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中國信息科技發展有限公司

CHINA INFORMATION TECHNOLOGY DEVELOPMENT LIMITED

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 08178)

2024 ANNUAL RESULTS ANNOUNCEMENT

The board (the “**Board**”) of directors (the “**Directors**”) of China Information Technology Development Limited (the “**Company**”) is pleased to announce the audited consolidated results of the Company and its subsidiaries for the year ended 31 December 2024. This announcement, containing the full text of the 2024 annual report of the Company, complies with the relevant requirements of the Rules Governing the Listing of Securities on the GEM of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) in relation to information to accompany preliminary announcement of annual results.

By order of the Board

China Information Technology Development Limited

Wong King Shiu, Daniel

Chairman and Chief Executive Officer

Hong Kong, 27 March 2025

As of the date of this announcement, the Board comprises Mr. Wong King Shiu, Daniel (Chairman and Chief Executive Officer) Mr. Chu Joshua Allen Kiu Wah and Mr. So Han Meng Julian as executive Directors; Hon. Li Sai Wing, MH, JP and Ms. Leung Kar Ming, MH, as non-executive Directors and Mr. Wong Hoi Kuen, Dr. Chen Shengrong and Mr. Chu Wun Chiu as independent non-executive Directors.

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

This announcement will be available on the Company’s website <http://www.citd.com.hk> and will remain on the “Latest Listed Company Information” page on the website of the Stock Exchange at <http://www.hkexnews.hk> for at least 7 days from the date of its posting.

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Corporate Information

EXECUTIVE DIRECTORS

Mr. Wong King Shiu, Daniel
(Chairman and Chief Executive Officer)
Mr. Chu Joshua Allen Kiu Wah
(Appointed on 28 June 2024)
Mr. So Han Meng Julian
(Appointed on 1 November 2024)
Mr. Chang Ki Sum Clark *(Retired at the annual general meeting on 28 June 2024)*

NON-EXECUTIVE DIRECTOR

Hon. Li Sai Wing, *MH, JP*
Ms. Leung Kar Ming, *MH*
(Appointed on 1 August 2024)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Wong Hoi Kuen
Dr. Chen Shengrong
Mr. Chu Wun Chiu *(Appointed on 1 August 2024)*
Mr. Hung Hing Man *(Resigned on 1 August 2024)*

COMPANY SECRETARY

Ms. Lam Mei Wai Michelle

COMPLIANCE OFFICER

Mr. Chang Ki Sum Clark

AUTHORISED REPRESENTATIVES

Mr. Wong King Shiu Daniel
(Appointed on 28 June 2024)
Ms. Lam Mei Wai Michelle
Mr. Chang Ki Sum Clark
(Resigned on 28 June 2024)

NOMINATION COMMITTEE

Mr. Wong Hoi Kuen *(Re-designated as Committee Chairman on 1 August 2024)*
Dr. Chen Shengrong
Mr. Chu Wun Chiu *(Appointed on 1 August 2024)*
Mr. Hung Hing Man *(Resigned on 1 August 2024)*

REMUNERATION COMMITTEE

Mr. Wong Hoi Kuen *(Chairman)*
Dr. Chen Shengrong
Mr. Chu Wun Chiu *(Appointed on 1 August 2024)*
Mr. Hung Hing Man *(Resigned on 1 August 2024)*

AUDIT COMMITTEE

Mr. Wong Hoi Kuen *(Re-designated as Committee Chairman on 1 August 2024)*
Dr. Chen Shengrong
Mr. Chu Wun Chiu *(Appointed on 1 August 2024)*
Mr. Hung Hing Man *(Resigned on 1 August 2024)*

AUDITOR

Prism Hong Kong Limited
(Formerly known as Prism Hong Kong and Shanghai Limited)
Certified Public Accountants
Registered Public Interest Entity Auditor
(Appointed on 28 June 2024)
ZHONGHUI ANDA CPA Limited *(Retired at the annual general meeting on 28 June 2024)*

LEGAL ADVISOR

Conyers Dill & Pearman

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited
Public Bank (Hong Kong) Limited
DBS Bank (Hong Kong) Limited

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Unit 3308, 33/F.
Millennium City 6
392 Kwun Tong Road
Kwun Tong, Hong Kong

REGISTERED OFFICE

Cricket Square
Hutchins Drive, P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Corporate Information

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Suntera (Cayman) Limited
Suite 3204, Unit 2A
Block 3, Building D
P.O. Box 1586
Gardenia Court
Camana Bay, Grand Cayman
KY1-1100, Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor
Services Limited
17M Floor, Hopewell Centre
183 Queen's Road East, Hong Kong

STOCK CODE

8178

COMPANY WEBSITE

www.citd.com.hk

Chairman's Statement

Dear Shareholders,

I am pleased to present the annual results of China Information Technology Development Limited (the "Company") and its subsidiaries (collectively the "Group") for the year ended 31 December 2024 (the "Year").

FINANCIAL SUMMARY

During the Year, the Group recorded a revenue of approximately HK\$41,485,000 representing a decrease of approximately 15.7% from approximately HK\$49,228,000 in the year ended 31 December 2023 (the "Corresponding Year"). The gross profit for the Year amounted to approximately HK\$22,398,000, which represented a gross profit margin of approximately 54.0% (2023: approximately 45.8%), an increase compared to the Corresponding Year. The increase in gross profit margin is mainly due to the Group had been focusing on provision of IT services during the Year. Loss for the Year attributable to the equity owners of the Company was approximately HK\$37,634,000 (2023: loss of approximately HK\$20,876,000). The increase in loss is mainly due to increase in fair value loss on the investment properties from approximately HK\$5,536,000 in 2023 to approximately HK\$20,617,000 in 2024. The Group's results are discussed in detail under the section headed "Management Discussion and Analysis" in this annual report.

REVIEW AND OUTLOOK

The rapid digital transformation across industries has driven an unprecedented demand for innovative solutions. The global market for artificial intelligence ("AI"), for example, grew beyond USD184 billion in 2024, a considerable jump of nearly USD50 billion compared to 2023. Seeing a huge potential for growth, during the Year, the Company had been strategically focused on technology advancements in cloud computing, Web 3.0 and AI etc in order to meet the evolving needs of our clients, allowing us to launch several cutting-edge products that have received positive feedback from the market. We had acquired Popsible Limited, a company providing information technology and public relation services that are tailored to and aligns with clients' strategic goals. It enabled the Group to increase its revenue stream and utilise its resources more efficiently with other subsidiaries of the Group.

Meanwhile, the global market was facing headwinds in 2024 with geopolitical tensions, debt issues and inflationary pressure. During the Year, the Chinese GDP growth has hindered, in addition to the rising unemployment rate, China had also experienced slowdown in its economy. The Company had continued the prudent approach in order to maintain sustainable and healthy business development. The Group has allied and collaborated with various experts in IT and other industries and looked for potential acquisitions for synergies without affecting too much of the Group's cashflow and resources. Gulf Corporation Council ("GCC") region is one of the important regions of the Belt and Road Initiative which aims to facilitate connectivity and unimpeded trade, and advance financial integration and regional cooperation while United Arab Emirates ("UAE") has stolen the spotlight and is becoming a key player in the global economy. During the Year, the Group had established a joint venture company to drive sustainable positive changes in the environmental, social, and governance (ESG) sector in Dubai. We had also entered into a cooperation agreement with Masary Capital for a strategic business partnership in the UAE and the wider GCC region. Grabbing hold of the potential in UAE, the Company has been considering a possible dual listing of the shares of the Company on the Abu Dhabi Securities Exchange (ADX) or the NASDAQ Dubai under Dubai Financial Market (DFM) in the UAE ("Proposed Dual Listing"). Equipped with these strong connections, the Group will be able to grab hold of the golden chance to step into new potential markets and expand its client bases.

Chairman's Statement

Subsequent to the Year, the U.S. President Donald Trump's return to the White House has created complexity to the global geopolitical and economic landscape. Looking ahead, we shall continue to take cautious actions to strengthen our existing business while discovering new investments and opportunities. With the Hong Kong and Chinese governments' constant support for the technology sector and their commitment to innovation, it creates a favorable environment for our growth. We will continue to explore new markets and enhance our services to ensure we remain at the forefront of technological advancements. Our commitment to customer satisfaction remains unwavering, and we take pride in the long-term partnerships we have cultivated with our clients, which are instrumental in our business development. With the foundation laid in 2024, the Company is well-prepared to leverage emerging technologies and market trends to enhance its competitive advantage and deliver exceptional value to its clients in the years to come.

APPRECIATION

I would like to take this opportunity to extend my sincere gratitude to the shareholders of the Company ("Shareholders"), customers and business partners of the Group for their continuous support and trust and thank my fellow directors for their concerted effort and insights throughout the past years. We treasure the efforts from the Group's management team and the unwavering commitment of our staff. On behalf of the Board, I would like to express my sincere appreciation to our management team and staff for their dedication and commitment.

Wong King Shiu, Daniel

Chairman and Chief Executive Officer

China Information Technology Development Limited

Management Discussion and Analysis

THE BOARD'S RESPONSE TO THE QUALIFIED OPINION

The View of the Board and the Audit Committee on the Qualified Opinion

The auditors expressed a qualified opinion in the independent auditors' report on the Group's financial statements for the year ended 31 December 2024 (the "Independent Auditors' Report"). As stated in the "Basis for Qualified Opinion" section in the Independent Auditors' Report, the basis for the auditors to express a qualified opinion arose from the auditor not being able to obtain sufficient appropriate audit evidence or satisfactory management explanations to ascertain the nature of the technical knowhow license and servicing agreement (the "Subcontract Agreement") the Group entered into with a service provider for the development of technical knowhow upon which the Group would provide the relevant technical knowhow services to two customers pursuant to the technical knowhow license and servicing agreements (the "Servicing Agreements") the Group entered into with them during the year ended 31 December 2023.

The Board and the audit committee of the Board have reviewed and agreed with the qualified opinion on the Independent Auditors' Report (the "Audit Qualification"). Below sets out the view of the Board and the Audit Committee in relation to the Audit Qualification and the proposed plan to address the Audit Qualification.

Details of the basis of the Audit Qualification

The Group entered into the Servicing Agreements in November 2022 to provide technical knowhow and related services with contract sum of USD87 million and service period of 3 years.

During the year ended 31 December 2023, the Group received advances in the form of cryptocurrency amounting to Tether ("USDT") 12,028,000 and Binance USD ("BUSD") 62,000 (equivalent to approximately HK\$94,299,000) from the two customers. The Group also engaged the service provider for the development of such technical knowhow and deposited to the service provider in the form of cryptocurrency amounting to USDT12,028,000 and BUSD62,000 (equivalent to approximately HK\$94,299,000). During the year ended 31 December 2023, certain portion of the services were provided and delivered to the customers. The revenue of USD12,090,000 (equivalent to approximately HK\$94,299,000) and costs of USD12,090,000 (equivalent to approximately HK\$94,299,000) in the form of cryptocurrency (USDT12,028,000 and BUSD62,000) were recorded on a net basis since management considered the Group acts as an agent in these transactions. The two customers requested the consideration to be settled in cryptocurrency and the Company and the service provider agreed to such arrangement.

In November 2023, the management of the Group has decided to terminate the Servicing Agreements and the Subcontract Agreement. The Group had been in discussion with a public transport company on collaboration and obtained the tender in 2023 for provision of certain technology. The consideration for the tender project is in cash. Going forward, the Group would like to collaborate with reputable public transport companies to enhance the Group's reputation and generate value to the Group and its shareholders. In view of the foregoing and considering the payment settlement method and to utilize the resources of the Group more efficiently and effectively, the Group considered that the tender project was preferred and therefore terminated the Servicing Agreements and the Subcontract Agreement.

Management Discussion and Analysis

There were no alternative audit procedures that could satisfy the auditors the consolidated statement of profit or loss for the year ended 31 December 2023 were properly stated. The auditors were unable to determine whether adjustments to the consolidated statement of profit or loss for the year ended 31 December 2023 might be necessary. The audit opinion on the current year's financial statements is modified because of the possible effect of these matters on the comparability of the current year's corresponding figures and disclosures.

Management View And Position On the Audit Qualification

The Company considered that during the financial years ended 31 December 2024 and 2023, it has made its best endeavours to provide all the available information and documents for audit purpose in order for the existing auditors and predecessor auditors to understand the business rationale for entering into and terminating the Servicing Agreements and the Subcontract Agreement and to verify the transactions recorded during the year 2023. Nevertheless, the Company was unable to provide all the information and documents requested by the existing auditors and predecessor auditors. The information and documents requested mainly includes the business plan for the projects, budgets, profit analysis, test trials and system details of the technical knowhow, the Servicing Agreements, the Subcontract Agreement and the corporate approvals for entering thereto, correspondence with the customers at negotiation stage of the Servicing Agreements, throughout implementation of the projects and at termination, analysis including manpower plan and potential loss for termination of the Servicing Agreements and Subcontract Agreement, the correspondence between the Company and the service provider and the correspondence between the service provider and the Company's customers.

The Company was unable to provide the budgets, manpower plan and profit analysis for its engagements with its customers and the service provider as well as the test trials and system details of the technical knowhow and the correspondence between the service provider and the Company's customers. The service provider provided the technical knowhow services to the two customers directly and so the Company was unable to provide the test trials and system details of the technical knowhow and the requested correspondence.

The Company was unable to provide the other requested documents due to deficiencies in internal control and has implemented certain remedial measures to address the deficiencies and avoid re-occurrence of the same. Details of the remedial measures are set out in the section headed "Principal Risks, Internal Control Deficiencies and Remedial Measures Implemented" in the corporate governance report of the 2023 annual report.

In preparation of the Group's financial statements for the year ended 31 December 2023, the management took into consideration the following factors in arriving at its position:

1. the discussion between the Group and the two customers regarding the Servicing Agreements, the entering into of the agreements, the services provided and the payment thereof;
2. the discussion between the Group and the service provider regarding the Subcontract Agreement, the entering into of the agreement, the services provided thereunder and the payment thereof; and
3. the interviews and meetings conducted by the auditor with the customers and the service provider in relation to their business relationship and projects with DataCube.

Management Discussion and Analysis

As the basis giving rise to the qualified opinion on the current year's financial statements was developed based on the auditors were unable to draw comfort on the comparative figures of the same item contained in the current year's financial statements. Having considered that the Servicing Agreements and Subcontract Agreement had been terminated in November 2023, the Company is of the view that the above basis giving rise to the qualified opinion on the Financial Statements in 2024 will be removed from the consolidated financial statements of the Company for the financial year ended 31 December 2025 (the "FY2025"), and accordingly, such basis for the current year's financial statements will be properly addressed in the consolidated financial statements of the Company in FY2025.

Audit Committee's View on the Audit Qualification

The audit committee of the Company discussed with the auditor and enquired management of their position and basis of assessment. The audit committee reviewed the audit modifications and understood that the auditor was unable to obtain sufficient appropriate audit evidence or satisfactory management explanations to ascertain the nature of the above transactions. The audit committee also reviewed and understood the position of the management and agreed with the view of the management's position and basis.

Impact On The Company's Financial Position And Plan To Address the Audit Qualification

The board and the audit committee understand, after discussion with the auditors, that the Audit Qualification exists in the company's comparative figures on the Company's consolidated statement of profit or loss for the year ended 31 December 2024 and will be fully removed in the Company's financial statements for the year ending 31 December 2025. Considering the reasons for the Audit Qualification, the Company has reviewed its internal control and implemented certain remedial measures to address the deficiencies in 2023. Further details of the deficiencies and remedial measures implemented are set out in the section headed "Principal Risks, Internal Control Deficiencies and Remedial Measures Implemented" in the corporate governance report of the 2023 annual report. The Company shall continue to follow the measures and ensure the applicable GEM Listing Rules requirements will be complied with going forward.

Management Discussion and Analysis

BUSINESS REVIEW

Facing the volatility brought by the geo-political instability and macro economy, the Group has been vigilant of the uncertainties and challenges ahead and taking opportunities to cement and expand its AI and other IT businesses with prudent risk management in the Year. The Group has allied and collaborated with various experts in IT and other industries and looked for potential acquisitions for synergies without affecting too much of the Group's cashflow and resources.

Establishment of a Joint Venture Company

In January 2024, the Group has entered into an agreement ("JV Agreement") with Kilimanjaro Energy Group, Marvion Inc., and two individuals whereby the parties agreed to establish a joint venture company ("JV Company") to drive sustainable positive change in the environmental, social, and governance (ESG) sector. It is intended that the JV Company will engage in tokenization on the blockchain natively and at source carbon credits issued in the UAE and to build, manage and operate a decentralized carbon credit exchange licensed in Abu Dhabi (the "JV Business"). Details of the JV Agreement and the JV Company are set in the announcement dated 30 January 2024.

As at the date of this report, the JV Company has not yet commenced business.

Acquisition of 100% Equity Interest in Popsible Limited Involving the Issue of Consideration Shares under General Mandate

On 6 June 2024, Gold Unity Limited ("Gold Unity"), a wholly-owned subsidiary of the Company, had entered into an agreement (the "Agreement") with JStage Technology Limited ("JStage"), pursuant to which Gold Unity, as the purchaser (the "Purchaser") intended to acquire and JStage as the vendor (the "Vendor"), intended to sell 100% equity interest in Popsible Limited ("Popsible"), a company providing information technology and public relation services, at the consideration of HK\$11,500,000, settled by way of allotment and issue of 11,500,000 consideration shares by the Company at HK\$1.00 per share (the "Acquisition"). The Acquisition was completed and 11,500,000 consideration shares had been allotted and issued on 12 July 2024.

Details of the above Acquisition are set out in the announcements dated 6 June 2024 and 12 July 2024.

Cooperation agreement with Masary Capital Investments LLC FZ ("Masary Capital")

In September 2024, the Company has entered into a cooperation agreement (the "Cooperation Agreement") with Masary Capital, pursuant which the Company will establish a strategic business partnership with Masary Capital, whereby Masary Capital will promote and supervise the Company's predictive AI projects in the GCC region. The Board expects these projects will include (i) AI-powered predictive maintenance solutions for infrastructure projects; (ii) AI-powered geo-fencing solutions to minimize accidents around key installations in the ocean; (iii) AI-powered ship tracking and bridge monitoring solutions for enhancing navigational safety on ships; (iv) AI-powered risk management solutions for the finance industry; and (v) AI-powered revenue management solutions for the retail industry. To assist with the Company's business development in the UAE and the wider GCC region, the Company will appoint Mr. Sheikh Khalil Abdulla as an advisor to the Board of the Company, effective from 1 October 2024.

Management Discussion and Analysis

The Board believes that the entering into of the Cooperation Agreement will facilitate the Group's expansion of its predictive AI solutions and services to the UAE and the wider GCC region, which is in line with the future development direction of the Group.

Details of the above Cooperation Agreement are set out in announcement dated 11 September 2024.

Subscription of New Shares Under General Mandate

In November 2024, the Company entered into the subscription agreement with the A M K M INVESTMENTS L.L.C, a company incorporated in the United Arab Emirates with limited liability (the "Subscriber"), pursuant to which the Company has conditionally agreed to allot and issue, and the Subscriber has conditionally agreed to subscribe for, 12,353,000 subscription Shares ("Subscription Shares") at the subscription price of HK\$6.31 per subscription share (the "Subscription Agreement"). The Subscription Shares will be issued and allotted under the general mandate granted to the Directors by the Shareholders at the annual general meeting on 28 June 2024 ("AGM").

The Subscription Shares represent (i) approximately 16.86% of the existing issued share capital of the Company as at the date of the report; and (ii) approximately 14.43% of the enlarged issued share capital of the Company immediately following the Completion, assuming that there will be no change in the issued share capital of the Company (other than the issue of the Subscription Shares) between the date of the announcement and the Completion.

The Subscriber undertakes to the Company that it shall, and shall procure its nominee to, remain the sole beneficial owner of the Subscription Shares which are not subject to any encumbrances, and shall not, without the prior written consent of the Company, dispose or procure its nominee to dispose any of the Subscription Shares. The Subscriber further undertakes that, without the prior written consent of the Company, the Subscriber shall not and shall procure its nominee not to pledge, charge, or create encumbrance over the Subscription Shares during the lock-up period (collectively referred as the "Lock Up"). The Lock-Up shall automatically expire if the Proposed Dual Listing does not take place on or before the third anniversary of the Subscription Agreement or any other date agreed by the parties of the Subscription Agreement in writing.

Assuming that all the Subscription Shares are fully subscribed, the gross proceeds from the Subscription is expected to be US\$9,993,260 (equivalent to approximately HK\$77.95 million) (together with SFC transaction levy, Stock Exchange trading fee and other levies and fees as may be payable by the Subscriber). The net proceeds from the Subscription, after deducting all the relevant expenses, will amount to approximately HK\$77.75 million, which represents the net issue price of approximately HK\$6.30 per Subscription Share. The intended use of the net proceeds shall be (i) 70% of the net proceeds (equivalent to approximately HK\$54.43 million) will be used for the general working capital in the UAE, including but not limited to, the expenses for the setup of the office and the business development in the UAE; and (ii) 30% of the net proceeds (equivalent to approximately HK\$23.32 million) will be used for the general working capital in Hong Kong, including but not limited to, the office rents, salaries and administrative expenses in Hong Kong.

The Company has been liaising with the bank in Dubai regarding the operation and opening of the bank account of the Company. As additional time is required for liaison with the bank in Dubai and the fulfilment of the conditions precedent under the Subscription Agreement, the Company and the Subscriber entered into supplemental agreements, pursuant to which the Company and the Subscriber agreed to further extend the long stop date to 3 April 2025.

The Company shall publish an announcement regarding the completion of Subscription when appropriate.

Management Discussion and Analysis

Details of the above Subscription and the Subscription Agreement are set out in the announcements dated 7 November 2024, 5 December 2024, 2 January 2025, 3 February 2025 and 3 March 2025.

Macro Systems

During the Year, Macro Systems Limited allied with various top-class industry elites to continuously promote enterprise market's digital transformation in Hong Kong. Macro Systems has continued to be the "Nutanix Certified Sales Expert" and gained "Master Partner", the highest tier of partnership in the Nutanix Partner Program. Besides, Macro Systems has been the "Gold Partner" in Sangfor Technology Channel Partner, IBM PartnerWorld Program "Silver Partner" as well as "VMware Partner Connect Program – Advanced Partner". These awards and partnerships issued by various world-class partners are solid affirmation of our high quality services.

Macro Systems, had been the tech provider to issue a tokenized injunction order to freeze the assets involved in the case against two wallet holders suspected of holding stolen cryptocurrencies. This was the first time that High Court approved for the use of blockchain technology to issue orders. With the experience and technology Macro Systems possess, we provided revolutionary but reliable and advanced services to our clients and made a major step forward in resolving virtual asset-related disputes.

Meanwhile, we continued to utilise our scenario driven business agility zone at our experience centre in Tsimshatsui to allow our customers to experience the business transformation we bring with secured intelligence and technology. It allows clients to have a first-hand experience of smart office with high speed connection at any location. Not only does it help business to be performed in a seamless and agile way from office to anywhere by virtual workspace, it helps business to save energy and improve environment. We believe the experience zone can successfully strengthen our clients' confidence in deploying virtual workspace solution and facilitate the related business project progress. In June 2024, Macro Systems hosted the M365 Data Protection Event with Veeam. The event was well-attended by industry experts and leaders, who actively participated in the discussion about best practices for protecting and managing Microsoft 365 data. During the event, attendees shared valuable insights, asked questions, and engaged in insightful conversations about the challenges and importance of data protection.

During the Year, Macro Systems recorded a revenue of approximately HK\$22,306,000, representing a decrease of 26.1% as compared to the revenue of approximately HK\$30,199,000 in 2023. The decrease in revenue of Macro Systems was mainly attributable to decrease in sale of hardware and software as the Group is focusing on provision of IT services for better cash flow.

DataCube

During the Year, DataCube Research Centre Limited ("DataCube"), was rewarded the prestigious Gold Award at the 48th Geneva International Exhibition of Inventions, for the "AI Sensors Fusion Technique in Train Bogie Maintenance" jointly developed by DataCube and a public transportation company. This project utilizes artificial intelligence technology to develop a sophisticated algorithm capable of collecting real-time vibration frequency data from train bogies. It effectively predicts abnormal conditions, thereby improving monitoring and maintenance efficiency. This award is a testimony of the outstanding performance of DataCube and highlighted its leading position in big data analysis and modeling algorithms. Meanwhile, it has also continued to promote data modelling and big data analysis, as well as developing related technologies to expedite the adoption and drive the evolution of AI and business intelligence across different industries and regions with its unique advanced core technologies of the AI Book, AI Manager and BI Canvas. As such, DataCube provides the technological platforms and all related resources to drive the development of smart cities in Asia. Currently, the AI Book and BI Canvas developed by DataCube serve clients in the PRC.

Management Discussion and Analysis

The smart logistics and customer relationships management system (the “CRM system”), one of the branches of the AI Booster solution services, is a simplified AI solution targeting small to medium-sized enterprises without AI specialists. It is an end-to-end ecosystem that provides leading-edge solutions for model development, deployment, monitoring and evolution.

According to the data collected by DataCube, the smart logistics and CRM system of the AI Booster solution services help customers of the Group to select the optimal transportation by providing real-time information sharing so that on-time delivery can be achieved. It can also monitor exceptional changes of the business while providing more personalised recommendation to the customers. The algorithms and data management technologies used in the AI Book and BI Canvas can create synergy for the development of AI Booster and the smart logistics and CRM system, allowing the Group to seamlessly streamline its entire data process and leverage cutting-edge AI technologies. Therefore, the Company has been injecting resources in research and development on its AI technology in the smart logistics and CRM system to transform enormously complex data with automated machine learning platforms and augmented analytics into useful insights which enables the Group to provide timely services to its customers. The system shall also provide automated sales and customer service interactions and other logistics management services.

During the Year, DataCube contributed a revenue of approximately HK\$4,222,000 representing an increase of 23.8% as compared to the revenue of approximately HK\$3,411,000 in 2023. During the Year, DataCube focused on the cooperation with the mass rapid transit company and obtained higher amount of revenue from it.

FUTURE PROSPECT

The Company is strategically positioned to capitalize on the rapid advancements in technology and the growing demand for digital transformation across various sectors. During the Year, we had upheld our strategy and cooperated with our business partners. With the partnerships also acquisition of Popsible settling in, we believe that it will empower and synergize our main businesses in the future.

In the years to come, the Company continues to focus on our main businesses and recognize that AI, cybersecurity, machine learning and other technologies are crucial for the future growth of the Company. The Company shall deliver innovative products that meet the evolving needs of our clients from all industries. As such, the Company shall strengthen our technological capabilities and foster partnerships and collaborations with other leading technology companies to drive innovation and enhance our products and services quality.

Facing the rising geopolitical conflicts and tensions, the high interest rate and inflation, the macro-economic condition remains volatile, the Company will keep its prudent approach while broadening the income stream with the joining of Popsible in the Group, the Company shall continue to explore potential international markets like UAE through localized AI solutions and blockchain partnerships to diversify its revenue streams and mitigate risks associated with fluctuations in the domestic market. The Group is more equipped to pivot our services to offer dynamic engagement frameworks tailored to clients’ evolving financial priorities. This flexibility not only retained high-value clients during economic uncertainty but also unlocked new opportunities in niche markets previously underserved by traditional models. The Company will be committed to making appropriate business and investment decisions as and when appropriate in light of the Company’s business plan and the market conditions to create greater value to the Company and its Shareholders.

Management Discussion and Analysis

FINANCIAL REVIEW

Continuing Operations

Revenue

The Group's revenue for 2024 amounted to approximately HK\$41,485,000, decreased by 15.7% from approximately HK\$49,228,000 in 2023. The decrease in revenue is mainly due to the decrease in the revenue from sale of computer hardware and software and focusing on provision of IT services during the year.

Cost of sales and services

The Group had a total cost of sales and services of approximately HK\$19,087,000 in 2024, which decreased by 28.4%, compared with approximately HK\$26,660,000 in 2023. The decrease is mainly due to less trading of computer hardware and software during the Year.

Gross profit

The gross profit of the Group in 2024 amounted to approximately HK\$22,398,000 which decreased by approximately HK\$170,000, compared with approximately HK\$22,568,000 in 2023.

Other income and gains

During the financial year ended 31 December 2024, the Group generated other income and gains of approximately HK\$1,031,000 (2023: approximately HK\$3,472,000). The decrease in other income is mainly due to the decrease in other interest income during the year.

Selling and distribution expenses

The Group's selling and distribution expenses in 2024 amounted to approximately HK\$1,580,000, which decreased by HK\$7,410,000, compared with approximately HK\$8,990,000 in 2023. The decrease was due to the research and development expenses for smart retail cloud platform and network security of IoT cloud platform approximately HK\$8,256,000 incurred in 2023 and the Group does not have such expense during the year.

Administrative expenses

Administrative expenses of the Group in 2024 were approximately HK\$34,076,000, decreased by 12.6%, compared to approximately HK\$38,979,000 in 2023. The decrease is due to decrease in the advertising and promotion of the Group's products and legal and professional fees for publication of circulars and announcements in relation to the corporate actions of the Company during the year.

Management Discussion and Analysis

Fair value loss on investments at fair value through profit or loss

As at 31 December 2024, the Group held an investment portfolio comprising of marketable securities that are outside Hong Kong. The fair value loss from the portfolio amounted to approximately HK\$202,000 (2023: gain of approximately HK\$29,000).

Change in fair value of investment properties

As at 31 December 2024, the fair value of investment properties decreased by approximately HK\$20,617,000 (2023: approximately HK\$5,536,000).

Finance costs

Finance costs of the Group for 2024 were approximately HK\$2,578,000, a decrease of approximately HK\$3,011,000, comparing to approximately HK\$5,589,000 in 2023. The decrease in finance costs is mainly due to the promissory note was disposed together with a subsidiary during 2023.

Loss attributable to owners

The Group's loss attributable to owners of the Company was approximately HK\$37,634,000 for 2024 as compared to approximately HK\$20,876,000 in 2023. The increase in loss is mainly due to increase in fair value loss on the investment properties from approximately HK\$5,536,000 in 2023 to approximately HK\$20,617,000 in 2024.

FINANCIAL POSITION

Liquidity and financial resources

As at 31 December 2024, cash and bank balances held by the Group decreased from approximately HK\$11,595,000 as of 31 December 2023 to approximately HK\$5,371,000.

As at 31 December 2024, the Group's total borrowings amounted approximately HK\$60,740,000 (2023: approximately HK\$65,033,000). The gearing ratio (calculated as total borrowings over total equity) of the Group was 0.25 (2023: 0.25).

For the year ended 31 December 2024, the Group had capital expenditure of approximately HK\$39,000 (2023: approximately HK\$638,000) for addition of property, plant and equipment.

Management Discussion and Analysis

Significant Investments, Material Acquisitions and Disposals of Subsidiaries

On 6 June 2024, Gold Unity, a wholly-owned subsidiary of the Group, had entered into an agreement with JStage, pursuant to which Gold Unity has conditionally agreed to acquire, and JStage has conditionally agreed to sell 100% of the issued share capital of Popsible at a consideration of HK\$11,500,000 which to be settled by way of allotment and issue of the 11,500,000 consideration shares by the Company. The acquisition was completed on 12 July 2024 and Popsible became a wholly owned subsidiary of the Group. Details of the acquisition is set out on the page 9 of the annual report and Note 37(c) in the consolidated financial statements. After the acquisition, during the Year, Popsible contributed a revenue of approximately HK\$1,818,000 to the Group.

There is no plans for material investments or capital assets as at the date of this report.

Capital structure

As at 31 December 2024 and as at the date of this report, there are a total of 73,265,237 (2023: 61,765,237) issued shares of the Company of par value of HK\$0.1 each.

The details of the changes in capital structure of the Company during the year are set out in Note 35 to the consolidated financial statements.

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. To their best of knowledge and belief, the Directors consider that the followings are the key risks and uncertainties identified by the Group as at the date of this report.

Foreign Exchange Rates Risk

The Group has minimal exposure to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in the functional currencies of the Group entities. The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

Liquidity Risk

Liquidity risk is the potential risk 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's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

Price Risk

The Group's financial assets at fair value through profit or loss are measured at fair value at the end of each reporting period. Therefore, the Group is exposed to equity security price risk. The Directors manage this exposure by maintaining a portfolio of investments with different risk profiles.

Management Discussion and Analysis

EMPLOYEES AND REMUNERATION POLICIES

There were a total of 70 employees in the Group as of 31 December 2024 (2023: 61 employees). Total expenses on employee benefits amounted to approximately HK\$24,216,000 of which HK\$1,764,000 is related to equity-settled share-based payment for the year ended 31 December 2024 (2023: approximately HK\$21,744,000 of which HK\$931,000 is related to equity-settled share-based payment). The management believes the remuneration packages offered by the Group to its employees are competitive.

The Remuneration Committee of the Company recommends the level of remuneration for Directors, subject to approval by the Board. The primary goal of the remuneration policy with regard to the remuneration packages of the Group's executive Directors is to enable the Group to retain and motivate executive Directors by linking their compensation with performance as measured against corporate objectives achieved. In order to determine the level of remuneration paid to the members of the Board, market rates and factors such as time commitment, responsibilities of directors and the Group's performance are taken into account. As part of the remuneration package, Board members may be granted a certain number of share options under share incentive schemes adopted by the Company from time to time. Such securities may be granted upon the recommendation of the Remuneration Committee and will be subject to approval by the Board or the Shareholders (if necessary).

The Group has formulated its emolument policy which sets out the basis for the remuneration of the employees and the remuneration structure of employees that comprises of basic wage, allowances, benefits and others, and grants employees share options as appropriate based on the assessment of individual performance. The Company has made contributions to, among others, social insurance on behalf of its employees in PRC in accordance with the relevant laws and regulations requirements of the PRC. The emoluments payable to employees of the Group are determined based on their responsibilities, qualifications, experiences and the role taken as well as the industry practices. Other benefits to the employees of the Group include, among other things, share options. Details of the shares options granted are set out in the section headed "Share Option Scheme" in this annual report.

REDEMPTION, PURCHASE OR CANCELLATION OF THE COMPANY'S REDEEMABLE SECURITIES

Neither the Company nor any of its subsidiaries has redeemed, purchased or cancelled any of the Company's redeemable securities during the Year.

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

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

EVENTS AFTER REPORTING PERIOD

Save as disclosed in this annual report, there are no other important events affecting the Group that has taken place subsequent to the Year and up to the date of this report.

Biographical Information of Directors and Senior Management

EXECUTIVE DIRECTORS

Mr. WONG King Shiu, Daniel (“Mr. Daniel Wong”), aged 65, has been appointed as the chairman of the Board and chief executive officer of the Company with effect from 25 November 2019. He was the authorised representative and the process agent of the Company from 12 November 2020 to 31 March 2021. He has been re-appointed as the authorized representative of the Company again on 28 June 2024.

He has over 13 years of experience in natural resources industry and served as an executive director in a various natural resources company which is listed in Hong Kong. He also has extensive experience in the management and development of natural resources projects in China. He was an independent non-executive director of Huisheng International Holdings Limited (Stock Code: 1340) from 7 June 2016 to 30 June 2022. Mr. Daniel Wong joined the Group on 16 August 2017.

Mr. CHU Joshua Allen Kiu Wah, aged 38, is a qualified lawyer and law lecturer in Hong Kong. In addition to his legal role, Mr. Chu is also currently serving as Senior Consultant with Prosynergy. With a broad and extensive practice covering dispute resolution, cybersecurity, and technology law, Mr. Chu has led a number of notable cases in Hong Kong including obtaining the jurisdiction’s first Court Order for service via data room in Hwang Joon Sang & Anor v. Golden Electronics Inc. & Ors [2020] HKCFI 1084, appearing as co-advocate in Chan Wing Yan and Anor. v. JP-EX Crypto Asset Platform Pty Ltd and Others [2024] HKDC 1628 and more recently, spearheading efforts to deploy tokenized injunction order.

Aside from his professional roles, Mr. Chu also serves as the current Co-Chair of the Hong Kong Web3 Association, legal advisor for Hong Kong Blockchain Association and director at Corporate Counsel Hong Kong Association.

Mr. Chu graduated from the University of Texas at Dallas, USA, with a Bachelor of Science degree in Business Administration and Management in May 2009 and a Master of Science degree in Healthcare Management, Business Administration and Management in May 2010. Subsequently, Mr. Chu obtained his Juris Doctor degree (Distinction) and Postgraduate Certificate in Laws from the City University of Hong Kong in October 2014 and July 2015, respectively. Mr. Chu was officially admitted as a qualified solicitor in Hong Kong since March 2018 and is a member of the Law Society of Hong Kong.

Mr. SO Han Meng Julian, aged 53, obtained his degree of Bachelor of Laws from The National University of Singapore. Mr. So is qualified as a solicitor in Singapore, England and Wales and Hong Kong.

He possesses ample experiences in the financial industry, specialising in banking, structured finance, securitisation and derivatives. He is currently Regulatory Consultant of Prosynergy Consulting Limited, a Hong Kong boutique consulting firm that acts as the trusted advisor of financial institutions, fintechs and other companies. He is also Group Chief Executive Officer of Invezz Inc., a decentralized financial institution with a vision to build an investment bank, an asset management company and an exchange using decentralisation technologies.

Mr. So was the Chief Advisor to the Board of the Company from October 2023 to October 2024. He was also the Non-Executive Vice Chairman of Marvion Inc, the issued shares of which are traded over the counter (OTC) (Ticker: MVNC) from August 2021 to September 2024. He was the Group Chief Executive Officer of XBE from July 2021 to September 2024. He had also worked in various prestigious international law firms in Singapore and Hong Kong.

Biographical Information of Directors and Senior Management

NON-EXECUTIVE DIRECTORS

Hon. Li Sai Wing, MH, JP, aged 41, has been appointed as Non-Executive Director with effect from 26 October 2022. Hon Li has obtained his bachelor degree of administrative management from Jinan University and master degree of public administration from Sun Yat-Sen University. He is currently Justice of the Peace and a member of the Legislative Council (New Territories South East) of Hong Kong since 2022.

Currently, he is the Vice Chairman of Federation of New Territories Youth, an executive committee member of Democratic Alliance for the Betterment and Progress of Hong Kong. Hon Li is a committee member of HKSAR Government Election Committee and CLP Eco Building Fund. Hon Li is a Hong Kong Committee Member of Guangzhou Panyu District CPPCC Committee. He is also the Vice Chairman of New Territories Association of Societies. Hon. Li is also a committee member of Fight Crime Committee of Hong Kong Special Administrative Region (“HKSAR”) Government. He was a district council member of Shatin District from 2012 to 2019. He was the PR Project Supervisor of A-World Consulting Limited.

Ms. LEUNG Kar Ming, MH, aged 45, has been appointed as non-executive Director with effect from 1 August 2024. She had studied for Bachelor of Business Administration (service operation management) in City University of Hong Kong.

Currently, Ms. Leung is a District Council member (Kwai Tsing District) and member of the Sixth Election Committee of HKSAR. She is also a Hong Kong and Macau member of the 13th Zhongshan Municipal Committee of the Chinese People’s Political Consultative Conference. She is also a deputy officer of Administration and Human Resources Department of Associated Maritime Company (Hong Kong) Limited.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. WONG Hoi Kuen, aged 64, is the chairman of the audit committee, the remuneration committee and nomination committee of the Company. He is a practising certified public accountant in Hong Kong and a chartered accountant in the United Kingdom. He is a fellow member of The Hong Kong Institute of Certified Public Accountants, The Association of Certified Public Accountants and The Institute of Chartered Accountants in England and Wales. Mr. Wong joined the Group on 16 August 2017. Mr. Wong was an independent non-executive director, members of audit committee and nomination committee of Elife Holdings Limited (Stock Code: 223) for the period from 9 May 2011 to 30 September 2024. Mr. Wong was also the company secretary of China Infrastructure Investment Limited for the period from 1 August 2023 to 21 May 2024, the listing of securities of which were cancelled on the Main Board of the Stock Exchange on 15 November 2024.

Biographical Information of Directors and Senior Management

Dr. CHEN Shengrong, aged 43, is a member of the audit committee, remuneration committee and nomination committee of the Company. She obtained a doctorate degree in Business Administration from the Pacific States University of the USA in 2011. She was an audit manager with Baker Tilly China Certified Public Accountants and had been the vice general manager of New Times Securities Company Limited in charge of risk control. From August 2014 to December 2016, Dr Chen served as the vice president of finance of Skyslink New Energy Asset Management Limited. From January 2017 to February 2021, she served as the vice president of Sky Cloud Green Data Technology Co, Ltd. (天之雲綠色數據技術有限責任公司). She is currently serving as general manager in China Ageing Welfare Development Co, Ltd. Dr Chen has extensive experience in internal control of enterprises, risk control in investment businesses, project risk evaluation and assets restructuring management. Dr Chen joined the Group on 30 January 2015.

Mr. CHU Wun Chiu, aged 30, has been appointed as independent non-executive Director with effect from 1 August 2024. He is a member of the Audit Committee, Nomination Committee and Remuneration Committee. Mr. Chu has obtained his Bachelor degree in International Politics from Jinan University. He has been a District Council member (Sha Tin East) of Hong Kong and a Hong Kong and Macau member of Shantou City, Haojiang District of CPPCC since January 2024.

He has also been a project approval group member of Environment and Conservation Fund in Hong Kong since January 2023 and a member of Young Democratic Alliance for the Betterment and Progress of Hong Kong since July 2021.

SENIOR MANAGEMENT

Ms. LAM Mei Wai Michelle, is the company secretary and one of the authorised representatives of the Company with effect from 31 March 2021. She holds a Bachelor of Arts from The University of Hong Kong and a Master of Science in Professional Accounting and Corporate Governance from City University of Hong Kong. She is a Chartered Secretary, a Chartered Governance Professional and an associate (practitioner's endorsement) of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom. Ms. Lam is currently the President of Oakwood Services Limited and has more than 10 years of experience in company secretarial field. She also serves as the company secretary of Success Dragon International Holdings Limited (stock code: 1182), a company listed on the Main Board of the Stock Exchange.

Directors' Report

The Directors are pleased to present their report and the audited consolidated financial statements of China Information Technology Development Limited and its subsidiaries for the year ended 31 December 2024.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the Company is investment holding. Details of the principal activities of the principal subsidiaries are set out in note 41 to the consolidated financial statements. There were no significant changes in the nature of the Group's principal activities during the year.

Further discussion and analysis of these activities as required by Schedule 5 to the Hong Kong Companies Ordinance, including the results of the Group, the financial position of the Group and a discussion of the principal risks and uncertainties facing the Group as well as indication of likely future developments in the Group's businesses and other relevant information, can be found in the "Management Discussion and Analysis" set out on pages 6 to 16 and the Chairman's Statement as set out on pages 4 to 5 of this report. Such discussion forms part of this Directors' Report.

RESULTS AND DIVIDENDS

The Group's loss for the year ended 31 December 2024 and the state of affairs of the Group at that date are set out in the consolidated financial statements on pages 64 to 71.

The audit committee of the Company (the "Audit Committee") has reviewed the draft audited consolidated financial statements and annual report before presenting them to the Board for consideration and approval.

The Directors do not recommend the payment of a final dividend for the year ended 31 December 2024.

SUMMARY OF FINANCIAL INFORMATION

A summary of the published results and assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the audited consolidated financial statements, is set out on page 167. This summary does not form part of the audited consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

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

SHARE CAPITAL AND SHARE OPTIONS

Details of movement in the share capital and share options of the Company during the year are set out in note 35 and note 36 to the consolidated financial statements respectively.

EQUITY-LINKED AGREEMENTS

Save for the old share option scheme adopted by the Company on 2 August 2012 ("2012 Share Option Scheme") and the existing share option scheme adopted by the Company on 15 May 2023 (the "2023 Share Option Scheme") as disclosed in the section headed "Share Options Scheme" of this Directors' Report, the Company has not entered into any equity-linked agreement for the year ended 31 December 2024.

Directors' Report

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's articles of association (the "Articles of Association") or the laws of the Cayman Islands which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

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

RESERVES

Details of movements in the reserves of the Company and the Group during the year are set out in note 39 to the consolidated financial statements and in the consolidated statement of changes in equity respectively.

DISTRIBUTABLE RESERVES

As at 31 December 2024, the Company had no reserve available for distribution to shareholders (including share premium account, foreign currency translation reserve and retained earnings). Under the Companies Law, Cap 22 (Law 38 of 1961, as consolidated and revised) of the Cayman Islands, the share premium of the Company is available for paying distributions or dividends to shareholders subject to the provisions of its articles of association and provided that immediately following the distribution or dividend the Company is able to pay its debts as they fall due in the ordinary course of business, in accordance with the Company's Articles of Association, dividends shall be distributed out of the retained profits or other reserves, including the share premium account, of the Company.

MAJOR CUSTOMERS AND SUPPLIERS

In the year under review, sales to the Group's five largest customers accounted for 43.1% of the total sales for the year and sales to the largest customer included therein amounted to 27.0%. Purchases from the Group's five largest suppliers accounted for 41.2% of the total purchases for the year ended 31 December 2024 and purchase from the largest supplier included therein amounted to 21.5%.

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

Directors' Report

DIRECTORS

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

Executive Directors:

Mr. Wong King Shiu, Daniel (*Chairman and Chief Executive Officer*)

Mr. Chu Joshua Allen Kiu Wah (Appointed on 28 June 2024)

Mr. So Han Meng Julian (Appointed on 1 November 2024)

Mr. Chang Ki Sum Clark (Retired at the AGM on 28 June 2024)

Non-Executive Directors:

Hon. Li Sai Wing, *MH, JP*

Ms. Leung Kar Ming, *MH* (Appointed on 28 June 2024)

Independent non-executive Directors:

Mr. Wong Hoi Kuen

Dr. Chen Shengrong

Mr. Hung Hing Man (Resigned on 1 August 2024)

Mr. Chu Wun Chiu (Appointed on 1 August 2024)

In accordance to Articles 86(3) of the Articles of Association, the Directors appointed during the Year will hold office until the forthcoming annual general meeting of the Company and shall be eligible for re-election.

In accordance with Articles 87(1) and 87(2) of the Articles of Association, one-third of the Directors will retire and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

CONFIRMATION OF INDEPENDENCE

The Company has received annual confirmations of independence from Mr. Wong Hoi Kuen, Dr. Chen Shengrong and Mr. Chu Wun Chiu and as at the date of this report still considers them to be independent.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors and the senior management of the Group are set out on pages 17 to 19 of the annual report.

DIRECTORS' SERVICE CONTRACTS

No Director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

Directors' Report

DIRECTORS' REMUNERATION

The Directors' fees are subject to shareholders' approval at general meetings. Other emoluments are determined by the Board of Directors with reference to Directors' duties, responsibilities and performance and the results of the Group as well as the recommendation of the remuneration committee of the Company (the "Remuneration Committee"). Further details of the Directors' remuneration and the five highest paid individuals are set out in the note 11 to the consolidated financial statements on pages 126 to 128 of the annual report.

PERMITTED INDEMNITY OF DIRECTORS

Pursuant to the Articles of Association, every Director or other senior officer of the Company shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities which he may sustain or incur in or about the execution of the duties of his office or otherwise in relation thereto, and no director or other officer shall be liable for any loss, damages or misfortune which may happen to or be incurred by the Company in the execution of the duties of his office or in relation thereto. The Company has arranged appropriate directors' and officers' liability insurance coverage for the directors and officers of the Company during the year.

DIRECTORS' MATERIAL INTERESTS IN TRANSACTION, ARRANGEMENT AND CONTRACTS

None of the Directors had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company, or any of its subsidiaries or fellow subsidiaries was a party during the year.

MANAGEMENT CONTRACTS

No contracts, other than the employment contracts of the Directors and senior management of the Company, concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

CONTRACTS OF SIGNIFICANCE WITH CONTROLLING SHAREHOLDER

There is no transactions, arrangements and contract of significance to the business of the Group between the Company, or any of its subsidiaries, and a controlling shareholder or any of its subsidiaries during the Reporting Period. During the Year, no transactions, arrangements and contract of significance for the provision of services to the Group by a controlling shareholder or any of its subsidiaries was made.

Directors' Report

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES AND DEBENTURES

As at 31 December 2024, the interests and short positions of the Directors in the share capital and underlying shares of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or as otherwise required pursuant to Rules 5.46 to 5.68 of the GEM Listing Rules to be notified to the Company and the Stock Exchange were as follows:

Long positions in ordinary shares of the Company:

Name of Directors	Capacity	Nature of Interest		Percentage of the Company's issued share capital (approximately) (Note a)
		Registered Shareholder	Underlying Interest	
Executive Directors				
WONG King Shiu, Daniel	Beneficial owner	655,550	–	0.89%
		–	615,000 (Note b)	0.84%
Non-Executive Director				
Hon. LI Sai Wing, MH, JP	Beneficial owner	–	200,000	0.27%
Independent Non-Executive Directors				
WONG Hoi Kuen	Beneficial owner	–	34,000 (Note c)	0.05%
CHEN Shengrong	Beneficial owner	–	34,000 (Note c)	0.05%
Former Executive Director				
CHANG Ki Sum Clark (Retired on 28 June 2024)	Beneficial owner	–	614,374	0.84%

Notes:

- (a) The percentage is calculated based on the total number of ordinary shares of the Company in issue as at the date of this report, which was 73,265,237 Shares.
- (b) Mr. Wong King Shiu, Daniel was granted 3,430,000 share options on 16 June 2022 (prior to consolidation of the shares of the Company on the basis of 10 existing shares into 1 consolidated share).
- (c) The directors were each granted 340,000 share options on 16 June 2022 (prior to consolidation of the shares of the Company on the basis of 10 existing shares into 1 consolidated share).

Directors' Report

Save as disclosed above and in the paragraph headed "Share Options Scheme", as at 31 December 2024, none of the Directors or chief executive had registered an interest or a short position in the shares, underlying shares or debentures of the Company or any of its associated corporations that was required to be recorded pursuant to Divisions 7 and 8 of Part XV of the SFO, or as otherwise required pursuant to Rules 5.46 to 5.68 of the GEM Listing Rules to be notified to the Company and the Stock Exchange.

EMOLUMENT POLICY

The employees' remuneration depends on their particular duties and their performance. The Company conducts employee performance review annually to evaluate and adjust the employees' remuneration. The Company enters into individual employment agreements with the employees, with terms covering, among other things, positions, salaries, working hours, annual leave and other benefits. The Group has the 2023 Share Option Scheme in place to enable the Board to grant share options to selected Eligible Persons as incentives or rewards for their contribution or potential contribution to the growth and development of the Group. For details in relation to the 2023 Share Option Scheme and the 2012 Share Option Scheme, please refer to the paragraph headed "Share Option Scheme" from pages 25 to 32 of this annual report.

The emoluments of Directors are determined based on the skill, knowledge, duties and responsibilities. Each Director and senior management are determined by reference to the Company's performance and profitability, as well as remuneration benchmark in the industry and the prevailing market conditions.

No emoluments were paid by the Group to the directors of the Company or the five highest paid individuals (including directors and employees), as an inducement to join or upon joining the Group or as compensation for loss of office.

None of the Directors waived any emoluments for the year ended 31 December 2024.

SHARE OPTION SCHEME

2012 Share Option Scheme

The Company has adopted a share option scheme with effect from 2 August 2012 pursuant to an ordinary resolution passed by the Shareholders (the "2012 Share Option Scheme"). On 13 May 2021, the Company granted a total of 23,900,000 share options with rights to subscribe for 23,900,000 shares of the Company and further granted a total of 16,360,000 share options on 16 June 2022 with rights to subscribe for 16,360,000 shares of the Company.

Purpose of the 2012 Share option scheme

The purpose of the 2012 Share Option Scheme is to enable the Company to grant share options to selected eligible participants as incentives or rewards for their contribution or potential contribution to the Group. The 2012 Share Option Scheme provides the participants with the opportunity to acquire proprietary interests in the Company and will encourage such participants to work towards enhancing the value of the Company and the Shares for the benefit of the Company and the Shareholders as a whole.

Directors' Report

Participants of the 2012 Share Option Scheme

The 2012 Share Option Scheme also attracts and retains the best available personnel and to provide additional incentive to an employee, director (including executive director, non-executive director or independent non-executive director), consultant, professional adviser, customer, business partner, joint venture partner, strategic partner or any supplier or provider of goods or services to, the Group, and any trustee(s) of a discretionary trust of which one or more beneficiaries belong to any of the abovementioned category(ies) of persons.

The basis of eligibility of any participant to the grant of any share option shall be determined by the Board from time to time on the basis of their contribution or potential contribution to the development and growth of the Group. The Board may, at its absolute discretion and on such terms as it may think fit and in accordance with the rules of the 2012 Share Option Scheme, grant share options under the 2012 Share Option Scheme to the eligible participants.

Total number of shares available for issue

The 2012 Share Option Scheme has expired on 1 August 2022 and no more share options may be granted under the 2012 Share Option Scheme during the Year. The outstanding share options under the 2012 Share Option Scheme would continue to be exercisable. During the Year, a total of 267,562 share options were lapsed. 3,835,213 share options are outstanding and so a total of 3,835,213 shares are available for issue, which represents 5.23% of the issued Shares as at the date of this report.

The scheme mandate limit of the 2012 Share Option Scheme was refreshed by way of ordinary resolution in the EGM held on 5 November 2021. Prior to the expiry of the 2012 Share Option Scheme, the Company was able to grant 34,314,132 share options under the 2012 Share Option Scheme under the refreshed mandate limit, being 10% of the total number of shares in issue on 5 November 2021.

Maximum entitlement of each participant under the 2012 Share Option Scheme

The total number of Shares issued and which may fall to be issued upon exercise of the share options granted under the 2012 Share Option Scheme and any other share option schemes of the Company (including both exercised and outstanding share options) to each participant in any 12-month period up to the date of grant shall not exceed 1% of the Shares in issue as at the date of grant. Any further grant of share options in excess of this 1% limit shall be subject to the issuance of circular by the Company to seek the approval of the Shareholders in general meeting and/or subject to other requirements prescribed under the GEM Listing Rules.

Directors' Report

Period within which the option may be exercised by the grantee

The Company granted share options under the 2012 Share Option Scheme in 13 May 2021 and 16 June 2022. The exercise period for the respective share options granted was 10 years from the date of grant, from 13 May 2021 to 12 May 2031 and 16 June 2022 to 15 June 2032.

Vesting period of options granted

There is no vesting period with the share options granted on 13 May 2021 and 16 June 2022.

The amount payable on acceptance of options

Upon acceptance of the Option, the grantee shall pay HK\$1.00 to the Company by way of consideration for the grant.

Basis of determining the exercise price of options

The subscription price of a Share in respect of any particular share option granted under the 2012 Share Option Scheme shall be such price as the Board in its absolute discretion shall determine, save that such price will not be less than the highest of: (i) the closing price of the Shares as stated in the Stock Exchange's daily quotation sheets on the date of grant, which must be a day on which the Stock Exchange is open for the business of dealing in securities; (ii) the average of the official closing prices of the Shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant; and (iii) the nominal value of a Share.

Remaining life of the 2012 Share Option Scheme

The 2012 Share Option Scheme was valid and effective for a period of ten years from 2 August 2012 until its expiry on 1 August 2022. The outstanding share options granted under the 2012 Share Option Scheme remain valid until its expiry, being 10 years from the date of grant and being 12 May 2031 in respect of the share options granted in May 2021 and on 15 June 2032 in respect of the share options granted in June 2022.

Directors' Report

During the Year, movements of the options which have been granted under the 2012 Share Option Scheme are set out below:

Name	Title	Exercise price (HK\$)	Date of Grant	Vesting period	Exercise Period	Number of share options				Outstanding as at 31 December 2024	
						Balance as at 1 January 2024	Granted	Lapsed	Cancelled		Exercised
SUBSTANTIAL SHAREHOLDER											
ZHANG Rong	Substantial Shareholder	2.19	13/5/2021	N/A	13 May 2021 to 12 May 2031	25,730	—	—	—	—	25,730
Sub-total:						25,730	—	—	—	—	25,730
DIRECTOR											
WONG King Shiu, Daniel	Executive Director ("ED"), Chairman and Chief Executive Officer	1.40	16/6/2022	N/A	16 June 2022 to 15 June 2032	343,000	—	—	—	—	343,000
WONG Hoi Kuen	Independent non-executive Director ("INED")	1.40	16/6/2022	N/A	16 June 2022 to 15 June 2032	34,000	—	—	—	—	34,000
CHEN Shengrong	INED	1.40	16/6/2022	N/A	16 June 2022 to 15 June 2032	34,000	—	—	—	—	34,000
FORMER DIRECTOR											
CHANG Ki Sum Clark (Retired on 28 June 2024)	ED	2.19	13/5/2021	N/A	13 May 2021 to 12 May 2031	267,374	—	—	—	—	267,374
		1.40	16/6/2022	N/A	16 June 2022 to 15 June 2032	73,000	—	—	—	—	73,000
HUNG Hing Man (Resigned on 1 August 2024)	INED	1.40	16/6/2022	N/A	16 June 2022 to 15 June 2032	34,000	—	(34,000)	—	—	—
Sub-total:						785,374	—	(34,000)	—	—	751,374
EMPLOYEES											
Batch A ¹		2.19	13/5/2021	N/A	13 May 2021 to 12 May 2031	268,492	—	(33,562)	—	—	234,930
Batch B ¹		2.19	13/5/2021	N/A	13 May 2021 to 12 May 2031	184,588	—	—	—	—	184,588
Batch C ¹		2.19	13/5/2021	N/A	13 May 2021 to 12 May 2031	1,246,255	—	—	—	—	1,246,255
Batch D ¹		1.40	16/6/2022	N/A	16 June 2022 to 15 June 2032	245,000	—	(80,000)	—	—	165,000
Batch E ¹		1.40	16/6/2022	N/A	16 June 2022 to 15 June 2032	430,000	—	(120,000)	—	—	310,000
Batch F ¹		1.40	16/6/2022	N/A	16 June 2022 to 15 June 2032	343,000	—	—	—	—	343,000
Sub-total:						2,717,335	—	(233,562)	—	—	2,483,773

Directors' Report

Name	Title	Exercise price (HK\$)	Date of Grant	Vesting period	Exercise Period	Number of share options					Outstanding as at 31 December 2024
						Balance as at 1 January 2024	Granted	Lapsed	Cancelled	Exercised	
CONSULTANTS											
WEI Qi	AI consultant	2.19	13/5/2021	N/A	13 May 2021 to 12 May 2031	237,168	—	—	—	—	237,168
WEI Guokang	Data center construction Consultant	2.19	13/5/2021	N/A	13 May 2021 to 12 May 2031	237,168	—	—	—	—	237,168
HUANG Jiehuan	Consultant (Algorithm)	1.40	16/6/2022	N/A	16 June 2022 to 15 June 2032	100,000	—	—	—	—	100,000
Sub-total:						574,336	—	—	—	—	574,336
TOTAL:						4,102,775	—	(267,562)	—	—	3,835,213

Note 1:

Batch	Number of Options Granted to each employee	Number of Employees
A	0 to 50,000	18 (7 of the 18 employees resigned and the options granted have been lapsed)
B	50,001 to 100,000	4 (1 of the 4 employees resigned and the options granted have been lapsed)
C	200,001 to 250,000	5
D	0 to 50,000	10 (4 of the 10 employees resigned and the options granted have been lapsed)
E	50,001 to 100,000	6 (1 of the employees was a grantee of Batch A and 2 of the 6 employees resigned and the options granted have been lapsed)
F	200,001 to 343,000	1

Note 2:

The number of outstanding share options and the exercise price were adjusted accordingly upon completion of rights issue on the basis of one rights share for every two existing shares on 11 April 2022 and completion of share consolidation of every ten issued and unissued existing shares be consolidated into one consolidated share on 5 December 2022.

Note 3:

The options have an exercise period of ten years from date of grant. They do not have any vesting period nor performance target.

Note 4:

The closing price of the shares immediately before the date on which the share options were granted (i.e. 16 June 2022) was HK\$0.140 (prior to completion of the share consolidation mentioned in Note 2 above).

Directors' Report

2023 Share Option Scheme

The Company has adopted the 2023 Share Option Scheme with effect from 15 May 2023 (the "Adoption Date") pursuant to an ordinary resolution passed by the Shareholders. The Company is entitled to offer 6,176,523 share options under the scheme mandate and 617,652 share options under the service provider sublimit upon the adoption of the share option scheme. As at the date of this report, 1,568,000 share options have been granted under the 2023 Share Option Scheme. During the Year and as at the date of this report, the Company is entitled to offer up to a total of 4,608,523 share options under the scheme mandate, and 617,652 share options under the service provider sublimit.

Purpose and Participants of the 2023 Share Option Scheme

The purpose of the 2023 Share Option Scheme is to enable the Board to grant share options to (i) director(s) and employee(s) of the Company or any of its subsidiaries; (ii) directors and employees of holding companies, fellow subsidiaries or associate companies of the Company; and (iii) person(s) who provide services to the Group on a continuing and recurring basis in its ordinary and usual course of business which are in the interests of the long-term growth of the Group such as advisers, consultants, distributors, contractors, suppliers, agents and service providers of any subsidiary of the Group ("Service Providers" and collectively referred as the "Eligible Participants") as incentives or rewards for their contribution or potential contribution to the Group.

The Directors are of the view that the adoption of the 2023 Share Option Scheme aligns with the market practice of providing incentives to employee participants to work towards achieving the long-term objectives for the benefit of the Group as a whole.

The Board may determine the Employee Participants' eligibility in its sole discretion by considering all relevant factors as appropriate and take into account criteria based on the nature of the contributions made by the Eligible Participants before granting Share Option(s) to them.

Total number of share available for issue

Pursuant to an ordinary resolution passed by the Shareholders on 15 May 2023, the Company is entitled to issue a maximum of 6,176,523 Shares upon exercise of the share option to be granted under the scheme, representing 10% of the issued Shares on 15 May 2023.

The Company had granted 1,568,000 share options under the 2023 Share Option Scheme on 10 August 2023 to certain directors and employees of the Company at an exercise price of HK\$3.42 per Share. During the Year, no options had been granted to service providers and the service provider sublimit has not been utilized.

As at the date of this report, 1,538,000 share options are outstanding and so 1,538,000 shares are available for issue, representing approximately 2.10% of the issued Shares.

Directors' Report

Maximum entitlement of each participant under the 2023 Share Option Scheme

The total number of Shares issued and which may fall to be issued upon exercise of the share option granted under the 2023 Share Option Scheme and any other share option schemes of the Company (including both exercised and outstanding share option) to each participant in any 12-month period up to the date of grant shall not exceed 1% of the Shares in issue as at the date of grant. Any further grant of share option in excess of this 1% limit shall be subject to the issuance of circular by the Company to seek the approval of the Shareholders in general meeting and/or subject to other requirements prescribed under the GEM Listing Rules.

The Board has also set the service provider sublimit in respect of the total number of Shares which may be allotted and issued in respect of all share option to be granted to Service Providers under the 2023 Share Option Scheme to 1% of the total number of Shares in issue on the Adoption Date, being no more than 617,652 Shares.

Period within which the option may be exercised by grantee

The option granted under the 2023 Share Option Scheme shall be exercised in 10 years from the date of grant.

Vesting Period of the options granted

The vesting period of share options granted under the 2023 Share Option Scheme shall be determined by the Board subject to a minimum period of no less than 12 months.

The amount payable on acceptance of options

Upon acceptance of the Option, the grantee shall pay HK\$1.00 to the Company by way of consideration for the grant no later than 30 days from the date of grant.

Basis of determining the exercise price of options granted

The exercise price of a Share in respect of any particular share option granted under the 2023 Share Option Scheme shall be such price as the Board in its absolute discretion shall determine at the time of grant, save that such price will be at least the highest of: (i) the closing price of the Shares as stated in the Stock Exchange's daily quotation sheets on the date of grant, which must be a day on which the Stock Exchange is open for the business of dealing in securities; (ii) the average of the official closing prices of the Shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant; and (iii) the nominal value of a Share.

The remaining life of the 2023 Share Option Scheme

The 2023 Share Option Scheme shall be valid and effective for a period of 10 years from the Adoption Date.

Directors' Report

During the Year, movements of the options which have been granted under the 2023 Share Option Scheme are set out below:

Name	Title	Exercise price (HK\$)	Date of Grant	Vesting period	Exercise Period	Number of share options					Outstanding as at 31 December 2024
						Balance as at 1 January 2024	Granted	Lapsed	Cancelled	Exercised	
DIRECTOR											
WONG King Shiu, Daniel	ED, Chairman and Chief Executive Officer	3.42	10/8/2023	10 August 2024	10 August 2024 – 9 August 2033	272,000	–	–	–	–	272,000
Hon. LI Sai Wing, MH, JP	Non-executive Director	3.42	10/8/2023	10 August 2024	10 August 2024 – 9 August 2033	200,000	–	–	–	–	200,000
FORMER DIRECTOR											
CHANG Ki Sum Clark (Retired on 28 June 2024)	ED	3.42	10/8/2023	10 August 2024	10 August 2024 – 9 August 2033	274,000	–	–	–	–	274,000
Sub-total:						746,000	–	–	–	–	746,000
EMPLOYEES											
Batch A ¹		3.42	10/8/2023	10 August 2024	10 August 2024 – 9 August 2033	180,000	–	–	–	–	180,000
Batch B ¹		3.42	10/8/2023	10 August 2024	10 August 2024 – 9 August 2033	612,000	–	–	–	–	612,000
Sub-total:						792,000	–	–	–	–	792,000
TOTAL:						1,538,000	–	–	–	–	1,538,000

Note 1:

Batch	Number of Options Granted to each employee	Number of Employees
A	0 to 50,000	6 (1 of the 6 employees resigned and the options granted have been lapsed)
B	50,001 to 400,000	2

Note 2:

The options have an exercise period of ten years from date of grant. They have an exercise period from 10 August 2024 to 9 August 2033, both day inclusive. There is no performance target attached to the options.

Note 3:

The closing price of the shares immediately before the date on which the share options were granted (i.e. 9 August 2023) was HK\$3.42.

Directors' Report

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES AND UNDERLYING SHARES

At 31 December 2024, the following interests of 5% or more of the issued share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

Long positions in ordinary shares of the Company:

Name	Capacity and nature of interest	Number of ordinary shares held	Percentage of the Company's issued share capital (approximately) (Note a)
Mr. ZHANG Rong ("Mr. Zhang")	Beneficial owner	15,949,499 <i>(Registered shareholder)</i>	21.77%
		25,730 <i>(underlying interest)</i>	0.04%
	Through controlled corporation	3,134,800 <i>(Registered shareholder)</i> <i>(Note b)</i>	4.28%
JStage Technology Limited ("JStage Technology")	Beneficial owner	11,500,000 <i>(Registered shareholder)</i> <i>(Note c)</i>	15.70%
Mr. LAM Shu Chung ("Mr. Lam")	Beneficial owner	3,801,300 <i>(Registered shareholder)</i>	5.19%
Ms. CHOI Hing Lin Lori ("Ms. Choi")	Interest of Spouse <i>(Note d)</i>	3,801,300	5.19%

Directors' Report

Notes:

- (a) *The percentage is calculated based on the total number of ordinary shares of the Company in issue as at the date of this report, which was 73,265,237.*
- (b) *The 3,134,800 Shares are held by Corporate Advisory Limited ("Corporate Advisory"), which is wholly-owned by Mr. Zhang. Pursuant to the Division 7 and 8 of Part XV of the SFO, Mr. Zhang is deemed to have an interest in all shares in which Corporate Advisory has, or deemed to have an interest.*
- (c) *The 11,500,000 Shares are held by JStage Technology, which is owned by Mr. Ngan Chiu Fai and Ms. Shih Mei Ling as to 30% and 70% (as at the date of this report) respectively. Pursuant to Part XV of the SFO, Mr. Ngan Chiu Fai and Ms. Shih Mei Ling are deemed to be interested in all Shares in which JStage Technology has, or is deemed to have, an interest under the SFO.*
- (d) *Ms. Choi is the spouse of Mr. Lam, and therefore deemed to have an interest on the Shares in which Mr. Lam has, or deemed to have, an interest.*

Save as disclosed above, as at 31 December 2024, no person, other than the Directors of the Company, whose interests are set out in the section "Directors' and Chief Executive's Interests and Short Positions in Shares and Underlying Shares and Debentures" above, had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties facing the Group are set out in the section headed "Management Discussion and Analysis" of this annual report.

ENVIRONMENTAL, SOCIAL AND CORPORATE RESPONSIBILITY

As a responsible corporation, the Group is committed to maintaining the highest environmental and social standards to ensure sustainable development of its business. The Group has complied with all relevant laws and regulations in relation to its business including health and safety, workplace conditions, employment and the environment. The Group understands a better future depends on everyone's participation and contribution. It has encouraged employees, customers, suppliers and other stakeholders to participate in environmental and social activities which benefit the community as a whole.

The details of environmental, social and governance policies and performance of the Group will be disclosed in the standalone Environmental, Social and Governance Report.

Directors' Report

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

As far as the Board and management of the Company are aware, the Group has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Group. During the Year, there was no material breach of or non-compliance with the applicable laws and regulations by the Group.

COMPETING BUSINESS

During the year ended 31 December 2024, none of the Directors and controlling shareholders of the Company nor their respective associated (as defined under the GEM Listing Rules) had an interest in any business apart from the Group's business, which competes or is likely to compete, either directly or indirectly, with the Group's business that need to be disclosed.

RELATIONSHIP WITH STAKEHOLDERS

The Group is committed to operate in a sustainable manner while balancing the interests of its various stakeholders including customers, suppliers and employees. Through regular stakeholder engagement via different channels, the stakeholders are encouraged to give their opinions regarding the environmental, social and governance policies of the Group.

The Group maintains strong relationships with its employees and offers them with safe working environments, training and career development opportunities. The Group has enhanced cooperation with its suppliers and has provided high quality products and services to its customers so as to ensure sustainable development.

DONATIONS

The Group did not make any charitable donations during the year ended 31 December 2024.

TAX RELIEF

The Company is not aware of any relief on taxation available to the Shareholders by reason of their holdings of the Shares. If the Shareholders are unsure about the taxation implications of purchasing, holding, disposing of, dealing in, or exercising of any rights in relation to the Shares, they are advised to consult their professional advisers.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total issued share capital was held by the public as at the date of this report.

CORPORATE GOVERNANCE

The Company's corporate governance report is set out on pages 37 to 56.

Directors' Report

AUDITORS

ZHONGHUI ANDA CPA Limited ("ZHONGHUI ANDA"), retired as the auditor of the Company at the annual general meeting on 28 June 2024 and Prism Hong Kong Limited was appointed as the auditor of the Company on 28 June 2024 to fill the casual vacancy following the retirement of ZHONGHUI ANDA. Prism Hong Kong Limited shall retire and a resolution for their reappointment as auditors of the Company will be proposed at the forthcoming annual general meeting.

Save as disclosed above, there are no other changes in auditor in the preceding three years.

SUBSEQUENT EVENTS

Save as disclosed in this annual report, there are no other subsequent event.

ON BEHALF OF THE BOARD

Mr. Wong King Shiu, Daniel

Chairman and Chief Executive Officer

Hong Kong

27 March 2025

Corporate Governance Report

INTRODUCTION

The Board of the Company believes that corporate governance is essential to enhance the Group's value and accountability and has adopted various measures to adhere to a high standard of corporate governance to safeguard the interests of shareholders, clients, service vendors, employees and other stakeholders.

The Company has complied with the code provisions (the "Code Provision(s)") of the Corporate Governance Code as set out in Appendix C1 of the GEM Listing Rules (the "Code") for the year ended 31 December 2024, except for the following:

Code Provision C.2.1

Chairman and Chief Executive Officer

Code Provision C.2.1 stipulates the roles of chairman and chief executive should be separate and should not be performed by the same individual.

Mr. Wong King Shiu, Daniel served as both the Chairman and the Chief Executive Officer during the year. Such practice deviates from code provision C.2.1 of the Code. The Board is of the opinion that it is appropriate and in the best interests of the Company for the same person to hold both positions as it helps maintain the continuity of the policies and the stability of the operations of the Company.

CULTURE AND VALUES

With the aim to provide advanced and high quality IT services to our clients, the Board strives to foster corporate culture with the following core principles and to ensure that the Company's vision, values and business strategies are aligned to it.

Integrity and code of conduct

The Group endeavors 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 training materials for all new staff and embedded in various policies such as the Group's employee manual, the anti-corruption policy and the whistleblowing policy of the Group. The said policies had been available and sent to all staff for their reference. Regular updates and training are provided to reinforce the standard.

Commitment

The Group believes that the culture of commitment to workforce development, workplace safety and health, diversity, and sustainability is important to nurture commitment with the Group's mission. This sets the tone for a strong, productive workforce that attracts, develops, and retains the best talent and produces the highest quality work. Moreover, 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.

Corporate Governance Report

BOARD OF DIRECTORS

Board Composition and its Responsibilities

The Board, which currently comprises eight Directors, including three executive Directors, and two non-executive Directors and three independent non-executive Directors. The Board is responsible for overseeing the corporate strategy and performance, annual and interim results, succession planning, internal control and risk management, major acquisitions, disposals and capital transactions, and other significant operational and financial matters of the Company. The independent non-executive Directors are responsible for ensuring a high standard of internal control of the Company and financial and other mandatory reporting of the Board as well as to provide a balance in the Board in order to protect shareholders' interest and overall interest of the Group.

Major corporate matters that are specifically delegated by the Board to the management include the preparation of annual, interim and quarterly accounts for board approval before public reporting, execution of business strategies and initiatives adopted by the Board, implementation of adequate systems of risk management and internal controls procedures, and compliance with relevant statutory requirements and rules and regulations.

All Directors have given sufficient time and attention to the affairs of the Group. Each executive Director and non-executive Director (including the independent non-executive Director) has sufficient experience, knowledge and execution ability to hold the position so as to carry out his duties effectively and efficiently.

The composition of the Board, details of backgrounds and qualifications of all Directors are set out in the "Corporate Information" and "Biographical Information of Directors and Senior Management" sections of this annual report. The latest list of Directors setting out their roles and responsibilities is available and accessible at the websites of the Company (<http://www.citd.com.hk>) and the Stock Exchange (www.hkexnews.hk).

There was no financial, business, family or other material/relevant relationship among Directors.

Board Independence

The Company recognises that Board independence is crucial in good corporate governance and effectiveness of the Board. The Board has established mechanisms to ensure independent views and input from any Director of the Company are delivered to the Board for building an objective and effective decision.

The governance framework and the following mechanisms are reviewed annually by the Board, through its nomination committee ("Nomination Committee") and the remuneration committee ("Remuneration Committee") of the Company, in order to ensure the effectiveness:

1. Three out of the eight Directors are independent non-executive Directors, which meets the requirements of the GEM Listing Rules that the Board must have at least three independent non-executive Directors and must appoint independent non-executive Directors representing at least one-third of the Board.
2. The Nomination and Remuneration Committees will assess the independence, qualification and time commitment of a candidate who is nominated to be a new independent non-executive director before appointment and also the continued independence of existing independent non-executive Directors and their time commitments annually. On an annual basis, all independent non-executive Directors are required to confirm in writing their compliance of independence requirements pursuant to Rule 5.09 of the GEM Listing Rules, and to disclose the number and nature of offices held by them in public companies or organisations and other significant commitments.

Corporate Governance Report

3. The Nomination and Remuneration Committees will conduct the performance evaluation of the independent non-executive Directors annually to assess their contributions.
4. External independent professional advice is available as and when required by individual Directors.
5. No equity-based remuneration with performance-related elements will be granted to independent non-executive Directors.
6. A Director (including independent non-executive Director) who has a material interest in a contract, arrangement or other proposal shall not vote or be counted in the quorum on any Board resolution approving the same.
7. The Chairman of the Board meets with independent non-executive Director annually without the presence of the executive Directors and non-executive Directors.
8. The independent non-executive Directors of the Company who served the Company for more than nine years, his/her further appointment should be subject to a separate resolution to be approved by shareholders pursuant to the Code.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding the director's securities transactions (the "Code of Conduct") on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company has made specific enquiry of all Directors regarding any non-compliance with the Code of Conduct during the year, and they all confirmed that they have fully complied with the required standard of dealings set out in the Code of Conduct throughout the year ended 31 December 2024.

TRAINING, INDUCTION AND CONTINUING DEVELOPMENT OF DIRECTORS

Each Director receives comprehensive, formal and tailored induction on the first occasion of his appointment so as to ensure the he has appropriate understanding of the business and operations of the Company and that he is fully aware of his responsibilities and obligations under the GEM Listing Rules and relevant regulatory requirements. The Company is committed to arranging and funding suitable training to all Directors for their continuous professional development.

During the year, each Director is briefed and updated from time to time to ensure that he is fully aware of his responsibilities under the GEM Listing Rules and applicable legal and regulatory requirements and the governance policies of the Group. During the year ended 31 December 2024, all Directors participated in continuing professional development regarding their duties and responsibilities as a director of a listed company which included reading newspapers, journals and updates and/or attending training courses and/or seminars relevant to the Group's businesses to their duties and responsibilities as directors of a listed company. The Directors were provided with monthly updates on the Group's business and financial matters. All Directors also understand the importance of continuous professional development and are committed to participating in any suitable training to develop and refresh their knowledge and skills.

Corporate Governance Report

Directors' participation in continuous professional development for the year ended 31 December 2024 are set out in the table below:

Participation in continuous professional development

Executive Directors

Mr. Wong King Shiu, Daniel	√
Mr. Chu Joshua Allen Kiu Wah (appointed on 28 June 2024)	√
Mr. So Han Meng Julian (appointed on 1 November 2024)	√

Non-Executive Director

Hon. Li Sai Wing, <i>MH, JP</i>	√
Ms. Leung Kar Ming, <i>MH</i> (appointed on 1 August 2024)	√

Independent Non-executive Directors

Mr. Wong Hoi Kuen	√
Dr. Chen Shengrong	√
Mr. Chu Wun Chiu (appointed on 1 August 2024)	√

APPOINTMENT, RE-ELECTION AND REMOVAL OF DIRECTORS

Except for Mr. Wong King Shiu, Daniel, Mr. Wong Hoi Kuen and Dr. Chen Shengrong, all other Directors have entered into service contracts with the Company with a fixed term, yet all the Directors of the Company are subject to retirement and re-election at the forthcoming general meeting of the Company after his appointment and will also be subject to retirement by rotation and re-election in accordance with the Articles of Association and the Code.

BOARD MEETING

During the year of 2024, the board held totally 16 board meetings and 1 general meetings. The attendance of each Director are set out below:

Name of Director	Attendance/ Number of board meetings held	Attendance/ Number of general meetings held
<i>Executive Directors:</i>		
Mr. Wong King Shiu, Daniel (<i>Chairman and Chief Executive Officer</i>)	16/16	1/1
Mr. Chu Joshua Allen Kiu Wah (appointed on 28 June 2024)	10/10	N/A
Mr. So Han Meng Julian (appointed on 1 November 2024)	1/1	N/A
Mr. Chang Ki Sum Clark (retired on 28 June 2024)	5/5	1/1
<i>Non-Executive Director:</i>		
Hon. Li Sai Wing, <i>MH, JP</i>	16/16	1/1
Ms. Leung Kar Ming, <i>MH</i> (appointed on 1 August 2024)	8/9	N/A

Corporate Governance Report

Name of Director	Attendance/ Number of board meetings held	Attendance/ Number of general meetings held
<i>Independent non-executive Directors:</i>		
Mr. Wong Hoi Kuen	16/16	1/1
Dr. Chen Shengrong	16/16	1/1
Mr. Chu Wun Chiu (appointed on 1 August 2024)	9/9	N/A
Mr. Hung Hing Man (resigned on 1 August 2024)	7/7	1/1

During the Year, pursuant to Code Provision C.2.7 of the Code, the chairman held one meeting with the independent non-executive Directors without the presence of other Directors.

At least 14 days' notice of a Board meeting is normally given to all Directors who are given an opportunity to include matters for discussion in the agenda. The Board's procedures comply with the Articles of Association, as well as relevant rules and regulations. An agenda and accompanying board papers shall be sent, in full, to all Directors in a timely manner at least 3 days before the intended date of a board or board committee meeting unless otherwise agreed. The management shall supply the Board and board committees with complete and reliable adequate information, in a timely manner, to enable them to make informed decisions and fulfil their duties properly. The Board and each Director has separate and independent access to the issuer's senior management. Queries raised by Directors will be responded promptly and in a full way.

If a Director has a conflict of interest in relation to a transaction or proposal to be considered by the Board, the individual is required to declare such interest and to abstain from voting. The matter is considered at a Board meeting attended by Directors who have no material interest in the transaction.

Board minutes of each Board meeting are kept by the Company Secretary and are open for inspection at any reasonable time on reasonable notice by any Director.

NON-EXECUTIVE DIRECTORS

The Board fulfilled the requirement of appointing at least three independent non-executive directors and they represented at least one-third of the Board as stipulated by the GEM Listing Rules. It met the requirement of having at least one of the independent non-executive directors with appropriate professional qualifications or accounting or related financial management expertise. The independent non-executive Directors have appropriate and sufficient experience and qualification to carry out their duties so as to fully represent the interests of the shareholders.

The Company has received from each independent non-executive Director an annual confirmation for independence pursuant to Rule 5.09 of the GEM Listing Rules. The independent non-executive Directors have confirmed that they are independent.

Dr. Chen Shengrong has served the Company for more than 9 years. Pursuant to Code Provision B.2.3 of the Code, if an independent non-executive director has served for more than 9 years, her further appointment should be subject to a separate resolution to be approved by shareholders of the Company.

The Board is of the opinion that Dr. Chen Shengrong maintains her independence even she has served the Board for more than 9 years, and believes that her valuable knowledge and experience continue to generate significant contribution to the Board, the Company and the Shareholders as a whole. The Company and the Nomination Committee are in the process of identifying a new independent non-executive Director based on the candidates' experience and factors as required under the GEM Listing Rules. Further announcement(s) will be made by the Company in this regard as and when appropriate.

Corporate Governance Report

TERM OF APPOINTMENT OF NON-EXECUTIVE DIRECTORS

Mr. Wong Hoi Kuen and Dr. Chen Shengrong are not appointed for a specific term while Hon. Li Sai Wing, *MH, JP*, Ms. Leung Kar Ming, *MH* and Mr. Chu Wun Chiu are appointed with a term of three years. In accordance with the Articles of Association, all non-executive Directors (including the independent non-executive Directors) are subject to retirement by rotation and re-election by shareholders the annual general meetings of the Company.

INSURANCE ON DIRECTORS' AND OFFICERS' LIABILITIES

The Company has arranged for appropriate liabilities insurance for the Directors to cover their liabilities arising out of corporate activities. The insurance coverage is reviewed annually.

CORPORATE GOVERNANCE FUNCTION

The Board is responsible for the corporate governance functions, which include but not limited to the following duties:

- (a) To develop and review the Company's policies and practices on corporate governance and make recommendation to the Board;
- (b) To review and monitor the training and continuous professional development of Directors and senior management;
- (c) To review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- (d) To develop, review and monitor the code of conduct applicable to employees and Directors; and
- (e) To review the Company's compliance with the Code and disclosure in the Corporate Governance Report.

During the year, the Board has reviewed and discharged the above corporate governance functions.

REMUNERATION COMMITTEE

The Company established a remuneration committee (the "Remuneration Committee") with written terms of reference in compliance with Rules 5.34 to 5.36 of the GEM Listing Rules.

During the Year, Mr. Hung Hing Man had resigned as member of the Remuneration Committee and Mr. Chu Wun Chiu has been appointed as a member of the Remuneration Committee with effect from 1 August 2024. As at the date of this report, members of the Remuneration Committee are Mr. Wong Hoi Kuen (Committee Chairman), Dr. Chen Shengrong and Mr. Chu Wun Chiu. All of the Remuneration Committee members are independent non-executive Directors.

Its main role and functions include but not limited to making recommendations of specific remuneration packages of all executive directors, including benefits in kind, pension rights and compensation payments, any compensation payable for loss or termination of their office or appointment, and making recommendations to the Board on the remuneration of non-executive directors and senior management of the Company. The Remuneration Committee will consider factors such as salaries paid by comparable companies, time commitment and responsibilities of the directors, employment conditions elsewhere in the Group and desirability of performance-based remuneration.

Corporate Governance Report

During the year of 2024, 4 Remuneration Committee meetings were held. The attendance of each member is set out below:

Name of Director	Attendance Number of meetings held
Mr. Wong Hoi Kuen (<i>Committee Chairman</i>)	4/4
Dr. Chen Shengrong	4/4
Mr. Chu Wun Chiu (appointed on 1 August 2024)	2/2
Mr. Hung Hing Man (resigned on 1 August 2024)	2/2

The works performed by the Remuneration Committee during the year include the following:

- reviewed matters relating to the 2023 share option scheme to directors and employees of the Company;
- reviewed and recommended the remuneration package of Mr. Chu Joshua Allen Kiu Wah regarding his appointment as executive Director with effect from 28 June 2024;
- reviewed and recommended the remuneration packages each of Ms. Leung Kar Ming, *MH* and Mr. Chu Wun Chiu regarding their appointments as Directors with effect from 1 August 2024;
- reviewed and recommended the remuneration package of Mr. So Han Meng Julian regarding his appointment as executive Director with effect from 1 November 2024;
- reviewed terms of reference of Remuneration Committee;
- reviewed and determined the policy for the remuneration of Directors and senior management;
- reviewed and recommended the remuneration package of the Directors and senior management; and
- reviewed and approved the terms of executive Directors' service contracts.

No Director nor any of his/her associates was involved in deciding his/her own remuneration.

For the year, the remuneration payable (including equity-settled share option expense) to a senior management (excluding Directors) fell within the band of HK\$nil to HK\$550,000.

During the year ended 31 December 2024, since there was no share option granted under the 2023 Share Option Scheme, no material matter relating to the share option scheme has been reviewed by the Remuneration Committee.

Further details of the remuneration of the Directors and the five highest paid individuals are set out in note 11 to the financial statements.

Corporate Governance Report

NOMINATION OF DIRECTORS

The Board is empowered under the Articles of Association to appoint any person as a director either to fill a casual vacancy or, subject to authorisation by the shareholders of the Company in general meeting, as an additional member of the Board. The Company has adopted the nomination policy (the "Nomination Policy") with effect from 1 January 2019. The Nomination Policy sets out the procedures, process and criteria for identifying and recommending candidates for election to the Board of Directors. The criteria for recommending the suitable candidates for directorship include (i) reputation for integrity, (ii) qualifications including professional qualifications, skills, knowledge and experience that are relevant to the Company's business and corporate strategy, (iii) willingness to devote adequate time to discharge duties as Board members and other directorships and significant commitments; (iv) diversity in all its aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service, and (v) such other perspectives appropriate to the Company's business. These factors are for reference only, and not meant to be exhaustive and decisive. The nomination committee of the Company ("Nomination Committee") has the discretion to nominate and recommend any person, as it considers appropriate to the Board for further approval.

The Nomination Committee shall review and recommend to the Board on any revisions to the Nomination Policy to ensure its transparent and fair for the election or re-election process of directors, remains relevant to the Company needs and reflects the good corporate governance practice. The Nomination Committee will discuss any revisions that may be required, and recommend any such revision to the Board for consideration and approval.

BOARD DIVERSITY

The Company recognises that increasing diversity at the Board level will support the attainment of the Company's strategic objectives and sustainable development. The Board has adopted a board diversity policy (the "Board Diversity Policy") which sets out the approach to achieve and maintain diversity on the Board.

Pursuant to the Board Diversity Policy, the Company seeks to achieve board diversity through the consideration of a number of factors, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and other qualities.

The Company also takes into consideration its own business model and specific needs from time to time in determining the optimal composition of the Board. Nomination Committee has considered measurable objectives based on four focus areas: gender, age, professional experience and ethnicity to implement the Board Diversity Policy. Such objectives will be reviewed from time to time to ensure their appropriateness and the progress made towards achieving those objectives will be ascertained.

Nomination Committee will review the Board Diversity Policy, as appropriate, to ensure its continued effectiveness at least once annually. The Board Diversity Policy is available on the website of the Company for public information.

Measurable Objectives

For the purpose of implementation of the Board Diversity Policy, the following measurable objectives:

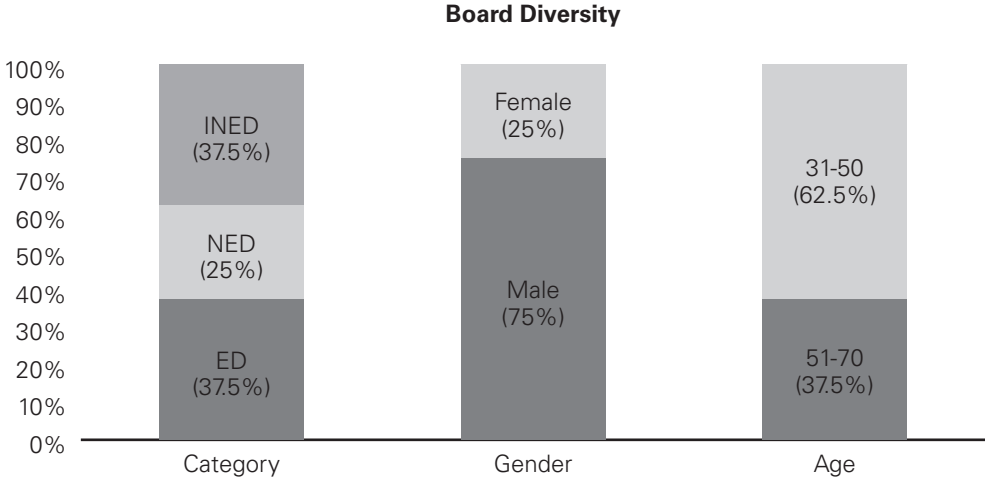
1. at least one third of the Directors shall be independent non-executive Directors;
2. at least one Director is female; and
3. at least one Director shall have obtained accounting or other professional qualifications.

During the year ended 31 December 2024, all the measurable objectives have been fulfilled.

Corporate Governance Report

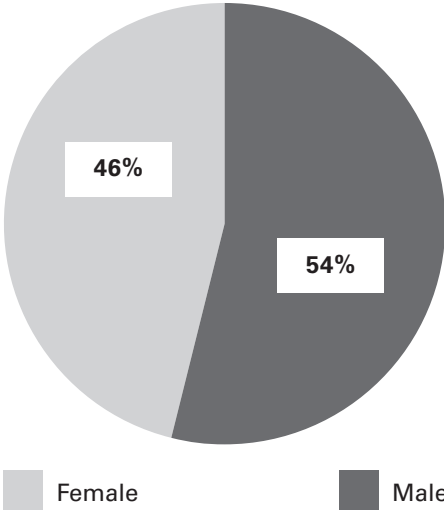
Progress:

The Board and the Nomination Committee believe that the diversity of the Board is sufficient given that there are Directors from different industries and with different experience, skills and knowledge. As at 31 December 2024, the analysis of the Board diversity is set out as follows:



During the year, in the IT industry which is traditionally short of female talents, the Group had managed to attract female talents and maintained a relatively balanced gender ratio as shown in the below chart:-

Gender Diversity in Workforce



The Company shall continue to recruit more female talents and maintain gender diversity in workforce.

Corporate Governance Report

NOMINATION COMMITTEE

The Company established a Nomination Committee with written terms of reference in compliance with Rule 5.36A and Code Provisions B.3.1 to B.3.4 of Appendix C1 of the GEM Listing Rules.

During the Year, Mr. Hung Hing Man had resigned as chairman and member of the Nomination Committee and Mr. Chu Wun Chiu has been appointed as a member of the Nomination Committee with effect from 1 August 2024. Mr. Wong Hoi Kuen has been redesignated as the chairman of Nomination Committee with effect from 1 August 2024. As at the date of this report, members of the Nomination Committee are Mr. Wong Hoi Kuen (Committee Chairman), Dr. Chen Shengrong and Mr. Chu Wun Chiu. All of the Nomination Committee members are independent non-executive Directors.

The Nomination Committee's role and functions include but not limited to reviewing the structure, size and composition of the Board at least annually, making recommendations on any proposed changes to the Board to complement the Company's corporate strategy, identifying individuals suitably qualified to become Board members and selecting or making recommendations to the Board on the selection of individuals nominated for directorships, assessing the independence of independent non-executive directors and making recommendations to the Board on the appointment, re-appointment and succession of directors.

During the year of 2024, 4 Nomination Committee meetings were held. The attendance of each member is set out below:

Name of Director	Attendance/ Number of meetings held
Mr. Wong Hoi Kuen (<i>Committee Chairman</i>) (redesignated as Chairman on 1 August 2024)	4/4
Dr. Chen Shengrong	4/4
Mr. Chu Wun Chiu (appointed on 1 August 2024)	2/2
Mr. Hung Hing Man (resigned on 1 August 2024)	2/2

Corporate Governance Report

The works performed by the Nomination Committee during the year include the following:

- made recommendation for the appointment of Mr. Chu Joshua Allen Kiu Wah as executive Director of the Company with effect on 28 June 2024;
- made recommendation for the appointment of Ms. Leung Kar Ming, *MH* as non-executive Director of the Company with effect on 1 August 2024;
- made recommendation for the appointment of Mr. Chu Wun Chiu as independent non-executive Director of the Company with effect on 1 August 2024;
- made recommendation for the appointment of Mr. So Han Meng Julian as executive Director of the Company with effect on 1 November 2024;
- reviewed the Board Diversity Policy;
- reviewed the structure, size and composition of the Board according to the board diversity objectives and the development of the Company and the market conditions;
- accessed the independence of independent non-executive Directors;
- made recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the chairman and the chief executive officer of the Company; and
- reviewed the terms of reference of Nomination Committee.

AUDIT COMMITTEE

The Company established an Audit Committee with written terms of reference in compliance with Rules 5.28 and 5.29 of the GEM Listing Rules.

During the Year, Mr. Hung Hing Man had resigned as chairman and member of the Audit Committee and Mr. Chu Wun Chiu has been appointed as a member of the Audit Committee with effect from 1 August 2024. Mr. Wong Hoi Kuen has been redesignated as the chairman of Audit Committee with effect from 1 August 2024. As at the date of this report, members of the Audit Committee are Mr. Wong Hoi Kuen (Committee Chairman), Dr. Chen Shengrong and Mr. Chu Wun Chiu. None of them is a member of the former or existing auditors of the Company. All of the Audit Committee members are independent non-executive Directors.

The role and functions of the Audit Committee include but not limited to supervising the financial reporting procedure and reviewing the consolidated financial statements of the Group, overseeing the Company's financial reporting system risk management and internal control systems adopted by the Group and reviewing the relevant work of the Group's external auditor. The Audit Committee had reviewed this annual report and confirmed that it complies with the applicable standard, the GEM Listing Rules and other applicable legal requirements and the adequate disclosures have been made. There is no disagreement between the members of the Audit Committee regarding the selection and appointment of external auditors.

Corporate Governance Report

During the year of 2024, 3 Audit Committee meetings were held. The attendance of each member is set out below:

Name of Director	Attendance/ Number of meetings held
Mr. Wong Hoi Kuen (<i>Committee Chairman</i>) (redesignated as Chairman on 1 August 2024)	3/3
Dr. Chen Shengrong	3/3
Mr. Chu Wun Chiu (appointed on 1 August 2024)	1/1
Mr. Hung Hing Man (resigned on 1 August 2024)	2/2

The works performed by the Audit Committee during the year include the following:

- reviewed the annual report and the annual results announcement of the Company for the year ended 31 December 2023;
- reviewed the interim report and the interim results announcement of the Company for the six months ended 30 June 2024;
- reviewed and discussed with the management the risk management and internal control systems of the Group based on the reports provided by the independent internal control adviser;
- reviewed and discussed with the management the effectiveness of the internal audit of the Company;
- reviewed and discussed with the management the adequacy of resources, staff qualifications and experience, training programmes and budget of the Group's accounting and financial reporting functions;
- reviewed the terms of reference of Audit Committee;
- developed and reviewed the code of conduct and the manuals applicable to employees and Directors;
- recommended to the Board, for approval by shareholders of the Company, the appointment of auditors of the Company; and
- discussed with the auditors about the audit plan and other audit issues of the Group.

Corporate Governance Report

FINANCIAL REPORTING

With the assistance of the accounting department and the sufficient explanation and information provided by the management of the Company, the Directors acknowledge their responsibility for preparing the financial statements of the Group for the year ended 31 December 2024 and confirm that the financial statements contained herein give a true and fair view of the results and state of affairs of the Group for the year under review. The Directors consider that the financial statements have been prepared in conformity with the statutory requirements including the Hong Kong Companies Ordinances and the Listing Rules and the applicable accounting standards including the International Financial Reporting Standards, Hong Kong Financial Reporting Standards. These statutory requirements and applicable accounting standards have been consistently used and applied and reasonable judgements and estimates are properly made. The Board aims to present a clear and balanced assessments of the Group's performance in the annual, interim and quarterly reports to the shareholders, and make appropriate disclosure and announcements in a timely manner.

The Directors' responsibilities for the consolidated financial statements and the responsibilities of the external auditors to the shareholders are set out on pages 57 and 63.

During the year of 2024, the Board was 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.

AUDITORS' REMUNERATION

The Audit Committee is responsible for considering the appointment of the external auditor and reviewing any non-audit functions performed by the external auditor, including whether such non-audit functions could lead to any potential material adverse effect on the Company.

During the year ended 31 December 2024, Prism Hong Kong Limited ("Prism") was engaged as the auditor of the Company on 28 June 2024, the remuneration paid or payable to Prism in respect of the audit and non-audit services were as follows:

Services rendered	Fees paid/ payable (HK\$'000)
Audit services	800
Non-audit services	0

During the Year, ZHONGHUI ANDA CPA Limited, the former auditor of the Company who retired on 28 June 2024, provided the following services to the Group:

Services rendered	Fees paid/ payable (HK\$'000)
Audit services	0
Non-audit services	0

Corporate Governance Report

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors of the Company as at the date of this Annual Report, the Company has maintained the prescribed public float under the GEM Listing Rules of at least 25% of the Company's total number of issued shares was held by the public.

RISK MANAGEMENT AND INTERNAL CONTROL

The main features of the risk management and internal control systems of the Group are to provide a clear governance structure, policies and procedures, as well as reporting mechanism to facilitate the Group to manage its risks across business operations, to safeguard the shareholders' investment and the Group's assets and to ensure strict compliance with relevant laws, rules and regulations. The Group has established a risk management framework, which consists of the Board, the Audit Committee and the senior management of the Group. The Board determines the nature and extent of risks that shall be taken in achieving the Group's strategic objectives. The Audit Committee is responsible for reviewing the effectiveness of the risk management and internal control systems and reporting to the Board. The Board, through the Audit Committee, conducts reviews of the effectiveness of such systems at least annually, covering all material controls including financial, operational and compliance controls. The Board acknowledges that it is responsible for the risk management and internal control systems and reviewing their effectiveness.

Our risk management and internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Group has formulated and adopted risk management policy in providing directions in identifying, evaluating and managing significant risks. At least on an annual basis, the senior management identifies risks that would adversely affect the achievement of the Group's objectives, and assesses and prioritizes the identified risks according to a set of standard criteria. Risk mitigation plans and risk owners are then established for those risks considered to be significant.

In addition, the Group has engaged an independent professional advisor to assist the Board and the Audit Committee in ongoing monitoring of the risk management and internal control systems of the Group and in performing the internal audit functions for the Group. Deficiencies in the design and implementation of internal controls are identified and recommendations are proposed for improvement. Significant internal control deficiencies are reported to the Audit Committee and the Board on a timely basis to ensure prompt remediation actions are taken.

Risk management report and internal control report are submitted to the Audit Committee and the Board at least once a year. The Board, through the Audit Committee, had performed annual review on the effectiveness of the Group's risk management and internal control systems, including but not limited to the Group's ability to cope with its business transformation and changing external environment; the scope and quality of management's review on risk management and internal control systems; result of internal audit work; the extent and frequency of communication with the Board in relation to result of risk and internal control review; significant failures or weaknesses identified and their related implications; and status of compliance with the GEM Listing Rules.

Corporate Governance Report

Risk Management Process

In addition to the Board's oversight responsibilities, the Company has developed a risk management process to identify, evaluate and manage significant risks and to resolve material internal control defects. Senior management of the Group is responsible for the annual risk reporting process. Independent professional advisor meets with members of the senior management to review and assess risks and discuss solutions to address material internal control defects, including any changes relevant to a given year. Risks are compiled, ratings are assigned and mitigation plans are documented. The risk assessment is reviewed by certain members of the senior management and presented to the Audit Committee and the Board for their review.

Risks are evaluated by the Board and the Group's senior management based on (i) the severity of the impact of the risk on the Company's business operation and financial results; and (ii) the probability that the risk will occur.

Based on the risk evaluation, the Company will manage the risks as follows:

- Risk elimination – the Group's senior management may identify and implement certain changes or controls that in effect eliminate the risk entirely.
- Risk mitigation – the Group's senior management may implement a risk mitigation plan designed to reduce the likelihood, velocity or severity of the risk to an acceptable level.
- Risk retention – the Group's senior management may decide that the risk rating is low enough that the risk is acceptable for the Company and that no action is required. The risk would continue to be monitored as part of the risk management program to ensure the level of risk does not increase to an unacceptable level.

Significant Risks of the Company

Certain significant risks identified during the reporting period and the relevant risk mitigation plans are shown as below:

1. *Market competition and innovation risk*

The Internet and technology industries are highly competitive with rapid product updates and replacements, and the development of AI-related technologies is progressing rapidly. The development of technologies brings evolutionary changes to the existing business models and brings in more new players into the market. The existing market competition landscape may face major changes. Therefore, how to promote innovative and sustainable social values through innovation in technology, product and business model is one of the key challenges of the Company.

Corporate Governance Report

The Company attaches great importance to innovation and stays on top of the developments of the industry and user needs, keeps up with the technological development through innovation in frontier technology, and constantly improves the Company's products and services. By attracting and cultivating key talents and increasing investment in scientific research, the Company continuously improves its technology and innovation abilities and brings more cutting-edge technological benefits to the Company's business and products. The Company also continuously optimizes its resource allocation, enhances its core products and business, strengthens its product development and technical capabilities, explores innovative business models, develops products that meet the expectations of both domestic and international markets, continuously improves user experience, promotes sustainable and high-quality development of its businesses and increases its market competitiveness. The Company collaborates with its partners to jointly innovate, enhance service capabilities, and support the ecosystem in order to achieve product service growth and continuous iterative innovation, and create value for users and the society.

2. Global macroeconomic risks

The uncertainty of the global economic trend leads to changes in global markets. In the face of global economic changes, the Company adjusts its business development strategy accordingly, actively seeks and expands business development opportunities, and creates value for its shareholders. The Company also continuously improves its operational efficiency to confront uncertainties arising from the external environment.

3. Regulatory and compliance risk

As the Company continuously expands its businesses, the Company must abide by and comply with the relevant applicable laws and regulations in different jurisdictions, including but not limited to laws and regulations relating to privacy and data protection and labour protection and continue to pay attention to changes in industry laws and regulations. In addition, changes in international circumstances may affect the development of global policies and regulations and impact the development of various industries across different regions. The Company has taken practical steps to devote substantial resources in various areas to ensure the Company's compliance with regulatory requirements. The Company has engaged external professional consultants, kept abreast of the changes to relevant laws and regulations, adjusted strategies accordingly, taken appropriate actions or measures, improved internal training and the understanding of the laws and regulations, and enhanced the corresponding management system and policies to ensure that the Company is in compliance with such applicable laws and regulations.

Corporate Governance Report

Principal Risks, Internal Control Deficiencies and Remedial Measures Implemented

The management of the Company has reviewed the Company's risk management and internal control system. The review covers the overall management control, sales, receipts and receivables and human resource and payroll and compliance management of the Group. It was identified that for certain projects, budgeted staff cost should be reviewed periodically and performance measurement should be put in place. A timesheet system should be in place for staff to fill in timesheets to calculate their actual time spent on a project, so that the actual staff cost can be complied for performance review and profit analysis. It will also assist the Group to produce more accurate budgets and provide more accurate information for the sales department to set the sale price.

Further, in view of the Audit Qualification and taking into account the reasons for the Audit Qualification set out in the section headed "Details of the basis of the Audit Qualification" in the Management Discussion and Analysis section of this annual report, the Company will only, to the extent possible, be engaged in projects that the Company has the capacity and technical capability to provide the required services and avoid being engaged in subcontract arrangement. For future projects of the Company of over HK\$2million, the relevant business unit will be required to have detail planning from the negotiation stage, such as budgeting, manpower analysis, records of correspondence with counter parties and to provide progress reports to the directors of the Company on regular basis.

As stated in the annual report for the year ended 31 December 2023, the Company had implemented some remedial actions to prevent the Audit Qualification and internal control deficiencies from occurring. During the Year, the Company has continued to follow the measures to ensure the applicable GEM Listing Rules requirements will be complied with going forwards. The measures included but not limited to arranging training for employees including Directors, the senior management, the business operation and financial departments etc to strengthen their knowledge with the GEM Listing Rules; providing details guidelines on notifiable transactions and other updates for all Directors and senior management to reinforce their knowledge; maintaining a reporting guideline such that the staff should evaluate the proposed transactions and report to the relevant personnel and/or advance to entity and/or in case they are in doubt prior to the entering into of those transactions. The above measures shall also be implemented at subsidiary level and the Company shall seek advice from external professional advisers with respect to continual compliance with the GEM Listing Rules.

Save as disclosed above, the Board considers the Group's risk management and internal control systems were effective during the year. The risk management and internal control systems of the Group 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.

Corporate Governance Report

Whistleblowing Policy

The Board adopted a whistleblowing policy (the “Whistleblowing Policy”) in June 2022. The purpose of the Whistleblowing Policy is to (i) foster a culture of compliance, ethical behaviour and good corporate governance across the Group; and (ii) promote the importance of ethical behaviour and encourages the reporting of misconduct, unlawful and unethical behavior. The nature, status and the results of the complaints received under the Whistleblowing Policy are reported to the chairman of the Audit Committee of the Group. No incident of fraud or misconduct that have material effect on the Group’s financial statements or overall operations for the year ended 31 December 2024 has been discovered. The Whistleblowing Policy is reviewed annually by the Audit Committee to ensure its effectiveness.

Anti-corruption Policy

The Board adopted an anti-corruption policy (the “Anti-corruption Policy”) in June 2022. The Group is committed to achieving the high standards of integrity and ethical behaviour in conducting business. The Anti-corruption Policy forms an integral part of the Group’s corporate governance framework. The Anti-corruption Policy sets out the specific behavioural guidelines that the Group’s personnel and business partners must follow to combat corruption. It demonstrates the Group’s commitment to the practice of ethical business conduct and the compliance of the anti-corruption laws and regulations that apply to its local and foreign operations. In line with this commitment and to ensure transparency in the Group’s practices, the Anti-corruption Policy has been prepared as a guide to all Group employees and third parties dealing with the Group. The Anti-corruption Policy is reviewed and updated periodically to align with the applicable laws and regulations as well as the industry best practice.

COMPANY SECRETARY

As at 31 December 2024, the Company Secretary of the Company, Ms. Lam Mei Wai Michelle, fulfilled the requirement under Rules 5.14 and 5.15 of the GEM Listing Rules. As an employee of the Company, the Company Secretary supports and reports directly to the Chairman of Board, ensures good information flow within the Board and the board committees while board policies and procedures are followed; advises the Board on governance matters, facilitates induction and monitors the training and continuous professional development of directors. She has attained not less than fifteen hours of relevant professional training during the year. Her biography is set out in the “Biographical Information of Directors and Senior Management” section of this annual report.

The Board approves the selection, appointment or dismissal of the secretary in board meetings. All Directors have access to the advice and services of the Company Secretary to ensure that board procedures, and all applicable law, rules and regulations, are followed.

Corporate Governance Report

INSIDE INFORMATION

Guidelines are provided to the Directors, management and relevant staff (likely possessing the unpublished inside information) of the Group to ensure that the inside information of the Group is to be disseminated to the public in equal and timely manner in accordance with the applicable laws and regulations. The procedures include, among others, regularly remind the Directors, management and relevant staff about the compliance with the securities dealing restrictions as set out in Rules 5.48 to 5.67 of the GEM Listing Rules and the notification of the blackout period applicable to the publication of the annual, interim and quarterly results of the Company respectively.

All Directors and those employees who could have access to, and monitor, the information of the Group are responsible for making appropriate precautions to prevent abuse or misuse of such information. Employees of the Group are prohibited from using inside information for their own benefit.

DIVIDEND POLICY

The dividend policy of the Company has been adopted on 31 December 2018 which sets out the factors in determination of dividend payment of the Company (the "Dividend Policy").

Under the Dividend Policy, the declaration and payment of dividends shall be in accordance with the applicable laws and the relevant provisions of articles of association of the Company effective from time to time.

In deciding whether to propose a dividend and in determining an appropriate basis for dividend distribution, the Board will take into account, inter alia, the Group's earnings, reasonable return in investment of the investors and the shareholders in order to provide incentive to them to continue to support the Company in their long-term development, the financial conditions, business plan, future operations and earnings, capital requirement and expenditure plans of the Company, any restrictions on payment of dividends that may be imposed by the Group's lenders, the general market sentiment and circumstances and any other factors the Board deems appropriate.

The Company will continually review the Dividend Policy as appropriate from time to time. There is no guarantee that any particular amount of dividends will be distributed for any specific periods.

SHAREHOLDERS' RIGHTS

In accordance with the Company's Article 58, any shareholder or shareholders of the Company holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Company Secretary, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. If within twenty-one days of such deposit the Board fails to proceed to convene such meeting, the requisitionists themselves may do so in the same manner, and all reasonable expenses incurred by the requisitionists as a result of the failure of the Board shall be reimbursed to the requisitionists by the Company.

Shareholders may put forward their enquiries about the Company to the Board or the Company Secretary at the Company's head office in Hong Kong.

Corporate Governance Report

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

The Board is committed to maintaining a high degree of corporate transparency, as well as establishing a policy of open communication with shareholders having the aim to ensure shareholders be provided with information about the Company and enable them to engage actively with the Company and to exercise their rights.

The Company communicates with shareholders and investors through various channels including Hong Kong Branch Share Registrar of the Company, Computershare Hong Kong Investor Services Limited, for enquiries of shareholding, the Company Secretary of the Company for direct enquiries and publication of quarterly, interim and annual reports, announcements, circulars and other corporate information available on the websites of the Stock Exchange and/or the Company.

The Company's general meeting provides valuable opportunities for the Board to have face-to-face communication with the shareholders. The Company encourages the participation of the shareholders through annual general meeting and other general meetings where the shareholders exchange views with the Board, and to exercise their rights to vote at meetings.

The Board has reviewed the implementation and effectiveness of the Communication Policy with Shareholders including steps taken at the general meetings, the handling of queries received (if any) and the multiple channels of communication and engagement in place, and considered that the Communication Policy with Shareholders has been properly implemented during the year under review and is effective.

During the Year, there was no significant change in the Company's constitutional documents which is available on the websites of the Company and the Stock Exchange.

We welcome shareholders and potential investors to visit the Company's website at www.citd.com.hk to obtain up-to-date information regarding the Company.

ENQUIRIES TO THE BOARD

Shareholders may at any time send their enquiries and concerns to the Board in writing through the company secretary of the Company whose contact details are as follows:

Unit 3308, 33/F., Millennium City 6, 392 Kwun Tong Road, Kwun Tong, Hong Kong

Shareholders may also make enquiries with the Board at the general meetings of the Company.

Independent Auditor's Report



To the shareholders of
China Information Technology Development Limited
(Incorporated in the Cayman Islands with limited liability)

Qualified Opinion

We have audited the consolidated financial statements of China Information Technology Development Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") set out on pages 64 to 166, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss, 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, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Qualified Opinion

The Group entered into technical knowhow license and servicing agreements with two customers to provide technical knowhow and related services with contract sum of United States Dollar ("USD") 87 million and service period of 3 years. During the year ended 31 December 2023, the Group received advances in the form of cryptocurrency amounting to Tether ("USDT") 12,028,000 and Binance USD ("BUSD") 62,000 (equivalent to approximately HK\$94,299,000) from these two customers. The Group also engaged a service provider for the development of such technical knowhow and deposited to the service provider in the form of cryptocurrency amounting to USDT12,028,000 and BUSD62,000 (equivalent to approximately HK\$94,299,000).

Independent Auditor's Report

Basis for Qualified Opinion *(Continued)*

During the year ended 31 December 2023, a certain portion of the services were provided and delivered to the customers. The revenue of USD12,090,000 (equivalent to approximately HK\$94,299,000) and costs of USD12,090,000 (equivalent to approximately HK\$94,299,000) in the form of cryptocurrency (USDT12,028,000 and BUSD62,000) were recorded on a net basis and recorded as "income from agency services" since management considered the Group is an agency in these transactions.

In November 2023, the management of the Group has decided to terminate these technical knowhow license and servicing agreements.

The Group has not maintained sufficient documentations on the above transactions. We were unable to obtain sufficient appropriate audit evidence or satisfactory management explanations to ascertain the nature of the above transactions. Any adjustment to this figure might have a consequential effect on the consolidated financial performance for the year ended 31 December 2023.

There were no alternative audit procedures that could satisfy ourselves the consolidated statement of profit or loss for the year ended 31 December 2023 were properly stated. We were unable to determine whether adjustments to the consolidated statement of profit or loss for the year ended 31 December 2023 might be necessary. Our opinion on the current year's consolidated financial statements is modified because of the possible effect of these matters on the comparability of the current year's corresponding figures and disclosures.

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") 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 Company in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Other Matter

The consolidated financial statements of the Group for the year ended 31 December 2023 were audited by another auditor whose report dated 25 March 2024 expressed an qualified opinion on those statements.

Independent Auditor's Report

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Basis for Qualified Opinion section, we have determined the matter described below to be the key audit matters to be communicated in our report.

Investment properties

Refer to Note 16 to the consolidated financial statements and the accounting policies on pages 89 to 90.

The key audit matter

The Group measured its investment properties at fair value with the changes in fair value recognised in the consolidated profit or loss. This fair value measurement is significant to our audit because the carrying amount of investment properties of approximately HK\$216,035,000 as at 31 December 2024 and change in fair value of investment properties of approximately HK\$20,617,000 for the year ended 31 December 2024 are material to the consolidated financial statements. In addition, the Group's fair value measurement involves application of judgement and is based on assumptions and estimates.

Independent valuer was engaged by the management of the Group for the fair value determination of investment properties as at 31 December 2024.

How the matter was addressed in our audit

Our audit procedures in relation to management's fair value assessment on investment properties included the following:

- Examining the external valuation report and meeting with the external valuer to discuss and challenge the valuation process, methodologies used and market evidence to support significant judgments and assumptions applied in the valuation model;
- Assessing the competence, independence and integrity of the external valuer engaged by the Group;
- Evaluating key assumptions and input data in the valuation model to market data;
- Checking arithmetical accuracy of the valuation model; and
- Assessing the disclosure of the fair value measurement in the consolidated financial statements.

Independent Auditor's Report

Key audit matters (Continued)

Impairment assessment of trade receivables, deposits and other receivables

Refer to Notes 22 and 25 to the consolidated financial statements and the accounting policies on pages 91 to 98.

The key audit matter

The Group has trade receivables of approximately HK\$18,938,000, and deposits and other receivables amounting to approximately HK\$36,323,000, net of loss allowance for trade receivables, deposits and other receivables of approximately HK\$987,000 as at 31 December 2024.

The loss allowance is estimated by taking into account the credit loss experience, ageing analysis of these assets, evaluation of collectability and financial position and an assessment of both the current and forecast general economic conditions, all of which involve a significant degree of management judgement.

How the matter was addressed in our audit

Our audit procedures in relation to management's impairment assessment on trade, deposits and other receivables included the following:

- Reviewing the Group's credit policy and provision policy for determining loss allowance in respect of trade, deposits and other receivables;
- Examining the valuation report from management expert for the assessment of the fair value of the provision for impairment of trade, deposits and other receivables;
- Assessing the competence, capabilities, qualifications, and objectives of the management and management expert; and
- Reviewing the assessment of ECL model and challenging the reasonableness of the methods and assumptions used to estimate ECL.

Independent Auditor's Report

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

The directors of the Company are responsible for the other information. The other information comprises all of 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 Directors of the Company and Audit Committee for the Consolidated Financial Statements

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

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

Audit committee are responsible for overseeing the Group's financial reporting process.

Independent Auditor's Report

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion, solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance and our agreed terms of engagement, 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 judgment and maintain professional skepticism throughout the audit. We also:

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

Independent Auditor's Report

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements*(Continued)*

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Mr. Dai Tin Yau.

Prism Hong Kong Limited

Certified Public Accountants

Dai Tin Yau

Practising Certificate Number: P06318

Hong Kong
27 March 2025

Consolidated Statement of Profit or Loss

For the year ended 31 December 2024

	<i>Notes</i>	2024 HK\$'000	2023 HK\$'000
Continuing operations			
Revenue	7	41,485	49,228
Cost of sales and services		(19,087)	(26,660)
<hr/>			
Gross profit		22,398	22,568
Other income and gains	8	1,031	3,472
Selling and distribution expenses		(1,580)	(8,990)
Administrative expenses		(34,076)	(38,979)
Gain on initial recognition of bond	34	–	3,826
Gain on disposal of a subsidiary	37	–	7,156
Impairment loss under expected credit losses model		(987)	–
Equity-settled share-based payment expenses	36	(1,764)	(931)
Fair value (loss)/gain on investments at fair value through profit or loss		(202)	29
Change in fair value of investment properties		(20,617)	(5,536)
Finance costs	9	(2,578)	(5,589)
<hr/>			
LOSS BEFORE TAX	10	(38,375)	(22,974)
Income tax (expense)/credit	12	(8)	80
<hr/>			
LOSS FOR THE YEAR FROM CONTINUING OPERATIONS		(38,383)	(22,894)
<hr/>			
Discontinued operation			
Loss for the year from discontinued operation	14	–	(1,879)
<hr/>			
LOSS FOR THE YEAR		(38,383)	(24,773)

Consolidated Statement of Profit or Loss *(Continued)*

For the year ended 31 December 2024

	<i>Note</i>	2024 HK\$'000	2023 HK\$'000
Attributable to:			
Owners of the Company			
Loss from continuing operations		(37,634)	(20,876)
Loss from discontinued operation		-	(1,879)
Loss attributable to owners of the Company		(37,634)	(22,755)
Non-controlling interests			
Loss attributable to non-controlling interests		(749)	(2,018)
		(38,383)	(24,773)
LOSS PER SHARE			
	15		
From continuing and discontinued operations			
– basic		HK(56) cents	HK(38.6) cents
– diluted		HK(56) cents	HK(38.6) cents
From continuing operations			
– basic		HK(56) cents	HK(35.4) cents
– diluted		HK(56) cents	HK(35.4) cents
From discontinued operation			
– basic		N/A	HK(3.2) cents
– diluted		N/A	HK(3.2) cents

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2024

	2024 HK\$'000	2023 HK\$'000
LOSS FOR THE YEAR	(38,383)	(24,773)
OTHER COMPREHENSIVE (EXPENSE)/INCOME		
Items that may be reclassified to profit or loss:		
Exchange differences arising on translation of financial statements of foreign operations	(5,410)	(5,377)
Exchange differences reclassified to profit or loss on disposal of subsidiaries	-	(385)
Items that will not be reclassified to profit or loss:		
Change in fair value of equity investments at fair value through other comprehensive income	10,694	(6,953)
OTHER COMPREHENSIVE INCOME/(EXPENSE) FOR THE YEAR, NET OF INCOME TAX	5,284	(12,715)
TOTAL COMPREHENSIVE EXPENSE FOR THE YEAR	(33,099)	(37,488)
Attributable to:		
Owners of the Company	(32,387)	(35,499)
Non-controlling interests	(712)	(1,989)
	(33,099)	(37,488)

Consolidated Statement of Financial Position

At 31 December 2024

	<i>Notes</i>	2024 HK\$'000	2023 HK\$'000
NON-CURRENT ASSETS			
Investment properties	16	216,035	244,259
Investment in joint ventures	40	–	–
Property, plant and equipment	17	565	1,052
Goodwill	18	19,556	6,504
Right-of-use assets	19	1,500	2,938
Other intangible assets	20	1,689	2,555
Equity investments at fair value through other comprehensive income	21	21,590	10,900
Prepayments, deposits and other receivables	22	587	1,202
Deferred tax assets	23	5,620	5,522
Total non-current assets		267,142	274,932
CURRENT ASSETS			
Inventories	24	251	121
Trade receivables	25	18,938	15,584
Prepayments, deposits and other receivables	22	35,882	47,094
Investments at fair value through profit or loss	26	320	558
Bank and cash balances	27	5,371	11,595
Total current assets		60,762	74,952
CURRENT LIABILITIES			
Trade payables	28	2,987	3,455
Contract liabilities	29	2,179	1,566
Other payables and accruals	30	14,990	15,825
Bank and other loans	31	35,651	43,498
Lease liabilities	33	1,365	2,219
Tax payable		141	–
Total current liabilities		57,313	66,563
NET CURRENT ASSETS		3,449	8,389
TOTAL ASSETS LESS CURRENT LIABILITIES		270,591	283,321

Consolidated Statement of Financial Position *(Continued)*

At 31 December 2024

	<i>Notes</i>	2024 HK\$'000	2023 HK\$'000
NON-CURRENT LIABILITIES			
Bonds	34	4,816	4,547
Lease liabilities	33	185	811
Bank and other loans	31	20,273	16,988
Deferred tax liabilities	23	133	35
Contract liabilities	29	184	–
Total non-current liabilities		25,591	22,381
NET ASSETS		245,000	260,940
CAPITAL AND RESERVES			
Share capital	35	7,327	6,177
Reserves	39	248,204	264,582
Equity attributable to owners of the Company		255,531	270,759
Non-controlling interests		(10,531)	(9,819)
TOTAL EQUITY		245,000	260,940

The consolidated financial statements on pages 64 to 166 were approved and authorised for issue by the board of directors on 27 March 2025 and are signed on its behalf by:

Wong King Shiu, Daniel
Director

Chu Joshua Allen Kiu Wah
Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2024

	Attributable to owners of the Company								Total equity HK\$'000
	Share Capital HK\$'000	Share premium HK\$'000 (Note 39(a)(i))	Share-based payment reserve HK\$'000 (Note 39(a)(iii))	Foreign currency translation reserve HK\$'000 (Note 39(a)(iii))	Investment revaluation reserve HK\$'000 (Note 39(a)(iv))	Retained earnings HK\$'000	Total HK\$'000	Non- controlling interests HK\$'000	
At 1 January 2023	5,147	158,186*	4,064*	(7,607)*	17,308*	106,923*	284,021	(7,830)	276,191
Loss for the year	-	-	-	-	-	(22,755)	(22,755)	(2,018)	(24,773)
Other comprehensive (loss)/income for the year:									
- Exchange differences reclassified to profit or loss on disposal of subsidiaries	-	-	-	(385)	-	-	(385)	-	(385)
- Exchange differences on translation of foreign operations	-	-	-	(5,406)	-	-	(5,406)	29	(5,377)
- Change in fair value of equity investments at fair value through other comprehensive income	-	-	-	-	(6,953)	-	(6,953)	-	(6,953)
Total comprehensive loss for the year	-	-	-	(5,791)	(6,953)	(22,755)	(35,499)	(1,989)	(37,488)
Disposal of subsidiaries	-	-	-	-	(13,457)	13,457	-	-	-
Issue of shares under placing, net of shares issue costs (note 36)	765	13,540	-	-	-	-	14,305	-	14,305
Issue of shares under share swap (note 35)	265	6,736	-	-	-	-	7,001	-	7,001
Forfeitures of share options	-	-	(181)	-	-	181	-	-	-
Equity-settled share-based payment (note 36)	-	-	931	-	-	-	931	-	931
At 31 December 2023 and 1 January 2024	6,177	178,462*	4,814*	(13,398)*	(3,102)*	97,806*	270,759	(9,819)	260,940
Loss for the year	-	-	-	-	-	(37,634)	(37,634)	(749)	(38,383)
Other comprehensive (loss)/income for the year:									
- Exchange differences on translation of foreign operations	-	-	-	(5,447)	-	-	(5,447)	37	(5,410)
- Change in fair value of equity investments at fair value through other comprehensive income	-	-	-	-	10,694	-	10,694	-	10,694
Total comprehensive loss for the year	-	-	-	(5,447)	10,694	(37,634)	(32,387)	(712)	(33,099)
Issue of shares under placing (note 35)	1,150	14,375	-	-	-	-	15,525	-	15,525
Transaction costs attributable to issue of share under placing	-	(130)	-	-	-	-	(130)	-	(130)
Forfeitures of share options	-	-	(205)	-	-	205	-	-	-
Disposal of equity investments at fair value through other comprehensive income	-	-	-	-	6,997	(6,997)	-	-	-
Equity-settled share-based payment (note 36)	-	-	1,764	-	-	-	1,764	-	1,764
At 31 December 2024	7,327	192,707*	6,373*	(18,845)*	14,589*	53,380*	255,531	(10,531)	245,000

* These reserve accounts comprise the consolidated reserve of approximately HK\$248,204,000 (2023: approximately HK\$264,582,000) in the consolidated statement of financial position.

Consolidated Statement of Cash Flows

For the year ended 31 December 2024

	2024 HK\$'000	2023 HK\$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax from continuing operations	(38,375)	(22,974)
Loss before tax from discontinued operation	-	(1,604)
Loss before tax	(38,375)	(24,578)
Adjustments for:		
Impairment losses under expected credit loss model	987	-
Equity-settled share-base payment expenses	1,764	931
Finance costs	2,578	5,592
Bank and other interest income	(16)	(2,563)
Change in fair value of investment properties	20,617	5,536
Fair value change on investments at fair value through profit or loss	202	(29)
Depreciation of property, plant and equipment	443	746
Depreciation of right-of-use assets	2,384	2,454
Amortisation of intangible assets	866	866
Written-off of property, plant and equipment	-	13
Loss/(gain) on disposal of property, plant and equipment	70	(80)
Gain on initial recognition of bond	-	(3,826)
Gain on disposal of a subsidiary	-	(7,156)
Loss on disposal of discontinued operation	-	4,308
Operating loss before working capital change	(8,480)	(17,786)
Increase in inventories	(130)	(66)
(Increase)/decrease in trade receivables	(1,587)	2,814
Decrease in loan receivables	-	1,746
Decrease in prepayments, deposits and other receivables	11,601	20,304
Decrease investments at fair value through profit or loss	-	865
Decrease in trade payables	(468)	(6,847)
(Decrease)/increase in other payables and accruals	(1,594)	1,560
Increase/(decrease) in contract liabilities	797	(19,736)
Cash from/(used in) operations	139	(17,146)
Tax paid	(9)	(14)
Net cash generated from/(used in) operating activities	130	(17,160)

Consolidated Statement of Cash Flows *(Continued)*

For the year ended 31 December 2024

	Note	2024 HK\$'000	2023 HK\$'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property, plant and equipment		(39)	(638)
Proceeds from disposal of property, plant and equipment		9	80
Bank interest received		16	31
Proceeds of disposal of subsidiaries		–	6,556
Proceeds from disposal of equity investments at fair value through other comprehensive income		4	–
Proceeds from disposal of equity investments at fair value through profit or loss		36	–
Net cash inflow arising on acquisition of a subsidiary	37c	103	–
Net cash generated from investing activities		129	6,029
CASH FLOWS FROM FINANCING ACTIVITIES			
Advance from independent third parties		3,917	4,247
Repayment of principal of lease liabilities		(2,424)	(2,400)
Lease interest paid		(112)	(208)
Proceeds from issue of shares (net of expenses on issue of shares)		–	14,305
Proceeds from issue of bond		–	8,252
Expenses in issuance of shares under placing		(130)	–
Repayment of amount advance from a director		–	(700)
Repayment of amount advance from a shareholder		–	(3,000)
Loan interest paid		(1,454)	(2,237)
Repayment of bank and other loans		(8,003)	(9,049)
Net cash (used in)/generated from financing activities		(8,206)	9,210
NET DECREASE IN CASH AND CASH EQUIVALENTS		(7,947)	(1,921)
Cash and cash equivalents at beginning of year		11,595	13,877
Effect of foreign exchange rate changes		1,723	(361)
CASH AND CASH EQUIVALENTS AT END OF YEAR		5,371	11,595
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Bank and cash balances other than time deposits		5,371	11,595

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands with limited liability. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The address of its principal place of business is Unit 3308, 33/F, Millennium City 6, 392 Kwun Tong Road, Kwun Tong, Hong Kong. The Company's shares are listed on the GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

During the year, the Company and its subsidiaries (collectively the "Group") were principally engaged in provision of system integration and related support services, provision of IT infrastructure solutions and maintenance services, rental of properties and securities trading.

The Company is an investment holding company. The principal activities of its principal subsidiaries are set out in note 41 to the consolidated financial statements.

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

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRS(s)")

Application of amendments to HKFRSs

In the current year, the Group has applied, for the first time, the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") which are effective for the Group's financial year beginning on 1 January 2024:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current (the "2020 Amendments")
Amendments to HKAS 1	Non-current Liabilities with Covenants (the "2022 Amendments")
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The application of the amendments to HKFRSs in the current year has had no material effect on the Group's financial performance and positions for the current and prior periods and/or on the disclosures set out in these consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRS(s)”) (Continued)

New and amendments to HKFRSs issued but not yet effective

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements. The Group intends to apply these new and revised HKFRSs, if applicable, when they become effective.

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

¹ Effective for annual periods beginning on or after 1 January 2025

² Effective for annual periods beginning on or after 1 January 2026

³ Effective for annual/reporting periods beginning on or after 1 January 2027

⁴ No mandatory effective date yet determined but available for adoption

The directors of the Company anticipate that, except as described below, the application of the new and amendments to HKFRSs will have no material impact on the results and the financial position of the Group.

HKFRS 18 – Presentation and Disclosure in Financial Statements

HKFRS 18 sets out requirements on presentation and disclosures in financial statements and will replace HKAS 1 Presentation of Financial Statements. HKFRS 18 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. Minor amendments to HKAS 7 “Statement of Cash Flows” and HKAS 33 “Earnings per Share” are also made.

HKFRS 18, and the consequential amendments to other HKFRS Accounting Standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted.

The application of HKFRS 18 is not expected to have material impact on the financial position of the Group but is expected to affect the presentation of the statement of profit or loss and statement of cash flows and disclosures in the future financial statements. The Group will continue to assess the impact of HKFRS 18 on the consolidated financial statements of the Group.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

3. MATERIAL ACCOUNTING POLICIES INFORMATION

Basis of preparation

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited 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 properties that are measured at fair values, at the end of each reporting period.

Historical cost is generally based on the fair value of the consideration given in exchange for 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. Details of fair value measurement are explained in the accounting policies set out below.

The material accounting policies are set out below.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

3. MATERIAL ACCOUNTING POLICIES INFORMATION *(Continued)*

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. If a subsidiary prepares its financial statements using accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances (please specify), appropriate adjustments are made to that subsidiary's financial statements in preparing the consolidated financial statements to ensure conformity with the Group's accounting policies.

Control is achieved where the Group has: (i) the power over the investee; (ii) exposure, or rights, to variable returns from its involvement with the investee; and (iii) the ability to use its power over the investee to affect the amount of the Group's returns.

The Group reassess whether it controls an investee if facts and circumstances indicate that there are changes to one or more of these elements of control stated above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

Income and expenses of subsidiaries 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.

Profit or loss and each component of other comprehensive income of subsidiaries are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is 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.

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

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in existing subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

3. MATERIAL ACCOUNTING POLICIES INFORMATION *(Continued)*

Changes in the Group's ownership interests in existing subsidiaries *(Continued)*

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognised. A gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. The amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Group had directly disposed of the related assets and liabilities (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by applicable HKFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKFRS 9 Financial Instruments or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Business combinations or asset acquisitions

The Group can elect to apply an optional concentration test, on a transaction-by-transaction basis, that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. The gross assets under assessment exclude bank and cash balances, deferred tax assets, and goodwill resulting from the effects of deferred tax liabilities. If the concentration test is met, the set of activities and assets is determined not to be a business and no further assessment is needed.

Assets acquisitions

When the Group acquires a group of assets and liabilities that do not constitute a business, the Group identifies and recognises the individual identifiable assets acquired and liabilities assumed by allocating the purchase price first to investment properties which are subsequently measured under fair value model and financial assets and financial liabilities at the respective fair values, the remaining balance of the purchase price is then allocated to the other identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such a transaction does not give rise to goodwill or bargain purchase gain.

Business combinations

Acquisition of businesses are accounted for using the acquisition method, except for business combination under common control. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs incurred to effect a business combination are recognised in profit or loss as incurred.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

3. MATERIAL ACCOUNTING POLICIES INFORMATION *(Continued)*

Business combinations or asset acquisitions *(Continued)*

Business combinations (Continued)

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to the acquiree's employee benefit arrangements are recognised and measured in accordance with HKAS 12 Income Taxes and HKAS 19 Employee Benefits, respectively;
- liabilities or equity instruments related to share-based payment arrangement of the acquiree or the replacement of the acquiree's share-based payment transactions with the share-based payment transactions of the Group are measured in accordance with HKFRS 2 Share-based Payment at the acquisition date (see the accounting policy below);
- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that standard, and
- lease liabilities are recognised and measured at the present value of the remaining lease payments as if the acquired lease was a new lease at the acquisition date, except for leases for which (a) the lease term ends within 12 months of the acquisition date; or (b) the underlying asset is of low value. Right-of-use assets are recognised and measured at an amount equal to the lease liabilities, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the Group's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after re-assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the aggregate of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests are measured at acquisition-date fair value except for non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are initially measured either at fair value or at the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets on a transaction-by-transaction basis.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

3. MATERIAL ACCOUNTING POLICIES INFORMATION *(Continued)*

Business combinations or asset acquisitions *(Continued)*

Business combinations (Continued)

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured to fair value at each reporting date, and changes in fair value are recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control), and the resulting gain or loss, if any, is recognised in profit or loss or other comprehensive income, as appropriate. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income and measured under HKFRS 9 would be accounted for on the same basis as would be required if the Group had disposed directly of the previously held equity interest.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. The provisional amounts recognised at the acquisition date are adjusted retrospectively during the measurement period (see above), and additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

Goodwill

Goodwill arising from a business combination is carried at cost less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

3. MATERIAL ACCOUNTING POLICIES INFORMATION *(Continued)*

Goodwill *(Continued)*

A cash-generating unit (or groups of cash-generating units) to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit (or groups of cash-generating units) to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro rata basis based on the carrying amount of each asset in the unit (or groups of cash-generating units). Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal.

The Group's policy for goodwill relating to an associate or a joint venture is set out in "investments in associates and joint ventures" below.

Investments in associates and joint ventures

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

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The results and assets and liabilities of associates and joint ventures are incorporated in these consolidated financial statements using the equity method, except for the investments classified as held for sale in which case it is accounted for in accordance with HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations. Under the equity method, investments in associates and joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associates and joint ventures. If the Group's share of losses of an associate or a joint venture equals or exceeds its interest in the associate or joint venture, which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture, the Group discontinues recognising its share of further losses. Additional losses are provided for, and a liability is recognised, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

If an associate or a joint venture uses accounting policies other than those of the Group for like transactions and events in similar circumstances, adjustments are made to make the associate's or joint venture's accounting policies conform to those of the Group when the associate's or joint venture's financial statements are used by the Group in applying the equity method.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

3. MATERIAL ACCOUNTING POLICIES INFORMATION *(Continued)*

Investments in associates and joint ventures *(Continued)*

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

The requirements of HKAS 36 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised to the extent that the recoverable amount of the net investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture. When the Group retains an interest in the former associate or a joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with HKFRS 9. The difference between the carrying amount of the associate or a joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or a joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the associate or joint venture is disposed of.

When the Group's ownership interest in an associate or a joint venture is reduced, but the Group continues to apply the equity method, the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest is reclassified to profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

Gains and losses resulting from transactions between the Group and its associate or joint venture are recognised in consolidated financial statements only to the extent of interests in the associate or joint venture that are unrelated to the Group. The Group's share in the associate's or joint venture's gains or losses resulting from these transactions is eliminated.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

3. MATERIAL ACCOUNTING POLICIES INFORMATION *(Continued)*

Investments in associates and joint ventures *(Continued)*

The Group applies HKFRS 9, including the impairment requirements, to long-term interests in an associate or joint venture to which the equity method is not applied and which form part of the net investment in the investee. In applying HKFRS 9 to long-term interests, the Group does not take into account adjustments to their carrying amount required by HKAS 28 (i.e. adjustments to the carrying amount of long-term interests arising from the allocation of losses of the investee or assessment of impairment in accordance with HKAS 28).

Revenue from contracts with customers

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

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

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

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

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

- The customer simultaneously receives and consumes the benefits provided by the Group’s performance as the Group performs;
- The Group’s performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- The Group’s performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct goods or service.

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer, excludes amounts collected on behalf of third parties, discounts and sales related taxes.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

3. MATERIAL ACCOUNTING POLICIES INFORMATION *(Continued)*

Contract assets and contract liabilities

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

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration from the customer. A contract liability would also be recognised if the Group has an unconditional right to receive consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised.

For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

Other revenue

Interest income is recognised using the effective interest method.

Dividend income is recognised when the shareholders' rights to receive payment are established.

Rental income is recognised on a straight-line basis over the lease term.

Leasing

Definition of a lease

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

The Group as lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract or modification date or acquisition date, as appropriate. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less from the commencement date and do not contain a purchase option) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Lease liabilities

At the commencement date, the Group measures lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted by using the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

3. MATERIAL ACCOUNTING POLICIES INFORMATION *(Continued)*

Leasing *(Continued)*

The Group as lessee (Continued)

Lease liabilities *(Continued)*

Lease payments included in the measurement of the lease liability comprise fixed lease payments (including in-substance fixed payments), less any lease incentives receivable.

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

Lease liability is remeasured (and with a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

Right-of-use assets

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement date and any initial direct costs, less lease incentives received. Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under HKAS 37 "Provision, Contingent Liabilities and Contingent Assets". The costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

3. MATERIAL ACCOUNTING POLICIES INFORMATION *(Continued)*

Leasing *(Continued)*

The Group as lessee (Continued)

Right-of-use assets *(Continued)*

Except for the right-of-use assets classified as investment properties and measured under fair value model, right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. They are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The Group presents right-of-use assets that do not meet the definition of investment property as a separate line in the consolidated statement of financial position. The right-of-use assets that meet the definition of investment property are presented within "investment property".

The Group applies HKAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss.

When the Group obtains ownership of the underlying leased assets at the end of the lease term upon exercising purchase options, the cost of the relevant right-of-use assets and the related accumulated depreciation and impairment loss are transferred to property, plant and equipment.

Lease modification

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

3. MATERIAL ACCOUNTING POLICIES INFORMATION *(Continued)*

Leasing *(Continued)*

The Group as lessor

The Group enters into lease agreements as a lessor with respect to some of its investment properties. Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When a contract includes both lease and non-lease components, the Group applies HKFRS 15 to allocate the consideration under the contract to each component.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Foreign currency translation

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing at the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. HK\$) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of foreign currency translation reserve (attributed to non-controlling interests as appropriate).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

3. MATERIAL ACCOUNTING POLICIES INFORMATION *(Continued)*

Foreign currency translation *(Continued)*

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a joint arrangement that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss. In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

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

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

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

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

Retirement benefits costs and termination benefits

Payments to state-managed retirement benefit schemes and the Mandatory Provident Fund Scheme are recognised as an expense when employees have rendered service entitling them to the contributions.

Long service payments

The Group's net obligation in respect of Long service payments under the Employment Ordinance is the amounts of future benefit that employees have earned in return for their services in the current and prior periods. The obligation is calculated using the projected unit credit method and discounted to its present value and after deducting the fair value of any related assets, including those retirement scheme benefits.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

3. MATERIAL ACCOUNTING POLICIES INFORMATION *(Continued)*

Retirement benefits costs and termination benefits *(Continued)*

Short-term and other long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from loss before tax as reported in the consolidated statement of profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

3. MATERIAL ACCOUNTING POLICIES INFORMATION *(Continued)*

Taxation *(Continued)*

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 requirements to the lease liabilities and the related assets separately. The Group recognises a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised and a deferred tax liability for all taxable temporary differences.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Property, plant and equipment

Property, plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

3. MATERIAL ACCOUNTING POLICIES INFORMATION *(Continued)*

Property, plant and equipment *(Continued)*

Ownership interests in leasehold land and buildings

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition. To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented as “right-of-use assets” in the consolidated statement of financial position except for those that are classified and accounted for as investment properties under the fair value model. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Leasehold improvements	Over the lease terms or 5 years, whichever is shorter
Furniture, fixtures and equipment	18% – 30%
Motor vehicles	10% – 20%

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties include land held for undetermined future use, which is regarded as held for capital appreciation purpose.

Investment properties also include leased properties recognised by the Group as right-of-use asset and sub-leased out under operating lease.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

3. MATERIAL ACCOUNTING POLICIES INFORMATION *(Continued)*

Investment properties *(Continued)*

If an item of property, plant and equipment becomes an investment property when there is a change in use, as supported by observable evidence, any difference between the carrying amount and the fair value of that item at the date of transfer is recognised in other comprehensive income and accumulated in properties revaluation reserve. The properties revaluation reserve in respect of that item will be transferred directly to retained earnings when it is derecognised.

If an investment property becomes an owner-occupied property when there is a change in use, as supported by observable evidence, the fair value of that property at the date of transfer is the deemed cost for subsequent accounting for that property as an item of property, plant and equipment.

If an investment property becomes an property under development for sale in the ordinary course of business when there is a change in use, as supported by observable evidence, the fair value of that property at the date of transfer is the deemed cost for subsequent accounting for that property as an property under development.

Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

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

Customer relationships

Customer relationships are stated at cost less any accumulated impairment losses and are amortised on the straight-line basis over their estimated useful life of 10 years. Impairment is reviewed when there is any indication that the customer relationships have suffered an impairment loss.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are calculated using the first-in, first-out method. Net realisable value of inventories represents the estimated selling price less the estimated costs of completion and costs necessary to make the sale.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

3. MATERIAL ACCOUNTING POLICIES INFORMATION *(Continued)*

Cash and cash equivalents

In the consolidated statement of financial position, bank and cash balances comprise cash (i.e. cash on hand and demand deposits) and cash equivalents. Cash equivalents are short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather for investment or other purposes.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents, as defined above, net of outstanding bank overdrafts which are repayable on demand and form an integral part of the Group's cash management. Such overdrafts are presented as short-term borrowings in the consolidated statement of financial position.

Financial instruments

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

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

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets. Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income ("FVTOCI"), and fair value through profit or loss ("FVTPL").

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

3. MATERIAL ACCOUNTING POLICIES INFORMATION *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

Financial assets at amortised cost (debt instruments)

The Group measures financial assets subsequently at amortised cost if both of the following conditions are met:

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

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

(i) Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (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) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

3. MATERIAL ACCOUNTING POLICIES INFORMATION *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

Financial assets at amortised cost (debt instruments) *(Continued)*

For purchased or originated credit-impaired financial assets, the Group recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Interest income is recognised in profit or loss and is included in the “Bank and other interest income” line item.

Financial assets at FVTOCI (debt instruments)

The Group’s debt instruments are classified and measured subsequently at FVTOCI if both of the following conditions are met:

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

Debt instruments are initially measured at fair value plus transaction costs. Subsequently, changes in the carrying amount of debt instruments as a result of foreign exchange gains and losses, impairment gains or losses, and interest income calculated using the effective interest method are recognised in profit or loss. The amounts that are recognised in profit or loss are the same as the amounts that would have been recognised in profit or loss if these debt instruments had been measured at amortised cost. All other changes in the carrying amount of these debt instruments are recognised in other comprehensive income and accumulated under the heading of investment revaluation reserve. Impairment allowances are recognised in profit or loss with corresponding adjustment to other comprehensive income without reducing the carrying amounts of these debt instruments. When these debt instruments are derecognised, the cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss.

Equity instruments designated as at FVTOCI

On initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

3. MATERIAL ACCOUNTING POLICIES INFORMATION *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

Equity instruments designated as at FVTOCI *(Continued)*

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investment revaluation reserve. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, instead, they will continue to be held in investment revaluation reserve.

Dividends from investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the 'Other income and gains' line item in profit or loss.

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL. Specifically:

- Investments in equity instruments are classified as at FVTPL, unless the Group designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition.
- Debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria are classified as at FVTPL. In addition, debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the 'Fair value (loss)/ gain on investments at fair value through profit or loss' line item. Fair value is determined in the manner described in note 26.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition, it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

3. MATERIAL ACCOUNTING POLICIES INFORMATION *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

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

Significant increase in credit risk

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

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

3. MATERIAL ACCOUNTING POLICIES INFORMATION *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

Impairment of financial assets *(Continued)*

Significant increase in credit risk *(Continued)*

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

Despite the foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if i) the debt instrument has a low risk of default, ii) the debtor has a strong capacity to meet its contractual cash flow obligations in the near term, and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there is no past due amounts.

For financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a financial guarantee contract, the Group considers the changes in the risk that the specified debtor will default on the contract.

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

Definition of default

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

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).
- Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 60 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

3. MATERIAL ACCOUNTING POLICIES INFORMATION *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

Impairment of financial assets *(Continued)*

Credit-impaired financial assets

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

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

Write-off policy

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

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate. For a lease receivable, the cash flows used for determining the expected credit losses is consistent with the cash flows used in measuring the lease receivable in accordance with HKFRS 16 Leases.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

3. MATERIAL ACCOUNTING POLICIES INFORMATION *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

Impairment of financial assets *(Continued)*

Measurement and recognition of expected credit losses *(Continued)*

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

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the consolidated statement of financial position.

Derecognition of financial assets

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

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. On derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Financial liabilities and equity instruments

Classification as debt or equity

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

3. MATERIAL ACCOUNTING POLICIES INFORMATION *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity instruments (Continued)

Classification as debt or equity *(Continued)*

Equity instruments

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

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

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

Financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, and financial guarantee contracts issued by the Group, are measured in accordance with the specific accounting policies set out below.

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not 1) contingent consideration of an acquirer in a business combination, 2) held-for-trading, or 3) designated as at FVTPL, are subsequently measured at amortised cost using the effective interest method.

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

Derecognition of financial liabilities

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

3. MATERIAL ACCOUNTING POLICIES INFORMATION *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity instruments (Continued)

Financial liabilities *(Continued)*

Modification of financial liabilities

A substantial modification of the terms of an existing financial liability or a part of it (whether or not attributable to the financial difficulty of the Group) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The Group considers that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. Accordingly, such exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. The exchange or modification is considered as non-substantial modification when such difference is less than 10 per cent.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

Share-based payments

Equity-settled share-based payment transactions

Share options granted to employees

The fair value of services received determined by reference to the fair value of share options granted at the date of grant is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (share-based payment reserve).

At the end of the reporting period, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the original estimates during the vesting period, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share-based payment reserve.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

3. MATERIAL ACCOUNTING POLICIES INFORMATION *(Continued)*

Share-based payments *(Continued)*

Equity-settled share-based payment transactions (Continued)

Share options granted to employees *(Continued)*

When share options are exercised, the amount previously recognised in share options reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will continue to be held in share options reserve/will be transferred to retained earnings.

Share options granted to non-employees

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 reliably measured, 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 options reserve), when the Group obtains the goods or when the counterparties render services, unless the goods or services qualify for recognition as assets.

Impairment on property, plant and equipment, right-of-use assets, and intangible assets

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets, and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that they may be impaired.

The recoverable amount of property, plant and equipment, right-of-use assets, and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating unit, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

3. MATERIAL ACCOUNTING POLICIES INFORMATION *(Continued)*

Impairment on property, plant and equipment, right-of-use assets, and intangible assets *(Continued)*

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or the cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

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

Fair value measurement

When measuring fair value except for the Group's share-based payment transactions, leasing transactions, net realisable value of inventories and value in use of property, plant and equipment, right-of-use assets and intangible assets for the purpose of impairment assessment, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

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.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Specifically, the Group categorised the fair value measurements into three levels, based on the characteristics of inputs, as follow:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

3. MATERIAL ACCOUNTING POLICIES INFORMATION *(Continued)*

Fair value measurement *(Continued)*

At the end of the reporting period, the Group determines whether transfer occur between levels of the fair value hierarchy for assets and liabilities which are measured at fair value on recurring basis by reviewing their respective fair value measurement.

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 Company or of a parent of the Company.

- (b) An entity is related to the Group if any of the following conditions applies:
 - (i) The entity and the Company 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. If the Group is itself such a plan, the sponsoring employers are also related to the Group.
 - (vi) The entity is controlled or jointly controlled by a person identified in (a).
 - (vii) A person identified in (a) 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 Company or to a parent of the Company.

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

3. MATERIAL ACCOUNTING POLICIES INFORMATION *(Continued)*

Segment reporting

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purpose of allocating resources to, and assessing the performance of the Group's various lines of business in different geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

4. KEY ESTIMATES AND CRITICAL JUDGEMENTS

Key sources of estimation uncertainty

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

(a) Fair values of investment properties

The directors of the Company appointed an independent professional valuer to assess the fair values of the investment properties. In determining the fair values, the valuer has utilised a method of valuation which involves certain estimates. The directors of the Company have exercised their judgement and are satisfied that the method of valuation is reflective of the current market conditions. Changes to the estimates used in valuation would result in changes in the fair values of the Group's investment properties and the corresponding adjustments to the amount of gain or loss reported in the consolidated statement of profit or loss.

(b) Provision for impairment of trade, deposits and other receivables

The impairment assessment of trade, deposits and other receivables of the Group is based on the evaluation of collectability and ageing analysis of these assets as well as other quantitative and qualitative information and calculated the lifetime ECLs based on credit loss experience, and on management's judgement and assessment of the forward looking information. Significant judgement and estimates are required in assessing the ultimate realisation of these assets, based on the current creditworthiness, the past collection history and subsequent settlements of each customer. If the financial conditions of customers of the Group deteriorate, resulting in an impairment of their ability to make payments, additional impairment may be required.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

4. KEY ESTIMATES AND CRITICAL JUDGEMENTS *(Continued)*

Key sources of estimation uncertainty *(Continued)*

(c) Impairment of non-financial assets (other than goodwill)

The directors of the Company assesses whether there are any indicators of impairment for all non-financial assets at the end of each reporting period. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing for the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. Changing the assumptions and estimations, including the discount rate could materially affect the recoverable amounts.

(d) Income taxes

The directors of the Company is subject to income taxes in Hong Kong and the PRC. Significant estimates are required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(e) Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating unit 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 unit and a suitable discount rate and growth rate in order to calculate the present value. Where the actual future cash flows are less than expected, or change in facts and circumstances which results in downward revision of future cash flows or upward revision of discount rate, a material impairment loss or further impairment loss may arise.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

4. KEY ESTIMATES AND CRITICAL JUDGEMENTS *(Continued)*

Key sources of estimation uncertainty *(Continued)*

(f) Deferred tax assets

As at 31 December 2024, a deferred tax asset of approximately HK\$5,767,000 (2023: approximately HK\$5,910,000) in relation to unused tax losses has been recognised in the consolidated statement of financial position. No deferred tax asset has been recognised on the tax losses of approximately HK\$206,059,000 (2023: approximately HK\$194,805,000) due to the unpredictability of future profit streams. The realisability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future, which is a key source of estimation uncertainty. In cases where the actual future taxable profits generated are less or more than expected, or change in facts and circumstances which result in revision of future taxable profits estimation, a material reversal or further recognition of deferred tax assets may arise, which would be recognised in profit or loss for the period in which such a reversal or further recognition takes place.

Critical judgements in applying accounting policies

In the process of applying the accounting policies, the directors of the Company have made the following judgements that have the most significant effect on the amounts recognised in the consolidated financial statements.

Significant increase in credit risk

As explained in note 3, the Group measures the loss allowance equal to 12-month ECL for financial assets other than trade receivables, unless when there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. In assessing whether the credit risk of an asset has significantly increased, the Group takes into account qualitative and quantitative reasonable and supportable forward-looking information.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

5. FINANCIAL RISK MANAGEMENT

(a) Categories of financial instruments

	2024 HK\$'000	2023 HK\$'000
Financial assets:		
Equity investments at fair value through other comprehensive income	21,590	10,900
Investments at fair value through profit or loss mandatorily measured	320	558
Financial assets at amortised cost (including bank and cash balances)	60,632	74,631
	82,542	86,089
Financial liabilities:		
Financial liabilities at amortised costs	79,621	86,775

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

(b) Currency risk

The Group has minimal exposure to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in the functional currencies of the Group entities. The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

5. FINANCIAL RISK MANAGEMENT (*Continued*)

(c) Price risk

The Group's investments at fair value through profit or loss and equity investments at fair value through other comprehensive income are measured at fair value at the end of each reporting period. Therefore, the Group is exposed to equity security price risk. The directors of the Company manage this exposure by maintaining a portfolio of investments with difference risk profiles.

At 31 December 2024, if the share prices of the investments at fair value through profit or loss increase/decrease by 10%, loss after tax for the year would have been approximately HK\$27,000 (2023: approximately HK\$47,000) decrease/increase, arising as a result of the fair value gain/loss of the investments. If the share price of the equity investments at fair value through other comprehensive income increase/decrease by 10%, other comprehensive loss for the year would have been approximately HK\$1,803,000 lower/higher, arising as a result of the fair value gain/loss of the investments.

(d) Credit risk

The credit risk of the Group mainly arises from bank balances, trade receivables, deposits and other receivables. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets

Trade receivables

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits and credit approvals. Before accepting any new customer, the Group uses an internal credit scoring system to assess the potential customer's credit quality and defines credit limits by large customer. Limits and scoring attributed to large customers are reviewed once a year. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts. In addition, the Group performs impairment assessment under ECL model on trade receivable balances individually or based on provision matrix. In this regard, the Directors consider that the Group's credit risk is significantly reduced.

The Group's concentration of credit risk by geographical locations is mainly in the PRC, which accounted for 73% (31 December 2023: 79%) of the total trade receivable as at 31 December 2024.

Deposits and other receivables

For deposits and other receivables, the Group has assessed whether there has been a significant increase in credit risk since initial recognition. The Group considers that there are no significant increase in credit risk of these amounts since initial recognition and the Group provided impairment based on 12-month ECL.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

5. FINANCIAL RISK MANAGEMENT (Continued)

(d) Credit risk (Continued)

The table below is the internal credit policy of the Group:

Internal credit rating	Description	Trade receivables	Other financial assets
Low risk	The counterparty has a low risk of default and does not have any past-due amounts	Lifetime ECL – not credit-impaired	12-month ECL
High risk	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL – not credit-impaired	Lifetime ECL – not credit-impaired
Doubtful	There is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

Maximum exposure and year-end staging

The tables below shows the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December 2024 and 31 December 2023.

The amount presented are gross carrying amounts for financial assets and contract assets.

At 31 December 2024

	12-month ECLs		Lifetime ECLs		HK\$'000
	Stage 1 HK\$'000	Stage 2 HK\$'000	Stage 3 HK\$'000	Simplified approach HK\$'000	
Trade receivable*	-	-	-	18,938	18,938
Financial assets included in deposits and other receivables					
– Normal	36,323	-	-	-	36,323
Bank and cash balance					
– Not yet past due	5,371	-	-	-	5,371
	41,694	-	-	18,938	60,632

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

5. FINANCIAL RISK MANAGEMENT (Continued)

(d) Credit risk (Continued)

Maximum exposure and year-end staging (Continued)

At 31 December 2023

	12-month ECLs		LifetimeECLs		HK\$'000
	Stage 1 HK\$'000	Stage 2 HK\$'000	Stage 3 HK\$'000	Simplified approach HK\$'000	
Trade receivable*	–	–	–	15,584	15,584
Financial assets included in deposits and other receivables					
– Normal	47,452	–	–	–	47,452
Bank and cash balance					
– Not yet past due	11,595	–	–	–	11,595
	59,047	–	–	15,584	74,631

* For trade receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in Note 25 to the consolidated financial statements.

Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables are disclosed in Note 25 to the consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

5. FINANCIAL RISK MANAGEMENT (Continued)

(e) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term. The maturity analysis of the Group's financial liabilities is as follows:

	Weighted average interest rate %	Less than 1 year or on demand HK\$'000	Between 1 and 2 years HK\$'000	Between 2 and 5 years HK\$'000	Over 5 years HK\$'000	Total undiscounted cash flows HK\$'000	Carrying amount HK\$'000
At 31 December 2024							
Trade payables	N/A	2,987	-	-	-	2,987	2,987
Other payables and accruals	N/A	14,344	-	-	-	14,344	14,344
Bank and other loans	3.93%	35,651	15,271	8,697	-	59,619	55,924
Bonds	5.91%	-	-	-	24,750	24,750	4,816
		52,982	15,271	8,697	24,750	101,700	78,071
Lease liabilities	4.84%	1,394	187	-	-	1,581	1,550
At 31 December 2023							
Trade payables	N/A	3,455	-	-	-	3,455	3,455
Other payables and accruals	N/A	15,257	-	-	-	15,257	15,257
Bank and other loans	4.04%	43,498	11,817	8,992	-	64,307	60,486
Bonds	5.91%	-	-	-	24,750	24,750	4,547
		62,210	11,817	8,992	24,750	107,769	83,745
Lease liabilities	5.25%	2,322	822	-	-	3,144	3,030

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

5. FINANCIAL RISK MANAGEMENT *(Continued)*

(f) Interest rate risk

At 31 December 2024, the Group's other loan of approximately HK\$5,002,000 (2023: approximately HK\$5,209,000) and bonds of approximately HK\$4,816,000 (2023: approximately HK\$4,547,000) bear interests at fixed interest rates and therefore are subject to fair value interest rate risks.

At 31 December 2024, the Group's exposure to interest-rate risk arises from its bank balances of approximately HK\$5,371,000 (2023: approximately HK\$11,595,000) and bank loan of approximately HK\$35,651,000 (2023: approximately HK\$43,460,000). These bank balances and bank loan bear interests at variable rates varied with the then prevailing market condition.

At 31 December 2024, if interest rates at that date had been 50 basis points lower with all other variables held constant, the Group's loss after tax for the year would have been approximately HK\$177,000 (2023: approximately HK\$215,000) lower (2023: lower), arising mainly as a result of lower interest expenses on bank loans. If interest rates had been 50 basis points higher, with all other variables held constant, the Group's loss after tax for the year would have been approximately HK\$151,000 (2023: approximately HK\$159,000) higher (2023: higher), arising mainly as a result of higher interest expenses on bank loans.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

5. FINANCIAL RISK MANAGEMENT (Continued)

(g) Fair values

The carrying amounts of the Group's financial assets and financial liabilities as reflected in the consolidated statement of financial position approximate their respective fair values.

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. The following disclosures of fair value measurements use a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value:

Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2 inputs: valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 inputs: valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

(a) Disclosures of level in fair value hierarchy

	Fair value measurements using:			Total HK\$'000
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	
At 31 December 2024				
Recurring fair value measurements:				
Investments at fair value through profit or loss				
– Listed equity securities outside Hong Kong	320	–	–	320
Equity investments at fair value through other comprehensive income				
– Listed equity securities outside Hong Kong (Note)	21,590	–	–	21,590
Investment properties Commercial (PRC)	–	–	216,035	216,035
	21,910	–	216,035	237,945

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

5. FINANCIAL RISK MANAGEMENT (Continued)

(g) Fair values (Continued)

(a) Disclosures of level in fair value hierarchy (Continued)

	Fair value measurements using:			Total HK\$'000
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	
At 31 December 2023				
Recurring fair value measurements:				
Investments at fair value through profit or loss				
– Listed equity securities in Hong Kong	55	–	–	55
– Listed equity securities outside Hong Kong	503	–	–	503
Equity investments at fair value through other comprehensive income				
– Listed equity securities outside Hong Kong	1,023	–	–	1,023
– Private equity investment (Note)	–	–	9,877	9,877
Investment properties Commercial (PRC)	–	–	244,259	244,259
	1,581	–	254,136	255,717

Note: The equity investment at fair value through other comprehensive income with fair values of HK\$21,590,000 was previously determined to be Level 3 under the fair value hierarchy using a valuation technique that used significant unobservable inputs. As unadjusted quoted prices are available in the active market, the fair value measurement of the equity investment was accordingly transferred from Level 3 to Level 1 of the fair value hierarchy.

(b) Reconciliation of assets measured at fair value based on level 3:

Description	Equity investments at fair value through other comprehensive income HK\$'000	Investment properties HK\$'000	Total HK\$'000
At 31 December 2024			
At beginning of year	9,877	244,259	254,136
Total unrealised losses recognised in			
– profit or loss	–	(20,617)	(20,617)
Transfer out (Note)	(9,877)	–	(9,877)
Exchange realignment	–	(7,607)	(7,607)
At end of year	–	216,035	216,035

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

5. FINANCIAL RISK MANAGEMENT (Continued)

(g) Fair values (Continued)

(b) Reconciliation of assets measured at fair value based on level 3: (Continued)

Description	Equity investments at fair value through other comprehensive income HK\$'000	Investment properties HK\$'000	Total HK\$'000
At 31 December 2023			
At beginning of year	43,025	256,671	299,696
Total unrealised losses recognised in			
– profit or loss	–	(5,536)	(5,536)
– other comprehensive income	(975)	–	(975)
Disposals of subsidiaries (note 40(b))	(32,311)	–	(32,311)
Exchange realignment	138	(6,876)	(6,738)
At end of year	9,877	244,259	254,136

Note: The equity investment at fair value through other comprehensive income with fair values of HK\$21,590,000 was previously determined to be Level 3 under the fair value hierarchy using a valuation technique that used significant unobservable inputs. As unadjusted quoted prices are available in the active market, the fair value measurement of the equity investment was accordingly transferred from Level 3 to Level 1 of the fair value hierarchy.

During the years ended 31 December 2024 and 2023, there were no transfers of fair value measurements between Level 1 and Level 2.

(c) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements:

The Group's chief financial officer is responsible for the fair value measurements of assets and liabilities required for financial reporting purposes, including level 3 fair value measurements. The chief financial officer reports directly to the Board of Directors for these fair value measurements. Discussions of valuation processes and results are held between the chief financial officer and the Board of Directors at least twice a year.

For level 3 fair value measurements, the Group engages external valuation experts with the recognised professional qualifications and recent experience to perform the valuations.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

5. FINANCIAL RISK MANAGEMENT (Continued)

(g) Fair values (Continued)

(c) *Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements: (Continued)*

As at 31 December 2024

Description	Valuation technique	Unobservable inputs	Range	Effect on fair value for increase of inputs	Fair value HK\$'000
Investment properties	Direct income approach	Monthly rental income	RMB 82-132 per square meter	Increase	216,035
		Monthly market rent	RMB 82 per square meter	Increase	
		Term yield rate	5.50%	Decrease	
		Reversionary yield rate	5.75%	Decrease	

As at 31 December 2023

Description	Valuation technique	Unobservable inputs	Range	Effect on fair value for increase of inputs	Fair value HK\$'000
Investment properties	Direct income approach	Monthly rental income	RMB40-122 per square meter	Increase	244,259
		Monthly market rent	RMB102 per square meter	Increase	
		Term yield rate	3.25%	Decrease	
		Reversionary yield rate	3.50%	Decrease	
Private equity investments classified as equity investments at fair value through other comprehensive income	Discounted cash flow	Weighted average cost of capital	13.11%	Decrease	9,877
		Discount for lack of marketability	20.5%	Decrease	

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

6. OPERATING SEGMENT INFORMATION

The Group manages its businesses by divisions, which are organised by different business lines. Information reported to the Group's executive directors, being the chief operating decision maker ("CODM"), for the purposes of resource allocation and performance assessment is prepared on this basis. The Group has identified the following three reportable segments under HKFRS 8 Operating Segments as follows:

- provision of IT infrastructure solutions and maintenance services ("IT solutions and maintenance");
- money lending (discontinued operation);
- Securities investments; and
- rental of properties.

The Group's reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different technology and marketing strategies.

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 3 to the consolidated financial statements. Segment results represent the profit or loss of each operating segment without allocation of include bank and other interest income, finance costs as well as head office and corporate expenses. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

	Continuing operations								Discontinued operation			
	IT solutions and maintenance		Securities investments		Rental of properties		Total		Money lending		Total	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue:												
Revenue from external customers	30,291	38,043	-	-	11,194	11,185	41,485	49,228	-	2,860	41,485	52,088
Segment (loss)/profit	(8,345)	(13,762)	(237)	1	(10,545)	4,560	(19,127)	(9,201)	-	(1,606)	(19,127)	(10,807)
Reconciliation:												
Bank and other interest income							16	2,558	-	5	16	2,563
Corporate and other unallocated expenses							(16,686)	(10,742)	-	-	(16,686)	(10,742)
Finance costs							(2,578)	(5,589)	-	(3)	(2,578)	(5,592)
Loss before tax							(38,375)	(22,974)	-	(1,604)	(38,375)	(24,578)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

6. OPERATING SEGMENT INFORMATION (Continued)

	Continuing operations								Discontinued operation		Total	
	IT solutions and maintenance		Securities investments		Rental of properties		Total		Money lending			
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment assets:	53,849	44,295	396	616	231,020	258,153	285,265	303,064	-	-	285,265	303,064
Corporate and other unallocated assets											42,639	46,820
Total assets											327,904	349,884
Segment liabilities:	(25,200)	(21,871)	-	(38)	(44,648)	(52,573)	(69,848)	(74,482)	-	-	(69,848)	(74,482)
Corporate and other unallocated liabilities											(13,056)	(14,462)
Total liabilities											(82,904)	(88,944)

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

- all assets are allocated to operating segments other than corporate assets; and
- all liabilities are allocated to operating segments other than corporate liabilities.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

6. OPERATING SEGMENT INFORMATION (Continued)

Other segment information

For the year ended 31 December 2024

	IT solutions and maintenance HK\$'000	Securities investments HK\$'000	Rental of properties HK\$'000	Reportable segments, total HK\$'000	Unallocated HK\$'000	Total HK\$'000
Continuing operations:						
Amounts included in the measure of segment profit or loss or segment assets:						
Depreciation of property, plant and equipment	304	-	3	307	136	443
Depreciation of right-of-use assets	596	-	-	596	1,788	2,384
Additions to non-current assets	14,133	-	-	14,133	4	14,137
Impairment loss under expected credit losses model	891	-	-	891	96	987
Loss on disposal of property, plant and equipment	37	-	33	70	-	70
Fair value loss of investment properties	-	-	20,617	20,617	-	20,617
Fair value loss of financial assets at FVTPL	-	202	-	202	-	202
Interest income	-	-	-	-	(16)	(16)

For the year ended 31 December 2023

	IT solutions and maintenance HK\$'000	Securities investments HK\$'000	Rental of properties HK\$'000	Reportable segments, total HK\$'000	Unallocated HK\$'000	Total HK\$'000
Continuing operations:						
Amounts included in the measure of segment profit or loss or segment assets:						
Depreciation of property, plant and equipment	478	-	3	481	265	746
Depreciation of right-of-use assets	504	-	-	504	1,838	2,342
Additions to non-current assets	554	-	-	554	588	1,142
Gain on disposal of property, plant and equipment	-	-	-	-	(80)	(80)
Fair value loss of investment properties	-	-	5,536	5,536	-	5,536
Fair value gain of financial assets at FVTPL	-	(29)	-	(29)	-	(29)
Interest income	-	-	-	-	(2,558)	(2,558)

Notes to the Consolidated Financial Statements

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6. OPERATING SEGMENT INFORMATION (Continued)

Geographical information

	Revenue		Non-current assets	
	2024	2023	2024	2023
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong	29,481	38,800	22,777	12,870
PRC except Hong Kong	12,004	13,288	216,568	245,053
	41,485	52,088	239,345	257,923
Discontinued operation	–	(2,860)	–	–
Consolidated total	41,485	49,228	239,345	257,923

Information about the Group's revenue from external customers is presented based on the location of the customers.

Information about the non-current assets, except equity investments at fair value through other comprehensive income, deferred tax assets and deposits is presented based on the location of the operations of relevant group entities.

Information about major customers

Revenue from customers of the corresponding year contributing over 10% of the total revenue of the Group are as follows:

	2024	2023
	HK\$'000	HK\$'000
Customer A ¹	11,194	11,185

¹ Revenue from rental properties segment.

7. REVENUE

The Group's revenue which represents (1) sale of computer hardware and software; (2) Provision of technical support and maintenance service; (3) rental income; and (4) loan interest income are as follows:

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7. REVENUE (Continued)

	2024 HK\$'000	2023 HK\$'000
Sale of computer hardware and software	12,963	17,324
Provision of technical support and maintenance service	17,328	20,719
Provision of property management services	5,295	5,532
Revenue from contracts with customers within the scope of HKFRS15	35,586	43,575
Rental income	5,899	5,653
Loan interest income	–	2,860
Total revenue	41,485	52,088
Representing:		
Continuing operations	41,485	49,228
Discontinued operation	–	2,860
Total revenue	41,485	52,088
Disaggregation of revenue from contracts with customers:		
Geographical markets		
Hong Kong	29,481	35,940
PRC except Hong Kong	6,105	7,635
Total	35,586	43,575
Major products/services		
Sale of computer hardware and software	12,963	17,324
Provision of technical support and maintenance services	17,328	20,719
Provision of property management services	5,295	5,532
Total	35,586	43,575
Timing of revenue recognition		
At a point in time	12,963	17,324
Over time	22,623	26,251
Total	35,586	43,575

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For the year ended 31 December 2024

7. REVENUE (*Continued*)

Sale of computer hardware and software

The Group sells computer hardware and software to the customers. Sales are recognised when control of the products has transferred, being when the products are delivered to a customer, there is no unfulfilled obligation that could affect the customer's acceptance of the products and the customer has obtained legal titles to the products. Sales to customers are normally made with credit terms of 30 to 90 days. For new customers, deposits or cash on delivery may be required. Deposits received are recognised as a contract liability. A receivable is recognised when the products are delivered to the customers as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Provision of services

The Group provides software development, system integration, technical support and maintenance services to the customers. When the progress towards complete satisfaction of the performance obligations of a contract can be measured reasonably, revenue from the contract and the contract costs are recognised using the percentage of completion method, measured by reference to the percentage of contract costs incurred to date to the estimated total contract costs for the contract. This method provides the most reliable estimate of the percentage of completion.

When the progress towards complete satisfaction of the performance obligations of a contract cannot be measured reasonably, revenue is recognised only to the extent of contract costs incurred that is expected to be recoverable.

The customers pay the contract prices to the Group according to the payment schedules as stipulated in the contracts. If the service rendered by the Group exceeds the payments, a contract asset is recognised. If the payments exceed the service rendered, a contract liability is recognised.

Provision of property management services

Property management services fees recognised on a monthly basis when the services are rendered. The amount for which can be reliably estimated and it is probable that the income will be received. The property management services fees are due on the end of each month.

Revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date

The following table includes the aggregated amounts of the transaction price allocated to the remaining performance obligations under the Group's existing service contracts. The transaction price does not include any estimated amounts of variable consideration, unless at the reporting date it is highly probable that the Group will satisfy the conditions of variable consideration.

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For the year ended 31 December 2024

7. REVENUE (Continued)

Revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date (Continued)

	2024 HK\$'000	2023 HK\$'000
Remaining performance obligations expected to be satisfied		
Within one year	2,179	1,566
After one year	184	–
Total	2,363	1,566

Except for the aforesaid contracts, the Group has applied the practical expedient in paragraph 121 of HKFRS 15 to its other contracts such that the above information does not include information about revenue that the Group will be entitled to when it satisfies the remaining performance obligations under the contracts that has an original expected duration of one year or less.

8. OTHER INCOME AND GAINS

	2024 HK\$'000	2023 HK\$'000
Bank and other interest income	16	2,563
Gain on disposal of property, plant and equipment	–	80
Income from agency services (Note i)	–	–
Service income	215	–
Others	800	834
	1,031	3,477
Representing:		
Continuing operations	1,031	3,472
Discontinued operation	–	5
	1,031	3,477

Notes:

- (i) During the year end 31 December 2023, the Group provided agency services in relation to technical knowhow services to certain customers. The revenue of approximately USD12,090,000 (equivalent to approximately HK\$94,299,000) and costs of approximately USD12,090,000 (equivalent to approximately HK\$94,299,000) in the form of cryptocurrency (Tether 12,028,000 and Binance USD 62,000) were recorded on a net basis.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

9. FINANCE COSTS

An analysis of finance costs is as follows:

	2024 HK\$'000	2023 HK\$'000
Interest expenses on:		
Other loans	743	581
Bank loans	1,454	1,883
Bonds	269	121
Lease liabilities	112	208
Imputed interest on promissory notes	–	2,799
	2,578	5,592
Representing:		
Continuing operations	2,578	5,589
Discontinued operation (<i>note 14</i>)	–	3
	2,578	5,592

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For the year ended 31 December 2024

10. LOSS BEFORE TAX

The Group's loss before tax from continuing operations is arrived at after charging/(crediting):

	2024 HK\$'000	2023 HK\$'000
Employee benefit expense (including directors' remuneration – note 11):		
Salaries, allowances and benefits in kind	21,223	19,518
Pension schemes contribution	1,229	1,295
Equity-settled share-based payment expenses	1,764	931
	24,216	21,744
Rental income from investment properties:		
Gross rental income from investment properties	(5,899)	(5,653)
Less: direct operating expenses incurred for investment properties that generated rental income during the year	148	298
	(5,751)	(5,355)
Cost of inventories sold	14,794	21,391
Cost of services provided	4,293	5,269
Written-off of property, plant and equipment	–	13
Depreciation of property, plant and equipment	443	746
Depreciation of right-of-use assets	2,384	2,342
Amortisation of other intangible assets	866	866
Expenses related to short-term leases	479	506
Auditors' remuneration	800	1,050
Foreign exchange differences, net	289	241
Research and development expenses	–	8,256

Notes to the Consolidated Financial Statements

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11. 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 are as follows:

(a) Directors' emoluments

	Fees	Salaries, allowances and other benefits	Pension schemes contribution	Equity settled share-based payment	Remuneration paid or receivable in respect of office as director (Note (ii))	As management (Note (iii))	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
For the year ended 31 December 2024							
Executive directors							
Mr. Wong King Shiu, Daniel	160	840	18	330	-	-	1,348
Mr. Chang Ki Sum, Clark (Note (iii))	80	284	18	250	-	-	632
Mr. Chu Joshua Allen Kiu Wah (Note (iv))	153	-	-	-	-	-	153
Mr. SO Han Meng Julian (Note (vii))	26	-	-	-	-	-	26
	419	1,124	36	580	-	-	2,159
Non-executive director							
Hon Li Sai Wing, JP, MH	240	-	-	243	-	-	483
Ms. Leung Kai Ming, MH (Note (vi))	100	-	-	-	-	-	100
	340	-	-	243	-	-	583
Independent non-executive directors							
Dr. Chen Shengrong	160	-	-	-	-	-	160
Mr. Hung Hing Man (Note (vi))	94	-	-	-	-	-	94
Mr. Wong Hoi Kuen	160	-	-	-	-	-	160
Mr. Chu Wun Chiu (Note (v))	50	-	-	-	-	-	50
	464	-	-	-	-	-	464
Total	1,223	1,124	36	823	-	-	3,206

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

11. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS (Continued)

(a) Directors' emoluments (Continued)

	Fees	Salaries, allowances and other benefits	Pension schemes contribution	Equity settled share-based payment	Remuneration paid or receivable in respect of accepting office as director (Note (ii))	As management (Note (iii))	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
For the year ended 31 December 2023							
Executive directors							
Mr. Wong King Shiu, Daniel	160	840	18	165	-	-	1,183
Mr. Chang Ki Sum, Clark (Note (iii))	160	500	18	166	-	-	844
	320	1,340	36	331	-	-	2,027
Non-executive director							
Hon Li Sai Wing, JP, MH	240	-	-	122	-	-	362
Independent non-executive directors							
Dr. Chen Shengrong	160	-	-	-	-	-	160
Mr. Hung Hing Man (Note (vii))	160	-	-	-	-	-	160
Mr. Wong Hoi Kuen	160	-	-	-	-	-	160
	480	-	-	-	-	-	480
Total	1,040	1,340	36	453	-	-	2,869

Notes:

- (i) The amounts represented emoluments paid or receivable in respect of a person's services as a director, whether of the Company.
- (ii) The amounts represented emoluments paid or receivable in respect of a person's other services in connection with the management of the affairs of the Company and included salaries, discretionary bonuses, employer's contributions to retirement benefit schemes and housing allowance.
- (iii) Resigned on 28 June 2024.
- (iv) Appointed on 28 June 2024.
- (v) Appointed on 1 August 2024.
- (vi) Resigned on 1 August 2024.
- (vii) Appointed on 1 November 2024.

During the year, no emoluments were paid by the Group to any of the directors of the Company as an inducement to join or upon joining the Group or as compensation for loss of office.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

11. DIRECTORS' AND EMPLOYEES' EMOLUMENTS (Continued)

(b) Employees' emoluments

The five highest paid individuals in the Group during the year included one director (2023: two directors) whose emoluments are reflected in the analysis presented above. The emoluments of the remaining four (2023: three) individuals are set out below:

	2024	2023
	HK\$'000	HK\$'000
Salaries, allowances and benefits in kind	2,971	2,328
Pension schemes contribution	54	36
Equity settled share-based payment	419	43
	3,444	2,407

Their emoluments were within the following band:

	Number of individuals 2024	Number of individuals 2023
Nil – HK\$1,000,000	3	3
HK\$1,000,001 to HK\$2,000,000	1	–
Total	4	3

During the year, no emoluments were paid by the Group to the five highest paid individuals of the Group as an inducement to join or upon joining the Group or as compensation for loss of office.

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For the year ended 31 December 2024

12. INCOME TAX EXPENSE/(CREDIT)

	2024 HK\$'000	2023 HK\$'000
Hong Kong profits tax		
– Current taxation	5	275
– Under-provision in prior years	3	–
	8	275
Deferred tax credit (note 23)	–	(80)
	8	195
Representing:		
Continuing operations	8	(80)
Discontinued operation (note 14)	–	275
	8	195

For the years ended 31 December 2024 and 2023, Hong Kong Profits Tax of the qualified entity of the Group is calculated in accordance with the two-tiered profits tax rates regime. Under the two-tiered profits tax rate regime, the first HK\$2 million of profits of a qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities in Hong Kong not qualifying for the two-tiered profits tax rates regime will continue to be taxed at the flat rate of 16.5%.

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25%. No provision for PRC EIT has been made in the consolidated financial statements for both years as the subsidiaries in the PRC have no taxable profits.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

12. INCOME TAX EXPENSE/(CREDIT) (Continued)

The tax expense/(credit) charge for the year can be reconciled to the loss before tax per the consolidated statement of profit or loss and other comprehensive income as follow:

	2024 HK\$'000	2023 HK\$'000
Loss before tax from continuing operations	(38,875)	(22,974)
Notional tax on loss before tax, calculated at the rates applicable to profits in the jurisdictions concerned	(7,778)	(3,851)
Tax effect of income that is not taxable	(22)	(5,049)
Tax effect of expenses that are not deductible	1,156	5,075
Tax effect of temporary differences not recognised	3,702	(2,769)
Tax effect of tax losses not recognised	3,130	6,520
Under provision in respect of prior year	3	–
Tax effect of utilisation of tax losses not previously recognised	(183)	(6)
Tax expense/(credit) for the year	8	(80)

13. DIVIDEND

The directors of the Company did not recommend the payment of any dividend for the years ended 31 December 2024 and 2023.

14. DISCONTINUED OPERATION

The Group's discontinued operation for the year ended 31 December 2023 represented the money lending segment operated by Rosy Time Investments Limited and Value Creation Finance Limited (collectively referred to as the "Rosy Time Group").

Pursuant to an agreement dated 15 November 2023 entered into between the Company and an independent third party (the "Purchaser"), the Company disposed of 100% interest in a wholly-owned subsidiaries, Rosy Time Investments Limited ("Rosy Time") at a consideration of HK\$24,500,000 ("Transaction"). Rosy Time held 100% interest in Value Creation Finance Limited, which was engaged in the money lending business during the year. The Transaction was completed on 20 November 2023 and the Group ceased its money lending business.

The respective loss for the year ended 31 December 2023 from Rosy Time Group is set out below.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

14. DISCONTINUED OPERATION *(Continued)*

(a) The (loss)/profit for the year from the discontinued operation is analysed as follows:

	2023 HK\$'000
Profit of discontinued operation	2,429
Loss on disposal of discontinued operation <i>(note 37(a))</i>	(4,308)
	(1,879)

The results of the discontinued operation for the period from 1 January 2023 to 20 November 2023, which have been included in the consolidated statement of profit or loss, are as follows:

	Period from 1 January 2023 to 20 November 2023 HK\$'000
Loan interest revenue	2,860
Bank and other interest income	5
Administrative expenses	(158)
Finance costs	(3)
Profit before tax	2,704
Income tax expense	(275)
Profit for the year	2,429
Loss on disposal of discontinued operation <i>(note 37(a))</i>	(4,308)
Loss for the year from discontinued operation	(1,879)

During the year, ended 31 December 2023, the Rosy Time Group received approximately HK\$960,000 in respect of operating activities, and there was no cash flow generated or used in investing activities and paid approximately HK\$1,643,000 in respect of financing activities.

No tax charge or credit arose on loss on disposal of the discontinued operation.

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14. DISCONTINUED OPERATION (*Continued*)

(b) Profit before tax from discontinued operation

The Group's profit before tax from discontinued operation is arrived at after charging:

	2023 HK\$'000
Depreciation of right-of-use assets	112
Expenses related to short-term leases	3

15. LOSS PER SHARE

(a) From continuing and discontinued operations

Basic loss per share

The calculation of basic loss (2023: loss) per share attributable to owners of the Company is based on the loss for the year attributable to owners of the Company of approximately HK\$37,634,000 (2023: loss of approximately HK\$22,755,000) and the weighted average number of ordinary shares of 67,201,029 (2023: 59,047,916) in issue during the year has been adjusted for the placing of new shares on 12 July 2024.

Diluted loss per share

The diluted loss per share is the same as the basic loss per share as the computation of diluted loss per share does not assume the exercise of the Company's share options since their exercise would result in an anti-dilutive effect on loss per share for the years ended 31 December 2024 and 2023.

(b) From continuing operations

Basic loss per share

The calculation of basic loss (2023: loss) per share from continuing operations attributable to owners of the Company is based on the loss for the year from continuing operations attributable to owners of the Company of approximately HK\$37,634,000 (2023 loss of approximately HK\$20,876,000) and the denominator used is the same as that detailed above for basic loss per share.

Diluted loss per share

The effects of all potential ordinary shares are anti-dilutive for the years ended 31 December 2024 and 2023.

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15. LOSS PER SHARE (*Continued*)

(c) From discontinued operations

Basic loss per share

During the year ended 31 December 2023, basic loss per share from the discontinued operation is HK3.2 cents per share and diluted loss per share from the discontinued operation is HK3.2 cents per share, based on the loss for the year from discontinued operation attributable to the owners of the Company of approximately HK\$1,879,000 and the denominators used are the same as those detailed above for both basic and diluted loss per share.

Basic loss per share

The effects of all potential ordinary shares are anti-dilutive for the years ended 31 December 2024 and 2023.

16. INVESTMENT PROPERTIES

	2024 HK\$'000	2023 HK\$'000
At 1 January	244,259	256,671
Fair value loss	(20,617)	(5,536)
Exchange realignment	(7,607)	(6,876)
At 31 December	216,035	244,259

The fair value of the Group's investment properties at 31 December 2024 and 2023 have been arrived at on the basis of a valuation carried out on that date by BonVision International Appraisals Limited (the "Valuer") (2023: Roma Appraisals Limited), independent qualified professional valuers not connected with the Group. The Valuer are members of Hong Kong Institute of Surveyors. The valuation was arrived at by adopting income approach as available in the market to assess the market value of the investment properties. During the assessment of the fair values of investment properties, the Valuer and the directors of the Company have exercised their judgement and are satisfied that the method of valuation and the key inputs, including term yield, reversionary yield and market rent are reflective of the current market conditions. If there are changes in the assumptions used for the valuations, the fair value of the investment properties will change in the future.

At 31 December 2024, the carrying amount of investment properties of approximately HK\$216,035,000 (2023: approximately HK\$244,259,000) pledged as security for the Group's bank loans amounted to approximately HK\$35,651,000 (2023: approximately HK\$43,460,000).

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16. INVESTMENT PROPERTIES (Continued)

In estimating the fair value of the properties, the highest and best use of the properties is their current use. The income approach estimates the values of the properties on an open market basis by capitalising rental income on a fully leased basis having regard to the current passing rental income from existing tenancies and potential future reversionary income at the market level. The term value involves the capitalisation of the current passing rental income over the existing lease term. The reversionary value is taken to be current market rental income upon the expiry of the lease and is capitalised on a fully leased basis. In this approach, the Valuer has considered the term yield and reversionary yield. The term yield is used for capitalisation of the current passing rental income as at the date of valuation whilst the reversionary yield is used to convert reversionary rental income. Details of the fair value of investment properties refer to Note 5.

The Group's future undiscounted lease payments under operating leases are receivable as follows:

	2024	2023
	HK\$'000	HK\$'000
Less than 1 year	5,176	5,196
Between 1 and 2 years	5,332	5,352
Between 2 and 3 years	5,491	5,512
Between 3 and 4 years	5,656	5,677
Between 4 and 5 years	5,826	5,848
Over 5 years	78,206	86,878
	105,687	114,463

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17. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK\$'000	Furniture, fixtures and equipment HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
COST:				
At 1 January 2023	2,364	2,956	3,463	8,783
Exchange realignment	–	(23)	(11)	(34)
Additions	–	63	575	638
Disposal/written off	–	(22)	(743)	(765)
Disposal of subsidiaries (note 37(a) and (b))	(78)	(305)	–	(383)
At 31 December 2023 and 1 January 2024	2,286	2,669	3,284	8,239
Exchange realignment	–	(17)	(11)	(28)
Additions	–	39	–	39
Disposal/written off	–	(47)	(814)	(861)
At 31 December 2024	2,286	2,644	2,459	7,389
ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSS:				
At 1 January 2023	1,995	2,373	3,230	7,598
Exchange realignment	–	(17)	(10)	(27)
Provided during the year	221	286	239	746
Disposal/written off	–	(9)	(743)	(752)
Disposal of subsidiaries (note 37(a) and (b))	(78)	(300)	–	(378)
At 31 December 2023 and 1 January 2024	2,138	2,333	2,716	7,187
Exchange realignment	–	(14)	(10)	(24)
Provided during the year	148	180	115	443
Disposal/written off	–	(9)	(773)	(782)
At 31 December 2024	2,286	2,490	2,048	6,824
CARRYING AMOUNTS:				
At 31 December 2024	–	154	411	565
At 31 December 2023	148	336	568	1,052

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18. GOODWILL

	2024 HK\$'000	2023 HK\$'000
Cost		
At 1 January	6,504	6,504
Additions on acquisition of subsidiaries (Note 37(c))	13,052	–
At 31 December	19,556	6,504
Carrying amount:		
At 31 December	19,556	6,504
The carrying amount of goodwill had been allocated as follows:		
IT solutions and maintenance	19,556	6,504

The recoverable amount of this CGUs are determined by reference to the value-in-use approach, which are based on discounted cash flow based on the financial budgets approved by the management covering a 5-year period, and the discount rate of approximately 14.38% to 15.26% (2023: approximately 14.18% to 14.40%) that reflects current market assessment of the time value of money and the risks specific to the CGUs. Cash flows beyond 5-year period have been extrapolated using a steady 2% (2023: 2%) annual growth rate.

Assumptions are used in the value-in-use calculations of the abovementioned IT solutions and maintenance segment's CGU as at 31 December 2024. The following describes each key assumptions on which management have based their cash flow projections to undertake impairment testing of goodwill:

	2024
Revenue growth rate	15%
Budgeted gross margin	36%
Terminal growth rate	2%
Pre-tax discount rate	14.38%~15.26%

The basis used to determine the value assigned to the budgeted gross margins is the average gross margin achieved in the year immediately before the budgeted year, increased for expected efficiency improvements, and expected market development. Terminal growth rate is the weighted average growth rate used to extrapolate cash flows beyond the budget period. The rate is consistent with forecasts included in industry. The discount rate used is before tax and reflects specific risks related to the relevant unit.

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19. RIGHT-OF-USE ASSETS

Disclosures of lease-related items:

	2024 HK\$'000	2023 HK\$'000
At 31 December:		
Right-of-use assets		
– Land and buildings	1,500	2,938
	2024 HK\$'000	2023 HK\$'000
For the year ended 31 December:		
Depreciation charge of right-of-use assets		
– Land and buildings	2,384	2,454
Lease interests	112	208
Expenses related to short-term leases	479	509
Total cash outflow for leases	3,015	3,117
Additions to right-of-use assets	1,046	504
Lease commitments of short-term leases	46	258

The Group leases various land and buildings. Lease agreements are typically made for fixed periods of 1 to 2 years (2023: 1 to 3 years). Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants and the leased assets may not be used as security for borrowing purposes.

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20. OTHER INTANGIBLE ASSETS

	Customer relationships HK\$'000 (note (a))	Money lending license HK\$'000 (note (b))	Total HK\$'000
COST:			
At 1 January 2023	8,242	440	8,682
Disposal of subsidiaries (note 37(a))	–	(440)	(440)
At 31 December 2023, 1 January 2024 and 31 December 2024	8,242	–	8,242
ACCUMULATED AMORTISATION:			
At 1 January 2023	4,821	–	4,821
Provided during the year	866	–	866
At 31 December 2023 and 1 January 2024	5,687	–	5,687
Provided during the year	866	–	866
At 31 December 2024	6,553	–	6,553
CARRYING AMOUNTS:			
At 31 December 2024	1,689	–	1,689
At 31 December 2023	2,555	–	2,555

Notes:

- (a) The useful life of the customer relationship is 10 years.
- (b) The money lending license was disposed through disposal of subsidiaries during the year ended 31 December 2023.

Notes to the Consolidated Financial Statements

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21. EQUITY INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	Notes	2024 HK\$'000	2023 HK\$'000
Listed (2023: Unlisted) equity investments, at fair value			
– Global Engine Group Holding Limited ("Global Engine")	(a)	21,590	9,877
Listed equity securities outside Hong Kong	(b)	–	1,023
		21,590	10,900

The equity investments are intended to be held for the medium to long-term. Designation of these investments as equity investments at fair value through other comprehensive income can avoid the volatility of the fair value changes of these investments to the profit or loss.

Notes:

- (a) On 1 April 2021, the Group acquired 10% equity interest of Global Engine Group Holding Limited ("Global Engine"), a company incorporated in the British Virgin Islands with limited liability, at a consideration of HK\$10,000,000 which is satisfied by issuance of 20,000,000 new shares at consideration share price of HK\$0.5 per share. Global Engine is an investment holding company and its directly wholly-owned subsidiary is an integrated solutions provider in information and communication technologies, system integration and other technical consultation services in Hong Kong and Asia Pacific region. During the year, the Company did not receive any (2023: HK\$nil) dividend from Global Engine. During the year ended 31 December 2024, Global Engine becomes listed on Nasdaq Stock Market LLC. As at 31 December 2024, it was measured at fair value of approximately HK\$21,590,000 (2023: approximately HK\$9,877,000).
- (b) On 25 October 2022, the Company entered into a share swap agreement (the "Share Swap Agreement") with Bonanza Goldfields Corp. ("Bonanza"). In accordance with the terms of the Share Swap Agreement, the Company has allotted and issued 2,652,038 shares to Marvion Group Limited ("Marvion"), a wholly-owned subsidiary of Bonanza, at the agreed price of HK\$1.35 per share. Simultaneously, Bonanza has allotted and issued 218,574,618 BONZ Shares to the Company, at the subscription price of US\$0.0021 (equivalent to approximately HK\$0.01638) per BONZ Share. The share swap was completed on 17 April 2023.

The BONZ Shares (subsequently know as MVNC Shares) are traded in the over-the-counter markets in the United States. During the year ended 31 December 2024, the Company disposed the MVNC Shares at approximately HK\$4,000.

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22. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Note	2024 HK\$'000	2023 HK\$'000
Deposits and other receivables		2,249	1,542
Consideration receivables from disposal of subsidiaries (Notes 37(a) & (b))	(a)	34,300	45,910
Prepayments		146	844
		36,695	48,296
Less: Allowances for credit losses		(226)	–
		36,469	48,296
Less: Deposits and prepayment classified as non-current assets		(587)	(1,202)
		35,882	47,094

Notes:

- (a) (i) As at 31 December 2024, included in other receivables of the gross amount of approximately HK\$17,314,000 (2023: approximately HK\$21,410,000) is receivables from the purchasers of Rosy Ridge Investments Limited. A 12-month ECL of approximately HK\$126,000 (2023: HK\$nil) has been provided in respect of the receivable balance.
- (ii) As at 31 December 2024, included in other receivables of gross amount of approximately HK\$16,986,000 (2023: approximately HK\$24,500,000) is receivables from the purchasers of Rosy Time Investments Limited. A 12-month ECL of approximately HK\$88,000 (2023: HK\$nil) has been provided in respect of the receivable balance.

The movement in the loss allowance for impairment of deposits and other receivables is set out below:

	2024 HK\$'000	2023 HK\$'000
At the beginning of the year	–	–
Impairment loss recognised	226	–
At the end of the year	226	–

Details of impairment assessment of deposits and other receivables are set out in note 5(c).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

23. DEFERRED TAX

The following are the major deferred tax assets/(liabilities) recognised by the Group:

	Revaluation of equity investments at fair value through other comprehensive income HK\$'000	Other intangible assets HK\$'000	Tax losses HK\$'000	Right-of-use assets HK\$'000	Lease liability HK\$'000	Total HK\$'000
At 1 January 2023	(4,846)	(566)	5,973	-	-	561
Credit/(charge) to consolidated profit or loss	-	143	(63)	-	-	80
Disposal of subsidiaries (note 37(b))	4,868	-	-	-	-	4,868
Exchange realignment	(22)	-	-	-	-	(22)
At 31 December 2023 and 1 January 2024	-	(423)	5,910	-	-	5,487
Credit/(charge) to consolidated profit or loss	-	143	(143)	115	(115)	-
Exchange realignment	-	-	-	(2)	2	-
At 31 December 2024	-	(280)	5,767	113	(113)	5,487

The following is the analysis of the deferred tax balances (after offset) for consolidated statement of financial position purposes:

	2024 HK\$'000	2023 HK\$'000
Deferred tax assets	5,620	5,522
Deferred tax liabilities	(133)	(35)
	5,487	5,487

The Group has tax losses arising in Hong Kong of approximately HK\$216,104,000 (2023: approximately HK\$202,240,000) that are available indefinitely and in Mainland China of approximately HK\$28,326,000 (2023: approximately HK\$28,376,000) that are available for a maximum of five years, for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of tax losses of approximately HK\$206,059,000 (2023: approximately HK\$194,805,000) as they have arisen in certain subsidiaries that have been loss-making for some time and it is considered not probable that taxable profits will be available against which tax losses can be utilised.

As at 31 December 2024, the Group has deductible temporary differences of approximately HK\$24,582,000 (2023: approximately HK\$16,477,000) not recognised as deferred tax assets as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

Notes to the Consolidated Financial Statements

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23. DEFERRED TAX (Continued)

At the end of the reporting period, there is no temporary differences associated with undistributed earnings of subsidiaries for which deferred tax liabilities have not been recognised (2023: nil).

24. INVENTORIES

	2024 HK\$'000	2023 HK\$'000
Finished goods and merchandises	251	121

25. TRADE RECEIVABLES

	2024 HK\$'000	2023 HK\$'000
Trade receivables	19,699	15,584
Less: Allowances for credit losses	(761)	–
	18,938	15,584

Notes:

- (a) The Group has granted credit terms to its customers within 30 days (2023: ranging from 30 to 90 days). Overdue balances are reviewed by the directors of the Company. The Group does not hold any collateral or other credit enhancements over its trade receivable balances.
- (b) The aging analysis of trade receivables, based on the invoice date, and net of allowance, is as follows:

	2024 HK\$'000	2023 HK\$'000
Within 1 month	12,779	13,326
1 to 2 months	1,694	587
2 to 3 months	1,553	187
Over 3 months	2,912	1,484
	18,938	15,584

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

25. TRADE RECEIVABLES (Continued)

The movement in the loss allowance for impairment of trade receivables is set out below:

<i>Notes</i>	2024 HK\$'000	2023 HK\$'000
At the beginning of the year	–	–
Impairment loss recognised	761	–
At the end of the year	761	–

Details of impairment assessment of trade receivables are set out in note 5(c).

The Group applies the simplified approach under HKFRS 9 to provide for expected credit losses using the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected credit losses also incorporate forward looking information.

	Neither past due nor impaired	Less than 1 month past due	1 to 3 months past due	Over 3 months to 1 year past due	Over 1 year past due	Total
At 31 December 2024						
Weighted average expected loss rate	0.2%	0.2%	0.1%	17%	47%	4%
Receivable amount (HK\$'000)	12,805	1,697	2,953	1,088	1,156	19,699
Loss allowance (HK\$'000)	26	3	3	190	539	761
At 31 December 2023						
Weighted average expected loss rate	0%	0%	0%	0%	0%	0%
Receivable amount (HK\$'000)	13,316	597	216	131	1,324	15,584
Loss allowance (HK\$'000)	–	–	–	–	–	–

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

26. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2024 HK\$'000	2023 HK\$'000
Listed equity securities, at fair value		
— in Hong Kong	—	55
— outside Hong Kong	320	503
	320	558

The investments included above as at 31 December 2024 and 2023 represent investments in listed equity securities that offer the Group the opportunity for return through dividend income and fair value gains. They have no fixed maturity or coupon rate.

The fair values of the listed equity securities are determined based on the quoted market prices.

27. BANK AND CASH BALANCES

	2024 HK\$'000	2023 HK\$'000
Bank and cash balances	5,371	11,595

As at 31 December 2024, the bank and cash balances of the Group denominated in RMB amounted to approximately HK\$1,216,000 (2023: approximately HK\$1,011,000). Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations.

28. TRADE PAYABLES

An aging analysis of the Group's trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	2024 HK\$'000	2023 HK\$'000
Within 1 month	581	881
1 to 2 months	1,320	644
2 to 3 months	905	492
Over 3 months	181	1,438
	2,987	3,455

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

29. CONTRACT LIABILITIES

Disclosures of revenue-related items:

	As at 31 December 2024 HK\$'000	As at 31 December 2023 HK\$'000
Contract liabilities – sale of computer hardware and software	1,330	233
Contract liabilities – provision of technical support and maintenance services	1,033	1,333
Total contract liabilities	2,363	1,566
Contract receivables (included in trade receivables)	5,047	3,202

As at 1 January 2023, contract liabilities amounted to HK\$21,302,000.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

29. CONTRACT LIABILITIES (Continued)

	2024 HK\$'000	2023 HK\$'000
Analysed as:		
Non-current liabilities	184	–
Current liabilities	2,179	1,566
	2,363	1,566
	2024	2023
	HK\$'000	HK\$'000
Transaction prices allocated to performance obligations unsatisfied at end of year and expected to be recognised as revenue in:		
— 2024	–	1,566
— 2025	2,179	–
— 2026	184	–
	2,363	1,566
Year ended 31 December	2024	2023
	HK\$'000	HK\$'000
Revenue recognised in the year that was included in contract liabilities at beginning of year	1,566	6,290
Significant changes in contract liabilities during the year:		
	2024	2023
	HK\$'000	HK\$'000
Increase due to operations in the year	2,364	18,512
Transfer of contract liabilities to revenue	(1,567)	(38,248)

A contract liability represents the Group's obligation to transfer products or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

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For the year ended 31 December 2024

30. OTHER PAYABLES AND ACCRUALS

	2024 HK\$'000	2023 HK\$'000
Accruals	5,401	6,587
Other payables	7,261	6,831
Rental deposit received	1,682	1,839
Value-added-tax payables	646	568
	14,990	15,825

31. BANK AND OTHER LOANS

	<i>Notes</i>	2024 HK\$'000	2023 HK\$'000
Bank loans:			
Mortgage loan	<i>(i)</i>	35,651	43,460
Other loans:			
Margin loans	<i>(ii)</i>	–	38
Loans from independent third parties	<i>(iii)</i>	20,273	16,988
		20,273	17,026
		55,924	60,486
Analysed as:			
Non-current liabilities		20,273	16,988
Current liabilities		35,651	43,498
		55,924	60,486

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

31. BANK AND OTHER LOANS (Continued)

The borrowings are repayable as follows:

	2024 HK\$'000	2023 HK\$'000
On demand or within one year	35,651	43,498
In the second year	15,271	11,817
In the third to fifth years, inclusive	5,002	5,171
	55,924	60,486
Less: Amount due for settlement within 12 months (shown under current liabilities)	(35,651)	(43,498)
Amount due for settlement after 12 months	20,273	16,988

Notes:

- (i) The mortgage loan has terms of 8 years until 2030 with a repayable on demand clause exercisable by a bank. The average interest rate was 3.4% (2023: 3.75%).

The mortgage loan is secured by a charge over the Group's investment properties with fair value of approximately HK\$216,035,000 (2023: approximately HK\$244,259,000) and by the rights to receive the rental fees of the Group's investment properties, and guaranteed by the Company and an independent third party (2023: equity investment of the Company).

- (ii) As at 31 December 2023, the margin loans are secured by the Group's equity securities listed in Hong Kong with fair value of approximately HK\$55,000, repayable on demand and charged at a fixed interest rate of 9.125% per annum. The margin loan was fully repaid during the year ended 31 December 2024.

- (iii) Loan from an independent third party amounted to approximately HK\$3,193,000 (2023: approximately HK\$3,301,000) is interest bearing at 15% per annum (2023: 15%), unsecured and repayable on 28 July 2027.

Loan from an independent third party amounted to approximately HK\$479,000 (2023: approximately HK\$495,000) is interest bearing at 13.8% (2023: 13.8%) per annum, unsecured and repayable on 31 July 2028.

Loan from an independent third party amounted to approximately HK\$266,000 (2023: approximately HK\$275,000) is interest bearing at 13.8% (2023: 13.8%) per annum, unsecured and repayable on 19 September 2028.

Loan from an independent third party amounted to approximately HK\$1,064,000 (2023: approximately HK\$1,100,000) is interest bearing at 13.8% (2023: 13.8%) per annum, unsecured and repayable on 18 December 2028.

Loan from an independent third party amounted to approximately HK\$9,993,000 (2023: approximately HK\$10,332,000) is interest free, unsecured and repayable on 1 January 2025. On 31 December 2024, the Group entered into a supplemental agreement with the independent third party, pursuant to which the repayment date of the loan was extended to 1 January 2026.

Loan from an independent third party amounted to approximately HK\$5,278,000 (2023: approximately HK\$1,485,000) is interest free, unsecured and repayable on 1 January 2025. On 31 December 2024, the Group entered into a supplemental agreement with the independent third party, pursuant to which the repayment date of the loan was extended to 1 January 2026.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

32. PROMISSORY NOTE PAYABLES

	HK\$'000
At 1 January 2023	66,288
Imputed interest	2,799
Disposal of subsidiaries (note 37(b))	(69,352)
Exchange realignment	265
At 31 December 2023, 1 January 2024 and 31 December 2024	–

On 3 September 2019, the Group issued a promissory note (the “PN”) with fair value of approximately HK\$72,435,000 (principal amount of RMB66,341,000) as a consideration for the acquisition of 19% equity interest of Dehuang and a loan receivable with principal amount of RMB51,199,000 (the “Loan Receivable”).

The PN was disposed through disposal of subsidiaries during the year ended 31 December 2023.

33. LEASE LIABILITIES

	Lease payments		Present value of lease payments	
	2024	2023	2024	2023
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Within one year	1,394	2,322	1,365	2,219
In the second to fifth years, inclusive	187	822	185	811
	1,581	3,144		
Less: Future finance charges	(31)	(114)		
Present value of lease liabilities	1,550	3,030	1,550	3,030
Less: Amount due for settlement within 12 months (shown under current liabilities)			(1,365)	(2,219)
Amount due for settlement after 12 months			185	811

At 31 December 2024, the average effective borrowing rate was 5.125% to 5.25% (2023: 5.125% to 5.25%). Interest rates are fixed at the contract dates and thus expose the Group to fair value interest rate risk.

Notes to the Consolidated Financial Statements

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34. BONDS

	2024 HK\$'000	2023 HK\$'000
Non-current Bonds	4,816	4,547

The Group announced a completion of the zero coupon bond issuance on 12 July 2023. The total principal amount of the bonds is up to HK\$100 million. The bonds will be documented using Distributed Ledger Technology (in place of paper) and will be implemented using Digital Ownership Token standard.

Bonds with HK\$24.75 million has been purchased by a third party, with approximately 66.66% discount on face value. The Group received approximately HK\$8,252,000 from the bond subscription. The bonds are offered at a discount with an effective yield to maturity of 3.73% per annum, and shall mature on 27 June 2053.

The initial fair value of the bonds is approximately HK\$4,426,000. The Group recorded a gain on initial recognition of bonds of approximately HK\$3,826,000 in the consolidated statement of profit or loss for the year ended 31 December 2023.

35. SHARE CAPITAL

	Notes	Number of shares		Share capital	
		2024	2023	2024 HK\$'000	2023 HK\$'000
Authorised:					
Ordinary shares of HK\$0.1 (2023: HK\$0.1) each					
At the beginning and at the end of the year		12,000,000,000	12,000,000,000	1,200,000	1,200,000
Issued and fully paid:					
Ordinary shares of HK\$0.1 (2023: HK\$0.1) each					
At the beginning of the year		61,765,237	51,471,199	6,177	5,147
Placing of shares under general mandate	<i>(ii)</i>	11,500,000	7,642,000	1,150	765
Issue of share under share swap	<i>(i)</i>	-	2,652,038	-	265
At the end of the year		73,265,237	61,765,237	7,327	6,177

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

35. SHARE CAPITAL *(Continued)*

Notes:

- (i) On 25 October 2022, the Company entered into a share swap agreement (the “Share Swap Agreement”) with Bonanza. In accordance with the terms of the Share Swap Agreement, the Company has allotted and issued 2,652,038 shares, representing approximately 4.29% of the issued share capital of the Company immediately upon completion of the Share Swap, to Marvion Group Limited (“Marvion”), a wholly-owned subsidiary of Bonanza, at the agreed price of HK\$1.35 per share. Simultaneously, Bonanza has allotted and issued 218,574,618 BONZ Shares to the Company, representing approximately 0.15% of the enlarged issued share capital of Bonanza immediately upon completion of the Share Swap, at the subscription price of US\$0.0021 (equivalent to approximately HK\$0.01638) per BONZ Share. The share swap was completed on 17 April 2023.
- (ii) On 14 March 2023, the Company and the placing agent entered into the placing agreement, pursuant to which the Company has conditionally agreed to place, on a best effort basis, of up to 7,642,000 placing shares, to not less than six placees who and whose ultimate beneficial owners shall be independent third parties at the placing price of HK\$1.93 per placing share. The placing was completed on 4 April 2023.

On 6 June 2024, Gold Unity Limited (“Gold Unity”), a wholly-owned subsidiary of the Company, had entered into an agreement with JStage Technology Limited (“JStage”), pursuant to which Gold Unity has conditionally agreed to acquire, and JStage has conditionally agreed to sell 100% of the issued share capital of Popsible Limited at a consideration of HK\$11,500,000 which to be settled by way of allotment and issue of the 11,500,000 consideration shares by the Company. The closing price of the consideration shares was HK\$1.35 at the completion date. The acquisition was completed on 12 July 2024.

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36. SHARE OPTION SCHEME

The Company adopted a share option scheme with effect from 2 August 2012 (the "2012 Share Option Scheme") and a new share option with effect from 15 May 2023 (the "2023 Share Option Scheme", together with 2012 Share Option Scheme, the "Schemes") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Schemes include the Company's executive and non-executive directors, full-time employees of the Group, advisers and consultants of the Group. The 2012 Share Option Scheme was expired on 1 August 2022. The 2023 Share Option Scheme became effective on 15 May 2023 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date. Upon expiry of the Schemes, the options granted under the Scheme remain valid until they expire. Further details of the term and validity of the options are set out below.

The maximum number of shares which may be issued upon exercise of all options granted and yet to be granted under the Schemes is currently limited to 30% of the shares of the Company in issue at any time. The total number of shares issued and to be issued upon exercise of the options granted and to be granted to each eligible participant in the Schemes in any 12-month period up to the date of the grant is limited to 1% of the aggregate number of issued shares of the Company at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the price of the Company's shares at the date of the grant) in excess of HK\$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

The offer of a grant of share options may be accepted within 21 days from the date of offer, upon payment of a nominal consideration of HK\$1 in total by the grantee. The exercise period of the share options granted is determinable by the directors at their discretion, and commences on the date upon which the options are deemed to be granted and accepted.

The exercise price of share options is determinable by the directors, but may not be less than the higher of (i) the Stock Exchange closing price of the Company's shares on the date of offer of the share options; and (ii) the average Stock Exchange closing price of the Company's shares for the five trading days immediately preceding the date of offer.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings. Details of the specific categories of options are as follows:

Date of grant	Vesting period	Exercise period	Exercise price HK\$
13 May 2021	13 May 2021	13 May 2021–12 May 2031	2.19*
16 June 2022	16 June 2022	16 June 2022–15 June 2032	1.40*
10 August 2023	10 August 2024	10 August 2024–9 August 2033	3.42

* *as adjusted*

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36. SHARE OPTION SCHEME (Continued)

For options granted on 13 May 2021, 16 June 2022 and 10 August 2023, if the options remain unexercised after a period of 10 years from the date of grant, the options expire. Options are forfeited if the employee leaves the Group.

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	2024		2023	
	Number of share options	Weighted average exercise price HK\$	Number of share options	Weighted average exercise price HK\$
Outstanding at the beginning of the year	5,640,775	2.29	4,220,246	1.88
Granted during the year	–	–	1,568,000	3.42
Forfeited during the year	(267,562)	1.49	(147,471)	2.44
Outstanding at the end of the year	5,373,213	2.33	5,640,775	2.29

The estimated fair values of the options granted on 13 May 2021, 16 June 2022 and 10 August 2023 are approximately HK\$2,992,000, HK\$1,172,000 and HK\$2,695,000 respectively.

At the date of approval of these consolidated financial statements, the number of share options permitted to be granted under the Scheme was 4,608,523 (2023: 4,608,523), representing 5.55% (2023: 7.46%) of the Company's shares in share as at that day.

These fair values were calculated using Binominal pricing model. The inputs into the model are as follows:

	10 August 2023	16 June 2022	13 May 2021
Share price at the date of grant	HK\$3.23	HK\$0.140	HK\$0.245
Exercise price	HK\$3.42	HK\$0.140	HK\$0.245
Expected volatility	76.59%	65.11%	68.33%
Expected life	10 years	10 years	10 years
Risk free rate	3.356%	3.23%	1.2%
Expected dividend yield	0%	0%	0%
Expected Early Exercise Multiple	2.2/2.8	2.2	2.2

Expected volatility was determined by calculating the historical volatility of the Company's share price over the previous 10 years.

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36. SHARE OPTION SCHEME (Continued)

Share options granted to consultants were incentives for helping the Group expand its business network, acquire and explore new business projects and opportunities. The fair value of such benefit could not be estimated reliably and as a result, the fair value is measured by reference to the fair value of share options granted.

The Group recognised share-based payment expenses of approximately HK\$1,764,000 during the year ended 31 December 2024 (2023: approximately HK\$931,000) in relation to the share options granted by the Company.

37. DISPOSAL/ACQUISITION OF SUBSIDIARIES

(a) Rosy Time Investments Limited and its subsidiary

As referred to in note 14 to the consolidated financial statements, on 20 November 2023 the Group discontinued its money lending business at the time of the disposal of its subsidiaries, Rosy Time Investments Limited and Value Creation Finance Limited.

Net assets at the date of disposal were as follows:

	HK\$'000
Other intangible assets	440
Prepayments, deposit and other receivables	38
Loan receivables	28,558
Bank and cash balances	22
Current tax liabilities	(249)
Other payables and accruals	(1)
Net assets disposal of subsidiaries	28,808
Loss on disposal of subsidiaries	(4,308)
Total consideration – satisfied by receivables from disposal (note 22(b))	24,500
Net cash outflow arising on disposal:	
Cash consideration received	–
Cash and cash equivalents disposed of	(22)
	(22)

Out of total consideration of HK\$24,500,000, HK\$7,514,000 was settled during the year ended 31 December 2024, whereas the remaining balance of HK\$16,986,000 was included in "Prepayments, deposits and other receivables" as at 31 December 2024.

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37. DISPOSAL/ACQUISITION OF SUBSIDIARIES (Continued)

(b) Rosy Ridge Investments Limited and its subsidiaries

On 3 March 2023, an independent third party (the "Purchaser") and Gorgeous Ocean Global Limited, a direct wholly-owned subsidiary of the Company, (the "Vendor"), entered into an agreement (the "Disposal Agreement"), pursuant to which, the Vendor has conditionally agreed to sell the entire issued share capital of Rosy Ridge Investments Limited (the "Rosy Ridge") and its subsidiaries (collectively referred to as the "Rosy Ridge Group") and to assign the loans receivables from Rosy Ridge Group and Dehuang Investment Company Limited (廣州市德煌投資有限公司) (the "Sale Loan") to the Purchaser, and the Purchaser has conditionally agreed to acquire the entire issued share capital of Rosy Ridge and take up the assignment of the Sale Loan at the consideration of HK\$28,000,000.

On 4 May 2023, the Group disposed of the 100% equity interest in Rosy Ridge Group.

Net assets at the date of disposal were as follows:

	HK\$'000
Property, plant and equipment	5
Equity investment at fair value through other comprehensive income	32,311
Prepayments, deposits and other receivables	88
Loan receivables	55,561
Bank and cash balances	12
Other payables and accruals	(50)
Promissory notes	(69,352)
Deferred tax liabilities	(4,868)
Net assets disposal of subsidiaries	13,707
Release of foreign currency translation reserve	(385)
Loan receivable assigned to the purchaser	7,522
Gain on disposal of subsidiaries	7,156
	28,000
Satisfied by:	
Cash consideration received	6,590
Consideration receivables from disposal (note 22(b))	21,410
	28,000
Net cash inflow arising on disposal:	
Cash consideration received	6,590
Cash and cash equivalents disposed of	(12)
	6,578

Out of total consideration of HK\$28,000,000, HK\$6,590,000 was settled during the year ended 31 December 2023 and approximately HK\$4,096,000 was further repaid during the year ended 31 December 2024, whereas the remaining gross balance of HK\$17,314,000 was included in "Prepayments, deposits and other receivables" as at 31 December 2024.

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37. DISPOSAL OF SUBSIDIARIES (Continued)

(c) Popsible Limited

On 6 June 2024, Gold Unity, a wholly-owned subsidiary of the Company, had entered into an agreement with JStage, pursuant to which Gold Unity has conditionally agreed to acquire, and JStage has conditionally agreed to sell 100% of the issued share capital of Popsible Limited (the "Target Company") at a consideration of HK\$11,500,000 which to be settled by way of allotment and issue of the 11,500,000 consideration shares by the Company. This acquisition has been accounted for using the acquisition method. The amount of goodwill arising as a result of the acquisition was HK\$13,052,000.

The Target Company is engaged in provision of information technology and public relation serves. Possible Limited was acquired so as to expand the Groups business network and client base, strengthen its existing business.

The acquisition was completed on 12 July 2024. The closing price of the consideration shares was HK\$1.35 at the completion date.

The fair value of the identifiable assets and liabilities of the Target Company acquired as at its date of acquisition is as follows:

Net assets acquired:	<i>HK\$'000</i>
Trade receivables	2,528
Bank and cash balances	103
Other payables and accruals	(16)
Tax payable	(142)
<hr/>	
Total identifiable net assets	2,473
Goodwill	13,052
<hr/>	
	15,525
<hr/>	
Satisfied by:	
11,500,000 ordinary shares of the Company	15,525
<hr/>	
Net cash inflow arising on acquisition:	
Cash and cash equivalents acquired	103
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The fair value of 11,500,000 ordinary shares of the Company issued as part of the consideration paid was determined on the basis of the closing market price of the Company's ordinary shares on the acquisition date. The fair value of the acquired identifiable assets and liabilities were valued by Valor Appraisal & Advisory Limited, an independent qualified professional valuer. The goodwill arising on the acquisition of the Target Company is attributable to the anticipated future operating synergies from the combination.

Included in the loss for the year is approximately HK\$1,236,000 attributable to the additional business generated by the Target Company. Revenue for the year includes approximately HK\$1,818,000 generated from the Target Company.

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38. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2024 HK\$'000	2023 HK\$'000
NON-CURRENT ASSETS		
Investments in subsidiaries (<i>Note</i>)	-	-
Right-of-use assets	709	2,585
Equity investments at fair value through other comprehensive income	-	1,023
Prepayments, deposits and other receivables	587	587
Total non-current assets	1,296	4,195
CURRENT ASSETS		
Amount due from subsidiaries (<i>Note</i>)	236,768	221,841
Prepayments, deposits and other receivables	17,452	24,696
Cash and bank balances	961	6,463
Total current assets	255,181	253,000
CURRENT LIABILITIES		
Other payables and accruals	6,622	6,607
Lease liabilities	755	1,866
Total current liabilities	7,377	8,473
NET CURRENT ASSETS	247,804	244,527
Total assets less current liabilities	249,100	248,722
NON-CURRENT LIABILITIES		
Lease liabilities	-	807
Bonds	4,816	4,547
Total non-current liabilities	4,816	5,354
NET ASSETS	244,284	243,368
CAPITAL AND RESERVES		
Share capital	7,327	6,177
Reserves (<i>Note 39(b)</i>)	236,957	237,191
TOTAL EQUITY	244,284	243,368

Note: As at 31 December 2024, ECL for amounts due from subsidiaries, and investment in subsidiaries are assessed and impairment loss allowance of approximately HK\$461,380,000 (31 December 2023: approximately HK\$462,539,000) is made on the amounts due from subsidiaries and investment in subsidiaries based on the Company's internal and/or external credit rating.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

39. RESERVES

(a) Group

The amounts of the Group's reserves and movements therein are presented in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of changes in equity.

(i) **Share premium account**

Under the Companies Law of the Cayman Islands, the funds in the share premium account of the Company are distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business.

(ii) **Foreign currency translation reserve**

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations as well as the effective portion of any foreign exchange differences arising from hedges of the net investment in these foreign operations.

(iii) **Share-based payment reserve**

The share-based payment reserve represents the fair value of the actual or estimated number of unexercised share options granted to directors, employees and consultants of the Group recognised in accordance with the accounting policy adopted for equity-settled share-based payments in note 3 to the consolidated financial statements.

(iv) **Investment revaluation reserve**

The investment revaluation reserve comprises the cumulative net change in the fair value of equity investments at fair value through other comprehensive income held at the end of the reporting period and is dealt with in accordance with the accounting policy in note 3 to the consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

39. RESERVES (Continued)

(b) The Company

	Share premium HK\$'000	Share-based payment reserve HK\$'000	Investment revaluation reserve HK\$'000	Retained earnings HK\$'000	Total HK\$'000
At 1 January 2023	158,186	4,064	–	56,937	219,187
Profit for the year	–	–	–	2,775	2,775
Other comprehensive loss for the year:					
– Change in fair value of equity investments at fair value through other comprehensive income	–	–	(5,978)	–	(5,978)
Total comprehensive (loss)/income for the year	–	–	(5,978)	2,775	(3,203)
Forfeitures of share options	–	(181)	–	181	–
Equity-settled share-base payment (note 36)	–	931	–	–	931
Issue of shares under placing (note 35)	13,540	–	–	–	13,540
Issue of shares under share swap (note 35)	6,736	–	–	–	6,736
At 31 December 2023 and 1 January 2024	178,462	4,814	(5,978)	59,893	237,191
Loss for the year	–	–	–	(15,224)	(15,224)
Other comprehensive loss for the year:					
– Change in fair value of equity investments at fair value through other comprehensive income	–	–	(1,019)	–	(1,019)
Total comprehensive loss for the year	–	–	(1,019)	(15,224)	(16,243)
Forfeitures of share option	–	(205)	–	205	–
Equity-settled share-base payment (note 36)	–	1,764	–	–	1,764
Issue of share upon placing (note 35)	14,375	–	–	–	14,375
Expenses in issuance of shares under placing	(130)	–	–	–	(130)
Disposal of an equity investment at fair value through other comprehensive income	–	–	6,997	(6,997)	–
At 31 December 2024	192,707	6,373	–	37,877	236,957

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

39. RESERVES (Continued)

(c) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maximise the return to the shareholders through the optimisation of the debt and equity balance.

The Group sets the amount of capital in proportion to risk. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the payment of dividends, issue new shares, buy-back shares, raise new debts, redeem existing debts or sell assets to reduce debts.

The Group monitors capital on the basis of the debt-to-capital ratio. This ratio is calculated as total borrowings divided by capital. Total borrowings included bond and bank and other loans. Capital represented the equity attributable to owners of the Company.

The Group's gearing ratio at 31 December 2024 and 2023 was as follows:

	2024	2023
	HK\$'000	HK\$'000
Bond	(4,816)	(4,547)
Bank and other loans	(55,924)	(60,486)
Total debt	60,740	65,033
Total equity	(245,000)	(260,940)
Gearing ratio	25%	25%

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

40. INVESTMENT IN JOINT VENTURES

	2024 HK\$'000	2023 HK\$'000
Cost of investment in joint ventures	* ₋	* ₋
Share of loss in joint ventures	* ₋	* ₋
	* ₋	* ₋

* The balance represents an amount less than HK\$1,000.

As at 31 December 2024 and 2023, the Group had interests in the following material joint operations:

Name of entity	Form of entity	Place of operation	Proportion of ownership interests or participating shares held by the Group		Principal activities
			2024	2023	
Peta Inc.	Limited liability company	BVI	30%	30%	Investment holding
Petaverse (Hong Kong) Limited	Limited liability company	Hong Kong	30%	30%	Dormant
Palm Karbon Inc	Limited liability company	BVI	27.27%	0%	Dormant

Note:

- (a) On 15 June 2023, the Group has entered into a shareholders and cooperation agreement (the "JV Agreement") with an independent third party whereby the parties agreed to establish a joint venture company ("JV Company") to engage in the ownership and management of an e-Commerce platform and its respective membership and reward points program (collectively known as "Petaverse"). The business of the Petaverse focuses on the sales and marketing of pets-related products in the real world and in the Metaverse. Under the JV Agreement, the Group and the Independent Third Party will initially own 30% and 70% of the equity interest in the JV Company, respectively. No changes on the cooperation framework was noted for the years ended 31 December 2024 and 2023.
- (b) In January 2024, the Group has entered into an agreement ("JV Agreement") with Kilimanjaro Energy Group, Marvion Inc., and two individuals whereby the parties agreed to establish a joint venture company ("JV Company") to drive sustainable positive change in the environmental, social, and governance (ESG) sector. It is intended that the JV Company will engage in tokenization on the blockchain natively and at source carbon credits issued in the UAE and to build, manage and operate a decentralized carbon credit exchange licensed in Abu Dhabi (the "JV Business"). The joint venture has not started business for the year ended 31 December 2024.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

41. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Particulars of the principal subsidiaries as at 31 December 2024 and 2023 are as follows:

Company name	Place of incorporation/ registration and operations	Nominal value of issued and paid-up capital/registered capital	Percentage of ownership interest		Principal activities
			2024	2023	
China Information Technology Development (Hong Kong) Limited	Hong Kong	HK\$100	100%	100%	Office management
Macro Systems Limited	Hong Kong	HK\$1,050,000	84%	84%	Provision of system integration and maintenance services in Hong Kong
Macro Systems (Guangzhou) Co., Ltd.**	PRC	HK\$1,300,000	84%	84%	Provision of system integration and maintenance services in the PRC
DataCube Research Centre	Hong Kong	HK\$100	80%	80%	Big data application
Logic Network Limited	Hong Kong	HK\$10,000	51%	51%	Provision of telecommunications consultancy, cloud services, managed IT services, support consultancy and intelligent retail system services
Guangzhou Xinfeng Investment Consultancy Company Limited**	PRC	HK\$101,400,000	100%	100%	Assets acquisition, management and consultancy services
Global Shine Investment Limited	Hong Kong	HK\$1	100%	100%	Securities trading

The above list contains the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group.

* The amount of registered capital is HK\$10 million and it is not yet injected.

** Wholly-foreign-owned enterprises.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

41. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

The table below shows details of Macro China Holdings Limited and DataCube Research Centre Limited, the non-wholly owned subsidiaries of the Group at 31 December 2024 and 2023 that have material non-controlling interests:

Name of subsidiary	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests	Loss allocated to non-controlling interests HK\$'000	Balance of non-controlling interests HK\$'000
31 December 2024				
Macro China Holdings Limited	BVI	16%	(321)	(3,362)
DataCube Research Centre Limited	Hong Kong	20%	(407)	(7,084)
31 December 2023				
Macro China Holdings Limited	BVI	16%	(136)	(3,078)
DataCube Research Centre Limited	Hong Kong	20%	(1,860)	(6,677)

Summarised consolidated financial information prepared in accordance with HKFRSs before intragroup eliminations in respect of the subsidiaries that have material non-controlling interests are set out below.

	Macro China Holdings Limited and its subsidiaries	
	2024 HK\$'000	2023 HK\$'000
Non-current assets	7,130	8,188
Current assets	5,703	3,794
Current liabilities	(33,657)	(31,221)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

41. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

	Macro China Holdings Limited and its subsidiaries	
	2024	2023
	HK\$'000	HK\$'000
Revenue	22,306	30,199
Loss and total comprehensive expense	(2,002)	(853)
Cash flows (used in)/from operating activities	(1,632)	267
Cash flows used in investing activities	(12)	(25)
Cash flows from/(used in) financing activities	1,718	(358)

	DataCube Research Centre Limited	
	2024	2023
	HK\$'000	HK\$'000
Non-current assets	354	360
Current assets	1,576	1,825
Current liabilities	(37,347)	(35,570)

	DataCube Research Centre Limited	
	2024	2023
	HK\$'000	HK\$'000
Revenue	4,222	3,411
Loss and total comprehensive expense	(2,033)	(9,298)
Cash flows used in operating activities	(2,472)	(8,576)
Cash flows used in investing activities	(1)	(25)
Cash flows from financing activities	1,383	9,338

42. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Non-cash transactions

As described in note 37 to the consolidated financial statements, during the year ended 31 December 2023, the Group disposed of the entire issued share capital of Rosy Time Investments Limited and Rosy Ridge at the considerations of HK\$24,500,000 and HK\$28,000,000, respectively, of which HK\$45,910,000 were recorded in prepayments, deposits and other receivables.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

42. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

(b) Changes in liabilities arising from financing activities

The following table shows the Group's changes in liabilities arising from financing activities during the year:

	Promissory note payables	Bonds	Lease liabilities	Bank and other loans	Loan from a shareholder	Amount due to a director	Total Liabilities from financing activities
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
1 January 2023	66,288	-	4,924	67,349	3,323	700	142,584
Change in cash flows	-	8,252	(2,608)	(5,058)	(3,345)	(700)	(3,459)
Non-cash changes							
- imputed interest	2,799	121	-	-	-	-	2,920
- gain on initial recognition of bonds	-	(3,826)	-	-	-	-	(3,826)
- loss on modification of lease liabilities	-	-	2	-	-	-	2
- interest charged	-	-	208	-	22	-	230
- additions of lease liabilities	-	-	504	-	-	-	504
- disposal of subsidiaries	(69,352)	-	-	-	-	-	(69,352)
- exchange differences	265	-	-	(1,805)	-	-	(1,540)
At 31 December 2023 and 1 January 2024	-	4,547	3,030	60,486	-	-	68,063
Change in cash flows	-	-	(2,536)	(4,086)	-	-	(6,622)
Non-cash changes							
- imputed interest	-	269	-	-	-	-	269
- gain on modification of lease liabilities	-	-	(102)	-	-	-	(102)
- interest charged	-	-	112	-	-	-	112
- additions of lease liabilities	-	-	1,046	-	-	-	1,046
- exchange differences	-	-	-	(476)	-	-	(476)
At 31 December 2024	-	4,816	1,550	55,924	-	-	62,290

43. RETIREMENT BENEFIT SCHEMES

The Group operates a Mandatory Provident Fund Scheme ("MPF Scheme") for all qualified employees in Hong Kong under the Mandatory Provident Fund Schemes Ordinance. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of an independent trustee. Under the rule of the MPF Scheme, the employer and its employees are each required to make contributions to the scheme at a rate of 5% specified in the rules, but subject to a cap of HK\$1,500 per month. The only obligation of the Group with respect of MPF Scheme is to make the required contributions under the scheme. No forfeited contribution is available to reduce the contribution payable in the future years.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

43. RETIREMENT BENEFIT SCHEMES *(Continued)*

The employees employed in the PRC are members of the state-managed retirement benefit schemes operated by the PRC government. The PRC subsidiaries are required to contribute a certain percentage of their basic payroll to the retirement benefit schemes to fund the benefits. The only obligation of the Group with respect to the retirement benefit schemes is to make the required contributions under the schemes. No forfeited contribution is available to reduce the contribution payable in future years.

During the year ended 31 December 2024, the total contribution to the defined contribution schemes charged to profit or loss amounted to approximately HK\$1,229,000 (2023: approximately HK\$1,295,000).

Long service payment liabilities

Obligation to long service payments ("LSP") under Hong Kong Employment Ordinance

Pursuant to the Employment Ordinance, Chapter 57, the Group has the obligation to pay LSP to employees in Hong Kong under certain circumstances, subject to a minimum of 5 years employment period, based on this formula: Last monthly wages (before termination of employment) \times 2/3 \times Years of service. Last monthly wages are capped at HK\$22,500 while the amount of long service payment shall not exceed HK\$390,000. This obligation is accounted for as a post-employment defined benefit plan.

Furthermore, the Mandatory Provident Fund Schemes Ordinance passed in 1995 permits the Group to utilise the Group's Mandatory Provident Fund contributions, plus/minus any positive/negative returns thereof (collectively, the "Eligible Offset Amount"), for the purpose of offsetting LSP payable to an employee (the "Offsetting Arrangement").

The Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the "Amendment Ordinance") was gazetted on 17 June 2022, which will eventually abolish the Offsetting Arrangement. The Amendment Ordinance will come into effect prospectively from 1 May 2025 (the "Transition Date"). Under the Amendment Ordinance, the Eligible Offset Amount after the Transition Date can only be applied to offset the pre-Transition Date LSP obligation but no longer eligible to offset the post-Transition Date LSP obligation. Furthermore, the LSP obligations before the Transition Date will be grandfathered and calculated based on the last monthly wages immediately preceding the Transition Date.

The directors of the Company consider that the impact of the LSP obligation due to the Amendment Ordinance has no material effect on the results and the financial position of the Group.

44. RELATED PARTY TRANSACTIONS

Other than those related party transactions and balances disclosed elsewhere in the consolidated financial statements, the Group had the following significant transactions and balances with its related parties during the year:

All members of key management personnel of the Group are the directors of the Company and their remuneration is disclosed in Note 9.

Five Year Financial Summary

31 December 2024

A summary of the results from continuing operations and discontinued operation and of the assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the published annual report and audited financial statements is set out below:

	Year ended 31 December				
	2024 HK\$'000	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000	2020 HK\$'000
RESULTS					
Continuing operations					
REVENUE	41,485	49,228	59,324	61,426	38,508
Loss before tax	(38,375)	(22,974)	(87,253)	(90,825)	(11,839)
Income tax (expense)/credit	(8)	80	1,388	139	424
Loss for the year from continuing operations	(38,383)	(22,894)	(85,865)	(90,686)	(11,415)
Discontinued operation					
(Loss)/profit for the year from discontinued operation	–	(1,879)	253	270	468
LOSS FOR THE YEAR	(38,383)	(24,773)	(85,612)	(90,416)	(10,947)
Attributable to:					
Owners of the Company	(37,634)	(22,755)	(82,295)	(90,326)	(9,758)
Non-controlling interests	(749)	(2,018)	(3,317)	(90)	(1,189)
	(38,383)	(24,773)	(85,612)	(90,416)	(10,947)
ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS					
	As at 31 December				
	2024 HK\$'000	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000	2020 HK\$'000
TOTAL ASSETS	327,904	349,884	468,784	487,862	560,066
TOTAL LIABILITIES	(82,904)	88,944	(192,593)	(133,600)	(144,480)
NET ASSETS	245,000	260,940	276,191	354,262	415,586
Equity attributable to:					
Owners of the Company	255,531	270,759	284,021	358,859	419,811
Non-controlling interests	(10,531)	(9,819)	(7,830)	(4,597)	(4,225)
	245,000	260,940	276,191	354,262	415,586

Particulars of Property Interests

Particulars of property interests held by the Group as at 31 December 2024 are as follows:

Location	Use of Investment Properties	Tenure	Attributable interest of the Group
Investment properties			
A composite building situated in No. 123 Lu Jing Road, Tianhe District, Guangzhou City, Guangdong Province, the PRC	Commercial, office and other use permitted by the laws and regulations of the PRC	Medium	100%