aspect.

Summary of the Group's air emission performance:

Types of exhaust gas	**Unit**	**2024**	2023
Nitrogen oxides (NO_x)	kg	**7.02**	7.05
Sulphur oxides (SO_x)	kg	**0.20**	0.21[1]
Particulate matter (PM)	kg	**0.52**	0.52

Note(s):

1. The data has been restated to reflect the actual situation and facilitate meaningful comparison.

GHG Emissions

To minimise the environmental impacts of GHG emissions from the Group's business operations, the Group has set a target in 2022 to reduce Scope 1 and Scope 2 GHG emission intensity (tCO_2e/employee) gradually by the year ended 31 December 2026 ("2026"), using 2022 as the baseline year. To achieve the target, the Group has adopted the following measures:

Scope 1 – Direct GHG Emissions

The Group has established clear guidelines to ensure the efficient use of fuel and reduce petrol consumption in its operations to reduce overall direct GHG emissions, as shown below:

- Plan routes ahead of time to optimise fuel consumption;
- Switch off the engine whenever the vehicle is idling; and
- Conduct regular vehicle maintenance to ensure optimal engine performance and enhance fuel efficiency.

Scope 2 – Energy Indirect GHG Emissions

The Group's largest source of GHG emissions arises from the use of purchased electricity. Electricity consumption accounts for the total indirect GHG emissions within the Group. In an effort to reduce energy consumption, the Group has initiated energy-saving measures, which will be described in the section headed "Energy Efficiency" under aspect A2.

Scope 3 – Other Indirect GHG Emissions

The Group identifies its other indirect GHG emissions include purchased goods and services, capital goods, paper waste processing, and business air travel. To reduce related GHG emissions, the Group has implemented measures to reduce paper usage and business air travel, which will be described in the section headed "Non-hazardous Waste Handling" under this aspect and the section headed "Energy Efficiency" under aspect A2 respectively.

The Group's Scope 1 and Scope 2 GHG emission intensity (tCO_2e/employee) decreased from approximately 0.87[4] in 2023 to approximately 0.86 in 2024. Given that the Group's Scope 1 and Scope 2 GHG emission intensity in 2022 was approximately 0.83 tCO_2e/employee, the Group needs to strengthen its GHG reduction efforts to meet the target. To this end, the Group is dedicated to adopting more measures that minimise the amount of GHG emissions in the future.

Summary of the Group's GHG emissions performance:

Types of GHG emissions[1]	**Unit**[2]	**2024**	2023
Scope 1 – Direct GHG emissions			
• Petrol consumed by vehicles	tCO_2e	**35.71**	38.80[3]
Scope 2 – Energy indirect GHG emissions			
• Purchased electricity	tCO_2e	**66.23**	72.08
Scope 3 – Other indirect GHG emissions			
• Purchased goods and services			
• Capital goods			
• Paper waste processing			
• Business air travel	tCO_2e	**55.29**[4]	10.63[5]
Scope 1 and Scope 2 emissions	**tCO_2e**	**101.94**	110.88[3]
Scope 1 and Scope 2 emissions intensity	**tCO_2e/employee**	**0.86**	0.87[3]
Total GHG emissions	**tCO_2e**	**157.23**	121.51[3]
GHG emission intensity[6]	**tCO_2e/employee**	**1.33**	0.96[3]

Note(s):

1. GHG emissions data is presented in terms of carbon dioxide equivalent and is based on, but not limited to, “The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standards” issued by the World Resources Institute and the World Business Council for Sustainable Development; “How to prepare an ESG report – Appendix 2: Reporting Guidance on Environmental KPIs” issued by the Stock Exchange, the “Global Warming Potential Values” from the Sixth Assessment Report (AR6) of the Intergovernmental Panel on Climate Change (IPCC); the “Notice on the Management of Enterprise Greenhouse Gas Emission Reporting by the Power Generation Industry” and the "Announcement on the Release of 2022 Electricity Carbon Dioxide Emission Factors" published by the Ministry of Ecology and Environment of the People’s Republic of China; the Sustainability Report 2023 published by HK Electric; and the “Supply Chain Greenhouse Gas Emission Factors” issued by the United Nation Environmental Protection Agency.

2. tCO_2e is defined as tonnes of carbon dioxide equivalent.

3. The data has been restated to reflect the actual situation and facilitate meaningful comparison.

4. The Scope 3 emissions covered in 2024 included emissions from purchased goods and services, capital goods, paper waste processing, and business air travel.

5. The Scope 3 emissions covered in 2023 included emissions from paper waste processing and business air travel.

6. As at 31 December 2024, the Group had 118 (as at 31 December 2023: 127) employees. The data is also used for calculating other intensity data.

Discharges into Water and Land

Due to the Group’s business nature, discharges into land were insignificant. Similarly, there was no significant and unreasonable amount of sewage water discharged; used water is discharged through the municipal sewage network to the regional water treatment plant.

Waste Management

Hazardous Waste Handling

Due to the Group's business nature, only a small amount of hazardous waste was generated by the Group during the Reporting Period. Nevertheless, in order to minimise its environmental impacts, the Group has arranged qualified third parties to properly collect and dispose of hazardous waste. Meanwhile, the Group has implemented recycling incentives for office waste such as ink cartridges and electronic equipment and has enhanced its data collection mechanism in accordance with the National Catalogue of Hazardous Wastes published by the Ministry of Ecology and Environment of the People's Republic of China. In 2024, the Group only recorded the number of items disposed of, hence the unit for disclosure is in piece. In the future, the Group is dedicated to measuring the exact weight of hazardous waste disposal by enhancing its data collection approach.

Summary of the Group's hazardous waste disposal performance:

Types of hazardous waste	**Unit**	**2024**	2023[1]
Ink cartridges	Piece	**46.00**	50.00
LED lamps	Piece	**27.00**	21.00
Cleaning chemicals	Piece	**8.00**	10.00
Total hazardous waste	**Piece**	**81.00**	81.00
Hazardous waste intensity	**Piece/employee**	**0.69**	0.64

Note(s):

1. The data has been restated to reflect the actual situation and facilitate meaningful comparison.

Non-hazardous Waste Handling

The majority of non-hazardous waste generated by the Group was office paper. Hence, it is assumed that the amount of paper consumption equals the amount of non-hazardous waste disposal. To minimise the environmental impacts of non-hazardous waste generated from the Group's business operations, the Group has set a target in the year ended 31 December 2021 ("2021") to reduce the paper waste intensity (tonnes/employee) by 2026, using 2021 as the baseline year. To achieve the target, the Group has encouraged sustainable behavioural changes among its employees.

Green measures include, but are not limited to, the following:

- Recycle single-sided office paper;
- Adopt double-sided printing or photocopying;
- Encourage digitalisation to promote a paperless working environment;
- Print electronic correspondences only when necessary; and
- Recycle obsolete office and electronic equipment.

During the Reporting Period, the Group's non-hazardous waste intensity (tonnes/employee) increased from approximately 0.01 in 2023 to approximately 0.02 in 2024. The slight increase in total non-hazardous waste intensity was attributed to increased business activities. The Group's non-hazardous waste intensity in 2021 was approximately 0.11 tonnes/employee, hence it is currently on track to achieve its aforementioned target. In the future, the Group will continue to raise employees' awareness of waste reduction, so as to realise its target and enhance its environmental performance.

Summary of the Group's non-hazardous waste disposal performance:

Types of non-hazardous waste	**Unit**	**2024**	2023
Office paper[1]	tonnes	**1.80**	1.81
Total non-hazardous waste	**tonnes**	**1.80**	1.81
Non-hazardous waste intensity	**tonnes/employee**	**0.02**	0.01

Note(s):

1. During 2024, approximately 0.05 tonnes (2023: approximately 0.11 tonnes) of paper were recycled.

A2. Use of Resources

The Group is committed to promoting resource efficiency and closely monitoring the potential environmental impacts of its business operations. To this end, the Group has formulated relevant policies to guide its sustainable operation practices. Through tracking ESG-related KPIs and implementing the Group's internal monitoring programme on the procurement and use of resources, the Group has identified that its major resources consumed were petrol, electricity, water, and paper. The Group believes the existing policies and procedures are effective in governing the usage of these resources and strives to further reduce its overall resource consumption.

Energy Efficiency

The Group believes that all branches, including its subsidiaries and their departments, should work together to reduce the Group's environmental impacts. Therefore, a detailed internal policy was set out to require all subsidiaries of the Group to comply with the Group's energy-saving policy. To minimise the environmental impacts of energy consumption from the Group's business operations, the Group has set a target in 2021 to reduce the total energy consumption intensity (MWh/employee) by 2026, using 2021 as the baseline year. To achieve the target, the Group has formulated and implemented the following energy-saving measures:

- Pre-set the office's air-conditioning temperature;
- Adopt lighting control systems that operate based on actual demand;
- Switch off unnecessary lighting and idle electrical appliances;
- Promote the use of teleconferences or video conferences;
- Purchase energy-efficient replacements for obsolete equipment;
- Set all computer screens and printers to standby mode after a certain period;
- Post eye-catching stickers on energy efficiency as a reminder to employees;
- Reduce the frequency of unnecessary business air travel; and
- Encourage employees to utilise public transportation where possible.

The Group's energy consumption intensity (MWh/employee) remained the same as in 2023, being 2.04. The Group's energy consumption intensity in 2021 was approximately 13.70 MWh/employee, hence it is currently on track to achieving its target. The Group will continue to adopt measures that minimise the amount of energy consumption in the future.

Summary of the Group's energy consumption performance:

Types of energy	Unit	2024	2023
Direct energy consumption[1]			
• Petrol	MWh	129.68	140.91[2]
Indirect energy consumption			
• Electricity	MWh	111.59	118.59
Total energy consumption	**MWh**	**241.27**	259.50[2]
Energy consumption intensity	**MWh/employee**	**2.04**	2.04[2]

Note(s):

1. The unit conversion method of energy consumption data is formulated based on the Energy Statistic Manual issued by the International Energy Agency.

2. The data has been restated to reflect the actual situation and facilitate meaningful comparison.

Water Consumption

Due to the Group's business nature, the water usage is limited to water consumed by employees at the offices. Despite the fact that the water usage was negligible, the Group highlights the importance of water conservation to its employees. To minimise the environmental impacts of water consumption from the Group's business operations, the Group has set a target in 2022 to reduce water consumption intensity (m^3/employee) gradually by 2026, using 2022 as the baseline year. To achieve the target, the Group has formulated and implemented the following water conservation measures:

- Post banners around the office with educational messages to raise awareness of water conservation;
- Regularly inspect water taps to prevent leakage;
- Install dual-flush water cisterns in toilets; and
- Install aerators in washroom faucets.

The Group did not encounter any issues in sourcing water that was fit for purpose and did not note any abnormal water usage in 2024.

The water consumption intensity (m^3/employee) decreased from approximately 1.81 in 2023 to approximately 0.71[1] in 2024. The Group's water consumption intensity in 2022 was approximately 1.91 m^3/employee. Hence, the Group is therefore currently on track to achieve its aforementioned target and will continue its efforts in water conservation.

Summary of the Group's water consumption performance:

Indicator	Unit	2024[1]	2023
Total water consumption	**m^3**	**84.00**	230.00
Water consumption intensity	**m^3/employee**	**0.71**	1.81

Note(s):

1. Starting in 2024, the water bills of the Beijing office were combined with other fees. Hence, it was not feasible to obtain water consumption data from the Beijing office, leading to the significant decrease in 2024.

Use of Packaging Material

Due to the Group's business nature, the use of packaging material is not considered a material ESG issue for the Group.

A3. The Environment and Natural Resources

As part of its ongoing commitment to good corporate social responsibility, the Group actively reduces the negative environmental impacts of its daily business operations while providing a more pleasant working environment for its employees.

Indoor Air Quality

Indoor air quality in the offices is regularly measured and monitored. During the Reporting Period, the indoor air quality of the Group's offices was satisfactory. Air-purifying equipment is used in offices and the air conditioning system is cleaned periodically to improve indoor air quality by filtering pollutants, contaminants, and dust particles.

Green Finance

As financial investors become more aware of sustainability elements and responsible investment is gaining momentum, the Group is in the process of establishing a sustainable development framework to align with the expectations of investors. The Group sees opportunities in the fast-growing green finance sector following the adoption of the "One Belt, One Road" national development strategy. To this end, the Group has established the "Guidelines for Establishing a Green Finance System" to promote green finance. The Group provides bespoke financing options for green finance-related enterprises through its internal risk management system.

The Group has also encouraged its employees to use sustainable development performance as an investment criterion and provided the following advice:

- No investment in enterprises with serious environmental pollution and impacts;
- No investment in enterprises with outdated technology; and
- No investment in enterprises with safety hazards.

The Group believes that enterprises that place great emphasis on sustainable development encounter lower operational risks, which in turn lower the risks of the Group's investment portfolio and generate more stable returns for the Group.

A4. Climate Change

The Group is committed to managing the potential climate-related risks that may impact its business activities. The Group incorporates ESG-related risks, such as climate risks, into its risk management system to identify and mitigate risks that may affect the Group. The Group has also conducted a climate change assessment and identified risks and opportunities as suggested by the climate change-related information disclosure framework of the Task Force on Climate-related Financial Disclosures ("TCFD"). The Group has optimised its management measures based on the findings and has established relevant policies that outline the Group's management on climate issues to minimise their impacts.

Through the above methods, the following climate risks and opportunities that may relate to the Group's business and operation activities were identified:

Physical Risks

Changes in weather patterns and the increased severity of extreme weather events such as typhoons, storms, and heavy rainstorms may lead to disruptions to the Group's business operations, hinder its employees from work, decrease productivity, or expose the Group to risks associated with delayed performance, therefore adversely affecting the profitability. In the event of such an emergency incident, the Group will closely follow the latest weather news and advice released by the government. Moreover, the Group regularly reviews and updates policies in relation to crisis response and business continuity to ensure that in the event of an emergency incident, the relevant risks are minimised and core business functions can be performed as usual.

Transition Risks

The Group anticipates that there will be more stringent climate laws and regulations to support the global vision of carbon neutrality. In the low-carbon economy, stakeholders will also expect companies to take more actions in response to climate change and increase transparency in information disclosure. If companies fail to respond appropriately to the aforementioned stakeholder appeal, their reputation will be negatively affected. Such changes may also increase the Group's operational costs, compliance responsibilities, and commitment, which may materially and adversely affect its business operations and financial performance. In response to the potential policy and legal risks as well as the reputational risks, the Group regularly monitors existing and emerging trends, policies, and regulations relevant to the industry and is prepared to inform the top management where necessary to avoid cost increments, non-compliance fines, and/or bad reputation due to delayed responses.

Opportunities

Under a favourable policy environment of carbon neutrality, companies engaged in energy conservation and environmental protection will demonstrate great green financing demand. Therefore, green finance will become increasingly popular in the market. The Group will align with these policies and provide more green finance solutions in the market. Further information can be found in the section headed "Green Finance" under aspect A3.

2. Social

B1. Employment

Employees are the most valuable asset of the Group and are the foundation of the Group's success. In order to create sustainable growth for the Group, good recruitment and retention practices must be enforced to maintain or expand the talent pool. In addition, the Group is dedicated to the principles of "respecting the committed, utilising the competent, nurturing the aspiring, and incentivising the innovative" when making human resource adjustments.

During the Reporting Period, the Group was not aware of any material non-compliance with laws and regulations concerning compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare that would have a significant impact on the Group, including but not limited to the Employment Ordinance of Hong Kong, the Sex Discrimination Ordinance of Hong Kong, the Disability Discrimination Ordinance of Hong Kong, the Family Status Discrimination Ordinance of Hong Kong, the Race Discrimination Ordinance of Hong Kong, the Law on the Protection of Women's Rights and Interests of the People's Republic of China, the Law of the People's Republic of China on the Protection of Persons with Disabilities, the Labour Law of the People's Republic of China, the Social Insurance Law of the People's Republic of China, the Company Law of the People's Republic of China, and the Labour Contract Law of the People's Republic of China.

As at 31 December 2024, the Group has 118 (as at 31 December 2023: 127) employees, 112 (as at 31 December 2023: 121) of whom were full-time employees, and the rest were part-time employees. The breakdown of employees according to gender, age group, geographical region, and employee category was as follows:

Categories	As at 31 December 2024	As at 31 December 2023
By gender		
Male	55	59
Female	63	68
By age group		
25 to 40 years old	62	89
41 to 59 years old	53	36
60 years old or above	3	2
By geographical region		
Hong Kong	35	32
Beijing	36	43
Chongqing[1]	–	–
Chengdu	30	29
Shenzhen	17	23
By employee category		
Management	21	23
General staff	97	104

During the Reporting Period, the Group's overall employee turnover rate was approximately 22.86% (2023: 29.09%)[2]. The following table shows the employee turnover rate by gender, age group, geographical region, and employee category[3].

Categories	Unit	2024	2023
By gender			
Male	Percentage	**22.81**	36.92
Female	Percentage	**22.90**	22.07
By age group			
25 to 40 years old	Percentage	**23.84**	23.20
41 to 59 years old	Percentage	**17.98**	38.20
60 years old or above	Percentage	**40.00**	50.00
By geographical region			
Hong Kong	Percentage	**35.82**	33.33
Beijing	Percentage	**15.19**	36.17
Chengdu	Percentage	**3.39**	15.87
Shenzhen	Percentage	**45.00**	22.22
By employee category			
Management	Percentage	**4.55**	8.33
General employee	Percentage	**26.87**	33.48

Note(s):

1. In 2023, the Group ceased the operations in Chongqing due to business restructuring.

2. The overall employee turnover rate is calculated by dividing the total number of employees leaving employment during the reporting period by the average number of employees at the beginning and end of the reporting period, multiplied by 100%.

3. The employee turnover rate for each category is calculated by dividing the number of employees leaving employment in the specified category during the reporting period by the average number of employees in the specified category at the beginning and end of the reporting period, multiplied by 100%.

Relevant employment policies are formally documented in the Employee Handbook, covering compensation and dismissal, recruitment and promotion, working hours and rest periods, equal opportunities and diversity, etc. Policies and employment practices are periodically assessed and updated, if necessary, to ensure continuous improvement of the Group's employment standards and competitiveness against companies in similar industries.

Recruitment, Compensation, Promotion and Dismissal

The Group strives to ensure that each employee receives a fair and just assessment of their performance during recruitment and day-to-day work. The Group also awards its employees according to their achievements and contributions. To this end, the Group has established the Performance Appraisal System, the Business Post Salary Standard and Appraisal Scheme, and the Remuneration System for policies on recruitment, promotion, compensation, and dismissal to ensure fairness.

Employees are recruited via a robust, transparent, and fair recruitment process based on their merits and their potential to fulfil the Group's current and future needs. The Group offers fair compensation packages for employees based on employee capabilities and industry standards. Compensation packages include variable bonuses, annual leave, maternity leave, paternity leave, birthday leave, marriage leave, bereavement leave, etc. In addition, the Group complies with the Employees' Compensation Ordinance of Hong Kong and the Labour Law of the People's Republic of China, which both provide coverage for employees injured by accidents or contracted diseases while working.

Promotion are based on job-related skills, qualifications, and performance. The Group conducts an annual performance and salary review to determine any salary adjustments, performance bonuses, and/or promotion opportunities.

Unreasonable dismissal under any circumstances is prohibited. Dismissal would be based on reasonable and lawful grounds supported by internal policies. Before dismissal, verbal or written warnings will be issued to provide employees with an opportunity for improvement. If no improvement is noted, the Group shall then consider dismissal only upon receiving dismissal instructions from the relevant department.

Equal Opportunity, Diversity, and Anti-discrimination

The Group believes that its sustainable development can be improved by recruiting talents from different backgrounds, regardless of their gender, age, sexual orientation, or religious beliefs. The Group is committed to creating and maintaining an inclusive and collaborative workplace culture. Furthermore, the Group is dedicated to providing equal opportunities in all aspects of employment and strictly prohibiting any activities associated with discrimination or harassment based on race, religion, colour, gender, physical or mental disability, age, place of origin, marital status, or sexual orientation. The Group strives to protect its employees by ensuring that complaints, grievances, concerns, and whistle-blowing are promptly and confidentially dealt with. The Group has complied with the relevant laws and regulations relating to equal opportunity, diversity, and anti-discrimination.

Other Benefits and Welfare

The Group actively seeks to introduce additional benefits and welfare to encourage retention, foster a sense of belonging, and enhance job satisfaction. Currently, the Group provides performance commission, monthly birthday celebrations, birthday leave, medical schemes, and festive meals or gifts to its employees. The Group also provides travel allowances for employees during their rest period. The Group aims to enhance team cohesion by assembling a number of sports teams, including a basketball team and a yoga team, and organising sports competitions. In addition, the Group understands the importance of rest and has therefore designated a rest area at its offices. Reading groups are also held to unleash employees' potential and interests outside the realm of work.

During the Reporting Period, the Group received the MPF Support Award from the Hong Kong Mandatory Provident Schemes Authority and the Caring Company logo from the Hong Kong Council of Social Service.

Working Hours and Rest Periods

The Group has formulated the "Employee Overtime, Travel and Leave System" for governing the working hours and rest periods for employees according to local employment laws. An 8-hour work day is applied to office employees. Overtime work due to an increased workload must receive permission from the management, and overtime wages will be paid in accordance with the Labour Law of the People's Republic of China.

B2. Health and Safety

The Group shoulders the responsibility of maintaining a safe and healthy working environment for all its employees and is committed to protecting their well-being. The Group has formulated and implemented the Safe Production Management Policy to strengthen the safety management, so as to safeguard the properties and lives of employees and customers. For instance, the Group conducts seasonal checking to ensure a safe workplace under various climate conditions and arranges inspections of electrical appliances, mechanical equipment, and fire prevention devices by professional parties at least twice a year.

Local laws and regulations related to health and safety are being complied with, and relevant guidelines recommended by the Labour Department and the Occupational Safety and Health Council of Hong Kong have been adopted. During the Reporting Period, the Group was not aware of any material non-compliance with health and safety-related laws and regulations that would have a significant impact on the Group, including but not limited to the Occupational Safety and Health Ordinance of Hong Kong, the Labour Law of the People's Republic of China, the Production Safety Law of the People's Republic of China, the Prevention and Treatment of Occupational Diseases Law of the People's Republic of China and the Fire Protection Law of the People's Republic of China.

There were no work-related fatalities recorded in the past three years, including 2024. Yet, there was 1 case of work-related injury and that resulted in a total of 90 lost days of work during the Reporting Period. The Group reviewed the causes of the injury to formulate corrective measures and distributed a one-time medical compensation allowance to the injured employee.

Occupational Health and Safety Measures

To ensure the Group's employees have a safe and pleasant environment to work in, the Group places reminders on keeping the corridors clutter-free, classifies and recycles waste, and arranges air-conditioning equipment and carpet cleaning services regularly. All employees are required to participate in health and safety training regularly to acquire necessary safety knowledge and familiarise themselves with relevant safety rules. All employees must pass the safety examination before on board.

Regular pest tests are conducted to ensure all furniture and fixtures are pest-free. To prevent fire hazards, the Group has strategically placed fire extinguishers and ensured that employees are aware of their location. Meanwhile, the Group organised fire safety training and fire drills on a regular basis to get employees prepared for emergencies.

B3. Development and Training

The Group prides itself on its talented employees and is committed to fostering a learning culture that supports the development of employees' capabilities. The Group is recognised as Manpower Developers ("MDs") under the scheme of the Manpower Developer Award Scheme by the Employees Retraining Board ("ERB"), which demonstrates its achievements in manpower training and development. To ensure that employees retain their competitive edge, the Group actively encourages and provides employees with ample opportunities to attend training and seminars to keep abreast of ever-changing trends or gain new expertise. The training content is monitored and updated to ensure validity and accuracy, providing maximum benefit to the employees. The Group has adopted the General Principles of Employee Training to standardise employee training management.

During the Reporting Period, employees have participated in courses, seminars, and webinars on topics such as industry best practices, sales and negotiation skills, risk identification techniques, regulatory updates, and ethical operations.

During the Reporting Period, approximately 59.59% (2023: approximately 31.74%)[1] of the Group's employees participated in training, and the average training hours per employee was approximately 2.61 hours (2023: approximately 5.68 hours)[2].

The percentage of trained employees, breakdown of trained employees, and average training hours completed per employee by gender and employee category, were as follows:

	Percentage of trained employees (%)[3]		Breakdown of trained employees (%)[4]		Average training hours (hours)[5]	
Categories	**2024**	2023	**2024**	2023	**2024**	2023
By gender						
Male	**54.41**	24.10	**42.53**	37.74	**2.72**	5.96
Female	**64.10**	39.29	**57.47**	62.26	**2.51**	5.40
By employee category						
Management	**95.45**	56.00	**24.14**	26.42	**7.93**	13.37
General employee	**53.23**	27.46	**75.86**	73.58	**1.66**	4.33

Note(s):

1. The percentage of trained employees is calculated by dividing the number of trained employees during the reporting period by the total number of employees (including resigned employees) during the reporting period, multiplied by 100%.

2. The average training hours per employee is calculated by dividing the total training hours during the reporting period by the total number of employees (including resigned employees) during the reporting period.

3. The percentage of trained employees by category is calculated by dividing the number of trained employees in the specified category during the reporting period by the total number of employees in the specified category (including resigned employees) during the reporting period, multiplied by 100%.

4. The breakdown of trained employees is calculated by dividing the number of trained employees in the specific category during the reporting period by the total number of trained employees in the specified category during the reporting period, multiplied by 100%.

5. The average training hours per employee is calculated by dividing the total training hours of employees in the specified category during the reporting period by the number of employees in the specified category (including resigned employees) during the reporting period.

B4. Labour Standards

Prevention of Child and Forced Labour

The Group strictly prohibits child and forced labour as defined by local laws and regulations to safeguard employees' rights. The Group strictly abides by local laws and will not employ children under the legal working age or forced labour in accordance with the UN Declaration of Human Rights. The Group's Human Resources Department is responsible for monitoring and ensuring compliance with the latest laws and regulations that prohibit child and forced labour. Personal data is collected during the recruitment process to assist in the selection of suitable candidates and to verify the candidates' eligibility. The Human Resources Department carefully checks candidates' identity documents before formal employment. If any practice of child labour or forced labour is discovered, the Group will investigate the case thoroughly and dismiss the relevant employees immediately.

The working hours of the employees strictly comply with the local laws and regulations. The employees' resting time is well respected, and the employees enjoy paid holidays in accordance with the laws and regulations. To prevent forced overtime work, any necessary arrangements for overtime must be agreed upon by the employees voluntarily. Overtime pay are distributed in line with the local laws and regulations.

Moreover, the Human Resources Department has established a reporting mechanism to monitor and ensure compliance with all relevant laws and regulations. If a violation is involved, it will be dealt with promptly in the light of the circumstances.

During the Reporting Period, the Group was not aware of any material non-compliance with child and forced labour-related laws and regulations that would have a significant impact on the Group, including but not limited to the Employment Ordinance of Hong Kong, the Labour Law of the People's Republic of China, and the Labour Contract Law of the People's Republic of China.

B5. Supply Chain Management

The Group's main suppliers are third-party service providers in the information technology, property management, advertising, and legal and consulting sectors. Other than financial service providers, the Group also works with suppliers of office equipment and stationery. To ensure suppliers have met the Group's standards and requirements regarding product and service quality, environment, and product health and safety, the Group has established a stringent and standardised Procurement Management Policy to evaluate suppliers carefully and ensure they are subject to regular monitoring and assessments. During the Reporting Period, the Group had a total of 22 (2023: 18) suppliers, all of whom were evaluated according to the Group's standardised procurement practices.

The geographical distribution of the Group's suppliers was as follows:

By region	**2024**	2023
Shenzhen	**6**	6
Beijing	**4**	–
Hong Kong	**10**	10
Chengdu	**2**	2

Fair and Open Procurement

Suppliers are selected under a fair and open procurement process that considers a range of factors, including but not limited to quality, delivery time, after-sales services, as well as the prevailing market price. Responsible personnel should quote from at least two suppliers to ensure the best option is adopted and seek approval from the management before procurement. For the purpose of risk diversification, the Group intends to not over-rely on a specific supplier in order to enhance the resilience of the supply chain. Any discrimination against certain vendors without reasonable grounds and any types of business bribery practices are strictly prohibited.

Sustainable Procurement

The Group proactively explores possibilities to further minimise its carbon footprint in the procurement process. The Group has implemented the Environmental Procurement Policy to reduce its carbon footprint, support local procurement, and give priority to the purchase of recycled and environmentally-friendly products.

To ensure that suppliers meet the Group's requirements and standards, especially in the area of ESG performance and providing environmentally preferred products, the Group has established a supply chain management team to select and evaluate qualified suppliers. The Group has implemented stringent procedures and standards for selecting and reviewing suppliers. The Group focuses on the suppliers' reputation, employment and labour standards, operating practices, environmental policies, etc. All suppliers are evaluated carefully and subject to regular monitoring and assessments to manage risks associated with suppliers.

The Group also pays close attention to the environmental awareness of its suppliers and promotes sound environmental performance and governance practices among its business partners and suppliers. The Group encourages its business partners and suppliers to consider the risks posed to their operations by climate change and to actively mitigate their environmental impacts during supplier management meetings and events. Suppliers are encouraged to consider and manage their environmental and social issues in their operations for priority consideration. The Group maintains close communication with suppliers to understand their supplies and services, resolves related supplies and service issues, and makes corresponding improvement measures. The Group also shares sustainable operating practices and disseminates environmental concepts, including the latest knowledge on quality safety, good employment, and environmental practices to its suppliers.

B6. Product Responsibility

The Group places great emphasis on maintaining a solid corporate governance and risk management framework to aid the Group's long-term development and sustainable growth. Therefore, the Group continuously improves its corporate rules and regulations to ensure strict compliance with local laws and regulations.

The Group is equipped with a risk control team consisting of professionals who are certified public accountants, lawyers, certified public valuers, and professionals who hold working qualifications in the financial institution. The Audit Committee, composed of independent non-executive directors, periodically reviews the existing risk management system to ensure that relevant procedures remain effective and up-to-date.

During the Reporting Period, the Group was not aware of any material non-compliance with laws and regulations concerning health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress that would have a significant impact on the Group, including but not limited to the Money Lenders Ordinance, the Personal Data (Privacy) Ordinance, the Securities and Futures Ordinance of Hong Kong, and the Advertising Law of the People's Republic of China.

Due to the Group's business nature, the Group's businesses do not involve the production and sale of physical products. The number of recalls for safety and health reasons and the relevant recall procedures are therefore not applicable to the Group.

Quality Assurance

To promote responsible money-lending services, employees are required to familiarise themselves with related guidelines on money-lending procedures. Guidelines on the special requirements for money-lending business advertisements are formally documented in the Consolidated Handbook. The guideline states that advertisements, whether in textual, audio, or visual form, must contain the relevant subsidiary's telephone hotline for handling complaints and a well-established risk warning statement. Where applicable, the risk warning statement must also be audible in the advertisement. Further information can be found in the section headed "Anti-money Laundering, Counter-financing of Terrorism, Fraud and Bribery".

The Group highly values the rights and perspectives of its customers. Hence, the Group actively seeks to develop its business by listening carefully to customer suggestions and resolving complaints and disputes in a timely manner. To maintain good communications with its customers, the Group has developed different communication channels such as the official website, service hotlines, and dedicated mailboxes to understand the customers' expectations and suggestions for the Group's performance. The Group has formulated relevant guidelines and procedures for employees to handle customer complaints and enquiries effectively. During the Reporting Period, the Group did not receive any material product- or service-related complaints.

Customer Data and Privacy Protection

During the provision of products and services, a wide range of sensitive information is entrusted to the Group by its customers. To ensure proper storage and management of information and prevent potential data leakage, the Group has installed and routinely upgrades its firewall, anti-virus, and anti-spam solutions. Instructions with respect to confidentiality are also clearly stated in the Employee Handbook. The Group restricts employee access to sensitive data, only allowing access to relevant employees who need the data to complete their roles and responsibilities. Any violations of the privacy policy are major misconduct and are subject to disciplinary actions, including dismissal and judicial proceedings.

Intellectual Property ("IP") Rights

The Group is dedicated to protecting and enforcing the Group's own IP rights while respecting the IP rights of other enterprises. The Group has established relevant policies to govern the information technology management within the Group. The Group has obtained proper licenses for the software and information used by the Group in its business operations. Any duplication or downloading of information, software, or images from the internet must be approved by relevant departments.

B7. Anti-Corruption

The Group is committed to conducting all its businesses with integrity. Hence, the Group has formulated the Code of Conduct, which requires employees to maintain the highest standards of professionalism in all their dealings with others. During the Reporting Period, the Group was not aware of any material non-compliance with laws and regulations concerning bribery, extortion, fraud, and money laundering that would have a significant impact on the Group, including but not limited to the Money Lenders Ordinance, the Personal Data (Privacy) Ordinance, the Securities and Futures Ordinance of Hong Kong, the Anti-Unfair Competition Law of the People's Republic of China and the Criminal Law of the People's Republic of China. Meanwhile, the Group also had no concluded legal cases regarding corrupt practices brought against the Group or its employees.

Anti-money Laundering, Counter-financing of Terrorism, Fraud and Bribery

As a financial services provider, the Group is sensitive to the prevention of money laundering, potential fraud, and bribery practices. The Group closely monitors signs of money laundering and financial crimes. A number of procedures such as a background investigation, due diligence, and loan approvals for loan financing applications are in place to safeguard the interests of the Group and ensure compliance with the prescribed laws and regulations set up by regulatory authorities. The Group also provides guidelines and training on the prevention of improper practices to employees and reminds them of good practices to prevent unnecessary legal complications.

Anti-corruption Training

The Group endeavours to maintain a culture of integrity, transparency, and accountability by adhering to stringent anti-corruption practices. The Group regularly conducts training to introduce its anti-corruption policies, including the Whistleblowing Policy and the Code of Conduct, to its employees, striving to familiarise themselves with the Group's requirements and current legislation, as well as promote the correct procedures to report corrupt practices. The Group also arranges different anti-corruption training for employees to highlight the importance of anti-corruption. During the Reporting Period, the Group's 21 general employees received a total of 42 hours of anti-corruption training.

Whistle-blowing Mechanism

The Group has formulated the Whistleblowing Policy, which defines the reporting and investigative procedure to encourage employees to report fraudulent activities. The Group intends to protect the whistle-blower from common concerns such as confidentiality and potential retaliation. The whistle-blower should make their reports to the Whistle Blowing Screening Committee in writing by email or post. If the concerns raised involve a Director or a member of the Executive Committee member or the Whistle Blowing Screening Committee, the whistle-blower may, at their own discretion, choose to report directly to the respective Chairperson of the Audit Committee or the Board. The management will then investigate the suspected illegal behaviour and take appropriate actions. The Group assures the whistle-blower reporting in good faith against unfair dismissal or victimisation, even if the reports are subsequently proved to be unsubstantiated.

B8. Community Investment

The Group is committed to empowering and supporting the public through social participation and contribution. As part of its strategic development, the Group has established relevant guidelines on community investment to nurture corporate culture and corporate citizenship.

During the Reporting Period, the Group focused on child and pet welfare. For example, employees of the Group participated in the pet toy-making campaign organised by the Society for the Prevention of Cruelty to Animals (Hong Kong) and donated a total of HKD 12,000. Also, employees of the Group joined the Christmas music decoration workshop organised by the Evangelical Lutheran Church Social Service – Hong Kong(“ELCHK”), striving to bring happiness to children during the festival.

The ESG Reporting Guide Content Index of the Stock Exchange

Mandatory Disclosure Requirements	Section/Declaration
Governance Structure	Introduction – The ESG Governance Structure, Chairman's Statement
Reporting Principles	Reporting Framework
Reporting Boundary	Reporting Scope

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration
A. Environmental		
Aspect A1: Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Emissions
KPI A1.1	The types of emissions and respective emissions data.	Emissions – Exhaust Gas Emissions
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Emissions – GHG Emissions
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Emissions – Waste Management
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Emissions – Waste Management
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	Emissions – GHG Emissions
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Emissions – Waste Management

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration
Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Use of Resources
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Use of Resources – Energy Efficiency
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Use of Resources – Water Consumption
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Use of Resources – Energy Efficiency
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Use of Resources – Water Consumption
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Use of Resources – Use of Packaging Materials
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	The Environment and Natural Resources
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	The Environment and Natural Resources

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration
Aspect A4: Climate Change		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Climate Change
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Climate Change
B. Social		
Aspect B1: Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Employment
KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Employment
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Employment

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration
Aspect B2: Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Health and Safety
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Health and Safety
KPI B2.2	Lost days due to work injury.	Health and Safety
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Health and Safety – Occupational Health and Safety Measures
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Development and Training
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Development and Training
KPI B3.2	The average training hours completed per employee by gender and employee category.	Development and Training

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration
Aspect B4: Labour Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Labour Standards
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Labour Standards – Prevention of Child and Forced Labour
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Labour Standards – Prevention of Child and Forced Labour
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Supply Chain Management
KPI B5.1	Number of suppliers by geographical region.	Supply Chain Management
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Supply Chain Management
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Supply Chain Management – Sustainable Procurement
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Supply Chain Management – Sustainable Procurement

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration
Aspect B6: Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Product Responsibility
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Product Responsibility
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Product Responsibility – Quality Assurance
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Product Responsibility – Intellectual Property ("IP") Rights
KPI B6.4	Description of quality assurance process and recall procedures.	Product Responsibility – Quality Assurance
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Product Responsibility – Customer Data and Privacy Protection

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration
Aspect B7: Anti-corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Anti-corruption
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Anti-corruption
KPI B7.2	Description of preventive measures and whistleblowing procedures, how they are implemented and monitored.	Anti-corruption – Anti-money Laundering, Counter-financing of Terrorism, Fraud and Bribery, Whistle-blowing Mechanism
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Anti-corruption – Anti-corruption Training
Aspect B8: Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Community Investment
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Community Investment
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Community Investment

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天職國際

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
CHINA FINANCIAL SERVICES HOLDINGS LIMITED
(Incorporated in Hong Kong with limited liability)

Opinion

We have audited the consolidated financial statements of China Financial Services Holdings Limited ("the Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 92 to 195, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements, including material accounting policy information.

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

Basis for opinion

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements 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 do not provide a separate opinion on these matters.

The key audit matter	How the matter was addressed in our audit
Valuation of loan receivables	
We identified the valuation of loan receivables as a key audit matter due to the use of judgements and estimates by management in assessing the recoverability of loan receivables. As set out in Note 4 to the consolidated financial statements, the Group estimates the amount of impairment losses for expected credit loss ("ECL") on loan receivables based on the credit risk of loan receivables. The amount of the impairment losses is a function of the probability of default, loss given default and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Where the probability of default is higher than expected, or being revised upwards due to changes in facts and circumstances, a material impairment loss may arise. As disclosed in Note 19 to the consolidated financial statements, the carrying amount of loan receivables as at 31 December 2024 is HK$998,071,000 (net of allowance for ECL of HK$1,142,804,000).	Our procedures in relation to valuation of loan receivables included: – Obtaining an understanding of and assessing the design and implementation of management's key controls relating to credit control, debt collection and impairment assessment of loan receivables; – Assessing the reasonableness of impairment under ECL model by examining the information used by management to form its judgements and estimates, including test of accuracy of the historical default data with reference to the credit history, delay in payments, settlement records, aging analysis of each relevant debtor, and estimated value of the collaterals on loan, on a sample basis; – Evaluating the reasonableness of the forward-looking information management has taken into account; and – Testing the mathematical accuracy of the ECL model on loan receivables prepared by management.

Key audit matters *(Continued)*

Key audit matter	How the matter was addressed in our audit
Impairment assessment of goodwill	
We identified impairment of goodwill as a key audit matter due to significant management judgements involved in determining the recoverable amount of the goodwill for impairment assessment. As set out in Note 15 to the consolidated financial statements, impairment of goodwill is assessed by comparing the recoverable amounts of respective cash-generating units ("CGUs") to which goodwill is allocated, to their carrying values at the end of each reporting period. Significant judgements and assumptions are required by the management in assessing the impairment of goodwill, which are determined with reference to the present value of the estimated future cash flows arising from respective CGUs with key assumptions including expected changes to revenue and direct costs, suitable discount rates and growth rates in order to calculate the recoverable amounts of the CGUs. Included in the Group's consolidated statement of financial position as at 31 December 2024, the goodwill amount is HK$265,961,000. In the opinion of the directors of the Company, impairment loss of HK$28,149,000 is recognised for the year ended 31 December 2024.	Our procedures in relation to the impairment assessment of goodwill included: – Obtaining an understanding of and assessing the design and implementation of management's key control relating to the Group's cash flow forecast preparation process and impairment assessment process; – Assessing the reasonableness of the key assumptions made by the management in determining the recoverable amount of the CGUs, including discount rates, growth rates and expected changes to revenue and direct costs by comparing to the historical performance, the most recent actual performance of respective CGUs; – Testing the mathematical accuracy of the underlying value-in-use calculations; and – Evaluating the sensitivity analysis performed by management around the key assumptions applied to ascertain the extent of change in those assumptions that either individually or collectively would be required for the goodwill to be impaired.

Other information

The directors of the Company are responsible for the other information. The other information comprises all the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

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

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

Responsibilities of the directors and those charged with governance for the consolidated financial statements

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

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

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

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 solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement 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 group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our 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 director on the audit resulting in this independent auditor's report is Del Rosario, Faith Corazon.

Baker Tilly Hong Kong Limited
Certified Public Accountants
Hong Kong, 26 March 2025

Del Rosario, Faith Corazon
Practising Certificate Number P06143

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2024

	Notes	2024 HK$'000	2023 HK$'000
Interest and financing consultancy services income	5	**101,595**	131,473
Interest and handling expenses	5	**(29,434)**	(67,449)
Net interest income and service income	5	**72,161**	64,024
Other income and other gains and losses	6	**6,189**	940
Impairment losses on financial instruments, net of reversal	7	**(44,206)**	(181,566)
Impairment loss on goodwill	15	**(28,149)**	(32,882)
Reversal of loan and interest payables	24(c)	**169,224**	90,737
Reversal of liabilities arising from loan guarantee contracts	24(e)	**1,087**	7,590
General and administrative expenses		**(122,933)**	(109,908)
Share of results of associates		**(1,633)**	5,592
Profit/(loss) before taxation	8	**51,740**	(155,473)
Income tax	9	**(9,443)**	(2,115)
Profit/(loss) for the year		**42,297**	(157,588)
Attributable to:			
Owners of the Company		**41,232**	(159,972)
Non-controlling interests		**1,065**	2,384
Profit/(loss) for the year		**42,297**	(157,588)
Earnings/(loss) per share		**HK$**	HK$
– Basic	12	**0.20**	(0.79)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

	2024 HK$'000	2023 HK$'000
Profit/(loss) for the year	**42,297**	(157,588)
Other comprehensive expense for the year, net of income tax		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	**(13,754)**	(10,197)
Total comprehensive income/(expense) for the year	**28,543**	(167,785)
Attributable to:		
Owners of the Company	**29,160**	(169,011)
Non-controlling interests	**(617)**	1,226
Total comprehensive income/(expense) for the year	**28,543**	(167,785)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	Notes	31 December 2024 HK$'000	31 December 2023 HK$'000
Non-current assets			
Property, plant and equipment	13	**11,349**	12,389
Investment property		**1,348**	1,723
Goodwill	15	**265,961**	300,073
Intangible assets	16	**12,339**	12,878
Interests in associates	17	**34,160**	35,831
Other financial assets	18	**5,287**	5,048
Loan receivables	19	**111,388**	204,793
Deferred tax assets	27	**2,256**	24,700
		444,088	597,435
Current assets			
Loan receivables	19	**886,683**	987,153
Interest receivables	20	**5,570**	6,199
Repossessed assets	21	**38,325**	–
Other receivables, deposits and prepayments	22	**68,484**	86,023
Amounts due from associates	26	**6,229**	56,327
Other financial assets	18	**16,198**	27,587
Cash and cash equivalents	23	**273,019**	453,927
		1,294,508	1,617,216
Current liabilities			
Borrowings and loan payables	24	**661,739**	1,079,112
Other payables, accruals and deposit received	25	**96,647**	100,969
Liabilities arising from loan guarantee contracts	24(e)	**57,942**	74,598
Amount due to an associate	26	**2,764**	2,825
Unsecured bonds	28	**10,226**	42,138
Lease liabilities	29	**3,809**	4,293
Tax payables		**152,558**	161,613
		985,685	1,465,548
Net current assets		**308,823**	151,668
Total assets less current liabilities		**752,911**	749,103

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	Notes	31 December 2024 HK$'000	31 December 2023 HK$'000
Non-current liabilities			
Unsecured bonds	28	–	9,999
Lease liabilities	29	3,470	3,398
Deferred tax liabilities	27	15,781	35,762
		19,251	49,159
Net assets		733,660	699,944
Equity			
Share capital	30	2,080,113	2,080,113
Reserves	31	(1,422,875)	(1,459,399)
Total equity attributable to owners of the Company		657,238	620,714
Non-controlling interests		76,422	79,230
Total equity		733,660	699,944

Approved and authorised for issue by the board of directors on 26 March 2025 and were signed on its behalf by:

Zhang Min
Director

Zhang Kun
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

	Attributable to owners of the Company								
	Share capital HK$'000	**Share-based compensation reserve** HK$'000	**Shares held under the share award scheme** HK$'000	**Exchange reserve** HK$'000	**Statutory surplus reserve** HK$'000	**Accumulated losses** HK$'000	**Total** HK$'000	**Non-controlling interests** HK$'000	**Total equity** HK$'000
At 1 January 2023	2,080,113	29,675	(56,661)	(309,142)	239,560	(1,193,820)	789,725	81,337	871,062
Changes in equity in 2023:									
(Loss)/profit for the year	–	–	–	–	–	(159,972)	(159,972)	2,384	(157,588)
Other comprehensive expense	–	–	–	(9,039)	–	–	(9,039)	(1,158)	(10,197)
Total comprehensive (expense)/income	–	–	–	(9,039)	–	(159,972)	(169,011)	1,226	(167,785)
Dividends paid to non-controlling interest	–	–	–	–	–	–	–	(3,333)	(3,333)
Transfer to reserve	–	–	–	–	4,013	(4,013)	–	–	–
At 31 December 2023 and 1 January 2024	2,080,113	29,675	(56,661)	(318,181)	243,573	(1,357,805)	620,714	79,230	699,944
Changes in equity in 2024:									
Profit for the year	–	–	–	–	–	41,232	41,232	1,065	42,297
Other comprehensive expense	–	–	–	(12,072)	–	–	(12,072)	(1,682)	(13,754)
Total comprehensive (expense)/income	–	–	–	(12,072)	–	41,232	29,160	(617)	28,543
Dividends paid to non-controlling interest	–	–	–	–	–	–	–	(2,191)	(2,191)
Sales of shares held under the share award scheme	–	–	9,817	–	–	(2,453)	7,364	–	7,364
Lapse of share options	–	(13,867)	–	–	–	13,867	–	–	–
Transfer to reserve	–	–	–	–	2,050	(2,050)	–	–	–
At 31 December 2024	2,080,113	15,808	(46,844)	(330,253)	245,623	(1,307,209)	657,238	76,422	733,660

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

	Notes	2024 HK$'000	2023 HK$'000
Operating activities			
Profit/(loss) before taxation		**51,740**	(155,473)
Adjustments for:			
Interest and handling expenses	5	**29,434**	67,449
Bank interest income	6	**(4,013)**	(5,242)
Dividend income from financial assets at fair value through profit or loss ("FVTPL")	6	**(173)**	(1)
Gain/(loss) from changes in fair value of financial assets at FVTPL, net	6	**(1,081)**	10,919
Impairment loss on financial instruments, net of reversal	7	**44,206**	181,566
Impairment loss on intangible assets	16	**539**	687
Recovery of loan receivables previously written off	6	**(2,702)**	–
Depreciation of self-owned property, plant and equipment	8(b)	**1,533**	1,855
Depreciation of right-of-use assets	8(b)	**4,696**	6,153
Loss/(gain) on disposal of property, plant and equipment	6	**10**	(2)
Reversal of loan and interest payables	24(c)	**(169,224)**	(90,737)
Reversal of liabilities arising from loan guarantee contracts	24(e)	**(1,087)**	(7,590)
Loss from change in fair value of investment property	6	**343**	775
Gain on early termination of lease contracts	6	**(72)**	(6)
Impairment loss on goodwill	15	**28,149**	32,882
Share of results of associates		**1,633**	(5,592)
		(16,069)	37,643
Changes in working capital			
Decrease in loan receivables		**108,452**	230,415
Decrease in interest receivables		**783**	8,870
Decrease in other receivables, deposits and prepayments		**6,977**	26,907
Decrease in other payables, accruals and deposits received		**(14,379)**	(457)
Cash generated from operations		**85,764**	303,378
Taxation paid			
– PRC Enterprise Income Tax		**(10,896)**	(11,700)
– Withholding tax on dividends		**(1,500)**	(4,854)
Net cash generated from operating activities		**73,368**	286,824

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

	2024 HK$'000	2023 HK$'000
Investing activities		
Purchase of property, plant and equipment	(1,202)	(1,388)
Purchase of other financial assets	(323,199)	(970,917)
Proceeds from disposal of other financial assets	334,997	944,768
Proceeds from disposal of property, plant and equipment	95	7
Repayment from an associate	49,763	3,319
Advance to an associate	(23)	–
Bank interest received	4,013	5,242
Dividend received from other financial assets	173	1
Net cash generated from/(used in) investing activities	64,617	(18,968)
Financing activities		
Proceeds from new borrowings	21,700	62,850
Repayment of borrowings	(272,086)	(222,031)
Redemption of unsecured bonds	(41,146)	(21,143)
Capital element of lease rental paid	(4,720)	(6,214)
Interest element of lease rental paid	(552)	(542)
Other interest paid	(12,320)	(27,999)
Other finance costs paid	(866)	(2,584)
Dividends paid to non-controlling shareholders of subsidiaries	(2,191)	(3,333)
Net cash used in financing activities	(312,181)	(220,996)
(Decrease)/increase in cash and cash equivalents	(174,196)	46,860
Effect of foreign exchange rate changes	(6,712)	(4,528)
Cash and cash equivalents at beginning of the year	453,927	411,595
Cash and cash equivalents at end of the year	273,019	453,927

1. Corporate Information

China Financial Services Holdings Limited (the "Company") is a public limited company incorporated in Hong Kong and the ordinary shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 1993. Mr. Cheung Siu Lam ("Mr. Cheung"), through his direct shareholding in the Company, is the Company's ultimate controlling party. The Company does not have any parent company.

The address of the Company's registered office and principal place of business is Suite 5606, 56th Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong.

The consolidated financial statements are presented in Hong Kong dollars ("HK$"), which is also the functional currency of the Company.

The principal activity of the Company is investment holding. The principal activities of the Company's subsidiaries are set out in Note 14. The Company and its subsidiaries are hereinafter collectively referred to as the "Group".

2 Application of new and amendments to HKFRS Accounting Standards

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

In the current year, the Group has applied the following amendments to HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time, which are mandatorily effective for the Group's annual periods beginning on 1 January 2024 for the preparation of the consolidated financial statements:

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

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

2 Application of new and amendments to HKFRS Accounting Standards *(Continued)*

2.1 Amendments to HKFRS Accounting Standards that are mandatorily effective for the year (Continued)

Impacts on application of Amendments to HKAS 1 Classification of Liabilities as Current or Non-current (the "2020 Amendments") and Amendments to HKAS 1 Non-current Liabilities with Covenants (the "2022 Amendments")

The Group has applied the amendments for the first time in the current year. The 2020 Amendments provide clarification and additional guidance on the assessment of right to defer settlement for at least twelve months from reporting date for classification of liabilities as current or non-current, which:

- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the classification should not be affected by management intentions or expectations to settle the liability within 12 months.

- clarify that the settlement of a liability can be a transfer of cash, goods or services, or the entity's own equity instruments to the counterparty. If a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying HKAS 32 Financial Instruments: Presentation.

For rights to defer settlement for at least twelve months from reporting date which are conditional on the compliance with covenants, the 2022 Amendments specifically clarify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date, even if compliance with the covenant is assessed only after the reporting date. The 2022 Amendments also specify that covenants with which an entity must comply after the reporting date (i.e. future covenants) do not affect the classification of a liability as current or non-current at the reporting date. However, if the entity's right to defer settlement of a liability is subject to the entity complying with covenants within twelve months after the reporting period, an entity discloses information that enables users of financial statements to understand the risk of the liabilities becoming repayable within twelve months after the reporting period. This would include information about the covenants, the carrying amount of related liabilities and facts and circumstances, if any, that indicate that the entity may have difficulties complying with the covenants.

The application of the amendments has had no material impact on the consolidated financial statements.

2 Application of new and amendments to HKFRS Accounting Standards *(Continued)*

2.2 New and amendments to HKFRS Accounting Standards in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRS Accounting Standards that have been issued but are not yet effective:

Amendments to HKAS 21	Lack of Exchangeability[2]
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments[3]
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-Dependent Electricity[3]
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standard-Volume 11[3]
HKFRS 18	Presentation and Disclosure in Financial Statements[4]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]

1 Effective for annual periods beginning on or after a date to be determined.
2 Effective for annual periods beginning on or after 1 January 2025.
3 Effective for annual periods beginning on or after 1 January 2026.
4 Effective for annual periods beginning on or after 1 January 2027.

Except for the new and amendments to HKFRS Accounting Standards mentioned below, the directors of the Company anticipate that the application of all other new and amendments to HKFRS Accounting Standards will have no material impact on the consolidated financial statements in the foreseeable future.

HKFRS – 18 Presentation and Disclosure in Financial Statements

HKFRS 18 "Presentation and Disclosure in Financial Statements", which sets out requirements on presentation and disclosures in financial statements, will replace HKAS 1 "Presentation of Financial Statements". This new HKFRS Accounting Standard, while carrying forward many of the requirements in HKAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some HKAS 1 paragraphs have been moved to HKAS 8 and HKFRS 7. Minor amendments to HKAS 7 "Statement of Cash Flows" and HKAS 33 "Earnings per Share" are also made.

The application of the new standard is expected to affect the presentation of the statement of profit or loss and disclosures in the future financial statements. The Group is in the process of assessing the detailed impact of HKFRS 18 on the Group's consolidated financial statements.

2 Application of amendments to HKFRS Accounting Standards *(Continued)*

2.2 New and amendments to HKFRS Accounting Standards in issue but not yet effective (Continued)

Amendments to HKFRS 9 and HKFRS 7 – Amendments to the Classification and Measurement of Financial Instruments

The amendments to HKFRS 9 clarify the recognition and derecognition for financial asset and financial liability and add an exception which permits an entity to deem a financial liability to be discharged before the settlement date if it is settled in cash using an electronic payment system if, and only if, certain conditions are met.

The amendments also provide guidance on the assessment of whether the contractual cash flows of a financial asset are consistent with a basic lending arrangement. The amendments specify that an entity should focus on what an entity is being compensated for rather than the compensation amount. Contractual cash flows are inconsistent with a basic lending arrangement if they are indexed to a variable that is not a basic lending risk or cost. The amendments state that, in some cases, a contingent feature may give rise to contractual cash flows that are consistent with a basic lending arrangement both before and after the change in contractual cash flows, but the nature of the contingent event itself does not relate directly to changes in basic lending risks and costs. Furthermore, the description of the term “non-recourse” is enhanced and the characteristics of “contractually linked instruments” are clarified in the amendments.

The application of the amendments is not expected to have material impact on the financial position and performance of the Group.

3. Basis of Preparation of the Consolidated Financial Statements and Material Accounting Policy Information

3.1 Basis of preparation of the consolidated financial statements

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

The consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments and investment property that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange of goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if the market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such basis, except for share-based payment transactions that are within the scope of HKFRS 2 "Share-based Payment", leasing transactions that are accounted for in accordance with HKFRS 16 "Leases" and measurement that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 "Inventories" or value in use in HKAS 36 "Impairment of Assets".

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

For financial instruments which are transacted at fair value and a valuation technique that unobservable inputs are to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that at initial recognition the results of the valuation technique equal the transaction price.

3. Basis of Preparation of the Consolidated Financial Statements and Material Accounting Policy Information *(Continued)*

3.1 Basis of preparation of the consolidated financial statements (Continued)

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

3.2 Material accounting policy information

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangements with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

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

3. Basis of Preparation of the Consolidated Financial Statements and Material Accounting Policy Information *(Continued)*

3.2 Material accounting policy information (Continued)

Basis of consolidation (Continued)

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or accumulated losses, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

Investments in associates

An associate is an entity in which the Group or Company has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

3. Basis of Preparation of the Consolidated Financial Statements and Material Accounting Policy Information *(Continued)*

3.2 Material accounting policy information (Continued)

Investments in associates (Continued)

An investment in an associate is accounted for in the consolidated financial statements under the equity method. Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). The cost of the investment includes purchase price, other costs directly attributable to the acquisition of the investment, and any direct investment into the associate that forms part of the Group's equity investment. Thereafter, the investment is adjusted for the post acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment. At each reporting date, the Group assesses whether there is any objective evidence that the investment is impaired. Any acquisition-date excess over cost, the Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the year are recognised in the consolidated statement of profit or loss, whereas the Group's share of the post-acquisition post-tax items of the investees' other comprehensive income is recognised in the consolidated statement of profit or loss and other comprehensive income.

When the Group's share of losses exceeds its interest in the associate, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method, together with any other Group's long-term interests that in substance form part of the Group's net investment in the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

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

3. Basis of Preparation of the Consolidated Financial Statements and Material Accounting Policy Information *(Continued)*

3.2 Material accounting policy information (Continued)

Investments in associates (Continued)

When the Group ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former investee at the date when significant influence is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset.

In the Company's statement of financial position, investment in an associate is stated at cost less impairment losses.

Goodwill

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interest and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill at the end of each reporting period. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

3. Basis of Preparation of the Consolidated Financial Statements and Material Accounting Policy Information *(Continued)*

3.2 Material accounting policy information (Continued)

Intangible assets

Intangible assets acquired separately

Intangible assets with indefinite useful lives that are acquired separately are carried at cost less any subsequent accumulated impairment losses.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Property, plant and equipment

The following items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses:

– right-of-use assets arising from leases over freehold or leasehold properties where the Group is not the registered owner of the property interest; and

– items of plant and equipment, including right-of-use assets arising from leases of underlying plant and equipment.

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

3. Basis of Preparation of the Consolidated Financial Statements and Material Accounting Policy Information *(Continued)*

3.2 Material accounting policy information (Continued)

Property, plant and equipment (Continued)

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful lives as follows:

–	Leasehold improvements	3 years or over the remaining term of the lease, if shorter
–	Furniture and equipment	3 to 5 years
–	Motor vehicles	3 to 5 years
–	Right-of-use assets	Over the lease term

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

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

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties are measured initially at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at fair value, adjusted to exclude any prepaid or accrued operating lease income.

Gains or losses arising from changes in fair value of investment properties are included in profit or loss for the period in which they arise.

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

3. Basis of Preparation of the Consolidated Financial Statements and Material Accounting Policy Information *(Continued)*

3.2 Material accounting policy information (Continued)

Repossessed assets

Repossessed assets are initially recognised at the lower of their fair value less costs to sell and the amortised cost of the related outstanding loans on the date of repossession. Upon repossession of assets, the respective loan and interest receivables together with the related impairment allowances are derecognised from the consolidated statement of financial position. Subsequently, repossession assets are measured at the lower of their cost and fair value less costs to sell, and therefore written down if and when the fair value less costs to sell falls below the carrying amount of the assets. The difference between the net proceeds and the carrying amounts of the repossessed assets will be recognised as gain or loss upon the disposal of the assets.

Leases

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

The Group as a lessee

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

3. Basis of Preparation of the Consolidated Financial Statements and Material Accounting Policy Information *(Continued)*

3.2 Material accounting policy information (Continued)

Leases (Continued)

The Group as a lessee (Continued)

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right– of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification.

In the consolidated statement of financial position, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

Financial assets and liabilities

Initial recognition and measurement

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on trade-date, the date on which the Group commits to purchase or sell the asset.

3. Basis of Preparation of the Consolidated Financial Statements and Material Accounting Policy Information *(Continued)*

3.2 Material accounting policy information (Continued)

Financial assets and liabilities (Continued)

Initial recognition and measurement (Continued)

At initial recognition, the Group measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at FVTPL, transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability, such as fees and commissions. Transaction costs of financial assets and financial liabilities carried at FVTPL are expensed in profit or loss. Immediately after initial recognition, impairment for financial assets measured at amortised cost is assessed under expected credit loss ("ECL") model, and may result in an accounting loss being recognised in profit or loss when an asset is newly originated.

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

When the fair value of financial assets and liabilities differs from the transaction price on initial recognition, the entity recognises the difference as follows:

(i) When the fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e. a Level 1 input) or based on a valuation technique that uses only data from observable markets, the difference is recognised as a gain or loss.

(ii) In all other cases, the difference is deferred and the timing of recognition of deferred day one profit or loss is determined individually. It is either amortised over the life of the instrument, deferred until the instrument's fair value can be determined using market observable inputs, or realised through settlement.

3. Basis of Preparation of the Consolidated Financial Statements and Material Accounting Policy Information *(Continued)*

3.2 Material accounting policy information (Continued)

Financial assets and liabilities (Continued)

Initial recognition and measurement (Continued)

(a) Financial assets

(i) Classification and subsequent measurement

The Group's financial assets include loans receivables, interest receivables, other receivables and deposits, amounts due from associates, other financial assets, and cash and cash equivalents.

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

(i) FVTPL;
(ii) Fair value through other comprehensive income ("FVTOCI") or
(iii) Amortised cost.

The classification requirements for debt and equity instruments are described below:

Debt instruments

Classification and subsequent measurement of debt instruments depend on:

(i) the Group's business model for managing the asset; and
(ii) the cash flows characteristics of the asset.

Business model assessment:

The business model reflects how the Group manages the assets in order to generate cash flows. That is, whether the Group's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of "other" business model and measured at FVTPL. Factors considered by the Group in determining the business model for a group of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated.

3. Basis of Preparation of the Consolidated Financial Statements and Material Accounting Policy Information *(Continued)*

3.2 Material accounting policy information (Continued)

Financial assets and liabilities (Continued)

Initial recognition and measurement (Continued)

(a) Financial assets *(Continued)*

(i) Classification and subsequent measurement *(Continued)*

Debt instruments *(Continued)*

SPPI test:

The Group assesses the contractual terms of instruments to identify whether the contractual cash flows are "solely payments of principal and interest ("SPPI") on the principal amount outstanding". Financial assets that are consistent with a basic lending arrangement are considered to meet the SPPI criterion. In a "basic lending arrangement", consideration for the time value of money and credit risk are typically the most significant elements of interest. It may also include consideration for other basic lending risks such as liquidity risks, costs associated with holding the financial assets for a period of time (e.g., servicing or administrative costs) and a profit margin.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payments of principal and interest.

Based on these factors, the Group classifies its debt instruments into one of the following three measurement categories:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent SPPI, and that are not designated at FVTPL, are measured at amortised cost. The carrying amount of these assets is adjusted by any ECL allowance recognised and measured at the end of each reporting period. Interest income from these financial assets is included in "Interest income" using the effective interest rate method.

3. Basis of Preparation of the Consolidated Financial Statements and Material Accounting Policy Information *(Continued)*

3.2 Material accounting policy information (Continued)

Financial assets and liabilities (Continued)

Initial recognition and measurement (Continued)

(a) Financial assets *(Continued)*

(i) Classification and subsequent measurement *(Continued)*

Debt instruments *(Continued)*

FVTOCI: Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent SPPI, and that are not designated as at FVTPL, are measured at FVTOCI. Movements in the carrying amount are taken through other comprehensive income ("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 the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in "other gains and losses". Interest income from these financial assets is included in "other income" using the effective interest rate method.

FVTPL: Assets that do not meet the criteria for amortised cost or FVTOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL and is not part of a hedging relationship is recognised in profit or loss and presented in the consolidated statement of profit or loss within "other gains and losses" in the reporting period in which it arises, unless it arises from debt instruments that were designated as at fair value or which are not held for trading, in which case they are presented separately in "other gains and losses". Interest income from these financial assets is included in "interest income" using the effective interest rate method.

The Group reclassifies debt investments when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent and none occurred during the reporting period.

3. Basis of Preparation of the Consolidated Financial Statements and Material Accounting Policy Information *(Continued)*

3.2 Material accounting policy information (Continued)

Financial assets and liabilities (Continued)

Initial recognition and measurement (Continued)

(a) Financial assets *(Continued)*

(i) Classification and subsequent measurement *(Continued)*

Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets. Examples of equity instruments include basic ordinary shares.

The Group subsequently measures all equity investments at FVTPL, except where the Group's management has elected, at initial recognition, to irrevocably designate an equity investment as at FVTOCI. Dividends, when represent a return on such investments, continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Gains and losses on equity investments at FVTPL are included in the "other gains and losses" line in the consolidated statement of profit or loss.

(ii) Impairment

The Group applies a general approach to measure ECL on loan receivables, interest receivables, other receivables and deposits, amounts due from associates and cash at banks as well as loan commitment.

3. Basis of Preparation of the Consolidated Financial Statements and Material Accounting Policy Information *(Continued)*

3.2 *Material accounting policy information (Continued)*

Financial assets and liabilities (Continued)

Initial recognition and measurement (Continued)

(a) Financial assets *(Continued)*

(ii) Impairment *(Continued)*

Under the general approach, financial assets migrate through the following three stages based on the change in credit risk since initial recognition:

Stage 1: 12-month ("12m") ECL

For exposures where there has not been a significant increase in credit risk since initial recognition and that are not credit-impaired upon origination, the portion of the lifetime ECL associated with the probability of default events occurring within the next 12 months is recognised.

Stage 2: Lifetime ECL – not credit-impaired

For exposures where there has been a significant increase in credit risk since initial recognition but are not credit impaired, a lifetime ECL (i.e. reflecting the remaining lifetime of the financial asset) is recognised.

The following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- failure to make payments of principal or interest on their contractually due dates;
- an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);
- an actual or expected significant deterioration in the operating results of the debtor; and
- existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

3. Basis of Preparation of the Consolidated Financial Statements and Material Accounting Policy Information *(Continued)*

3.2 Material accounting policy information (Continued)

Financial assets and liabilities (Continued)

Initial recognition and measurement (Continued)

(a) Financial assets *(Continued)*

(ii) Impairment *(Continued)*

Stage 3: Lifetime ECL – credit-impaired

Exposures are assessed as credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred. For exposures that have become credit-impaired, a lifetime ECL is recognised and interest revenue is calculated by applying the effective interest rate to the amortised cost (net of provision) rather than the gross carrying amount.

Evidence that a financial asset is credit-impaired includes the following observable events:

– significant financial difficulties of the debtor;

– a breach of contract, such as a default or past due event;

– it becoming probable that the borrower will enter into bankruptcy or other financial reorganisation;

– significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or

– the disappearance of an active market for a security because of financial difficulties of the issuer.

At each reporting date, the Group assesses whether there has been a significant increase in credit risk for exposures since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition. The Group considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information and also, forward-looking analysis. A loan that is overdue for 90 days or more is considered as default.

3. Basis of Preparation of the Consolidated Financial Statements and Material Accounting Policy Information *(Continued)*

3.2 Material accounting policy information (Continued)

Financial assets and liabilities (Continued)

Initial recognition and measurement (Continued)

(a) Financial assets *(Continued)*

(ii) Impairment *(Continued)*

Stage 3: Lifetime ECL – credit-impaired *(Continued)*

The Group assesses whether the credit risk on an exposure has increased significantly on an individual or collective basis. For the purposes of a collective evaluation of impairment, financial instruments are grouped on the basis of shared credit risk characteristics, taking into account instrument type, remaining term to maturity and other relevant factors.

The amount of ECL is measured as the probability-weighted present value of all cash shortfalls over the expected life of the financial asset discounted at its original effective interest rate. The cash shortfall is the difference between all contractual cash flows that are due to the Group and all the cash flows that the Group expects to receive. The amount of the loss is recognised using a provision for ECL account.

If, in a subsequent period, credit quality improves and reverses any previously assessed significant increase in credit risk since origination, then the provision for ECL reverts from lifetime ECL to 12m ECL.

(iii) Modification of loans

The Group sometimes renegotiates or otherwise modifies the contractual cash flows of loans to customers. When this happens, the Group assesses whether or not the new terms are substantially different to the original terms.

The Group does this by considering, among others, the following factors:

- If the borrower is in financial difficulty, whether the modification merely reduces the contractual cash flows to amounts the borrower is expected to be able to pay.

- Whether any substantial new terms are introduced, such as a profit share/equity-based return that substantially affects the risk profile of the loan.

3. Basis of Preparation of the Consolidated Financial Statements and Material Accounting Policy Information *(Continued)*

3.2 *Material accounting policy information (Continued)*

Financial assets and liabilities (Continued)

Initial recognition and measurement (Continued)

(a) Financial assets *(Continued)*

(iii) Modification of loans *(Continued)*

- Significant extension of the loan term when the borrower is not in financial difficulty.
- Significant change in the interest rate.
- Change in the currency the loan is denominated in.
- Insertion of collateral, other security or credit enhancements that significantly affect the credit risk associated with the loan.

If the terms are substantially different, the Group derecognises the original financial asset and recognises a "new" asset at fair value and recalculates a new effective interest rate for the asset. The date of renegotiation is consequently considered to be the date of initial recognition for impairment calculation purposes, including for the purpose of determining whether a significant increase in credit risk has occurred. However, the Group also assesses whether the new financial asset recognised is deemed to be credit-impaired at initial recognition, especially in circumstances where the renegotiation was driven by the debtor being unable to make the originally agreed payments. Differences in the carrying amount are also recognised in profit or loss as a gain or loss on derecognition.

If the terms are not substantially different, the renegotiation or modification does not result in derecognition, and the Group recalculates the gross carrying amount based on the revised cash flows of the financial asset and recognises a modification gain or loss in profit or loss. The new gross carrying amount is recalculated by discounting the modified cash flows at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets).

3. Basis of Preparation of the Consolidated Financial Statements and Material Accounting Policy Information *(Continued)*

3.2 Material accounting policy information (Continued)

Financial assets and liabilities (Continued)

Initial recognition and measurement (Continued)

(a) Financial assets *(Continued)*

(iv) Derecognition other than on a modification

Financial assets, or a portion thereof, are derecognised when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either (i) the Group transfers substantially all the risks and rewards of ownership, or (ii) the Group neither transfers nor retains substantially all the risks and rewards of ownership and the Group has not retained control.

The Group enters into transactions where it retains the contractual rights to receive cash flows from assets but assumes a contractual obligation to pay those cash flows to other entities and transfers substantially all of the risks and rewards. These transactions are accounted for as "pass through" transfers that result in derecognition if the Group:

(i) has no obligation to make payments unless it collects equivalent amounts from the assets;

(ii) is prohibited from selling or pledging the assets; and

(iii) has an obligation to remit any cash it collects from the assets without material delay.

Collateral (shares and bonds) furnished by the Group under standard repurchase agreements and securities lending and borrowing transactions is not derecognised because the Group retains substantially all the risks and rewards on the basis of the predetermined repurchase price, and the criteria for derecognition are therefore not met. This also applies to certain securitisation transactions in which the Group retains a subordinated residual interest.

3. Basis of Preparation of the Consolidated Financial Statements and Material Accounting Policy Information *(Continued)*

3.2 Material accounting policy information (Continued)

Financial assets and liabilities (Continued)

Initial recognition and measurement (Continued)

(b) Financial liabilities

Classification and subsequent measurement

Financial liabilities are subsequently measured at amortised cost using the effective interest method. Financial liabilities are derecognised when the obligation specified in the contract is discharged or cancelled, or expires.

Credit losses from financial guarantees contracts

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the "holder") for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantees contracts are initially recognised at fair value, which is determined by reference to fees charged in an arm's length transaction for similar services, when such information is obtainable, or to interest rate differentials, by comparing the actual rates charged by lenders when the guarantee is made available with the estimated rates that lenders would have charged, had the guarantees not been available, where reliable estimates of such information can be made. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in profit or loss.

In the case of the guarantee issued by the Company in respect of a loan to its wholly owned subsidiary, the asset identified could be a form of capital contribution i.e. an addition to the cost of the investment in the subsidiary. This is on the basis that, all other things being equal, the subsidiary will earn enhanced profits as a result of the financial guarantee from having secured borrowings at a lower rate than it would have done without the guarantee, and these profits will eventually flow to the Company by way of dividends or enhanced disposal proceeds. The increased aggregate cost of investment would then be subject to the normal rules applied to investments in subsidiaries, in particular concerning the calculation of impairment losses. Subsequent to initial recognition, the amount initially recognised as deferred income is amortised in profit or loss over the term of the guarantee as income from financial guarantees contracts.

3. Basis of Preparation of the Consolidated Financial Statements and Material Accounting Policy Information *(Continued)*

3.2 Material accounting policy information (Continued)

Financial assets and liabilities (Continued)

Initial recognition and measurement (Continued)

(b) Financial liabilities *(Continued)*

Credit losses from financial guarantees contracts *(Continued)*

The Group monitors the risk that the specified debtor will default on the contract and recognises a provision when ECLs on the financial guarantees are determined to be higher than the amount carried in liabilities arising from loan guarantee contracts in respect of the guarantees (i.e. the amount initially recognised, less accumulated amortisation).

To determine ECLs, the Group considers changes in the risk of default of the specified debtor since the issuance of the guarantee. A 12m ECL is measured unless the risk that the specified debtor will default has increased significantly since the guarantee is issued, in which case a lifetime ECL is measured.

As the Group is required to make payments only in the event of a default by the specified debtor in accordance with the terms of the instrument that is guaranteed, an ECL is estimated based on the expected payments to reimburse the holder for a credit loss that it incurs less any amount that the Group expects to receive from the holder of the guarantee, the specified debtor or any other party. The amount is then discounted using the current risk-free rate adjusted for risks specific to the cash flows.

(c) Offsetting of financial instruments

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

3. Basis of Preparation of the Consolidated Financial Statements and Material Accounting Policy Information *(Continued)*

3.2 Material accounting policy information (Continued)

Impairment of non-financial assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment, including right-of-use assets;
- interests in associates;
- intangible assets;
- goodwill; and
- investments in subsidiaries and associates in the Company's statement of financial position.

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill and intangible assets that have indefinite useful lives, the recoverable amount is estimated annually whether or not there is any indication of impairment.

- *Calculation of recoverable amount*
  The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

3. Basis of Preparation of the Consolidated Financial Statements and Material Accounting Policy Information *(Continued)*

3.2 Material accounting policy information (Continued)

Impairment of non-financial assets (Continued)

– *Recognition of impairment losses*

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

– *Reversals of impairment losses*

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Cash equivalents are assessed for ECL at the end of the reporting period.

3. Basis of Preparation of the Consolidated Financial Statements and Material Accounting Policy Information *(Continued)*

3.2 *Material accounting policy information (Continued)*

Employee benefits and share-based payment arrangements

(i) Short-term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans, and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(ii) Share-based payments to employees

The fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in share-based compensation reserve within equity. The fair value is measured at grant date taking into account the terms and conditions upon which the options were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the options, the total estimated fair value of the options is spread over the vesting period, taking into account the probability that the options will vest.

During the vesting period, the number of share options that is expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognised in prior years is charged/credited to the profit or loss for the year of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the share-based compensation reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of options that vest (with a corresponding adjustment to the share-based compensation reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the Company's shares. The equity amount is recognised in the share-based compensation reserve until either the option is exercised (when it is included in the amount recognised in share capital for the shares issued) or the option expires (when it is released directly to accumulated losses).

3. Basis of Preparation of the Consolidated Financial Statements and Material Accounting Policy Information *(Continued)*

3.2 Material accounting policy information (Continued)

Employee benefits and share-based payment arrangements (Continued)

(iii) Share-based payments to consultants

Share options issued in exchange for goods or services are measured at the fair values of the goods or services received, unless that fair value cannot be estimated reliably, in which case the goods or services received are measured by reference to the fair value of the share options granted. The fair values of the goods or services received are recognised as expenses, with a corresponding increase in equity (share-based compensation reserve), when the Group obtains the goods or when the counterparties render services, unless the goods or services qualify for recognition as assets.

(iv) Shares held under the share award scheme

Own equity instruments which are reacquired (shares held under the share award scheme) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration is recognised in equity.

(v) Share-based payments to employees under share award scheme

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The cost of equity-settled transactions is recognised, together with a corresponding increase in the "share-based compensation reserve" under equity, over the period in which the performance and/or service conditions are fulfilled in share-based compensation expense. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that reporting period.

3. Basis of Preparation of the Consolidated Financial Statements and Material Accounting Policy Information *(Continued)*

3.2 Material accounting policy information (Continued)

Employee benefits and share-based payment arrangements (Continued)

(v) Share-based payments to employees under share award scheme (Continued)

No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

Provisions and contingent liabilities

Provisions are recognised when the Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

3. Basis of Preparation of the Consolidated Financial Statements and Material Accounting Policy Information *(Continued)*

3.2 Material accounting policy information (Continued)

Revenue recognition

Income derived from the provision of short-term financing services in the ordinary course of the Group's business is classified by the Group as revenue.

Revenue is recognised when service is transferred to the customer at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value-added tax or other sales taxes, if applicable.

Further details of the Group's revenue and other income recognition policies are as follows:

(i) Revenue from financing services

Interest income is recognised in the consolidated statement of profit or loss for all financial assets using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset. When calculating the effective interest rate, the Group estimates future cash flows considering all contractual terms of the financial instrument but does not consider future credit losses. The calculation includes fees, premiums or discounts and basis points paid or received between parties to the contract, and directly attributable origination fees and costs which represent an integral part of the effective yield.

3. Basis of Preparation of the Consolidated Financial Statements and Material Accounting Policy Information *(Continued)*

3.2 Material accounting policy information (Continued)

Revenue recognition (Continued)

(ii) Dividends

– Dividend income from unlisted investments is recognised when the shareholder's right to receive payment is established.

– Dividend income from listed investments is recognised when the share price of the investment goes ex-dividend.

(iii) Other interest income

Other interest income is recognised as it accrues using the effective interest method.

(iv) Other service income

Income arising from the provision of other services is recognised when the relevant services are rendered.

(v) Income from financial guarantee contracts

Income from financial guarantee contracts is recognised over the term of the guarantees.

Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of reporting period, and any adjustment to tax payable in respect of previous years.

3. Basis of Preparation of the Consolidated Financial Statements and Material Accounting Policy Information *(Continued)*

3.2 Material accounting policy information (Continued)

Income tax (Continued)

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary differences or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination and does not give rise to equal taxable and deductible temporary differences), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantially enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

3. Basis of Preparation of the Consolidated Financial Statements and Material Accounting Policy Information *(Continued)*

3.2 Material accounting policy information (Continued)

Income tax (Continued)

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

– in the case of current tax assets and liabilities, the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

– in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

  – the same taxable entity; or

  – different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

Translation of foreign currencies

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency").

3. Basis of Preparation of the Consolidated Financial Statements and Material Accounting Policy Information *(Continued)*

3.2 Material accounting policy information (Continued)

Translation of foreign currencies (Continued)

(ii) Transactions and balances

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was measured.

The results of foreign operations are translated into Hong Kong dollars at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Consolidated statement of financial position items, including goodwill arising on consolidation of foreign operations acquired on or after 1 January 2005, are translated into Hong Kong dollars at the closing foreign exchange rates at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve. Goodwill arising on consolidation of a foreign operation acquired before 1 January 2005 is translated at the foreign exchange rate that applied at the date of acquisition of foreign operation.

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, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), the cumulative amount of the exchange differences in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

3. Basis of Preparation of the Consolidated Financial Statements and Material Accounting Policy Information *(Continued)*

3.2 *Material accounting policy information (Continued)*

Borrowing costs

All borrowing costs which are not eligible for capitalisation to qualifying assets are recognised in profit or loss in the period in which they are incurred.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Such grants are presented under "other income".

Related parties

a) A person, or a close member of that person's family, is related to the Group if that person:

   i) has control or joint control over the Group;

   ii) has significant influence over the Group; or

   iii) is a member of the key management personnel of the Group or the Group's parent.

3. Basis of Preparation of the Consolidated Financial Statements and Material Accounting Policy Information *(Continued)*

3.2 Material accounting policy information (Continued)

Related parties (Continued)

b) An entity is related to the Group if any of the following conditions applies:

i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

iii) Both entities are joint ventures of the same third party.

iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

vi) The entity is controlled or jointly controlled by a person identified in (a).

vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

viii) The entity, or any member of a Group of which it is a part, provides key management personnel services to the Group or the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

4. Key Sources of Estimation Uncertainty

In the application of the Group's accounting policies, which are described in Note 3.2, management of the Group is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(i) Impairment assessment of goodwill (Carrying amount – HK$265,961,000 (2023: HK$300,073,000))

Determining whether goodwill is impaired requires an estimation of the value in use of the cash–generating units to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating units and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise.

(ii) Valuation of loan receivables (Carrying amount – HK$998,071,000 (2023: HK$1,191,946,000))

The measurement of impairment losses under HKFRS 9 "Financial Instruments" across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

4. Key Sources of Estimation Uncertainty *(Continued)*

(ii) Valuation of loan receivables (Carrying amount – HK$998,071,000 (2023: HK$1,191,946,000)) (Continued)

The Group's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

- The Group's internal credit grading model, which assigns probabilities of default to the individual grades;
- 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;
- The segmentation of financial assets based on risk characteristics of the customers and product types when their ECL is assessed on a collective basis;
- 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; and
- Determination of associations between macroeconomic scenarios and, economic inputs, such as Gross Domestic Product growth, Property Price Index, Inflation Rate and Unemployment Rate, and the effect on probabilities of default, exposures at default and losses given default.

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

5. Revenue and Segment Reporting

a) *Revenue*

The amount of each significant category of revenue during the year is as follows:

	2024 HK$'000	2023 HK$'000
Interest and financing consultancy services income from:		
Pawn loans, loan receivables from micro-lending and money-lending	**101,585**	127,440
Other loan receivables	**10**	4,033
	101,595	131,473
Interest and handling expenses from:		
Borrowings and loan payables	**(8,992)**	(23,121)
Loan payables from the Incidents (as defined in Note 24(c))	**(18,838)**	(38,263)
Unsecured bonds	**(186)**	(2,939)
Lease liabilities	**(552)**	(542)
Other finance costs	**(866)**	(2,584)
	(29,434)	(67,449)
Net interest income and service income	**72,161**	64,024

For the year ended 31 December 2024, the total amount of interest income on financial assets that is not at FVTPL, including bank interest income (Note 6(a)), was HK$105,608,000 (2023: HK$136,715,000).

5. Revenue and Segment Reporting *(Continued)*

b) *Segmental Information*

(i) *Operating segment information*

The directors of the Company have determined that the Group has only one reportable segment as the Group is principally engaged in providing financing service which is the basis to allocate resources and assess performance of the Group for both years.

(ii) *Geographical information*

Revenue from external customers

	2024 HK$'000	2023 HK$'000
Hong Kong	30,609	35,505
The People's Republic of China (the "PRC")	70,986	95,968
	101,595	131,473

The geographic location of revenue from external customers is based on the location at which the services were rendered.

Non-current assets

	2024 HK$'000	2023 HK$'000
Hong Kong	20,566	21,792
The PRC	275,260	308,674
United Kingdom	29,331	32,428
	325,157	362,894

The above table sets out the information about the geographical location of the Group's property, plant and equipment, investment property, goodwill, intangible assets and interests in associates based on the physical location of these assets.

5. Revenue and Segment Reporting *(Continued)*

b) *Segmental Information (Continued)*

(iii) Information about major customers

There was no customer who individually contributed over 10% of the Group's revenue for the years ended 31 December 2024 and 2023.

6. Other Income and Other Gains and Losses

	2024 HK$'000	2023 HK$'000
a) *Other Income*		
Bank interest income	**4,013**	5,242
Income from government subsidies	**19**	3,197
Other consultancy services income	**84**	510
Dividend income from financial assets at FVTPL	**173**	1
Others	**778**	4,687
	5,067	13,637
b) *Other Gains and Losses*		
Gain/(loss) from changes in fair value of financial assets at FVTPL, net	**1,081**	(10,919)
Loss from change in fair value of investment property	**(343)**	(775)
Impairment loss on intangible assets (Note 16)	**(539)**	(687)
Recovery of loan receivables previously written off	**2,702**	–
(Loss)/gain on disposal of property, plant and equipment	**(10)**	2
Gain on early termination of lease contracts	**72**	6
Exchange loss, net	**(1,841)**	(324)
	1,122	(12,697)
Total	**6,189**	940

7. Impairment Losses on Financial Instruments, Net of Reversal

	2024 HK$'000	2023 HK$'000
Impairment losses recognised/(reversed) on:		
Loan receivables	27,814	184,234
Interest receivables	(242)	(3,492)
Other receivables	16,634	824
	44,206	181,566

8. Profit/(loss) Before Taxation

The Group's profit/(loss) before taxation is arrived at after charging:

	2024 HK$'000	2023 HK$'000
(a) Staff costs (including directors' emoluments):		
Salaries, allowances and other benefits	45,010	48,810
Contributions to defined contribution retirement plans	4,414	4,884
	49,424	53,694
(b) Other items:		
Auditor's remuneration		
– audit service	2,300	2,650
– non-audit service	545	525
	2,845	3,175
Depreciation of property, plant and equipment (Note 13)		
– self-owned assets	1,533	1,855
– right-of-use assets	4,696	6,153
	6,229	8,008

9. Income Tax

a) Taxation in the consolidated statement of profit or loss represents:

	2024 HK$'000	2023 HK$'000
Current tax – PRC Enterprise Income Tax		
Provision for the year	6,507	13,225
(Over)/under-provision in respect of prior years	(1,303)	2,240
Withholding tax on dividends		
Provision for the year	1,500	4,854
Deferred tax		
Origination and reversal of temporary differences (Note 27(b))	2,739	(18,204)
	9,443	2,115

(i) The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operates.

(ii) Hong Kong Profits Tax is calculated at 16.5% on the estimated assessable profits of the relevant group entities. The assessable profits for both years were absorbed by the tax losses brought forward from prior years.

(iii) Pursuant to the rules and regulations of the British Virgin Islands ("BVI") and Cayman Islands, the Group is not subject to any income tax in the respective jurisdictions.

(iv) The provision for the PRC Enterprise Income Tax of the subsidiaries established in the PRC is calculated at 25% of the estimated taxable profits for both years.

(v) Pursuant the Enterprise Income Tax Law and its implementation rules, dividends receivable by non-PRC corporate residents from PRC enterprises are subject to withholding tax at a rate of 10%, unless reduced by tax treaties or arrangements, for profits earned since 1 January 2008. In addition, under the Sino-Hong Kong Double Tax Arrangement, a qualified Hong Kong tax resident will be liable for withholding tax at the rate of 5% for dividend income derived from the PRC if the Hong Kong tax resident is the "beneficial owner" and holds 25% or more of the equity interests of the PRC enterprise.

Deferred tax liabilities have been provided for in this regard based on the expected dividends to be distributed from the Group's PRC subsidiaries in the foreseeable future in respect of profits generated since 1 January 2008 (Note 27).

9. Income Tax *(Continued)*

b) *Reconciliation between tax expense charged to profit or loss and accounting profit/(loss) at the applicable tax rates:*

	2024 HK$'000	2023 HK$'000
Profit/(loss) before taxation	**51,740**	(155,473)
Notional tax on profit/(loss) before taxation, calculated at the rates applicable to profits/(losses) in the tax jurisdictions concerned	**20,078**	(29,609)
Tax effect of non-taxable income	**(43,742)**	(28,254)
Tax effect of non-deductible expenses	**25,058**	44,951
Tax effect of temporary differences not recognised	**(95)**	(82)
Tax effect of tax losses not recognised	**11,004**	11,984
Tax effect of utilisation of unused tax losses previously not recognised	**(1,607)**	(1,755)
(Over)/under-provision of PRC Enterprise Income Tax in prior years	**(1,303)**	2,240
Tax effect of withholding tax on the distributable profits of the Group's PRC subsidiaries	**50**	2,640
Income tax expense	**9,443**	2,115

10. Directors' and Chief Executive's Emoluments

Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation and the chief executive's emoluments are as follows:

(a) Year ended 31 December 2024

	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Retirement scheme contributions HK$'000	Total HK$'000
Executive director				
Mr. Zhang Min	360	–	–	360
Non-executive director				
Mr. Tao Chun (note i)	100	–	–	100
Independent non-executive directors				
Mr. Lee Ka Wai	120	–	–	120
Mr. Chan Chun Keung	120	–	–	120
Madam Zhan Lili	120	–	–	120
Mr. Zhang Kun	120	–	–	120
Mr. John Paul Ribeiro (note ii)	120	–	–	120
	1,060	–	–	1,060

Note:

(i) Mr. Tao Chun has resigned as non-executive director and a member of the Remuneration Committee and Nomination Committee of the Company with effect from 30 October 2024.

(ii) Mr. John Paul Ribeiro has resigned as independent non-executive director of the Company with effect from 17 March 2025.

10. Directors' and Chief Executive's Emoluments *(Continued)*

(b) Year ended 31 December 2023

	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Retirement scheme contributions HK$'000	Total HK$'000
Executive director				
Mr. Zhang Min	360	–	–	360
Non-executive directors				
Mr. Tao Chun	120	–	–	120
Mr. Wu Xinjiang (note i)	23	–	–	23
Independent non-executive directors				
Mr. Lee Ka Wai (note ii)	120	–	–	120
Mr. Chan Chun Keung	120	–	–	120
Dr. Zhang Xiao Jun (note iii)	23	–	–	23
Madam Zhan Lili	120	–	–	120
Mr. Zhang Kun (note iv)	97	–	–	97
Mr. John Paul Ribeiro (note v)	95	–	–	95
	1,078	–	–	1,078

10. Directors' and Chief Executive's Emoluments *(Continued)*

(b) Year ended 31 December 2023 (Continued)

Notes:

(i) Mr. Wu Xinjiang has resigned as non-executive director and a member of the audit committee of the Company with effect from 13 March 2023.

(ii) Mr. Lee Ka Wai has resigned as the chairman of the Remuneration Committee of the Company with effect from 13 March 2023.

(iii) Dr. Zhang Xiao Jun has resigned as an independent non-executive director and member of the Audit Committee, the Remuneration Committee, the Nomination Committee and the Business Risks Committee of the Company with effect from 13 March 2023.

(iv) Mr. Zhang Kun has been appointed as an independent non-executive director and the chairman of the Remuneration Committee and a member of the Audit Committee, the Nomination Committee and the Business Risks Committee of the Company with effect from 13 March 2023.

(v) Mr. John Paul Ribeiro has been appointed as an independent non-executive director of the Company with effect from 17 March 2023.

No emoluments were paid by the Group to any of the directors as an inducement to join or upon joining the Group or as compensation for loss of office and there was no arrangement under which a director has waived or agreed to waive any emoluments during both years.

11. Individuals with Highest Emoluments

The five highest paid employees during both years did not include any directors, details of the remuneration for their services as directors are set out in Note 10. Details of the remuneration of the non-director highest paid employees are as follows:

	2024 HK$'000	2023 HK$'000
Salaries, allowances and other benefits	9,619	8,322
Retirement scheme contributions	279	431
	9,898	8,753

The emoluments of the five (2023: five) individuals with the highest emoluments are within the following bands for the year:

	Number of individuals	
	2024	2023
Nil to HK$1,000,000	1	2
HK$1,000,000 to HK$1,500,000	2	1
HK$2,000,001 to HK$3,000,000	2	2

No emoluments were paid to any of the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office for both years.

12. Earnings/(loss) Per Share

The calculation of basic earnings/(loss) per share is based on the profit attributable to owners of the Company of HK$41,232,000 (2023: loss attributable to owners of the Company of HK$159,972,000) and the weighted average number of ordinary shares in issue of less shares held under the Company's share award scheme during the year of 202,601,810 (2023: 202,323,367).

The computation of diluted earnings/(loss) per share does not assume the exercise of the Company's options because the exercise price of those options was higher than the average market price for shares for both years. Accordingly, the diluted earnings/(loss) per share is the same as the basic earnings/(loss) per share.

13. Property, Plant and Equipment

(a) *Reconciliation of carrying amount*

	Leasehold improvements HK$'000	Motor vehicles HK$'000	Furniture and equipment HK$'000	Properties leased for own use HK$'000	Total HK$'000
Cost					
At 1 January 2023	15,559	6,548	11,656	18,171	51,934
Additions	254	773	361	1,148	2,536
Disposals	–	–	(352)	–	(352)
Lease modification	–	–	–	6,021	6,021
Early termination of lease contracts	–	–	–	(1,247)	(1,247)
Exchange adjustment	(176)	(32)	(102)	(116)	(426)
At 31 December 2023 and 1 January 2024	15,637	7,289	11,563	23,977	58,466
Additions	279	766	157	2,039	3,241
Disposals	–	(615)	(2,070)	–	(2,685)
Lease modification	–	–	–	2,930	2,930
Early termination of lease contracts	–	–	–	(2,680)	(2,680)
Expiration of lease contract	–	–	–	(540)	(540)
Exchange adjustment	(266)	(49)	(142)	(184)	(641)
At 31 December 2024	**15,650**	**7,391**	**9,508**	**25,542**	**58,091**
Accumulated depreciation and impairment					
At 1 January 2023	14,273	6,447	8,028	11,089	39,837
Charge for the year	739	142	974	6,153	8,008
Written back on disposals	–	–	(347)	–	(347)
Early termination of lease contracts	–	–	–	(1,100)	(1,100)
Exchange adjustment	(163)	(30)	(60)	(68)	(321)
At 31 December 2023 and 1 January 2024	14,849	6,559	8,595	16,074	46,077
Charge for the year	531	216	786	4,696	6,229
Written back on disposals	–	(615)	(1,965)	–	(2,580)
Early termination of lease contracts	–	–	–	(1,934)	(1,934)
Expiration of lease contract	–	–	–	(540)	(540)
Exchange adjustment	(252)	(45)	(94)	(119)	(510)
At 31 December 2024	**15,128**	**6,115**	**7,322**	**18,177**	**46,742**
Carrying amounts					
At 31 December 2024	**522**	**1,276**	**2,186**	**7,365**	**11,349**
At 31 December 2023	788	730	2,968	7,903	12,389

13. Property, Plant and Equipment *(Continued)*

(b) Right-of-use assets

The analysis of the net book value of right-of-use assets by class of underlying assets is as follows:

	2024	2023
	HK$'000	HK$'000
Properties leased for own use	**7,365**	7,903

The analysis of expense items in relation to leases recognised in profit or loss is as follows:

	2024	2023
	HK$'000	HK$'000
Depreciation charge of right-of-use assets by class of underlying asset:		
Properties leased for own use	**4,696**	6,153
Interest expenses on lease liabilities (Note 5(a))	**552**	542
Expense relating to short-term leases	**680**	618

Notes:

(i) Details of total cash outflow for leases and the maturity analysis of lease liabilities are set out in Notes 23(b) and 29, respectively.

(ii) The Group has obtained the right to use other properties as its office premises and director's quarter through tenancy agreements. The leases typically run for an initial period of 1 to 4 years (2023: 1 to 5 years). None of the leases includes variable lease payments.

(iii) During the year ended 31 December 2024, the Group entered into new office lease. Right-of-use assets and lease liabilities of HK$2,039,000 (2023: HK$1,148,000) and HK$2,039,000 (2023: HK$1,148,000) were recognised at the commencement of the leases respectively. Furthermore, the Group recognised right-of-use assets and lease liabilities of HK$2,930,000 (2023: HK$6,021,000) and HK$2,930,000 (2023: HK$6,021,000), respectively, in relation to lease modification during the year.

14. Investments in Subsidiaries

The following list contains only the particulars of the major subsidiaries with active operations of the Group for the year:

Name	Place of incorporation/ registration and operations	Particulars of issued and paid-up capital/ registered share capital	Percentage of equity interest attributable to the Company 2024	2023	Principal activities
Directly owned					
K.P.B. Group Holdings Limited	BVI/Hong Kong	Ordinary US$12	100%	100%	Investment holding
Noble Lion Education Company Limited	Hong Kong	1 ordinary share	100%	100%	Provision of education services
北京華夏新業諮詢服務有限公司 (note a)	The PRC	Registered capital RMB5,000,000	100%	100%	Provision of investment consultancy services related to loan guarantee and financing consultancy services
北京中金城開小額貸款有限公司 (note a)	The PRC	Registered capital RMB320,000,000	100%	100%	Micro-lending
深圳市領達小額貸款有限公司 (note a)	The PRC	Registered capital RMB300,000,000	100%	100%	Micro-lending
重慶兩江新區領達商務信息諮詢有限公司 (note a)	The PRC	Registered capital US$1,400,000	100%	100%	Provision of information consultancy services
Indirectly owned					
Brick Lane Education Company Limited	Hong Kong	10 ordinary shares	60%	60%	Provision of education services
Charter Merit Limited	Hong Kong	2 ordinary shares	100%	100%	Holding of a club membership
Charter Paradise Limited	Hong Kong	2 ordinary shares	100%	100%	Holding of a club membership
K.P.I. Development Limited	Hong Kong	2 ordinary shares and 10,000 non-voting deferred shares	100%	100%	Securities trading
K.P.I. Industries Limited	Hong Kong	2 ordinary shares and 2 non-voting deferred shares	100%	100%	Holding of club memberships
QL Credit Gain Finance Company Limited	Hong Kong	1,000,000 ordinary shares	100%	100%	Money lending
KP Credit Gain Finance Company Limited	Hong Kong	1,000,000 ordinary shares	100%	100%	Money lending

14. Investments in Subsidiaries *(Continued)*

Name	Place of incorporation/ registration and operations	Particulars of issued and paid-up capital/ registered share capital	Percentage of equity interest attributable to the Company 2024	2023	Principal activities
Oyster Pie Solutions Limited	Hong Kong	100 ordinary shares	**100%**	100%	Money lending
北京中港佳鄰商業有限公司 (note a)	The PRC	Registered capital US$13,000,000	**100%**	100%	Provision of financing consultancy services
北京中金投財務諮詢有限公司 (note a)	The PRC	Registered capital US$300,000	**100%**	100%	Provision of financing consultancy services
北京中金港資產管理有限公司 (note b)	The PRC	Registered capital RMB200,000,000	**100%**	100%	Provision of financing consultancy services
北京中金投典當行有限公司 (note b)	The PRC	Registered capital RMB200,000,000	**100%**	100%	Money lending
北京惠豐融金小額貸款有限公司 (note b)	The PRC	Registered capital RMB50,000,000	**70%**	70%	Micro-lending
北京融信嘉資產管理有限公司 (note b)	The PRC	Registered capital RMB100,000,000	**100%**	100%	Provision of financing consultancy services
北京朗明格諮詢有限公司 (note b)	The PRC	Registered capital RMB27,500,000	**100%**	100%	Provision of financing consultancy services
中金恒豐(北京)科技服務有限公司 (note b)	The PRC	Registered capital RMB10,000,000	**100%**	100%	Provision of financing consultancy services
成都市武候惠信小額貸款有限責任公司 (note c)	The PRC	Registered capital RMB300,000,000	**90%**	90%	Micro-lending

Notes:

a) The entity is a wholly-foreign-owned enterprise established in the PRC.

b) The entity is a limited liability company established in the PRC.

c) The entity is a Sino-foreign enterprise established in the PRC.

14. Investments in Subsidiaries *(Continued)*

The following table lists out the information relating to the subsidiaries of the Group which has material non-controlling interest ("NCI"). The summarised financial information presented below represents the amounts before any inter-company elimination.

	北京惠豐融金小額貸款有限公司		成都市武侯惠信小額貸款有限責任公司	
	2024	2023	**2024**	2023
	HK$'000	HK$'000	**HK$'000**	HK$'000
NCI percentage	**30%**	30%	**10%**	10%
Current assets	**132,233**	136,434	**337,089**	348,706
Non-current assets	**1,041**	1,327	**45,956**	53,135
Current liabilities	**(9)**	(372)	**(16,922)**	(20,556)
Non-current liabilities	**–**	–	**(532)**	–
Net assets	**133,265**	137,389	**365,591**	381,285
Carrying amount of NCI	**39,980**	41,217	**36,559**	38,129
Revenue	**2,100**	4,622	**29,568**	33,530
(Loss)/profit for the year	**(1,200)**	2,341	**14,270**	16,755
Total comprehensive (expense)/income	**(4,124)**	367	**6,216**	11,099
(Loss)/profit allocated to NCI	**(360)**	702	**1,427**	1,675
Dividend paid to NCI	**–**	–	**2,191**	3,333
Cash flows (used in)/from operating activities	**(22,871)**	18,036	**3,896**	105,173
Cash flows from investing activities	**90**	417	**2,440**	1,414
Cash flows used in financing activities	**–**	(200)	**(22,464)**	(34,138)

15. Goodwill

	HK$'000
Carrying amount	
At 1 January 2023	337,522
Impairment loss on goodwill	(32,882)
Exchange adjustment	(4,567)
At 31 December 2023 and 1 January 2024	300,073
Impairment loss on goodwill	(28,149)
Exchange adjustment	(5,963)
At 31 December 2024	265,961

Goodwill has been allocated for impairment testing purpose to the following CGUs.

– Financing business in Beijing, the PRC ("Division A")
– Financing business in Shenzhen, the PRC ("Division B")
– Financing business in Hong Kong ("Division C")

The carrying amounts of goodwill as at 31 December 2024 and 31 December 2023 allocated to these CGUs are as below:

	2024 **HK$'000**	2023 HK$'000
Division A	**263,144**	297,251
Division B	**235**	240
Division C	**2,582**	2,582
	265,961	300,073

15. Goodwill *(Continued)*

Division A

The recoverable amount of the Division A is determined based on the value in use calculations from a business valuation report on the Division A prepared by an independent qualified professional valuer, Peak Vision Appraisals Limited (2023: Peak Vision Appraisals Limited). These calculations use cash flow projections based on financial budgets approved by management covering a five-year period (2023: five-year period). Cash flows beyond the five-year period (2023: five-year period) are extrapolated using an estimated growth rate stated below which is by reference to the forecasts based on the funds available for the Group's loan financing business and does not exceed the forecasts included in industry reports. The growth rates used do not exceed the long-term average growth rates for the business in which the Division A operates. The cash flows are discounted using the discount rate stated below. The discount rates used are pre-tax and reflect specific risks relating to Division A.

Key assumptions used for the value-in-use calculations are as follows:

	2024	2023
Growth rate	**2.0%**	2.0%
Gross margin	**65.43%**	82.92%
Discount rate	**13.01%**	13.20%

Management determined the budgeted gross margin based on past performance and its expectation for market development.

During the year ended 31 December 2024, the trend for interest rate for loan receivables is estimated to be downward under the present economic environment, resulting in the lower estimated future revenue than previously expected. Accordingly, the estimated recoverable amount of Division A is lower than its carrying amount, hence an impairment loss of HK$28,149,000 (2023: HK$32,882,000) is recognised on the goodwill allocated to Division A during the year.

Division B and Division C

For the year ended 31 December 2024, since the recoverable amounts of Division B and Division C were larger than the carrying amounts, the directors of the Company considered that no impairment of goodwill was recognised (2023: Nil).

16. Intangible Assets

	Club memberships
	HK$'000
At 1 January 2023	13,565
Impairment	(687)
At 31 December 2023 and 1 January 2024	12,878
Impairment	(539)
At 31 December 2024	12,339

The club memberships have been considered to have indefinite lives because they are expected to contribute to the net cash flows of the Group indefinitely, and are not amortised.

For the year ended 31 December 2024, the directors of the Company considered that the recoverable amount of the club memberships was lower than its carrying amount, an impairment of HK$539,000 (2023: HK$687,000) was recognised in profit or loss.

17. Interests in Associates

	2024 HK$'000	2023 HK$'000
Carrying amount in the consolidated statement of financial position	**34,160**	35,831

The following list contains the particulars of associates, which are unlisted corporate entities whose quoted market price are not available.

Name of associate	Place of incorporation/ registration and operations	Particulars of issued and paid-up capital/ registered share capital	Proportion of ownership interest and voting rights held by the Group 2024	2023	Principal activity
北京中匯豐源融資租賃有限公司 (“中匯豐源”) (note (i))	The PRC	Registered capital USD10,000,000	**25%**	25%	Not yet commenced operation
KGH Holdings Limited (“KGH”) (note (ii))	Republic of Seychelles	100 ordinary shares	**40%**	40%	Investment holding
Thetford Grammar School Limited (“Thetford Grammar School”) (note (ii))	United Kingdom	5,760,480 ordinary shares	**40%**	40%	Provision of education services
北京達隆恆業管理咨詢有限公司 (“達隆恆業”)	The PRC	Registered capital RMB10,000,000	**20%**	20%	Provision of consultancy services
Access Global Education Enterprise Limited (“Access Global”) (note (iii))	Hong Kong	1,000 ordinary shares	**34%**	34%	Provision of education services
Access (UK) Education Limited (“Access UK”) (note (iii))	United Kingdom	100 ordinary shares	**34%**	34%	Provision of education services

17. Interests in Associates *(Continued)*

Notes:

(i) 中匯豐源 is established in the PRC in the form of sino-foreign equity enterprise.

As at 31 December 2024, the Company has an obligation to contribute an amount of US$2,000,000 (equivalent to approximately HK$15,600,000) (2023: US$2,000,000 (equivalent to approximately HK$15,600,000)), representing 25% equity interest to 中匯豐源.

(ii) KGH held 100% equity interest in Thetford Grammar School. KGH and Thetford Grammar School are collectively referred to as the "KGH Group".

(iii) Access Global held 100% equity interest in Access UK. Access Global and Access UK are collectively referred to as the "Access Global Group".

All of the above associates are accounted for using the equity method in the consolidated financial statements.

a) Summarised financial information of 中匯豐源

Financial information about the Group's interest in 中匯豐源, that is not material, is disclosed below:

	中匯豐源	
	2024	2023
	HK$'000	HK$'000
Loss for the year	**(14)**	–
Other comprehensive expense for the year	**(291)**	(197)
Total comprehensive expense for the year	**(305)**	(197)
Carrying amount in the consolidated financial statements	**3,327**	3,403

17. Interests in Associates *(Continued)*

b) *Summarised financial information of KGH Group*

Summarised financial information of KGH Group, adjusted for any differences in accounting policies, and reconciled to the carrying amounts in the consolidated financial statements, are disclosed below:

	KGH Group	
	2024	2023
	HK$'000	HK$'000
Non-current assets	**35,334**	36,841
Current assets	**11,820**	19,426
Non-current liabilities	**(365)**	(633)
Current liabilities	**(22,193)**	(22,611)
Equity	**24,596**	33,023
Revenue	**33,982**	45,487
(Loss)/profit for the year	**(7,102)**	13,835
Other comprehensive expense for the year	**(1,325)**	–
Total comprehensive (expense)/income for the year	**(8,427)**	13,835

Reconciliation of the above summarised financial information of KGH Group to the carrying amount of the interest in associate recognised in the consolidated financial statements:

	KGH Group	
	2024	2023
	HK$'000	HK$'000
Net assets of the associate	**24,596**	33,023
Group's effective interest	**40%**	40%
Group's share of net assets of the associate	**9,838**	13,209
Goodwill (note)	**7,054**	7,054
Carrying amount in the consolidated financial statements	**16,892**	20,263

Note: The recoverable amount of the KGH Group is determined based on the value in use calculations, from a business valuation report on the KGH Group prepared by an independent qualified professional valuer, Peak Vision Appraisals Limited.

Based on the valuation, no impairment loss on interests in associates relating to KGH Group was recognised during the year ended 31 December 2024 (2023: Nil).

17. Interests in Associates *(Continued)*

c) Summarised financial information of 達隆恆業

Summarised financial information of 達隆恆業, adjusted for any differences in accounting policies, and reconciled to the carrying amounts in the consolidated financial statements, are disclosed below:

	達隆恆業	
	2024	2023
	HK$'000	HK$'000
Current assets	**7,509**	127,333
Current liabilities	**–**	(174,023)
Equity/(deficit)	**7,509**	(46,690)
Revenue	**1,037**	130
Profit/(loss) for the year	**53,974**	(13,341)
Other comprehensive income for the year	**225**	574
Total comprehensive income/(expense) for the year	**54,199**	(12,767)

Reconciliation of the above summarised financial information of 達隆恆業 to the carrying amount of the interest in associate recognised in the consolidated financial statements:

	達隆恆業	
	2024	2023
	HK$'000	HK$'000
Net assets/(liabilities) of the associate	**7,509**	(46,690)
Group's effective interest	**20%**	20%
Group's share of net assets of the associate	**1,502**	–
Carrying amount in the consolidated financial statements	**1,502**	–

For the year ended 31 December 2024, the Group's share of profit of the associate amounted to HK$926,000, after deducting the cumulative unrecognised share of losses of the associate of HK$9,869,000.

For the year ended 31 December 2023, the Group had stopped recognising its share of loss of the associate as the Group's share of losses of the associate exceeded the carrying amount of its investment. The unrecognised share of losses of the associate for the year ended 31 December 2023 and cumulatively as at 31 December 2023 amounted to HK$2,668,000 and HK$9,869,000 respectively.

17. Interests in Associates *(Continued)*

d) *Summarised financial information of Access Global Group*

Summarised financial information of Access Global Group, adjusted for any differences in accounting policies, and reconciled to the carrying amounts in the consolidated financial statements, are disclosed below:

	Access Global Group	
	2024	2023
	HK$'000	HK$'000
Non-current assets	**5**	6
Current assets	**6,128**	5,417
Current liabilities	**(5,066)**	(5,163)
Equity	**1,067**	260
Revenue	**9,226**	5,947
Profit for the year	**841**	170
Other comprehensive expense for the year	**(34)**	–
Total comprehensive income for the year	**807**	170

Reconciliation of the above summarised financial information of Access Global Group to the carrying amount of the interest in associate recognised in the consolidated financial statements:

	Access Global Group	
	2024	2023
	HK$'000	HK$'000
Net assets of the associate	**1,067**	260
Group's effective interest	**34%**	34%
Group's share of net assets of the associate	**363**	89
Goodwill (note)	**12,076**	12,076
Carrying amount in the consolidated financial statements	**12,439**	12,165

Note: The recoverable amount of the Access Global Group is determined based on the value in use calculations, from a business valuation report on the Access Global Group prepared by an independent qualified professional valuer, Peak Vision Appraisals Limited.

Based on the valuation, no impairment loss on interests in associates relating to Access Global Group was recognised during the year ended 31 December 2024 (2023: Nil).

18. Other Financial Assets

	2024 HK$'000	2023 HK$'000
Non-current assets		
Financial assets mandatory measured at FVTPL		
– Equity securities listed in Hong Kong	**5,287**	5,048
Current assets		
Financial assets mandatory measured FVTPL		
– Unlisted debt instruments in the PRC (note)	**16,198**	27,587
Total	**21,485**	32,635

Note: The amount represents investment in principal guaranteed wealth management products issued by the banks in the PRC with expected return ranging from 1.30% to 1.95% (2023: 1.05% to 2.45%) per annum and maturity of less than one year.

19. Loan Receivables

	2024 HK$'000	2023 HK$'000
Pawn loan receivables	**207,917**	206,531
Loan receivables arising from:		
– Micro-lending	**626,076**	715,240
– Money-lending	**149,455**	222,820
Loan receivables from the Incidents	**948,822**	969,574
Other loan receivables	**208,605**	249,046
	2,140,875	2,363,211
Less: Impairment	**(1,142,804)**	(1,171,265)
	998,071	1,191,946
Amounts due within one year	**886,683**	987,153
Amounts due after one year	**111,388**	204,793
	998,071	1,191,946

19. Loan Receivables *(Continued)*

The loan receivables in the PRC carry interest plus service charge at a range of monthly effective rates of 0.68% to 3.00% (2023: 0.68% to 3.00%), and the loan receivables in Hong Kong carry interest at a range of monthly effective rates of 0.35% to 4.20% (2023: 0.35% to 4.89%).

A typical loan generally has a term of 90 days to 30 years (2023: 60 days to 30 years).

As at 31 December 2024, included in the Group's loan receivables balance are debtors with aggregate carrying amount (net of ECL) of HK$558,567,000 (2023: HK$636,615,000) which are past due. Out of the past due balances, HK$514,468,000 (2023: HK$592,204,000) has been past due 90 days or more. The directors of the Company consider credit risks have increased significantly for those past due more than 30 days and those past due more than 90 days are considered as credit-impaired.

Total loan receivables of RMB129,547,000 (equivalent to approximately HK$139,893,000) (2023: RMB162,280,000 (equivalent to approximately HK$179,074,000)) are due from Zhongjin Jiasheng Investment Fund Management (Beijing) Co. Ltd.* (中金佳晟投資基金管理(北京)有限公司) ("Zhongjin Jiasheng"), who also acts as an agent to assist the Group to negotiate for one-off settlement arrangements directly with the investors/lenders related to the Incidents. Service fee of HK$24,906,000 (2023: Nil) was charged by Zhongjin Jiasheng which was set off against part of the above loan receivables during the year. No outstanding payable balance with Zhongjin Jiasheng is noted as at 31 December 2024 (2023: Nil).

* *The English translation of the Zhongjin Jiasheng's name is for reference only. The official name of Zhongjin Jiasheng is in Chinese.*

19. Loan Receivables *(Continued)*

a) *Maturity profile*

As at the end of the reporting period, the maturity profile of loan receivables, based on maturity date, is as follows:

(i) *As at 31 December 2024*

	Pawn loan receivables HK$'000	Loan receivables arising from micro-lending HK$'000	Loan receivables arising from money-lending HK$'000	Loan receivables from the Incidents HK$'000	Other loan receivables HK$'000	Total HK$'000
Due within 1 month or on demand	173,847	384,494	18,012	948,822	208,605	1,733,780
Due after 1 month but within 3 months	9,881	37,789	19,240	–	–	66,910
Due after 3 months but within 6 months	4,211	55,202	19,746	–	–	79,159
Due after 6 months but within 12 months	19,978	103,823	22,393	–	–	146,194
Due after 12 months	–	44,768	70,064	–	–	114,832
Impairment	(65,428)	(88,348)	(5,380)	(948,822)	(34,826)	(1,142,804)
	142,489	537,728	144,075	–	173,779	998,071

(ii) *As at 31 December 2023*

	Pawn loan receivables HK$'000	Loan receivables arising from micro-lending HK$'000	Loan receivables arising from money-lending HK$'000	Loan receivables from the Incidents HK$'000	Other loan receivables HK$'000	Total HK$'000
Due within 1 month or on demand	183,358	393,873	7,223	969,574	249,046	1,803,074
Due after 1 month but within 3 months	–	79,231	5,587	–	–	84,818
Due after 3 months but within 6 months	23,173	89,354	9,148	–	–	121,675
Due after 6 months but within 12 months	–	100,724	39,639	–	–	140,363
Due after 12 months	–	52,058	161,223	–	–	213,281
Impairment	(55,441)	(102,919)	(9,955)	(969,574)	(33,376)	(1,171,265)
	151,090	612,321	212,865	–	215,670	1,191,946

19. Loan Receivables *(Continued)*

b) *Reconciliation of changes in allowance for ECL of loan receivables*

	Not credit – impaired		Credit – impaired	Total
	Stage 1	Stage 2	Stage 3	
	Allowance for ECL HK$'000	Allowance for ECL HK$'000	Allowance for ECL HK$'000	Allowance for ECL HK$'000
At 1 January 2024	**1,336**	**2,765**	**1,167,164**	**1,171,265**
Transfer of stages:				
– transfers to Stage 2	**(31)**	**31**	**–**	**–**
– transfers to Stage 3	**(22)**	**(214)**	**236**	**–**
Net changes of ECL from loan receivables due from existing debtors	**(1,008)**	**(81)**	**27,232**	**26,143**
Recognition of ECL on new loan receivables originated	**756**	**431**	**484**	**1,671**
Write off	**–**	**–**	**(31,491)**	**(31,491)**
Exchange adjustment	**(2)**	**(8)**	**(24,774)**	**(24,784)**
At 31 December 2024	**1,029**	**2,924**	**1,138,851**	**1,142,804**

	Not credit – impaired		Credit – impaired	Total
	Stage 1	Stage 2	Stage 3	
	Allowance for ECL HK$'000	Allowance for ECL HK$'000	Allowance for ECL HK$'000	Allowance for ECL HK$'000
At 1 January 2023	1,167	1,520	1,032,483	1,035,170
Transfer of stages:				
– transfers to Stage 2	(241)	241	–	–
– transfers to Stage 3	(9)	(598)	607	–
Net changes of ECL from loan receivables due from existing debtors	(822)	1,294	181,060	181,532
Recognition of ECL on new loan receivables originated	1,243	310	1,149	2,702
Write off	–	–	(32,490)	(32,490)
Exchange adjustment	(2)	(2)	(15,645)	(15,649)
At 31 December 2023	1,336	2,765	1,167,164	1,171,265

Details of the Group's credit policy and definitions of Stage 1, Stage 2 and Stage 3 are set out in Note 37(a).

20. Interest Receivables

	2024 HK$'000	2023 HK$'000
Interest receivables	**5,570**	6,199

All of the interest receivables are expected to be recovered within one year.

Ageing analysis

As at the end of the reporting period, the ageing analysis of interest receivables, based on the revenue recognition date, is as follows:

	2024 HK$'000	2023 HK$'000
Within 1 month	**2,368**	2,463
1 to 3 months	**578**	709
3 to 6 months	**288**	360
Over 6 months	**2,336**	2,667
	5,570	6,199

Interest receivables are due on the date of billing (or on maturity date corresponding of loan receivables according to the relevant loan agreements).

As at 31 December 2024, included in the Group's interest receivables balance are debtors with aggregate carrying amount (net of ECL) of HK$3,826,000 (2023: HK$4,520,000) which are past due. Out of the past due balances, HK$2,693,000 (2023: HK$3,161,000) has been past due 90 days or more. The directors of the Company consider credit risks have increased significantly for those past due more than 30 days and those past due more than 90 days are considered as credit-impaired.

21. Repossessed assets

	2024 HK$'000	2023 HK$'000
Repossessed assets – land and buildings	**38,325**	–

Repossessed assets are property rights obtained by the Group from debtors following the enforcement of its creditor's right.

The estimated market value of the repossessed assets as at 31 December 2024 was HK$42,200,000. No impairment loss was required during the year ended 31 December 2024.

22. Other Receivables, Deposits and Prepayments

	2024 HK$'000	2023 HK$'000
Other receivables	**50,580**	53,700
Consideration receivables (note (i))	**8,316**	18,194
Prepayments	**1,790**	1,708
Deposit placed with brokers (note (ii))	**1,129**	631
Utility and sundry deposits	**6,669**	1,790
Deposit paid for potential investment project (note (iii))	**–**	10,000
Total	**68,484**	86,023

Note:

(i) The balance represents the profit guarantee arising from the acquisition of KGH Group upon the maturity of profit guarantee terms during the year ended 31 December 2022. During the year ended 31 December 2024, impairment loss of HK$9,878,000 (2023: nil) was recognised on this balance.

(ii) The amounts represent margin deposits placed with brokers for trading derivative financial instruments. The amounts carry interest at variable interest rates of 0.001% (2023: 0.001%) per annum.

(iii) The Company had assigned the deposit paid for potential investment project to an independent third party at the carrying amount. According to the underlying agreement, the consideration for the assignment is repayable within one year. As at 31 December 2023, HK$25,000,000 was received and the remaining balance of HK$10,000,000 was included in other receivables, deposits and prepayments. The remaining balance of HK$10,000,000 was received by the Group on 26 February 2024.

All of the other receivables, deposits and prepayments are expected to be recovered or recognised as expense within one year.

23. Cash and Cash Equivalents

	2024 HK$'000	2023 HK$'000
Cash and cash equivalents in the consolidated statements of financial position and cash flows:		
Cash at banks and on hand	**268,019**	298,152
Time deposits with original maturity within three months (note a)	**5,000**	155,775
	273,019	453,927

Notes:

a) Deposits with banks carry interest at market rates approximately 4% (2023: 1.4%) per annum.

b) Cash at banks as at 31 December 2024 includes HK$260,310,000 (2023: HK$436,895,000) placed with banks in the PRC, the remittance of which are subject to relevant rules and regulations of foreign exchange control promulgated by the government of the PRC.

23. Cash and Cash Equivalents *(Continued)*

a) *Reconciliation of liabilities arising from financing activities*

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

	Borrowings and loan payables (Note 24) HK$'000	Unsecured bonds (Note 28) HK$'000	Amount due to an associate (Note 26) HK$'000	Lease liabilities (Note 29) HK$'000	Total HK$'000
At 1 January 2023	1,301,132	74,033	2,866	6,934	1,384,965
Proceeds from new borrowings	62,850	–	–	–	62,850
Repayment of borrowings	(222,031)	–	–	–	(222,031)
Redemption of unsecured bonds	–	(21,143)	–	–	(21,143)
Capital element of lease rental paid	–	–	–	(6,214)	(6,214)
Interest element of lease rental paid	–	–	–	(542)	(542)
Other interest paid	(24,307)	(3,692)	–	–	(27,999)
Increase in lease liabilities from entering into new leases during the period	–	–	–	1,148	1,148
Early termination of lease contracts	–	–	–	(153)	(153)
Increase in lease liability from lease modification	–	–	–	6,021	6,021
Interest expenses	61,384	2,939	–	542	64,865
Reversal of loan and interest payables (Note 24(c))	(90,737)	–	–	–	(90,737)
Exchange adjustment	(9,179)	–	(41)	(45)	(9,265)
At 31 December 2023	1,079,112	52,137	2,825	7,691	1,141,765
Proceeds from new borrowings	21,700	–	–	–	21,700
Repayment of borrowings	(272,086)	–	–	–	(272,086)
Redemption of unsecured bonds	–	(41,146)	–	–	(41,146)
Capital element of lease rental paid	–	–	–	(4,720)	(4,720)
Interest element of lease rental paid	–	–	–	(552)	(552)
Other interest paid	(12,235)	(951)	–	–	(13,186)
Increase in lease liabilities from entering into new leases during the period	–	–	–	2,039	2,039
Early termination of lease contracts	–	–	–	(608)	(608)
Increase in lease liability from lease modification	–	–	–	2,930	2,930
Interest expenses	28,696	186	–	552	29,434
Reversal of loan and interest payables (Note 24(c))	(169,224)	–	–	–	(169,224)
Exchange adjustment	(14,224)	–	(61)	(53)	(14,338)
At 31 December 2024	661,739	10,226	2,764	7,279	682,008

23. Cash and Cash Equivalents *(Continued)*

b) *Total cash outflows for leases*

Amounts included in the consolidated statement of cash flows for leases comprise the following:

	2024 HK$'000	2023 HK$'000
Within operating cash flows	680	618
Within financing cash flows	5,272	6,756
	5,952	7,374

24. Borrowings and Loan Payables

	Notes	2024 HK$'000	2023 HK$'000
Borrowings from independent third parties	24(a)	52,469	64,195
Borrowings from shareholders	36(b)	79,672	108,651
Borrowings from related parties	24(b)	24,447	20,345
Loan payables arising from the Incidents	24(c)	505,151	822,531
Note payables	24(d)	–	63,390
		661,739	1,079,112
Amounts due within one year		661,739	1,079,112

24. Borrowings and Loan Payables *(Continued)*

a) The borrowings from independent third parties of HK$33,319,000 (2023: HK$36,645,000) bore a finance cost measured at a range of annualised rates of 7% to 9.5% (2023: 7% to 9%), and were repayable within one year and not secured by any assets or guarantees of the Group.

The borrowings from independent third parties of HK$19,150,000 (2023: HK$27,550,000) bore finance costs measured at an annualised rate of 10% (2023: a range of annualised rates of 9.8% to 10%), and were repayable within one year and secured by loan receivables and a repossessed asset of the Group of HK$13,702,000 (2023: HK$36,379,000) and HK$14,800,000 (2023: Nil) respectively.

b) The borrowings from Mr. Zhang Min, an executive director and chief executive officer of the Company, bore a finance cost measured at an annualised rate of 7.6% (2023: 7.6%) and were repayable within one year and not secured by any assets or guarantees of the Group.

As at 31 December 2023, the borrowings from Geston Limited, a company that is controlled by Madam Lo Wan ("Madam Lo"), a substantial shareholder of the Company, bore finance costs measured at an annualised rate of 9% and were repayable within one year and not secured by any assets or guarantees of the Group. The borrowing was settled on 15 March 2024.

c) As fully explained in Note 4 to the consolidated financial statements of the Group for the year ended 31 December 2020, the Unauthorised Guarantees, Unauthorised Loans, and Unauthorised Loan Receivables including the interest income, interest expenses and related handling charges had not been fully recorded in the books and records of those relevant subsidiaries accordingly under the instructions of the two former executive directors of the Company. These fraudulent activities are referred as the "Incidents" and those misstatements resulted from the Incidents were corrected and presented in the Group's consolidated financial statements for the year ended 31 December 2020.

The Group, with the assistance of Zhongjin Jiasheng, had successfully finalised and settled with certain investors/lenders in respect of the Unauthorised Loans, and hence, the respective interest payables of HK$160,039,000 (2023: HK$79,771,000) was reversed to profit or loss during the year. Service fee of HK$24,906,000 was charged by Zhongjin Jiasheng and was set off against the loan receivables due from Zhongjin Jiasheng. Apart from those finalised and settled through Zhongjin Jiasheng, certain Unauthorised Loans were concluded through court decision and the respective loan and interest payables of HK$9,185,000 (2023: HK$10,966,000) were also reversed to profit or loss during the year.

24. Borrowings and Loan Payables *(Continued)*

c) *(Continued)*

As at 31 December 2024, unsettled Unauthorised Loans and related interest payables amounted to HK$113,274,000 (2023: HK$254,340,000) and HK$38,088,000 (2023: HK$54,827,000) respectively. Interest expenses of HK$18,838,000 (2023: HK$38,263,000) in relation to those unsettled Unauthorised Loans were recognised in the profit or loss during the year.

d) In February 2018, the Company issued note with principal amount of HK$270,000,000. Pursuant to the subscription agreement dated 15 February 2018 and deed of amendment dated 3 November 2022, the note bears interest of 8% per annum and is secured by equity interest of Brilliant Star Capital (Cayman) Limited and KP Financial Holdings Limited, wholly-owned subsidiaries of the Company, personal guarantee given by Mr. Cheung and Madam Lo, a shareholder of the Company and spouse of Mr. Cheung and Mr. Cheung and Madam Lo deposited 930,000,000 shares of the Company into a specific account with the safe keeping agent. The note was settled on 11 January 2024.

e) As at 31 December 2024, the liabilities arising from loan guarantee contracts represent the outstanding balance of the Unauthorised Guarantees of HK$57,942,000 (2023: HK$74,598,000) if the guarantees were called upon in their entirety.

The Group, with the assistance of Zhongjin Jiasheng, had successfully settled with certain investors/lenders in respect of the Unauthorised Guarantees, and hence, the respective liabilities arising from loan guarantee contracts of HK$1,087,000 (2023: HK$6,537,000) was reversed to profit or loss during the year. Apart from those settled through Zhongjin Jiasheng, no other Unauthorised Guarantees (2023: certain Unauthorised Guarantees) were concluded through court decision and the respective liabilities arising from those outstanding loan guarantee contracts of nil amount (2023: HK$1,053,000) were reversed to profit or loss during the year.

25. Other Payables, Accruals and Deposits Received

	2024 HK$'000	2023 HK$'000
Other payables	**80,337**	81,953
Accrued salaries and other benefits	**4,063**	4,262
Other accrued expenses	**7,986**	9,621
Deposits received	**95**	945
Dividend payable	**739**	739
Other tax payables	**3,427**	3,449
	96,647	100,969

As at 31 December 2024, all of the other payables, accruals and deposits received are expected to be settled within one year or are repayable on demand.

26. Amounts Due from/(to) Associates

The maximum outstanding balances of amounts due from associates during the year ended 31 December 2024 was HK$56,350,000 (2023: HK$61,061,000).

The maximum outstanding balance of amount due to an associate during the year ended 31 December 2024 was HK$2,825,000 (2023: HK$2,825,000).

The amounts are unsecured, interest free and recoverable/repayable on demand.

27. Deferred Taxation

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

	31 December 2024 HK$'000	2023 HK$'000
Deferred tax assets	**2,256**	24,700
Deferred tax liabilities	**(15,781)**	(35,762)
	(13,525)	(11,062)

b) The components of deferred tax assets/(liabilities) recognised in the consolidated statement of financial position and the movements during the year are as follow:

Deferred tax arising from:	**ECL on loan receivables** HK$'000	**Withholding tax** HK$'000	**Total** HK$'000
At 1 January 2023	8,944	(38,510)	(29,566)
Credited to profit or loss (Note 9(a))	15,990	2,214	18,204
Exchange adjustment	(234)	534	300
At 31 December 2023 and 1 January 2024	24,700	(35,762)	(11,062)
(Charged)/credited to profit or loss (Note 9(a))	(4,189)	1,450	(2,739)
Exchange adjustment	(468)	744	276
At 31 December 2024	20,043	(33,568)	(13,525)

27. Deferred Taxation *(Continued)*

c) *Deferred tax assets not recognised*

Deferred tax assets in respect of the unused tax losses carried forward are to be recognised to the extent that it is probable that future taxable profits against which the unused tax losses can be utilised will be available in the relevant tax jurisdiction and entity.

The Group has not recognised deferred tax assets in respect of the cumulative tax losses of HK$889,116,000 (2023: HK$839,867,000) for its Hong Kong and the PRC incorporated subsidiaries due to the unpredictability of future profit streams. The tax losses do not expire under current tax legislation in Hong Kong and can be carried forward up to five years from the year in which the loss was incurred under current tax legislation in the PRC.

d) *Deferred tax liabilities not recognised*

As at 31 December 2024, the aggregate amount of temporary differences associated with undistributed profits of subsidiaries for which deferred tax liabilities have not been recognised was HK$652,943,000 (2023: HK$668,696,000). No deferred tax liabilities have been recognised in respect of these differences because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

28. Unsecured Bonds

The Company issued unlisted and unsecured bonds. The details of the due date and coupon rate per annum are shown in below table. All of the unsecured bonds are carried at amortised cost.

	Coupon rate per annum	**2024 HK$'000**	2023 HK$'000
Current liabilities			
Unsecured bonds of HK$10,000,000 due 2024 (issued in 2016)	6.00%	–	10,016
Unsecured bonds of HK$14,145,800 due 2024 (issued in 2018)	5.00%	–	14,011
Unsecured bonds of HK$2,000,000 due 2024 (issued in 2020)	3.00%	–	1,983
Unsecured bonds of HK$10,000,000 due 2024 (renewed in 2022)	5.00%	–	11,128
Unsecured bonds of HK$5,000,000 due 2024 (renewed in 2023)	5.50%	–	5,000
Unsecured bonds of HK$10,000,000 due 2025 (issued in 2018)	4.50%	**10,226**	–
		10,226	42,138
Non-current liabilities			
Unsecured bonds of HK$10,000,000 due 2025 (issued in 2018)	4.50%	–	9,999
Total		**10,226**	52,137

29. Lease Liabilities

The following table shows the remaining contractual maturities of the Group's lease liabilities at the end of the reporting period:

	2024		2023	
	Present value of the minimum lease payments HK$'000	Total minimum lease payments HK$'000	Present value of the minimum lease payments HK$'000	Total minimum lease payments HK$'000
Within 1 year	**3,809**	**4,190**	4,293	4,697
After 1 year but within 2 years	**3,470**	**3,595**	2,399	2,549
After 2 years but within 5 years	**–**	**–**	999	1,014
	7,279	**7,785**	7,691	8,260
Less: total future interest expenses		**(506)**		(569)
Present value of lease liabilities		**7,279**		7,691

30. Share Capital

	No. of shares	HK$'000
Ordinary shares, issued and fully paid:		
At 1 January 2023, 31 December 2023, 1 January 2024 and 31 December 2024	209,286,067	2,080,113

In accordance with section 135 of the Hong Kong Companies Ordinance, the ordinary shares of the Company do not have a par value.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

31. Reserves

a) *Movements in components of equity*

The reconciliation of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity are set out below:

The Company

	Share-based compensation reserve	Shares held under the share award scheme	Accumulated losses	Total
	HK$'000	HK$'000	HK$'000	HK$'000
At 1 January 2023	29,675	(56,661)	(1,395,748)	(1,422,734)
Loss and total comprehensive expense for the year	–	–	(1,646)	(1,646)
At 31 December 2023 and 1 January 2024	29,675	(56,661)	(1,397,394)	(1,424,380)
Profit and total comprehensive income for the year	–	–	51,151	51,151
Sales of shares held under the share award scheme	–	9,817	(2,453)	7,364
Lapse of share option	(13,867)	–	13,867	–
At 31 December 2024	15,808	(46,844)	(1,334,829)	(1,365,865)

b) *Dividends*

No dividend was paid or proposed for ordinary shareholders of the Company during both years, nor has any dividend been proposed since the end of each reporting period.

31. Reserves *(Continued)*

c) *Nature and purpose of reserves*

(i) *Share-based compensation reserve*

The share-based compensation reserve represents the portion of the grant date fair value of unexercised share options granted to eligible participants that has been recognised in accordance with the accounting policies adopted for share-based payments.

(ii) *Share held under the share award scheme*

The reserve is dealt with in accordance with the Group's accounting policies relevant to share award scheme. On 7 October 2024, the Company's share award scheme was terminated. A total of 906,000 and 300,000 shares held under the share award scheme were sold on 7 October 2024 and 9 October 2024 at a cash consideration of HK$6,536,000 and HK$828,000 respectively. The sale proceeds were held by the trustee and included in other receivables in the consolidated statement of financial position as at 31 December 2024.

(iii) *Exchange reserve*

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations of which functional currency is not HK$.

(iv) *Statutory surplus reserve*

According to the Company's PRC subsidiaries' articles of association, each PRC company is required to transfer 10% of its net profit after tax, as determined in accordance with the PRC accounting rules and regulations, to the statutory surplus reserve. When the balance of the statutory surplus reserve reaches 50% of the PRC company's registered capital, any further appropriation is optional. The transfer to this reserve must be made before distribution of a dividend to the shareholders.

Statutory surplus reserve can be used to offset previous years' losses, if any, and may be converted into capital in proportion to their existing shareholdings, provided that the balance after such conversion is not less than 25% of the registered capital.

32. Employee Retirement Benefits

Defined contribution retirement plan

The Group operates a Mandatory Provident Fund Scheme (the "MPF scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. Under the MPF scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK$30,000. Contributions to the plan vest immediately.

The employees of the Group's subsidiaries in the PRC are members of the state-managed retirement benefit scheme operated by the government of the PRC. The subsidiaries of the Group are required to contribute certain percentage of their payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit scheme is to make the specified contributions. The Group's contributions to the defined contribution plans are expensed as incurred and not reduced by contributions forfeited by those employees who leave the plans prior to vesting fully in the contributions. During the year ended 31 December 2024, no forfeited contributions were used by the Group to reduce the existing level of contributions or were available for such use.

33. Share Options

Equity-settled share option schemes

The share option scheme adopted by the Company on 7 June 2004 (the "2004 Share Option Scheme") was terminated on 6 June 2014, and the Company adopted a new share option scheme on 20 May 2014 (the "2014 Share Option Scheme", together with the 2004 Share Option Scheme are referred to as the "Option Schemes") at the Company's annual general meeting held on 20 May 2014 and the 2014 Share Option Scheme has expired on 19 May 2024. No further options shall be offered under the Option Schemes, but in all other respects the provisions of the Option Schemes shall remain in full force and effect and all options granted prior to such termination and not exercised at the date of termination shall remain valid.

According to the terms of the Option Schemes, the directors of the Company are authorised, at their discretion, to invite employees or any person who has contributions to the Group, including directors of any company in the Group, to take up options to subscribe for shares of the Company. The options are exercisable within a period of ten years. Each option gives the holder the right to subscribe for one ordinary share in the Company and is settled gross in shares.

33. Share Options *(Continued)*

Equity-settled share option schemes (Continued)

The number and weighted average exercise prices of share options are as follows:

Type of participant	Option type	Date of grant	Exercise price per share HK$	Exercise period	Outstanding at 1/1/2024 '000	Granted during the year '000	Exercised during the year '000	Forfeited during the year '000	Lapsed during the year '000	Outstanding at 31/12/2024 '000
Service	2014	11/04/2014	13.20	11/04/2014-10/04/2024	1,500	–	–	–	(1,500)	–
providers	2015	26/08/2015	10.92	26/08/2015-25/08/2025	2,750	–	–	–	–	2,750
					4,250	–	–	–	(1,500)	2,750
	Exercisable at the end of the year									2,750
	Weighted average exercise price				HK$11.725	–	–	–	–	HK$10.92

Type of participant	Option type	Date of grant	Exercised price per share HK$	Exercise period	Outstanding at 1/1/2023 '000	Granted during the year '000	Exercise during the year '000	Forfeited during the year '000	Lapsed during the year '000	Outstanding at 31/12/2023 '000
Service	2014	11/04/2014	13.20	11/04/2014-10/04/2024	1,500	–	–	–	–	1,500
providers	2015	26/08/2015	10.92	26/08/2015-25/08/2025	2,750	–	–	–	–	2,750
					4,250	–	–	–	–	4,250
	Exercisable at the end of the year									4,250
	Weighted average exercise price				HK$11.725	–	–	–	–	HK$11.725

The options outstanding at 31 December 2024 had an exercise price of HK$10.92 (2023: HK$13.20 or HK$10.92) and a weighted average remaining contractual life of 0.17 year (2023: 1.17 years).

34. Share Award Scheme

The directors of the Company adopted a share award scheme (the "Scheme") to recognise the contribution by employee(s), director(s) or advisor(s) of any member of the Group (the "Grantees") and to give incentives thereto in order to retain them for the continuing operation and development of the Group, and to attract suitable personnel for further development of the Group. On 7 October 2024, the board of directors has resolved to terminate the Scheme.

Upon termination of the Scheme, the trustee shall sell all the shares remaining in the trust within a reasonable time period as agreed between the trustee and the Company and remit all cash and net proceeds of such sale to the Company.

The movements of shares held under the share award scheme recognised in equity are as follows:

	No. of shares	HK$'000
At 1 January 2023, 31 December 2023	6,962,700	56,661
Sales of shares held under the share award scheme	(1,206,000)	(9,817)
At 31 December 2024	5,756,700	46,844

During the years ended 31 December 2024 and 2023, there are no acquisition of shares of the Company for the Scheme through purchase in the open market by the trustee.

No award shares are granted to selected Grantees for the years ended 31 December 2024 and 2023. The Scheme was terminated on 7 October 2024.

35. Capital Commitments

As disclosed in Note 17, the Group has an obligation to settle an amount of US$2,000,000 (equivalent to approximately HK$15,600,000) as its capital contribution to 中匯豐源, an associate of the Group.

36. Material Related Party Transactions

In addition to the transactions and balances disclosed elsewhere in these consolidated financial statements, the Group had the following material transactions with its related parties during the year:

a) *Remuneration of key management personnel of the Group*

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors as disclosed in Note 10, is as follows:

	2024	2023
	HK$'000	HK$'000
Short-term employee benefits	**9,967**	9,978
Post-employment benefits	**317**	339
	10,284	10,317

Total remuneration is included in "staff costs" (see Note 8(a)).

b) *Financing arrangements*

In addition to the details of financing arrangements with related parties disclosed elsewhere in the consolidated financial statements, the details of the borrowings from shareholders included in borrowings and loan payables are as follows:

		2024	2023
Name	Note	**HK$'000**	HK$'000
Short-term borrowings			
Ms. Cheung Siu Hung ("Ms. Cheung")	(1)	**8,672**	8,651
Mr. Cheung	(2)	**71,000**	100,000
		79,672	108,651

Note:

(1) The loan from Ms. Cheung, a shareholder of the Company and sister of Mr. Cheung, is unsecured, bears interest at 8% (2023: 7%) per annum and is repayable on demand.

(2) The loan from Mr. Cheung is unsecured, bears interest at 9% (2023: 9%) per annum and is repayable on demand.

The directors of the Company are of the opinion that such transactions were conducted on mutually agreed terms and in the ordinary course of business.

36. Material Related Party Transactions *(Continued)*

c) Transactions with related parties

(i) For the year ended 31 December 2024, the Group paid office rental of approximately HK$49,000 (2023: HK$49,000), Nil (2023: HK$823,000) and HK$1,127,000 (2023: HK$1,143,000) to 北京元長厚茶葉有限公司, 北京萬方後海前企業經營管理有限公司 and 北京達隆鼎業管理咨詢有限公司 respectively, of which Madam Lo is the beneficial owner.

The directors of the Company are of the opinion that such transactions were conducted on mutually agreed terms in the ordinary course of business.

(ii) The details of interest paid by the Group are as follows:

Name	Note	2024 HK$'000	2023 HK$'000
Geston Limited	(1)	**18**	287
Ms. Cheung		**651**	386
Mr. Zhang Min		**1,667**	1,547
Mr. Cheung		**6,809**	8,862
		9,145	11,082

Note:

(1) Geston Limited is a company that is controlled by Madam Lo.

37. Financial Risk Management and Fair Values of Financial Instruments

The Group's major financial instruments include loan receivables, interest receivables, other receivables and deposits, amounts due from associates, cash and cash equivalents, other financial assets, borrowings and loan payables, other payables and deposit received, amount due to an associate, unsecured bonds, liabilities arising from loan guarantee contracts and lease liabilities. Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments include credit risk, liquidity risk, interest rate risk and price risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

37. Financial Risk Management and Fair Values of Financial Instruments *(Continued)*

a) *Credit risk*

Credit risk arises from a customer's inability or unwillingness to meet its financial obligations to make timely payments under loans the Group guaranteed or provided. Credit risk is primarily attributable to the loan business of the Group, (i.e. loan receivables and interest receivables), financial guarantee provided by the Group, other receivables, cash at banks and other financial assets.

(i) *Credit risk arising from loan business*

The Group has taken measures to identify credit risks arising from loan business. The Group manages credit risk at every stage of its risk management system, including pre-approval, review and credit approval, and post-transaction monitoring processes. The Group conducts customer acceptance and due diligence by the business department and risk management department during the pre-approval process. A transaction is subject to review and approval of credit approval officer and the executive directors depending on the transaction size.

During the post-transaction monitoring process, the Group performs credit evaluations on each customer periodically. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates.

Most of the loans granted are backed by collateral (e.g. property, gold, jewellery, diamonds and watches etc.) as security. The Group also focuses on ascertaining legal ownership and the valuation of the collateral. A loan granted is based on the value of the collateral and generally approximates 1%-100% for the year (2023: 1%-100%) of the estimated value of the collateral. The Group closely monitors the ownership and the value of the collateral throughout the loan period. As at 31 December 2024, in the opinion of the Company's directors, the Group held collateral with value not less than the carrying amount of the secured loan receivables. The loan receivables are due by the date as specified in the corresponding loan agreements.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. At the end of the reporting period, 14.02% (2023: 15.02%) and 25.05% (2023: 25.51%) of the total loan receivables was due from the Group's largest debtor and the five largest debtors respectively.

37. Financial Risk Management and Fair Values of Financial Instruments *(Continued)*

a) *Credit risk (Continued)*

(i) *Credit risk arising from loan business (Continued)*

The Group applies ECL model to measure impairment losses of the loans receivables.

The Group adopts a loan risk classification approach to manage its loans to customers portfolio risk. Loans to customers are categorised into the following stages by the Group:

Stage 1
Loans to customers have not experienced a significant increase in credit risk since origination and impairment recognised on the basis of 12m ECLs (12m ECLs-not credit-impaired).

Stage 2
Loans to customers have experienced a significant increase in credit risk since origination and impairment is recognised on the basis of lifetime ECLs (Lifetime ECLs-not credit-impaired).

Stage 3
Loans to customers that are in default and considered credit impaired (Lifetime ECLs-credit-impaired).

Parameters of ECL model
According to whether there is a significant increase in credit risk, the Group measures the impairment loss on loan receivables and interest receivables with ECL of 12 months or lifetime respectively. The key measuring parameters of ECL include probability of default (PD), loss given default (LGD) and exposure at default (EAD). Based on the requirements of HKFRS 9, the Group takes into account the quantitative analysis of historical statistics (such as ratings of counterparties, manners of guarantees and types of collaterals, repayments, etc.) and forward-looking information in order to establish the model of PD, LGD and EAD.

37. Financial Risk Management and Fair Values of Financial Instruments *(Continued)*

a) *Credit risk (Continued)*

(i) *Credit risk arising from loan business (Continued)*

Modification of contractual cash flows

A modification or re-negotiation of a contract between the Group and a counterparty may result in a change to the contractual cash flows without resulting in the derecognition of the financial assets.

Such restructuring activities include extended payment term arrangements, repayment schedule modifications and changes to the interest settlement method. The risk of default of such assets after modification is assessed at the reporting date and compared with the risk under the original terms at initial recognition, when the modification is not substantial and so does not result in derecognition of the original asset and the book value of the financial asset is recalculated and the related gain or loss is included in current profit and loss. The recalculated book value of the financial asset is determined based on the present value of the contractual cash flows following the renegotiation or modification, as calculated using the original effective interest rate of the financial asset.

The Group monitors the subsequent performance of modified assets. The Group may determine that the credit risk has significantly improved after restructuring, so that the assets are transferred from Stage 3 or Stage 2 to Stage 1. At 31 December 2024, the carrying amount of financial assets with such modified contractual cash flows was not significant.

Further quantitative disclosure in respect of the Group's exposure to credit risk arising from loan receivables and interest receivables are set out in Notes 19 and 20 respectively.

(ii) *Credit risk arising from financial guarantee*

The management performed impairment assessment on the financial guarantees contracts and will recognise impairment loss when there is a significant increase in credit risk compared to the initial recognition of the financial guarantee contracts. Accordingly, the loss allowance for these financial guarantee contracts issued by the Group is measured at an amount equal to lifetime ECL. The maximum exposure to credit risk in respect of these financial guarantees contracts will be recognised under "liabilities arising from loan guarantee contracts" during the year. Reversal of loss allowance of HK$1,087,000 was recognised in profit or loss during the year ended 31 December 2024 (2023: HK$7,590,000). Details of the financial guarantee contracts are set out in Note 24(e).

37. Financial Risk Management and Fair Values of Financial Instruments *(Continued)*

a) *Credit risk (Continued)*

(iii) *Other credit risks*

In respect of other receivables, individual credit evaluations are performed on all debtors requiring credit over a certain amount. These evaluations focus on the debtor's past history of making payments when due and current ability to pay, and take into account information specific to the debtors as well as pertaining to the economic environment in which the debtor operates.

The majority of the Group's investments are liquid securities listed on the recognised stock exchanges. Given their high credit standing, management does not expect any investment counterparty to fail to meet its obligations.

The credit risk on cash at banks and security deposits paid is limited because the counterparties are banks and other financial institutions with high credit ratings assigned by international credit-rating agencies.

b) *Liquidity risk*

Individual operating entities within the Group are responsible for its own cash management, including the short-term investment of cash surpluses and the raising of loans to cover expected cash demand, subject to the Company's board approval when the borrowings exceed certain predetermined level of authority. The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following liquidity tables show the remaining contractual maturities at the end of the reporting period of the Group's non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group and the Company can be required to pay.

37. Financial Risk Management and Fair Values of Financial Instruments *(Continued)*

b) *Liquidity risk (Continued)*

As at 31 December 2024

	Contractual undiscounted cash outflow				
	Within 1 year or on demand HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000	Total contractual undiscounted cash flow HK$'000	Carrying amount at 31 December HK$'000
Borrowings and loan payables	665,546	–	–	665,546	661,739
Unsecured bonds	10,543	–	–	10,543	10,226
Amount due to an associate	2,764	–	–	2,764	2,764
Lease liabilities	4,190	3,595	–	7,785	7,279
Other payables, accruals and deposit received	93,220	–	–	93,220	93,220
Liabilities arising from loan guarantee contracts	57,942	–	–	57,942	57,942
	834,205	3,595	–	837,800	833,170

As at 31 December 2023

	Contractual undiscounted cash outflow				
	Within 1 year or on demand HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000	Total contractual undiscounted cash flow HK$'000	Carrying amount at 31 December HK$'000
Borrowings and loan payables	1,085,599	–	–	1,085,599	1,079,112
Unsecured bonds	43,296	10,316	–	53,612	52,137
Amount due to an associate	2,825	–	–	2,825	2,825
Lease liabilities	4,697	2,549	1,014	8,260	7,691
Other payables, accruals and deposit received	97,520	–	–	97,520	97,520
Liabilities arising from loan guarantee contracts	74,598	–	–	74,598	74,598
	1,308,535	12,865	1,014	1,322,414	1,313,883

37. Financial Risk Management and Fair Values of Financial Instruments *(Continued)*

c) *Interest rate risk*

The Group is principally engaged in the provision of financing services. Its interest rate risk arises primarily from deposits with banks and other financial institutions, loan receivables, bank loans, interest-bearing borrowings, senior bonds, listed debt securities and unsecured bonds.

Financial instruments with variable interest rates expose the Group to cash flow interest rate risk. The Group is exposed to fair value interest rate risk in relation to financial instruments with fixed interest rates.

The Group does not have an interest rate hedging policy. However, the management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

(i) *Interest rate profile*

The following table details the interest rate profile of the Group's assets and liabilities at the end of the reporting period:

	2024 **HK$'000**	2023 HK$'000
Fixed interest rate		
Financial assets		
– Loan receivables	**998,071**	1,191,946
– Time deposit with maturity within three months	**5,000**	–
	1,003,071	1,191,946

37. Financial Risk Management and Fair Values of Financial Instruments *(Continued)*

c) *Interest rate risk (Continued)*

(i) *Interest rate profile (Continued)*

	2024	2023
	HK$'000	HK$'000
Financial liabilities		
Borrowings from independent third parties	(52,469)	(64,195)
Borrowings from shareholders	(79,672)	(108,651)
Borrowings from related parties	(24,447)	(20,345)
Loan payables arising from the Incidents	(505,151)	(822,531)
Unsecured bonds	(10,226)	(52,137)
Note payables	–	(63,390)
Lease liabilities	(7,279)	(7,691)
	(679,244)	(1,138,940)
Net fixed-rate financial instruments	323,827	53,006
Variable interest rate		
Financial assets		
– Cash at bank	268,019	453,927
Net variable-rate financial instruments	268,019	453,927

(ii) *Sensitivity analysis*

Cash at banks is excluded from sensitivity analysis as the management considers that the exposure of cash flow interest rate risk arising from variable-rate bank balances is insignificant.

37. Financial Risk Management and Fair Values of Financial Instruments *(Continued)*

d) *Equity price risk*

The Group is exposed to equity price risk arising from listed equity classified as other financial assets (see Note 18). Other than unquoted investments held for strategic purposes, all of these investments are listed.

The Group's listed equity investments are listed on recognised stock exchanges. Listed equity investments held in the portfolio have been chosen based on their longer term growth potential and are monitored regularly for performance against expectations. The portfolio is diversified in terms of industry distribution, in accordance with the limits set by the Group. Decisions to buy or sell trading securities are based on daily monitoring of the performance of individual securities compared the relevant industry indicators, as well as the Group's liquidity needs.

As at 31 December 2024, it is estimated that an increase of 10% (2023: 10%) in the relevant stock market index (for listed equity investments), with all other variables held constant, would have increased/decreased the Group's profit/(loss) after tax and decreased/increased the Group's accumulated losses and other components of consolidated equity, and vice versa, as follows:

		2024		2023	
		Increase/ (decrease) in profit after tax and decrease/ (increase) in accumulated losses HK$'000	Effect on other components of equity HK$'000	(Decrease)/ increase in loss after tax and accumulated losses HK$'000	Effect on other components of equity HK$'000
Change in the relevant equity price risk variable:					
Increase	10%	529	–	(505)	–
Decrease	10%	(529)	–	505	–

The sensitivity analysis indicates the instantaneous change in the Group's (profit/loss after tax) and accumulated losses and other components of consolidated equity that would arise assuming that the changes in the stock market index or fair value had occurred at the end of the reporting period and had been applied to re-measure those financial instruments held by the Group which expose the Group to equity price risk at the end of the reporting period. It is assumed that the fair values of the Group's listed investments would change in accordance with the historical correlation with the relevant stock market index, that none of the Group's listed investments would be considered impaired as a result of the decrease in the relevant stock market index, and that all other variables remain constant.

37. Financial Risk Management and Fair Values of Financial Instruments *(Continued)*

e) *Fair value measurement*

(i) *Financial assets and liabilities measured at fair value*

Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13 "Fair Value Measurement". The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs, that is, unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date

- Level 2 valuations: Fair value measured using Level 2 inputs, that is, observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available

- Level 3 valuations: Fair value measured using significant unobservable input

For financial instruments traded in inactive markets, their fair value measurements are based on net assets values provided by the relevant investment fund manager.

37. Financial Risk Management and Fair Values of Financial Instruments *(Continued)*

e) *Fair value measurement (Continued)*

(i) *Financial assets and liabilities measured at fair value (Continued)*

Fair value hierarchy (Continued)

The following table provides an analysis of financial instruments measured at fair value. The classification is based on the degree to which the key inputs used in the fair value measurements are observable and the significance of adjustments to the key inputs used in the fair value measurements.

		Fair value measurements as at 31 December 2024 categorised into		
	Fair value at 31 December 2024 HK$'000	**Level 1 HK$'000**	**Level 2 HK$'000**	**Level 3 HK$'000**
Recurring fair value measurement				
Assets:				
Other financial assets				
– Equity securities, listed	**5,287**	**5,287**	**–**	**–**
– Unlisted debt instruments in the PRC	**16,198**	**–**	**–**	**16,198**

		Fair value measurements as at 31 December 2023 categorised into		
	Fair value at 31 December 2023 HK$'000	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000
Recurring fair value measurement				
Assets:				
Other financial assets				
– Equity securities, listed	5,048	5,048	–	–
– Unlisted debt instruments in the PRC	27,587	–	–	27,587

37. Financial Risk Management and Fair Values of Financial Instruments *(Continued)*

e) *Fair value measurement (Continued)*

(i) *Financial assets and liabilities measured at fair value (Continued)*

During the years ended 31 December 2024 and 2023, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

Information about Level 3 fair value measurements

	Valuation techniques	Significant unobservable inputs
Unlisted debt instruments in the PRC	Discounted cash flow	Expected returns of 1.30% to 1.95% (2023: 1.05% to 2.45%)

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

Unlisted debt instruments in the PRC	2024 HK$'000	2023 HK$'000
At 1 January	**27,587**	–
Additions	**323,199**	970,917
Fair value change recognised in profit and loss	**513**	1,622
Disposal	**(334,668)**	(944,767)
Exchange differences	**(433)**	(185)
At 31 December	**16,198**	27,587
Total gain or loss for the year included in profit or loss for assets held at the end of the reporting period	**–**	–

(ii) *Fair value of financial instruments carried at other than fair value*

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

38. Capital Management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

The capital structure of the Group consists of net debt, which includes the borrowings and loan payables, amount due to an associate, unsecured bonds and lease liabilities disclosed in respective notes, net of cash and cash equivalents, and equity attributable to owners of the Company, comprising share capital and other reserves.

39. Company-level Statement of Financial Position

	Notes	2024 HK$'000	2023 HK$'000
Non-current assets			
Property, plant and equipment		3,331	5,315
Investments in subsidiaries		687,554	746,295
Investment in an associate		3,900	3,900
		694,785	755,510
Current assets			
Other receivables, deposits and prepayments		13,590	12,803
Amounts due from subsidiaries		867,060	945,864
Dividend receivables from subsidiaries		660,986	798,697
Amounts due from associates		248	237
Cash and cash equivalents		340	10,452
		1,542,224	1,768,053
Current liabilities			
Borrowings and loan payables		79,575	171,956
Accruals and other deposit received		7,154	8,375
Liabilities arising from loan guarantee contracts		301,857	526,144
Unsecured bonds		10,226	42,138
Lease liabilities		1,977	1,831
Amounts due to subsidiaries		1,120,973	1,104,411
		1,521,762	1,854,855
Net current assets/(liabilities)		20,462	(86,802)
Total assets less current liabilities		715,247	668,708
Non-current liabilities			
Unsecured bonds		–	9,999
Lease liabilities		999	2,976
		999	12,975
NET ASSETS		714,248	655,733
EQUITY			
Share capital	30	2,080,113	2,080,113
Reserves	31	(1,365,865)	(1,424,380)
TOTAL EQUITY		714,248	655,733

Approved and authorised for issue by the board of directors on 26 March 2025 and were signed on its behalf by:

Zhang Min
Director

Zhang Kun
Director

FINANCIAL SUMMARY

For the year ended 31 December 2024

Summary Financial Information

A summary of the published results and of the assets and liabilities of the Group for the last five financial years, as extracted from the published audited financial statements and reclassified or restated as appropriate, is set out below. This summary does not form part of the audited financial statements.

	Year ended 31 December				
	2024	2023	2022	2021	2020
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Results					
Interest, guarantee and financing consultancy services income	**101,595**	131,473	200,826	304,593	713,939
Profit/(loss) for the year	**42,297**	(157,588)	(48,754)	(246,130)	(1,357,368)
Attributable to:					
Owners of the Company	**41,232**	(159,972)	(52,553)	(250,065)	(1,216,632)
Non-controlling interest	**1,065**	2,384	3,799	3,935	(140,736)
	42,297	(157,588)	(48,754)	(246,130)	(1,357,368)

	As at 31 December				
	2024	2023	2022	2021	2020
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Assets and liabilities					
Total assets	**1,738,596**	2,214,651	2,644,407	3,368,677	4,048,318
Total liabilities	**(1,004,936)**	(1,514,707)	(1,773,345)	(2,356,208)	(2,819,126)
Non-controlling interests	**(76,422)**	(79,230)	(81,337)	(88,652)	(85,483)
Balance of total equity attributable to equity shareholders of the Company	**657,238**	620,714	789,725	923,817	1,143,709